Government Liability for IP Infringement

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IP owners can recover for infringement by the United States government only if it agrees. Recovery for trademark liability is most generous. 15 U.S.C. § 1114 (1) provides for relief "in the same manner and to the same extent as [would be true of] any nongovernmental entity." Relief for patent, copyright and related infringement under 28 U.S.C. § 1498 is more limited. Suits may be brought in only the U.S. Court of Federal Claims, and injunctive relief is unavailable. Beyond that, remedies differ. For example, attorney fees are available only for patent infringement and only to parties with limited resources.

Trade secrets are not addressed there, but criminal liability under 18 U.S.C. § 1905 would deter release of trade secrets. Yet, as explained in Chrysler Corp. v. Brown, 441 U.S. 281 (1979), § 1905 does not create a private cause of action. As *Chrysler* also explains, it may support relief under the Administrative Procedure Act, but 5 U.S.C. § 702 waives immunity only for "relief other than money damages."

Absent statutory waivers, injured parties can recover, if at all, only by private bill. Given other matters competing for congressional attention, that is unlikely.

State sovereignty is more bothersome. Owners may again resort to private bills. Yet, prospects for private bills in favor of out-of-state IP owners seem grim — particularly for those without local operations. Moreover, when sovereignty can be overcome, 28 U.S.C. § 1338(a) provides that state courts have no jurisdiction over patent, plant variety protection and copyright cases. Recovery in state courts and possibly in agencies with capacity to settle claims could be thereby barred.

If, as seems unlikely, § 1338(a) could be avoided, suits might also be lodged in state court under 42 U.S.C. §§ 1983 and 1988. See Maine v. Thiboutot, 448 U.S. 1, 4 (1980) (approving an award of attorney fees unavailable under state law).

In federal district courts, the obstacle presented by § 1338 is replaced by one based on the Eleventh Amendment. It facially bars actions against state governments, but the Fourteenth Amendment imposes obligations that may be enforced in federal courts. For many years abrogation seems to have been easily accomplished, but that came to an end with Atascadero State Hospital v. Scanlon, 473 U.S. 234 (1985). It holds that Congress may not abrogate state immunity unless it does so explicitly in specific statutes.

In 1990, Congress did precisely that for copyrights in 17 U.S.C. §§ 501(a) and 511. In 1992, 35 U.S.C. § 271(h), was intended to address patents and 15 U.S.C. § 1122, trademarks.

Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank, 527 U.S. 627 (1999), effectively negates all of those measures. The explanation is unsatisfying in several respects. For example, at 644, n. 9, the majority finds abrogation unnecessary in light of possible state judicial action, but 28 U.S.C. § 1338(a) is not mentioned. But that counts for little.

Although only patents were addressed in *Florida Prepaid,* Senate Report 102-280 (1992) had attempted to justify abrogation in both patent and trademark cases. Thus failure to do so for one would surely doom the other. That leaves copyrights.

A dissent by Justice Stevens, joined by Justices Souter, Ginsburg and Breyer, attempts to salvage abrogation in copyright cases at 658 n.9. Chavez v. Arte Publico Press, 204 F.3d 601 (5th Cir. 2000), however, disagrees that Congress adequately justified abrogating state copyright immunity. Moreover, it gives short shrift to arguments devised subsequent to *Florida Prepaid.* Impatient with the ever-changing face of a dispute visited several times, the court concludes, 204 F.3d at 608: “Litigation must run its course at some point. Chavez has had ample opportunity to develop novel theories of recovery in the last years of litigation.”

Nothing much seems to have since been made of theories *Chavez* refuses to consider. Nor has anything come of Senator Leahy's 1999 bill mentioned at 604, n.4. Although, he set out to overcome various deficiencies identified in *Florida Prepaid,* the Leahy bill failed to attract additional sponsors and never emerged from committee.

Thus, despite a flurry of congressional activity in the years following *Atascadero State Hospital,* Eleventh Amendment immunity in IP cases seems to have received remarkably little recent attention. Still parties continue to be thwarted in efforts to sue state entitles in federal court.

Unhappy with the result in Xechem International, Inc. v. The University of Texas M.D. Anderson Cancer Center, 382 F.3d 1324, 1333 (Fed. Cir. 2004), Judge Newman took pains to point out in remarks apart from her panel opinion, at 1332, that options remain. First, as discussed at 1344, correcting inventorship may be possible in state court. But, again, whether that is so depends in part on the scope of 28 U.S.C. § 1338(a). Second, as noted at 1334-35, Xechem's pleadings might have taken advantage of possible federal injunctive relief under Ex parte Young, 209 U.S. 123 (1908). In light of problems with state relief, the latter warrants close attention.

As Verizon Maryland Inc. v. Public Service Commission of Maryland, 535 U.S. 635, 646 (2002), most recently and succinctly observes: "In determining whether the doctrine of *Ex parte Young* avoids an Eleventh Amendment bar to suit, a court need only conduct a straightforward inquiry into whether the complaint alleges an ongoing violation of federal law and seeks relief properly characterized as prospective." (Brackets and quotation marks omitted.)

Prospective relief, alone, is less than IP owners often desire. Yet, should eBay Inc. v. MercExchange, L.L.C., 126 S.Ct. 1837 (2006), not interfere, well-crafted injunctions are apt to meet their most serious needs.

Postscript, July 12, 2006:

In April, the House Committee on the Judiciary reported out H.R. 2955, the "Intellectual Property Jurisdiction Clarification Act of 2006". As discussed in H. REP. 109-407 (2006), the bill was drafted in response to Holmes Group v. Vornado Air Circulation Systems, 535 U.S. 826 (2002).

The primary focus is Federal Circuit jurisdiction. Yet, the bill, if enacted, would also amend 28 U.S.C. § 1338(a) by replacing the second sentence "Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases." with --No State court shall have jurisdiction over any claim for relief arising under any Act of Congress relating to patents, plant variety protection, or copyrights.--. See the Report at 11.

On its face, the change doesn't seem particularly earth-shaking, but the bill's intent as I understand it is to eliminate state court jurisdiction to resolve patent claims when state governments are not parties. It would be unfortunate if it were also to further interfere with state court jurisdiction to deal with states as infringers.

It would be better if any amendment made it clear that § 1338(a) has no bearing when state governments are defendants.