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Bill	Date	Page(s)
S.2193	Feb 27, 1990 (17)	S1756-57

Action: INTRODUCED BY MR. DeCONCINI, ET.AL.

By Mr. DECONCINI (for himself, Mr. SIMON, and Mr. HATCH):

S. 2193. A bill to amend title 35, United States Code, to clarify that States, instrumentalities of States, and officers and employees of States acting in their official capacity, are subject to suit in Federal court by any person for infringement of patents, and that all the remedies can be obtained in such suit that can be obtained in a suit against a private entity; to the Committee on the Judiciary.

PATENT REMEDY CLARIFICATION ACT

● Mr. DECONCINI. Mr. President, I rise today to introduce a bill with my colleagues Senators SIMON and HATCH to clarify Congress' intent that States not be immune from patent infringe-

ment suits under the Patent Code. As you may remember, my two colleagues and I introduced similar legislation last session clarifying Congress' intent that States be subject to suit under the Copyright Act of 1976. That bill, S. 497, was necessitated by circuit court opinions holding that States are immune from prosecution for infringement of copyright material.

Until recently, the general understanding in this country was that States and their instrumentalities were subject to suit for patent infringement to the same extent as a private entity. However, in Chew versus California a Federal district court dismissed an inventor's suit against the State of California for patent infringement when California asserted sovereign immunity under the 11th amendment as a defense. The Federal circuit affirmed this decision earlier this year, noting that the Patent Code lacked the specificity in language of congressional intent that is necessary to abrogate the 11th amendment immunity.

As with the circuit court cases in which States successfully asserted the eleventh amendment as a defense for copyright infringement, the Chew decision requires congressional action to restore patent protection. This case portends an ominous future for patent holders of inventions that are beneficial to States. The Chew case provides a prime example of a patent beneficial to a State's operations; the inventor had obtained a patent on a process to test exhaust fumes from automobiles. As State universities enter the race to commercialize scientific discoveries, the cases in which the sovereign immunity defense is asserted will grow in number.

As I stated when I introduced the Copyright Remedy Clarification Act, permitting States to infringe copyrights with impunity leads to the anomalous result of State universities being permitted to infringe private universities' copyrights but not vice-versa. Thus, UCLA can sue USC for copyright and patent infringement, but USC cannot sue UCLA. There are, of course, other detrimental effects for private universities from the assertion of the sovereign immunity defense. As State and private universities vie for research projects sponsored by industries, the sovereign immunity defense will create an uneven playing field. A private company looking to do research in a competitive area will consider a state university more favorably as a research partner since that institute would be immune from competitors' infringement suits.

There exists in this country, and rightfully so, tremendous concern about our global competitive position. It therefore appears to me to be contrary to our best interests to limit protection for our inventors from infringement. Moreover, without the restoration of patent protection which this bill would provide, we also greatly hamper U.S. trade negotiators' attempts to improve international protection of intellectual property rights. Many nations have patent laws that include nonvoluntary licensing and governmental-use provisions. These provisions are merely devices for legal expropriation. How can our negotiators continue to urge foreign governments to reform these laws when we allow our State governments to freely infringe patents? They cannot sustain such a position with the end result that American inventors will have to continue to venture into international markets unprotected.

The purpose behind the constitutional provision that sets out Congress' patent and copyright authority is to encourage innovation. To fulfill that goal, the patent and copyright laws of this country must provide for an inventor to recoup his/her investment. It should not matter whether the defendant in a patent infringement suit is a State or a private entity. In either instance, the Patent Code must effectively protect the constitutionally mandated incentive to invent.

Mr. President, this bill will do nothing more than what Congress already intended to do when it passed the Patent Code. Congress never intended for the rights of patent owners to be dependent upon the identity of the infringer. With this bill Congress is merely fulfilling the Supreme Court's new requirement for abrogating 11th amendment immunity.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2193

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Patent Remedy Clarification Act".

SEC. 2. LIABILITY OF STATES, INSTRUMENTALITIES OF STATES, AND STATE OFFICIALS FOR INFRINGEMENT OF PATENTS.

(a) LIABILITY AND REMEDIES.—(1) Section 271 of title 35, United States Code, is amended by adding at the end the following:

"(h) As used in this section, the term 'whoever' includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. Any 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.".

(2) Chapter 29 of title 35, United States Code, is amended by adding at the end the following new section:

"§ 296. Liability of States, instrumentalities of States, and State officials for infringement of patents.

"(a) IN GENERAL.—Any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity, 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, including any governmental or nongovernmental entity, for infringement of a patent under section 271, or for any other violation under this title.

"(b) REMEDIES.—In a suit described in subsection (a) for a violation described in that subsection, remedies (including remedies both at law and in equity) are available for the violation to the same extent as such remedies are available for such a violation in a suit against any private entity. Such remedies include damages, interest, costs, and treble damages under section 284, attorney fees under section 285, and the additional remedy for infringement of design patents under section 289.".

(b) CONFORMING AMENDMENT.—The table of sections at the beginning of chapter 29 of title 35, United States Code, is amended by adding at the end the following new item:

"Sec. 296. Liability of States, instrumentalities of States, and State officials for infringement of patents.".

SEC. 3. EFFECTIVE DATE.

The amendments made by this Act shall take effect with respect to violations that occur on or after the date of the enactment of this Act.●