Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank and College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board

Introduction

In 1988 Marion Chew sued the State of California for infringing her patented method of testing automobile emissions.[1] The district court dismissed Chew's suit at the threshold, holding that the Eleventh Amendment barred it from hearing a patent infringement action against a state.[2] On appeal, the Federal Circuit held that the Patent Act[3] did not abrogate the states' Eleventh Amendment immunity because it did not contain a clear statement of Congress' intention to abrogate[4] as required by the Supreme Court's holding in *Atascadero State Hospital v. Scanlon*.[5] In response to *Chew*, Congress passed a series of acts, the Remedy Acts, clarifying its intention to abrogate state sovereign immunity from suits involving intellectual property rights.[6]

Following passage of the Remedy Acts, lower courts split over the validity of Congress's attempts to abrogate state sovereign immunity.[7] In *Florida Prepaid v. College Savings Bank*[8]

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[1] *See* Chew v. California, 893 F.2d 331, 332-33 (Fed. Cir. 1990).
[2] *See id.*
[3] 35 U.S.C. § 271 et. seq.
[4] *See Chew*, 893 F.2d at 334 .
[5] 473 U.S. 234 (1985). Atascadero held that to abrogate Eleventh Amendment immunity, Congress must "mak[e] its intention unmistakably clear in the language of the statute." *Id.* at 242.
[6] The Patent Remedy Act amended the Patent Act so that "[a]ny State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this title in the same manner and to the same extent as any nongovernmental entity." 35 U.S.C. § 271(h) (1992). Section 296(a) further states that a state "shall not be immune, under the eleventh amendment … or under any other doctrine of sovereign immunity, from suit in Federal court by any person … for infringement of a patent …." *Id.* at § 296(a). The Trademark Clarification Remedy Act (TCRA), amended the Lanham Act by specifying that the states "shall not be immune, under the eleventh amendment of the Constitution of the United States or under any other doctrine of sovereign immunity, from suit in Federal court by any person … for any violation under this chapter." 15 U.S.C. § 1122 (b) (1992). The Copyright Remedy Act similarly stated Congress' intent to render states amenable to suit for copyright infringement. *See* 17 U.S.C. § 511 (1990).
[7] *Compare* Chavez v. Arte Publico Press, 157 F.3d 282, 291 (5th Cir. 1998) (holding Copyright Remedy Act unconstitutional) *with* Genentech, Inc. v. Eli Lilly and Co., 998 F.2d 931, 943 (Fed. Cir. 1993) (holding Patent Remedy Act validly abrogated sovereign immunity).
[8] 119 S. Ct. 2199 (1999).

and *College Savings Bank v. Florida Prepaid*,[9] the Supreme Court confronted the Patent and Trademark Remedy Acts head-on, and held them to be unconstitutional attempts to abrogate state sovereign immunity.

In many respects the two opinions flow naturally from *Seminole Tribe of Florida v. Florida*,[10] which held that Congress may not abrogate state sovereign immunity when legislating pursuant to its Article I power to regulate commerce.[11] The logic of *Seminole Tribe* applies to all of Congress's Article I powers,[12] including those of the Patent Clause.[13] However, *Florida Prepaid* and *College Savings Bank* find the Court once again wielding its Eleventh Amendment jurisprudence in the service of state's rights by constricting congressional flexibility in an area previously subject to strict federal oversight.

To reach its holdings, the Court overruled the constructive waiver doctrine of *Parden v. Terminal Railway*[14] and narrowed Congress's ability to legislate under Section 5 of the Fourteenth Amendment. The decisions weaken the integrity of the intellectual property system, allow states to deprive patentees of their property without due process of law, and ignore the functional reality of state involvement in the intellectual property system.

I. BACKGROUND

A. Sovereign Immunity Under the Eleventh Amendment.

General background on Eleventh Amendment doctrine

a. passed to repudiate Chisholm v. Georgia, 2 U.S. 419 (1793)
b. Text of the amendment"The Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State."

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[9] 119 S. Ct. 2219 (1999).
[10] 517 U.S. 44 (1996).
[11] *See id.* at 72.
[12] *See id.* at 73.
[13] U.S. CONST. art. I , § 8 cl. 8 (giving Congress the power "[t]o promote the Progress of Science … by securing for limited Times to … Inventors the exclusive Right to their … Discoveries ….").

c. Hans v. Louisiana, 134 U.S. 1 (1890) extends protection to suits by any individual regardless of citizenship—the Eleventh Amendment "reflects 'the fundamental principle of sovereign immunity [that] limits the grant of judicial authority in Art. III …."—Hans

d. Other likely authorities

Tribe on Consititutional Law

Fletcher, *A Historical Interpretation of the Eleventh Amendment: A Narrow Construction of an Affirmative Grant of Jurisdiction Rather Than a Prohibition Against Jurisdiction*, 35 STAN. L. REV. 1033 (1983)

B. Gaining Jurisdiction through Abrogation of State Sovereign Immunity.

1. Plain statement requirement
   Atascadero State Hospital v. Scanlon, 473 U.S. 234, 242 (1985).
   Seminole Tribe of Florida v. Florida, 517 U.S.
2. Valid Exercise of Power
   a. Article I cannot be used
      Seminole Tribe of Florida v. Florida
      Pennsylvania v. Union Gas, 491 U.S. 1 (1989) (plurality opinion)
   b. Fourteenth Amendment still available
      Fitzpatrick v. Bitzer 427 U.S. 445 (1976).
      City of Boerne v. Flores, 52 U.S. 507 (1997).

C. Obtaining Jurisdiction Through Waiver of Sovereign Immunity.

Atascadero State Hospital v. Scanlon
Clark v. Barnard 108 U.S. 436 (1883)
Daniel J. Meltzer, *The Seminole Decision and State Sovereign Immunity*, 1996 SUP. CT. REV. 1 1996)
RICHARD H. FALLON ET. AL., HART AND WECHSLER'S THE FEDERAL COURTS AND THE FEDERAL SYSTEM 1097-1100 (4th ed. 1996
James Evans Taylor, Note, *Express Waiver of Eleventh Amendment Immunity*, 17 GA. L. REV. 513 (1983
Parden v. Terminal Railway, 377 U.S.184 (1964)
Employees v. Department of Public Health and Welfare, 411 U.S. 279 (1973
Welch v. Texas Dep't of Highways and Pub. Transp., 483 U.S. 468, 478 (1987)

II. THE CASES: *COLLEGE SAVINGS BANK V. FLORIDA PREPAID* AND *FLORIDA PREPAID V. COLLEGE SAVINGS BANK*

A. Facts and Procedural History

College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board, 948 F. Supp. 400(D. N.J. 1996).
College Savings Bank v. Florida Prepaid, 148 F.3d 1343, 1346 (Fed. Cir. 1998).
College Savings Bank v. Florida Prepaid Postsecondary Educ. Bd., 131 F. 3d 353 (3rd Cir. 1997).

B. The Supreme Court's Decisions

1. Lanham Act Claim- College Savings Bank v. Florida Prepaid

College Savings Bank v. Florida Prepaid Postsecondary Educ. Expense Bd., __ U.S. __, 119 S. Ct. 2219, 2223 (1999).

2. *Patent Act Claim—Florida Prepaid v. College Savings Bank*
   Florida Prepaid Postsecondary Educ. Expense Bd. v. College Savings Bank, __ U.S. __, 119 S. Ct. 2199, 2202 (1999).

III. ANALYSIS

A. *Florida Prepaid* Creates a Loophole in Federal Intellectual Property Law.

Ex Parte Young, 209 U.S. 123 (1908)
ROBERT P. MERGES ET AL, INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE 125.
28 U.S.C. §§ 1295;1338(a)
Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141 (1989)
Sears, Roebuck & Co. v. Stieffel Co., 376 U.S. 225 (1964)
See John T. Cross, *Intellectual Property and the Eleventh Amendment After Seminole Tribe*, 47 DEPAUL L. REV. 519

B. The Court Improperly Focuses on the Adequacy of the Congressional Record to Invalidate the Patent Remedy Act.

City of Boerne v. Flores 521 US 507

C. The Court's Holding Gives an Unjust Advantage to States Acting as Private Actors in the Market.

Parden v. Terminal Railways
Employees of the Dep't of Pub. Health & Welfare v. Dep't of Pub. Health & Welfare, 411 U.S. 279 (1973)
Rebecca S. Eisenberg, *Public Research and Private Development: Patents and Technology Transfer in Government-Sponsered Research*, 82 VA. L. REV. 1663, 1708-09 (1996).
Hughes v. Alexandria Scrap, 426 U.S. 794 (1976)

IV. CONCLUSION