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1. Bill	2. Date	3. Pages
S. 759	March 21, 1991	S4046-48

4. Action: Introduced by Mr. DeConcini

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

S. 758. A bill 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 plant variety protections, 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.

S. 759. A bill to amend certain trademark laws 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 trademarks, 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 AND PLANT VARIETY PROTECTION REMEDY CLARIFICATION ACT AND TRADEMARK REMEDY CLARIFICATION ACT

● Mr. DECONCINI. Mr. President, I rise today to introduce two bills with my colleague Senator HATCH that will resolve the tension between Federal intellectual property laws and the 11th amendment. The legislation we are proposing will clarify Congress's intent that States not be immune from patent infringement suits under the Patent Code, the Plant Variety Protection Act of 1970, or trademark remedies under the Lanham Act. As you may remember, Senator HATCH and I introduced legislation last year clarifying Congress's intent that States be subject to suit under the Copyright Act of 1976 for copyright infringement. That bill, the Copyright Remedy Clarification Act, which is now public law, was necessitated by circuit court opinions holding that States are immune from prosecution for infringement of copyright material. States continue to take advantage of the sovereign immunity loophole that remains in the Patent Code, the Plant Variety Protection Act of 1970, and the Lanham Act. The two bills we are introducing today will cure these deficiencies and finally harmonize Federal intellectual property laws.

PATENT REMEDY CLARIFICATION

Last Congress, the Patent Remedy Clarification Act passed the Senate unanimously as an amendment to another bill, but the House failed to act upon it. Section 2 of our bill reintroduces the amendments to the Patent Code contained in last session's bill because circuit courts continue to hold that States are immune for infringement of patents.

I introduced the Patent Remedy Clarification Act last Congress in response to the Federal circuit decision in Chew versus State of California. In Chew an inventor's suit against the State of California for patent infringement was dismissed in Federal district court when California asserted sovereign immunity under the 11th amendment as a defense. In affirming the decision, the Federal circuit ruled that the Patent Code lacked the specificity in language of congressional intent that is necessary to abrogate 11th amendment immunity for a State. The Supreme Court denied certiorari in late 1990.

Unfortunately, the Chew case is no longer an isolated case. Recently a Federal appellate court relied upon the Chew opinion in permitting another State to escape liability for patent infringement. In Jacobs Wind Electric Company, Inc. versus Florida Department of Transportation, the Federal circuit upheld a lower court's decision to dismiss an inventor's patent infringement case brought against the Florida Department of Transportation. The court held that 11th amendment immunity operates to bar suit for patent infringement in Federal court against a State.

With the passage of the Copyright Remedy Clarification Act, Congress closed the loophole in the law which permitted States to escape liability for copyright infringement. Congress needs to act again, for as the Chew and Jacobs cases illustrate, States are still able to take advantage of Congress' failure to clearly state its intent in the Patent Code. These cases predict an ominous future for patent holders of inventions that are beneficial to States. Both the Chew and Jacobs cases provide prime examples of inventions that are beneficial to the States—in Chew, the inventor had obtained a patent on a process to test exhaust fumes from automobiles, and in Jacobs the inventor had obtained a patent on a tidal flow system which improves water quality. As State universities and State regulatory agencies 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 and this measure last Congress, permitting States to infringe patent rights with impunity leads to the anomalous result of State universities being permitted to infringe private universities' copyrights and patents but not visa versa. Thus, UCLA could sue USC for copyright and patent infringement, but USC could not sue UCLA. Now, after the enactment of the Copyright Remedy Clarification Act, USC and other private citizens can sue UCLA and the State for copyright infringement—but not for patent infringement. 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 a competitor's infringement suits.

There exists in this country, and rightfully so, tremendous concern about our global competitive position. It is therefore 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 efforts to achieve international harmony of patent laws. Many nations have patent laws that include nonvoluntary licensing and governmental-use provisions. These provisions are merely devices for legal expropriation. How can we achieve international harmony of patent laws and free trade agreements when we allow our State governments to freely infringe patents? We cannot sustain a position in which 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 allow an inventor to recoup his or 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 enshrined incentive to invent.

PLANT VARIETY PROTECTION CLARIFICATION

Section 3 of the Patent and Plant Variety Protection Act abrogates the sovereign immunity doctrine for the

Plant Variety Protection Act, an intellectual property statute enacted in 1970 that is administered by the U.S. Department of Agriculture. That act provides protection for breeders of novel varieties of living plants that are produced by using seeds. The legal remedies provided to plant breeders by the Plant Variety Protection Act are similar to remedies provided to inventors by the Patent Code. Protection expires 18 years after the date of issuance of a certificate of plant variety protection by the USDA's Plant Variety Protection Office. The policy reasons for clarifying that States are subject to suit for infringement of plant variety protection are similar to the reasons for clarifying this point for the rest of the Federal intellectual property statutes.

It is my understanding that no litigation has arisen to date under the Plant Variety Protection Act against any State. However, a State could successfully assert sovereign immunity as a defense in a Plant Variety Protection Act suit, as it presently can in a patent infringement suit. We must therefore act to eliminate the sovereign immunity loophole currently available to the States. By amending the Plant Variety Protection Act now, we can avoid any need for Congress to revisit the subject of sovereign immunity for intellectual property cases.

Subsection (a) of section 3 makes clear that the definition of infringement in the Plant Variety Protection Act covers acts of infringement performed without authority by a State government. Subsection (b) adds a new section 130 to the Plant Variety Protection Act, analogous to the sections proposed in this bill for the Patent Code, stating explicitly that a State government shall not be immune from infringement under any doctrine of sovereign immunity, and that remedies are available to the same extent as remedies are available for violations in suits against a private entity.

Mr. President, this bill will do nothing more than what Congress already intended to do when it passed the Patent Code. Furthermore, with the passage of the Copyright Remedy Clarification Act, it is quite clear that Congress did not intend to grant immunity to the States. 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.

TRADEMARK REMEDY CLARIFICATION

Legislation is also needed to abrogate the States' 11th amendment immunity for trademark actions under the Lanham Trademark Act. Just as with patents and copyrights, the courts have held that absent an explicit exemption from Congress, States are immune from suit for violations of trademark law.

Trademarks differ from patents and copyrights in that actions for misappropriation can be brought under State and common law. Nonetheless, sovereign immunity remains a serious concern. The remedies available under State and common laws are so limited and inconsistent as to be an unsatisfactory substitute for the Federal remedies that would otherwise be available.

Recent court actions brought under the Lanham Act have held that States are not liable for trademark infringement on the grounds of sovereign immunity. In Woelffer versus Happy States of America, the District Court of Illinois dismissed a cause of action under section 43(a) of the Lanham Act against the Illinois Department of Commerce and Community Affairs and its director Woelffer on the ground that the 11th amendment proscribes a cause of action. This legislation will provide in clear and unmistakable language that the States are not protected from infringing on the rights of trademark owners.

Mr. President, I see no reason why both these measures should not move quickly through this Congress. Last Congress the Senate unanimously passed the patent bill and the House Judiciary Committee easily passed it as well. Indeed, the House Judiciary Subcommittee on Courts, Intellectual Property, and the Administration of Justice held a hearing on this bill last Congress and could not find anyone to testify against it. The time for legislation clarifying congressional intent not to allow States to infringe upon the rights of intellectual property owners is now.

I ask unanimous consent that the full text of both bills be printed in the RECORD.

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

S.578

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 and Plant Variety Protection 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 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 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. LIABILITY OF STATES, INSTRUMENTALITIES OF STATES, AND STATE OFFICIALS FOR INFRINGEMENT OF PLANT VARIETY PROTECTION.

(a) INFRINGEMENT OF PLANT VARIETY PROTECTION.—Section 111 of the Plant Variety Protection Act (7 U.S.C. 2541) is amended—

(1) by inserting "(a)" before "Except as otherwise provided"; and

(2) by adding at the end thereof the following new subsection:

"(b) As used in this section, the term 'perform without authority' includes performance without authority by any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this Act in the same manner and to the same extent as any nongovernmental entity.".

(b) LIABILITY OF STATES, INSTRUMENTALITIES OF STATES, AND STATE OFFICIALS FOR INFRINGEMENT OF PLANT VARIETY PROTECTION.—Chapter 12 of the Plant Variety Protection Act (7 U.S.C. 2561 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 130. LIABILITY OF STATES, INSTRUMENTALITIES OF STATES, AND STATE OFFICIALS FOR INFRINGEMENT OF PLANT VARIETY PROTECTION.

"(a) Any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his 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 plant variety protection under section 111, or for any other violation under this title.

"(b) 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 124, and attorney fees under section 125.".

SEC. 4. 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.

S. 759

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 "Trademark Remedy Clarification Act".

SEC. 2. REFERENCE TO THE TRADEMARK ACT OF 1946.

Except as otherwise expressly provided, whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of the Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946 (15 U.S.C. 1051 et seq.) (commonly referred to as the Trademark Act of 1946).

SEC. 3. LIABILITY OF STATES, INSTRUMENTALITIES OF STATES, AND STATE OFFICIALS.

(a) LIABILITY AND REMEDIES.—Section 32(1) of the Act (15 U.S.C. 1114(1)) is amended by adding at the end thereof the following:

"As used in this subsection, the term 'any person' 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 Act in the same manner and to the same extent as any nongovernmental entity.".

(b) LIABILITY OF STATES, INSTRUMENTALITIES OF STATES, AND STATE OFFICIALS.—The Act is amended by
inserting after section 39 (15 U.S.C. 1121) the following new section:

"Sec. 40. (a) Any State, instrumentality of a State or 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 any violation under this Act.

"(b) 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 person other than a State, instrumentality of a State, or officer or employee of a State or instrumentality of a State acting in his or her official capacity. Such remedies include injuctive relief under section 34, actual damages, profits, costs and attorney's fees under section 35, destruction of infringing articles under section 36, the remedies provided for under section 32, 37, 38, 42 and 43, and for any other remedies provided under this Act.".

(c) FALSE DESIGNATION OF ORIGIN AND FALSE DESCRIPTIONS FORBIDDEN.—Section 43(a) of the Act (15 U.S.C. 1125(a)) is amended—

(1) by inserting "(1)" after "(a)"; and

(2) by adding at the end thereof:

"(2) As used in this subsection, the term 'any person' includes any State, instrumentality of a State 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 Act in the same manner and to the same extent as any nongovernmental entity.".

(d) DEFINITION.—Section 45 of the Act (15 U.S.C. 1127) is amended by inserting after the fourth undesignated paragraph the following:

"The term 'person' also 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 Act in the same manner and to the same extent as any nongovernmental entity.".

SEC. 4. 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.●