Quapaw Tribe: Brief Opinion, Big Issues

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In June 2010, Specialty House filed a complaint alleging that the Quapaw tribe had infringed its patent, D486,531, for a "slot machine card holder." It sought an injunction and monetary relief, including that provided under § 289. Because unauthorized copies made abroad bore plaintiff's patent number, relief was also sought under 35 U.S.C. § 292(b) (false marking). The district court, in a two-page, well-crafted opinion, found the tribe immune from suit and dismissed. Specialty House of Creation, Inc. v. Quapaw Tribe, 2011 WL 308903 (N.D.Okla.) (Quapaw). A notice of appeal was filed in March.

Two precedents are key. Santa Clara Pueblo v. Martinez, 436 U.S. 49, 58 (1978), holds, "Indian tribes have long been recognized as possessing the common-law immunity from suit traditionally enjoyed by sovereign powers." Moreover, Kiowa Tribe of Okla. v. Manufacturing Tech., Inc., 523 U.S. 751, 754 (1998), holds, "As a matter of federal law, an Indian tribe is subject to suit only where Congress has authorized the suit or the tribe has waived its immunity."

Quapaw finds it "beyond dispute that the Quapaw Tribe is a federally recognized tribe." *Id.* at *2. It also finds a tribal-state gaming compact waiving immunity from suit for "tort claim[s] for personal injury or property damage against the enterprise arising out of incidents occurring at a facility" not to encompass patent infringement. *Id.* (quoting the compact). I cannot assess the Tribe's status, but a contrary interpretation of the compact would surely stretch likely intent of the parties.

As quoted above, *Kiowa* holds that Congress may abrogate tribal immunity. Because the Eleventh Amendment does not shield tribes, it could do so explicitly in § 271(h).

Meanwhile, it does not.

Because “[i]t is well settled that a general statute whose terms apply to all persons includes Indians and Indian tribes,” Specialty House argued that explicit abrogation is unnecessary. *Quapaw* at *1. The court holds otherwise, however, adopting the analysis of Home Bingo Network v. Multimedia Games, Inc., 2005 WL 2098056 (N.D.N.Y.), a patent case. *Id.* Justification derives from Bassett v. Mashantucket Pequot Tribe, 204 F.3d 343, 357-58 (2nd Cir. 2000), a copyright case. *Id.*

Ultimately, justification derives from *Kiowa.* If the Federal Circuit does not reverse on the basis of tribal status or the text of the compact, it will need to consider *Kiowa‘s* unenthusiastic support for tribal immunity. “Though the doctrine of tribal immunity is settled law…, we note that it developed almost by accident.” *Kiowa,* 523 U.S. at 756. Moreover, “There are reasons to doubt the wisdom of perpetuating the doctrine. …. [T]ribal immunity extends beyond what is needed to safeguard tribal self-governance. This is evident when tribes take part in the Nation's commerce. Tribal enterprises now include ski resorts, gambling, and sales of cigarettes to non-Indians. In this economic context, immunity can harm those who are unaware that they are dealing with a tribe, who do not know of tribal immunity, or who have no choice in the matter, as in the case of tort victims.” *Id.* at 758.

Despite misgivings, the opinion continues, “Congress is in a position to weigh and accommodate the competing policy concerns and reliance interests. The capacity of the Legislative Branch to address the issue by comprehensive legislation counsels some caution.” *Id.* at 759. “In light of these concerns, we decline to revisit our case law and choose to defer to Congress. Tribes enjoy immunity from suits on *contracts,* whether those *contracts* involve governmental or commercial activities and whether they were

made on or off a reservation." *Id.* at 760 (emphasis added).

Given *Kiowa's* ambivalence, it is not surprising that some courts read it narrowly. Hollynn D'Lil v. Cher-Ae Heights Indian Community of Trinidad Rancheria, 2002 WL 33942761 (N.D.Cal.), contains a particularly thoughtful discussion. "Certainly, [*Kiowa*] has created an across-the-board rule of tribal immunity for all contractual activity…. But the question of immunity for non-contractual activity is… left open." *Id.* at *7. Addressing disabled persons' access to and use of a facility operated outside tribal territory, the court concludes, "*Kiowa* does not extend the doctrine of tribal sovereign immunity to all non-contractual off-reservation conduct." *Id.* at *8. Hence, "the strong federal policy and the public interest in enforcing the nation's disability-related civil rights laws outweighs any tribal interest in extending their sovereignty to commercial activities conducted off the reservation." *Id.* (note omitted).

In *Bassett*, the Second Circuit devoted roughly ten of a seventeen-page opinion to analyzing courts' jurisdiction under 28 U.S.C. § 1338 when copyright claims might be seen as "merely incidental" to contract claims. 204 F.3d at 347. Eventually finding copyright issues not merely incidental*, id.* at 356, the court devoted scant space to finding immunity for liability ultimately governed, as in *Kiowa*, by contract. *Id.* at 358.

Immunity in *Quapaw* would probably bother most judges less than it would in situations such as those presented by *Hollynn.* Still, liability in *Quapaw* does not turn on contract, and immunity based on implied congressional ratification of cases cited in *Kiowa* is hardly compelling. The Federal Circuit might therefore consider whether "the hardship on parties who would be saddled with an unjust precedent … outweighs any hardship on those who acted under the old rule." Roger J. Traynor, Quo Vadis, *Prospective Overruling: A Question of Judicial Responsibility,* 50 Hastings L.J. 771, 783 (1999)

(reprinted) .

Although the points seem not to have been raised in *Quapaw,* it would also be interesting to see what the Federal Circuit might do with the availability of injunctive relief only or with the idea that patent infringement can be seen as uncompensated taking of property. My essay, *Jurisdiction and Remedies for Infringement of Intellectual Property Rights by National and State Governments,* Landslide (ABA), May-June 2009, at 41, deals primarily with state immunity, but both issues are discussed briefly at 42.

In any event, I look forward to the Federal Circuit's resolution of the case.