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Sovereign Immunity, and Intellectual Property or

“ITS GOOD TO BE THE *King*!”

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OVERVIEW

When appreciating the impact of Sovereign Immunity on intellectual property, you must understand:

1. Sovereign Immunity under federal law;
2. avoiding Sovereign Immunity; and
3. application of state law.



11th Amendment Immunity

Sovereign Immunity is embodied in the Eleventh 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.”

US Const. amend. XI



11th Amendment Immunity

11th Amendment refers to a suit against a state by a citizen of another state.

However, it applies to all suits against a state regardless of who brings the suit.



11th Amendment Developments

11TH AMENDMENT PROTECTION EXTENDS TO *OTHER STATES'* COURTS

- On May 13, the Supreme Court issued an opinion extending state Sovereign Immunity protection to suits initiated against a state in the court of another state.
 - *Franchise Tax Bd. of Cal. v. Hyatt*, No. 17-1299, slip op. (U.S. May 13, 2019)
- This overruled a 40-year precedent which had previously allowed states to be sued in the courts of other states.
 - *Nevada v. Hall*, 440 U.S. 410 (1979)



11th Amendment Immunity Protection

- Offers a complete defense to suit
- May be raised at any time
- Courts may, but are not required to, raise Eleventh Amendment Immunity sua sponte.
 - Circuits disagreed about whether Eleventh Amendment Immunity is truly jurisdictional
 - Because it may be waived and is not required to be addressed by the Court sua sponte



Avoiding 11th Amendment Immunity

How to avoid 11th Amendment Immunity:

1. the entity does not enjoy Immunity; or
2. Immunity has been waived; or
3. Immunity has been abrogated; or
4. 11th Amendment Immunity does NOT apply to the claims being brought.



Entities Enjoying 11th Amendment Immunity

11th Amendment Immunity is **ALWAYS**
enjoyed by:

STATES

**STATE
AGENCIES**

**STATE
UNIVERSITIES**



Entities Enjoying 11th Amendment Immunity

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ELEMENT TEST DETERMINES WHEN LOCAL GOVERNMENTS ENJOY THIS IMMUNITY.

1. Whether the state statutes and case law characterize the agency as an arm of the state;
2. The source of funds for the entity;
3. The degree of local autonomy the entity enjoys;
4. Whether the entity is concerned primarily with local, as opposed to statewide, problems;
5. Whether the entity has authority to sue and be sued in its own name; and
6. Whether the entity has the right to hold and use property.



Entities Enjoying 11th Amendment Immunity

- No single factor is dispositive
 - But some bear more weight than others,
 - With the most important being the source of funds for the entity.
- The test is applied on a case-by-case basis.
- In some instances, a local governmental entity may enjoy Immunity, but not enjoy it in other instances.



Waiver of 11th Amendment Immunity

WAIVER AND COMPULSORY COUNTERCLAIMS

- 11th Amendment Immunity can be waived.
- Courts will find a waiver only by:
 - Deliberate waiver of the defense
 - Implied waiver by unequivocal actions
 - Ex: withdrawing the defense after asserting it.



Waiver of 11th Amendment Immunity

DELIBERATE WAIVERS OF THE DEFENSE:

– Filing suit in federal court

- Several circuits have held that, when a state files suit in federal court, it waives sovereign immunity as a defense to compulsory counterclaims arising out of the same transaction.

– Removing to federal court

- A state can also waive the quasi-jurisdictional aspect of Sovereign Immunity by removing to federal court.
 - Sovereign Immunity can still be raised as a defense to liability, but it may not be used to defeat the jurisdiction of the federal court.



Abrogation of 11th Amendment Immunity

CONGRESS CAN ABROGATE 11TH AMENDMENT IMMUNITY BUT ITS POWER IS LIMITED

- *Seminole Tribe v. Fla.*, 517 U.S. 44 (1996)
 - Facts: The Court struck down Congress' abrogation of state's 11th Amendment Sovereign Immunity in suits to enforce the Indian Gaming Regulatory Act.
 - Abrogation was based on powers based on Interstate Commerce Clause
 - Law: Abrogation of state Sovereign Immunity only when:
 1. Congress unequivocally expresses its intent to abrogate
 2. Congress acts pursuant to a valid exercise of power



Abrogation

- *Seminole Tribe v. Fla.*, 517 U.S. 44 (1996)
 1. Congress unequivocally expresses its intent to abrogate.
 2. Congress acts pursuant to a valid exercise of power.
- Dicta: 14th Amendment ONLY valid basis for waiver
 - U.S. Const. amend. XIV, § 1
 - “No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States;
 - nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.”
 - Waiver must be based on evidence that the state entity is violating 14th Amendment



Exception to 11th Amendment Immunity

- *Ex parte Young*, 209 U.S. 123 (1908)
 - Exception to Sovereign Immunity against officials violating federal law
 - Only applies to *prospective* relief for an ongoing violation of *federal law* by a *state official*
 - Excludes harm that occurred in the past
 - Excludes retroactive monetary relief



Exception to 11th Amendment Immunity

- *Ex parte Young*, 209 U.S. 123 (1908)
 - Possible limitations on doctrine tested in *Allen v. Cooper*, 895 F.3d 337 (4th Cir. 2018) (currently on cert.): prior violation versus current
 - Exception to the *Young* exception:
 - There is no cause of action when a statute provides a specific remedy that seems to exclude *Young*



Intellectual Property Law



Preemption

FEDERAL IP LAW GENERALLY PREEMPTS STATE LAW

- In patent and copyright, there's complete preemption of state law
 - Federal courts have exclusive jurisdiction
- Exception is trademark, which can have both state and federal components
 - Can still be federal jurisdiction under the Lanham Act



11th Amendment Immunity to Suit

PRIOR TO *SEMINOLE TRIBE*, IN 1990 CONGRESS SOUGHT TO ABROGATE 11TH AMENDMENT IMMUNITY FOR COPYRIGHT, TRADEMARK, AND PATENT LIABILITY.

- *Copyright Remedy Clarification Act* (“CRCA”) stated “shall not be immune, under the Eleventh Amendment of the Constitution . . . or any other doctrine of sovereign immunity, from suit in Federal Court”
- *Trademark Remedy Clarification Act* (“TRCA”) and
- *Patent and Plant Variety Remedy Clarification Act* (“PRCA”)
 - Each of which took similar measures to abrogate state Sovereign Immunity for their respective fields



11th Amendment Immunity to Suit

- US Supreme Court strikes down
 - *Florida Prepaid I*, and *Florida Prepaid II* explicitly struck down the statutes aimed at trademarks and patents
 - Reasoning: Congress identified no pattern of patent infringement by states, much less constitutional violations.
 - No history of unremedied patent infringements.
 - The court also seemed to rely on the fact that there were “sufficient” state remedies in its estimation.
 - CRCA aimed at copyright protection was not explicitly struck down by US Supreme Court.
 - Justice Stevens’ dissent notes the legislative history did include a record of copyright violations.



Fifth Circuit Upholds 11th Amend. Imm.

- *Chavez III*: the Fifth Circuit applied *Florida Prepaid* to hold that Congress did not validly abrogate 11th Amendment Immunity in enacting CRCA relative to copyright protection.
 - The court held that the Congressional record of copyright infringements was insufficient.
 - The court again pointed to state remedies Congress had not considered.
 - Despite the fact that there are no state court remedies!
- Summary: in the Fifth Circuit, all three statutes aimed at abrogating 11th Amendment Immunity in the areas of IP have been struck down as invalid exercises of legislative power.



Claims Under *Ex Parte Young*

Can bring an violation/infringement claim under *Ex Parte Young*

Bring suit in Federal Court

- Federal IP cases may still have injunctive relief for violations of federal law
- Must Prove ONGOING violations not just violations in the past
- But the proper defendant is the state official that violates the law

Because you are suing an individual, you must overcome Qualified Immunity...



STATE COURT REMEDIES???

THERE ARE NUMEROUS PROBLEMS WITH PURSUING RELIEF IN STATE COURT

1. Federal Preemption!

In patent and copyright, there's complete preemption of state law

– Federal courts have exclusive jurisdiction

- Exception is trademark, which can have both state and federal components

– Can still be federal jurisdiction under the Lanham Act



STATE COURT REMEDIES???

THERE ARE NUMEROUS PROBLEMS WITH PURSUING RELIEF IN STATE COURT

2. State Law Sovereign Immunity

- Immunity from SUIT and liability
- Immunity extends to All GOVERNMENTAL ENTITIES
 - Local governmental entities enjoy FULL IMMUNITY
- Texas Leg
 - Only be CLEAR and UNEQUIVOCAL WAIVER



Ultra Vires and *Ex Parte Young*

- Texas and other state courts have refused to apply Sovereign Immunity as a defense in suits:
 - Against an **official** seeking to force them to follow the law or act within the scope of their statutory authority
 - These are known as **ultra vires** actions
 - Prospective relief only –
 - May ALSO get monetary relief
 - *Ex parte Young* doctrine mirrors ultra vires

No matter what, defeating immunity is an uphill battle.





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**THE LION'S SHARE: FEDERAL LAW, STATE SOVEREIGN
IMMUNITY, AND INTELLECTUAL PROPERTY**

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October 1991 to June 2002
Assistant Attorney General of Texas, Highway Division, 1989 to 1991
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PUBLICATIONS AND PRESENTATIONS ON GOVERNMENTAL LIABILITY

Premises Liability Under the Tort Claims Act, Suing and Defending Governmental Entities
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PUBLICATIONS AND PRESENTATIONS

Understanding Sovereign Immunity and the Texas Tort Claims Act or “The Chamber of Secrets,”
State Bar of Texas, co-author with Michael A. Shaunessy
The Statute of Frauds & Typical Leasehold Documents, Ernest E. Smith Oil, Gas, and Mineral Law
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Loose Constraints: The Bare Minimum for Solum’s Originalism, Texas Law Review

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THE LION'S SHARE: FEDERAL LAW, STATE SOVEREIGN IMMUNITY, AND INTELLECTUAL PROPERTY

The basics of intellectual property (“IP”) litigation are likely well-known to any readers of this paper. However, practitioners may encounter unfamiliar territory when an IP case involves a state or local governmental entity. Those entities are generally protected by the absolute defense of sovereign immunity—even in cases alleging violation of federal IP laws. Like the lion in Aesop’s fable,¹ the sovereign can frequently take all the IP spoils, even if it did not originally acquire them. Knowing how federal law incorporates state sovereign immunity, and where the limits of the doctrine lie, could save practitioners significant headaches in any suits involving state government.

This article discusses: (I) federal law on state sovereign immunity; (II) an encapsulation of preemption of federal law for IP matters; (III) the basic principles of state sovereign immunity in Texas; (IV) the history and general principles of sovereign immunity barring IP lawsuits; (V) ultra vires claims as a possible exception to sovereign immunity; and (VI) inter partes review as an exception to immunity.

I. THE ELEVENTH AMENDMENT, FEDERAL LAW, AND STATE SOVEREIGN IMMUNITY

A. The Origins and Purpose of Sovereign Immunity

Many lawyers assume the origins of sovereign immunity extend back to the English monarchy and the maxim that “the King can do no wrong.” However, sovereign immunity has been recognized in this country since the drafting of our Constitution. Alexander Hamilton spoke of sovereign immunity in the Federalist papers saying:

It is inherent in the nature of sovereignty not to be amenable to suit of an individual without its consent. This is the general scheme and the general practice of mankind; and the exception, of one of the attributes of sovereignty, is now enjoyed by the government of every State in the Union.²

Hamilton made this statement in part to assuage fears that the new constitution would abrogate states’ sovereign immunity.³ State sovereign immunity was preserved by the Constitution.⁴ Thus, sovereign immunity “is an established principle of jurisprudence in all civilized nations [and in all states of the Union].”⁵

Generally, courts recognize sovereign immunity as serving two purposes. The first purpose is to preclude second guessing of certain governmental actions and decisions.⁶ Thus, policy level decisions, decisions regarding budgeting and allocation of resources, decisions regarding the provision of certain services (fire, police, and emergency services) and decisions regarding the design of public works cannot be the bases of suit.⁷

Second, the courts recognize that sovereign immunity serves to protect the public treasury.⁸ The purpose of sovereign immunity and governmental immunity “is pragmatic: to shield the public from the cost and consequences of imprudent actions of their government.”⁹ Allowing plaintiffs to bring suit and recover judgments would force

¹ AESOP’S FABLES, Fable 339 (quoting the Lion: “I take the first portion because of my title, since I am addressed as king; the second portion you will assign to me, since I’m your partner; then because I am the stronger, the third will follow me; and an accident will happen to anyone who touches the fourth”).

² THE FEDERALIST No. 81, at 487 [Alexander Hamilton][Clinton Rossitor Ed., 1961].

³ See Wichita Falls State Hosp. v. Taylor, 106 S.W.3d 692 (Tex. 2003).

⁴ Alden v. Maine, 527 U.S. 706, 713, 119 S.Ct. 2240, 144 L.Ed. 2d 636 (1999); Meyers v. Texas, 410 F.3d 236, 240 (5th Cir. 2005).

⁵ Taylor, 106 S.W.3d at 694-95 (quoting Beers v. Arkansas, 61 U.S. 527, 529, 20 How. 527, 15 L.Ed. 991 (1857)) (internal quotations omitted).

⁶ See Tex. Dep’t of Protective & Regulatory Servs. v. Mega Child Care, Inc., 145 S.W.3d 170, 198 (Tex. 2004). See also City of El Paso v. Heinrich, 284 S.W.3d 366, 371-73 & n.6 (Tex. 2009) (litigation cannot be utilized “to control state action by imposing liability on the State” (italics in the original)).

⁷ Sw. Bell Tel., L. P. v. Harris County Toll Road Auth., 282 S.W.3d 59, 68 (Tex. 2009).

⁸ Ben Bolt-Palito Blanco Consol. Ind. Sch. Dist. v. Tex. Political Subdivisions Prop. Cas. Self Ins. Fund, 212 S.W.3d 320 (Tex. 2006). Tex. Dep’t of Transp. v. Sefzik, 355 S.W.3d 618 (Tex. 2011); Wichita Falls State Hosp., 106 S.W.3d at 692.

⁹ Id. (internal quotation omitted); Wasson, 489 S.W.3d 427, 431-32 (Tex. 2016) (“[T]he stated reasons for immunity have changed over time. The theoretical justification has evolved from the English legal fiction that ‘[t]he King can do no wrong,’¹ WILLIAM

governmental entities to take money from other activities (providing police protection, building public improvements, and providing social services) and expend those funds to defend law suits and pay judgments.¹⁰

B. The Eleventh Amendment Embodies Sovereign Immunity

The Eleventh Amendment of the U.S. Constitution states that “[t]he 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.”¹¹ As early as 1890, the U.S. Supreme Court interpreted the Eleventh Amendment as incorporating the principles of sovereign immunity and precluding lawsuits against states except in certain limited circumstances.¹²

Through the Eleventh Amendment, sovereign immunity provides states and state entities with a complete defense to suit that is quasi-judicial, and may be raised at any time.¹³ Courts may, but are not required to, raise Eleventh Amendment immunity sua sponte.¹⁴

One major difference from Texas state law is that cities, counties, and other local government entities¹⁵ do not necessarily enjoy Eleventh Amendment immunity.¹⁶ In the Fifth Circuit, courts apply a six-factor test from the case *Clark v. Tarrant County*, 798 F.2d 736 (5th Cir. 1986) to determine whether a given entity enjoys immunity. This test considers:

- (1) whether the state statutes and case law characterize the agency as an arm of the state;
- (2) the source of funds for the entity;
- (3) the degree of local autonomy the entity enjoys;
- (4) whether the entity is concerned primarily with local, as opposed to statewide, problems;
- (5) whether the entity has authority to sue and be sued in its own name; and
- (6) whether the entity has the right to hold and use property.¹⁷

While none of these factors are dispositive, some bear more weight than others, with the most important being the source of funds for the entity.¹⁸

C. Abrogation of Sovereign Immunity by the Legislature

However, state sovereign immunity under the Eleventh Amendment may, in limited circumstances, be abrogated by a deliberate act of Congress under its Fourteenth Amendment powers.¹⁹ The Fourteenth Amendment provides: “No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny

BLACKSTONE, COMMENTARIES *246, to ‘accord[ing] States the dignity that is consistent with their status as sovereign entities,’ *Fed. Mar. Comm’n v. S.C. State Ports Auth.*, 535 U.S. 743, 760, 122 S.Ct. 1864, 152 L.Ed.2d 962 (2002), to ‘protect[ing] the public treasury,’ *Taylor*, 106 S.W.3d at 695.”)

¹⁰ *Wichita Falls State Hosp.*, 106 S.W.3d at 698.; *Catalina Dev., Inc. v. County of El Paso*, 121 S.W.3d 704 (Tex. 2003).

¹¹ U.S. Const. amend. XI.

¹² *Hans v. Louisiana*, 134 U.S. 1, 33 L. Ed. 842, 10 S. Ct. 504 (1890); see also *Blatchford v. Native Village of Noatak*, 501 U.S. 775, 779, 115 L. Ed. 2d 686, 111 S. Ct. 2578 (1991).

¹³ *Calderon v. Ashmus*, 523 U.S. 740, 745 n.2, 118 S. Ct. 1694, 140 L. Ed. 2d 970 (1998) (Eleventh Amendment is jurisdictional to the extent that it limits federal courts’ judicial authority and can thus be raised at any time); *Edelman v. Jordan*, 415 U.S. 651, 678, 94 S. Ct. 1347, 39 L. Ed. 2d 662 (1974). The circuits have disagreed about whether Eleventh Amendment immunity is truly jurisdictional, because it may be waived and is not required to be addressed by the Court sua sponte. See *Kovacevich v. Kent State Univ.*, 224 F.3d 806, 816 (6th Cir. 2000).; *Parella v. Rhode Island Employees’ Retirement Sys.*, 173 F.3d 46, 54–55 (1st Cir. 1999).

¹⁴ *Wisconsin Dep’t of Corr. v. Schacht*, 524 U.S. 381, 389–390, 118 S. Ct. 2047 (1998).

¹⁵ For example, in *Anderson v. Red River Waterway Comm’n*, 231 F.3d 211 (5th Cir. 2000) the Court held that a Louisiana local water commission was not an “arm of the state” that was entitled to Eleventh Amendment immunity. *Id.* at 214.

¹⁶ *Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank*, 527 U.S. 627, 119 S. Ct. 2199, 2204 (1999) (quoting *Hans v. Louisiana*, 134 U.S. 1, 13 (1890)) (quoting *The Federalist* No. 81 (Alexander Hamilton)); *Hess v. Port Auth. Trans-Hudson Corp.*, 513 U.S. 30, 47, 115 S. Ct. 394, 404 (1994)

¹⁷ *Anderson v. Red Riv. Waterway Comm’n*, 231 F.3d 211, 214 (5th Cir. 2000).

¹⁸ *Williams v. Dall. Area Rapid Transit*, 242 F.3d 315, 319 (5th Cir. 2001).

¹⁹ *Fitzpatrick v. Bitzer*, 427 U.S. 445, 453, 96 S. Ct. 2666, 2670 (1976).

to any person within its jurisdiction the equal protection of the laws.”²⁰ Section 5 of the Fourteenth Amendment grants Congress the “power to enforce, by appropriate legislation, the provisions of this article.”²¹

The Supreme Court imposed strict limits on Congress’s abrogation powers in the case of Seminole Tribe v. Fla., 517 U.S. 44 (1996). There, the parties debated whether either the Interstate Commerce Clause or Indian Commerce Clause allowed Congress to abrogate the States’ sovereign immunity in suits to enforce the Indian Gaming Regulatory Act.²² The Court noted that the basic test for whether Congress has abrogated the States’ sovereign immunity is twofold: “first, whether Congress has unequivocally expressed its intent to abrogate the immunity, and second, whether Congress has acted pursuant to a valid exercise of power.”²³

The Court found that there was an unmistakably clear intent by Congress to abrogate waiver of immunity due to a provision in the statute vesting jurisdiction in the district courts.²⁴ The Court limited its analysis on the second factor to a single question: “Was the Act in question passed pursuant to a constitutional provision granting Congress the power to abrogate?”²⁵ The Seminole Tribe argued that the Interstate Commerce Clause, and by extension the Indian Commerce Clause, allowed Congress to abrogate immunity, based on the prior plurality holding in Pennsylvania v. Union Gas Co., 491 U.S. 1 (1989).²⁶

The Court reviewed the Union Gas plurality’s rationale and concluded that the case was an anomaly, and should be overruled.²⁷ The Court acknowledged that this meant the Interstate Commerce Clause was not a valid method of abrogating immunity, and the only remaining authorization for Congress to abrogate sovereign immunity law was within the Fourteenth Amendment.²⁸ Accordingly, the Court held that there was no waiver of sovereign immunity under the Eleventh Amendment for suits under the Indian Gaming Regulatory Act, and the suit against Florida had to be dismissed for lack of jurisdiction.²⁹ The key dicta of Seminole Tribe was that Congress was effectively limited to situations where the states violated Fourteenth Amendment rights if they wished to abrogate sovereign immunity.

The Supreme Court partially undid the dicta of Seminole Tribe in Central Virginia Community College v. Katz, 546 U.S. 356 (2006), where it held that Congress did have the power to abrogate sovereign immunity in the field of bankruptcy proceedings. Id. at 361–63. As will be discussed *infra*, this leaves the door open for Congress to possibly attempt another abrogation of sovereign immunity for patent laws.

Limiting Congress’s power to abrogate Eleventh Amendment immunity would subsequently have profound effects on other fields, including IP litigation, as will be discussed in Section IV, *infra*.

D. State as Plaintiff—Waiver and Compulsory Counterclaims

While Eleventh Amendment immunity is an absolute defense, it still subject to waiver by the state entity, particularly if the state deliberately waives the defense or unequivocally waives it by its actions.³⁰ For example, waiver can occur if the State raises the Eleventh Amendment defense then withdraws it.³¹

The most notable way for the State to waive its Eleventh Amendment immunity is when it institutes suit as a plaintiff in federal court. Several circuits, including the Federal Circuit, have held that in that scenario, the state has waived immunity to any compulsory counterclaims arising from the same transaction.³² Accordingly, cases where a

²⁰ U.S. Const. amend. XIV, § 1.

²¹ Id. § 5.

²² Id. at 49, 52–53.

²³ Id. at 55 (internal citations and quotations omitted).

²⁴ Id. at 56–57.

²⁵ Id. at 59.

²⁶ Id. at 59–60.

²⁷ Id. at 67–72.

²⁸ Id. at 65–66.

²⁹ Id. at 76.

³⁰ E.g., Wisconsin Dep’t of Corr. v. Schacht, 524 U.S. 381, 389, 118 S. Ct. 2047 (1998) (Breyer, J., concurring); Katz v. Regents of the Univ. of Cal., 229 F.3d 831, 834–835 (9th Cir. 2000) (states may affirmatively and unequivocally waive immunity).

³¹ E.g., Kovacevich, 224 F.3d at 816; Parella, 173 F.3d at 54–55.

³² See Board of Regents of Univ. of Wis. Sys. v. Phoenix Int’l Software, Inc., 653 F.3d 448, 468–471 (7th Cir. 2011) (allowing waiver of immunity for compulsory counterclaims, and overruling earlier case limiting to claims in recoupment); Regents of the Univ. of N.M. v. Knight, 321 F.3d 1111, 1124–1126 (Fed. Cir. 2003) (commencement of action claiming breach of contract in failing to assign patents to university waived any immunity as to compulsory counterclaims, because university could not both

state entity seeks to enforce an IP right or a right stemming from a transaction involving IP may open the door to *compulsory counterclaims* that are not barred by Eleventh Amendment immunity.

The quasi-jurisdictional aspect of Eleventh Amendment immunity can also be waived if the state entity files the removal to federal court.³³ However, that waiver does not extend to the state entity's general immunity from liability; sovereign immunity can still be asserted as a defense against the claims after removal, but may not be used "to defeat federal jurisdiction or as a return ticket back to the state court system."³⁴

II. FEDERAL IP LAW GENERALLY PREEMPTS STATE LAW

Most IP litigation practitioners are likely aware of the doctrine of federal preemption of state law, which provides federal courts with original jurisdiction over matters where federal law is exclusive under the Supremacy Clause.³⁵ In the most extreme cases, federal law preempts an entire field of law and any cases premised on that law, in a manner known as "field preemption." Patent law is one such field that is preempted,³⁶ and any case that pleads "a substantial question of federal patent law as a necessary element" has exclusive federal jurisdiction that divests state courts of jurisdiction—even if the plaintiff only pleads state law claims.³⁷

A matter can also be completely preempted by a federal statute if "Congress intended the federal cause of action to be the exclusive cause of action for the particular claims asserted under state law."³⁸ Unlike partial preemption, which is only a defense,³⁹ complete preemption gives federal courts exclusive jurisdiction over a claim, even if it was brought in state court.⁴⁰ The Fifth Circuit, along with the Second, Fourth, and Sixth Circuits, have held that the Copyright Act provides for complete preemption of all state law claims concerning infringement that would be covered by the Copyright Act.⁴¹

Notably, one field in IP litigation that generally does not have complete preemption is that of trademark claims. Several circuits, including the Fifth Circuit have held that the Lanham Act does not preempt trademark regulation, and states may still regulate and enforce common law related to trademarks.⁴² Regardless, if a trademark claim is brought under the Lanham Act, there is a grant of federal question jurisdiction, and likely supplemental jurisdiction over related state-law claims.⁴³

Accordingly, this article limits its concerns to the application of state sovereign immunity in federal courts, but will provide a brief overview of the structure of state sovereign immunity as defined by the laws and courts of Texas, as it is instructive to compare and contrast it with Eleventh Amendment immunity.

III. SOVEREIGN IMMUNITY IN TEXAS

A. Key Difference: Sovereign Immunity is Jurisdictional in State Courts

While the circuits have differed in their interpretation of whether Eleventh Amendment immunity is jurisdictional, in state courts in Texas, sovereign immunity from suit explicitly deprives the court of jurisdiction.⁴⁴ In a suit against a governmental defendant, the plaintiff has the burden of affirmatively pleading a valid waiver of immunity from suit that vests the trial court with jurisdiction.⁴⁵ Conclusory allegations, such as statements that a

invoke jurisdiction of federal court and simultaneously resist that jurisdiction); Texas v. Caremark, Inc., 584 F.3d 655, 659–660 (5th Cir. 2009) (counterclaims arising from different transaction not within waiver of immunity).

³³ Lapides v. Bd. of Regents, 535 U.S. 613, 616, 122 S. Ct. 1640, 152 L. Ed. 2d 806 (2002) ("The question before us is whether the State's act of removing a lawsuit from state court to federal court waives [Eleventh Amendment] immunity. We hold that it does.").

³⁴ Meyers v. Texas, 454 F.3d 503, 504 (5th Cir. 2006).

³⁵ Cipollone v. Liggett Group, Inc., 505 U.S. 504, 516, 120 L. Ed. 2d 407, 112 S. Ct. 2608 (1992) (holding it "settled that state law that conflicts with federal law is 'without effect'").

³⁶ See 28 U.S.C. § 1338(a) (district courts have original and exclusive jurisdiction of cases involving patents and copyright).

³⁷ Hunter Douglas, Inc. v. Harmonic Design, Inc., 153 F.3d 1318, 1337 (Fed. Cir. 1998).

³⁸ New Orleans & Gulf Coast Ry. Co. v. Barrois, 533 F.3d 321, 331 (5th Cir. 2008)

³⁹ Caterpillar Inc. v. Williams, 482 U.S. 386, 393, 107 S. Ct. 2425, 96 L. Ed. 2d 318 (1987).

⁴⁰ Barrois, 533 F.3d at 331.

⁴¹ GlobeRanger Corp. v. Software AG, 691 F.3d 702, 706 (5th Cir. 2012).

⁴² See, e.g., La Chemise Lacoste v. Alligator Co., 506 F.2d 339, 346 (3d Cir. 1974); Vitarroz Corp. v. Borden, Inc., 644 F.2d 960, 964 (2d Cir. 1981).

⁴³ 15 U.S.C.S. § 1121; CICCorp, Inc. v. Aimtech Corp., 32 F. Supp. 2d 425, 429 (S.D. Tex. 1998).

⁴⁴ E.g., Bland Indep. Sch. Dist. v. Blue, 34 S.W.3d 547, 554 (Tex. 2000).

⁴⁵ Dallas Area Rapid Transit v. Whitley, 104 S.W.3d 540 (Tex. 2003).

plaintiff's constitutional rights have been violated or that a person or agency exceeded its authority, are insufficient to establish a waiver of immunity from suit.⁴⁶

B. What Governmental Entities Are Immune?

In Texas state courts, sovereign immunity extends far beyond the state itself. The state's agencies and political subdivisions also enjoy sovereign immunity.⁴⁷ Additionally, "[p]olitical subdivisions of the state—such as counties, municipalities and school districts—share the state's inherent immunity."⁴⁸ Sovereign immunity also protects state junior colleges, hospital districts, and other special-purpose governmental districts.⁴⁹

Sovereign immunity as it applies to local governmental entities is often referred to as "governmental immunity."⁵⁰ "When performing governmental functions, political subdivisions derive governmental immunity from the State's sovereign immunity."⁵¹ This is notably different from the application of the Eleventh Amendment, which makes such immunity conditional on the multi-factor *Clark* test.

C. Immunity from Suit Versus Immunity from Liability

"Sovereign immunity embraces two principles: *immunity from suit* and *immunity from liability*."⁵² The Texas Supreme Court explained the difference between the two as follows:

Immunity from suit bars a suit against the State unless the State expressly gives its consent to the suit. In other words, although the claim asserted may be one on which the State acknowledges liability, this rule precludes a remedy until the Legislature consents to suit. ...

Immunity from liability protects the State from judgments even if the Legislature has expressly given consent to the suit. In other words, even if the Legislature authorizes suit against the State the question remains whether the claim is one for which the State acknowledges liability. The State neither admits liability by granting permission to be sued.⁵³

Thus, sovereign immunity bars both suit and liability absent express consent to suit and liability being given.⁵⁴ Accordingly, any plaintiff bringing suit for money damages against the State has the burden of proving the state has waived immunity from both suit and liability.⁵⁵ "A statute waives immunity from suit, immunity from liability, or both."⁵⁶

⁴⁶ Creedmoor-Maha Water Supply Corp., 307 S.W.3d at 516.

⁴⁷ General Servs. Comm'n v. Little-Tex Insulation Co., 39 S.W.3d 591, 594 (Tex. 2001); Lesley v. Veterans Land Board, 352 S.W.3d 479 (Tex. 2011); Lowe v. Tex. Tech Univ., 540 S.W.2d 297 (Tex. 1976); Tex. A&M Univ. v. Bishop, 996 S.W.2d 209, 212 (Tex.App.—Houston [14th Dist.] 1999, rev'd on other grounds, 35 S.W.3d 605 (Tex. 2000)); Clark v. Univ. of Tex. Health Science Ctr., 919 S.W.2d 185, 187-88 (Tex.App.—Eastland 1996, n.w.h.).

⁴⁸ Wasson Interests, Ltd. v. City of Jacksonville, 489 S.W.3d 427, 429-30 (Tex. 2016).

⁴⁹ Tex. Civ. Prac. & Rem. Code § 101.001(2)(A)-(B); San Antonio Independent School Dist. v. McKinney, 936 S.W.2d 279 (Tex. 1996). See Loyd v. ECO Res., Inc., 956 S.W.2d 110, 122-123 (Tex.App.—Houston [14th Dist.] 1997, no pet); Bennett v. Brown County Water Imp. Dist. No. 1, 272 S.W.2d 498 (Tex. 1954); Willacy County Water Control and Improvement Dist. No. 1 v. Abendroth, 177 S.W.2d 936 (Tex. 1944); Biclamowicz v. Cedar Hill Indep. School Dist., 136 S.W.3d 718 (Tex.App.—Dallas 2004, no pet. h.).

⁵⁰ Harris County Hosp. Dist. v. Tomball Reg'l Hosp., 283 S.W.3d at 842 ("[g]overnmental immunity, like the doctrine of sovereign immunity to which it is appurtenant, involves two issues: whether the State has consented to suit and whether the State has accepted liability").

⁵¹ City of Houston v. Williams, 353 S.W.3d 128, 131 (Tex. 2011).

⁵² Fed. Sign v. Tex. S. Univ., 951 S.W.2d 401, 405 (Tex. 1997).

⁵³ Id.; see also State v. Lueck, 290 S.W.3d 876 (Tex. 2009) ("[i]mmunity from suit is a jurisdictional question of whether the State has expressly consented to suit. ... On the other hand, immunity from liability determines whether the State has accepted liability even after it has consented to suit"); Harris County Hosp. Dist. v. Tomball Reg'l Hosp., 283 S.W.3d 838, 842 (Tex. 2009) ("[g]overnmental immunity, like the doctrine of sovereign immunity to which it is appurtenant, involves two issues: whether the State has consented to suit and whether the State has accepted liability").

⁵⁴ Jones, 8 S.W.3d at 638; Federal Sign, 951 S.W.2d at 408; Holder, 954 S.W.2d at 808.

⁵⁵ See City of Houston v. Arney, 680 S.W.2d 867 (Tex.App.—Houston [1st Dist.] 1984, no writ).

⁵⁶ Lueck, 290 S.W.3d at 880.

D. *Ultra Vires* Suits for Prospective Injunctive and Equitable Relief

State courts, including Texas, have recognized an exception to immunity for suits brought against state officials, on the ground that those officials have acted outside of their statutory authority.⁵⁷ State officials are likewise subject to the equitable remedy of mandamus.⁵⁸ Thus, the doctrine of sovereign immunity did not apply to claims for injunctive or equitable relief seeking to force governmental officials to follow the law or to quit acting outside the scope of their authority.⁵⁹

Notably, while retrospective monetary relief is prohibited in these matters, “suits to require state officials to comply with statutory or constitutional provisions are not prohibited by sovereign immunity, even if a declaration to that effect compels the payment of money.”⁶⁰ This is because *ultra vires* suits do not attempt to exert control over the State—they attempt to reassert the control of the State. Stated another way, these suits do not seek to alter government policy, but rather to enforce existing policy: “[W]hile a lack of immunity may hamper governmental functions by requiring tax resources to be used for defending lawsuits . . . rather than using those resources for their intended purposes . . . this reasoning has not been extended to *ultra vires* suits.”⁶¹

IV. ELEVENTH AMENDMENT SOVEREIGN IMMUNITY GENERALLY BARS IP LITIGATION AGAINST STATE ENTITIES

Prior to Seminole Tribe, discussed above, Congress sought to abrogate state sovereign immunity for copyright, trademark, and patent liability. Accordingly, in 1990, Congress enacted the Copyright Remedy Clarification Act (“CRCA”) which included a clear statement that states “shall not be immune, under the Eleventh Amendment of the Constitution . . . or any other doctrine of sovereign immunity, from suit in Federal Court . . .”⁶² The Trademark Remedy Clarification Act (“TRCA”) and Patent and Plant Variety Remedy Clarification Act (“PRCA”) followed, each of which took similar measures to abrogate state sovereign immunity for their respective fields.⁶³

However, in the wake of Seminole Tribe, it was once again unclear whether Congress had the power to abrogate sovereign immunity in these laws. In the companion cases of Fla. Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank, 527 U.S. 627, 119 S. Ct. 2199 (1999) [Florida Prepaid I]; and College Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd., 527 U.S. 666, 119 S. Ct. 2219 (1999) [Florida Prepaid II], the Supreme Court made clear that it did not.

Florida Prepaid I concerned a patent infringement suit brought by the plaintiff against a state entity for alleged violations of a patent for financial savings methodologies.⁶⁴ After the Seminole Tribe decision, the state entity moved to dismiss on sovereign immunity grounds and argued that the PRCA was unconstitutional.⁶⁵ The Court reaffirmed Seminole Tribe’s holding that Congress could not abrogate state sovereign immunity under its Article I powers, and looked exclusively to whether the PRCA could survive under Section 5 of the Fourteenth Amendment.⁶⁶ The Court held that the PRCA could not, because legislation had to be “appropriate” under Section 5, meaning that it needed to be proportionate to concerns about potential unconstitutional behavior by the states.⁶⁷

Specifically, the Court found that “[i]n enacting the [PRCA] . . . Congress identified no pattern of patent infringement by the States, let alone a pattern of constitutional violations.”⁶⁸ The majority also made the somewhat dubious argument that there may be sufficient state law remedies for patent infringement (despite federal preemption of such claims) that could avoid the necessity for abrogation.⁶⁹ *Without evidence that there was unremedied patent infringement*, Congress did not have the ability to abrogate state sovereign immunity—even to the extent that a taking

⁵⁷ Heinrich, 284 S.W.3d at 371-73; E.g., Cobb v. Harrington, 190 S.W.2d 709, 712 (Tex. 1945).

⁵⁸ In re Smith, 333 S.W.3d 582, 585 (Tex. 2011)(sovereign immunity will not bar suit for mandamus, i.e., seeking to compel a ministerial act that does involve the exercise of discretion).

⁵⁹ Heinrich, 284 S.W.3d at 371; Anderson v. City of Seven Points, 806 S.W.2d 791, 793 (Tex. 1991); Bullock v. Calvert, 480 S.W.2d 367 (Tex. 1972).

⁶⁰ Heinrich, 284 S.W.3d at 372.

⁶¹ Id. at 372-73.

⁶² 17 U.S.C. § 511.

⁶³ 15 U.S.C. §§ 1122, 1125(a)(2); 35 U.S.C. §§ 271(h), 296.

⁶⁴ 527 U.S. at 631-32.

⁶⁵ Id. at 633.

⁶⁶ Id. at 637-38.

⁶⁷ Id. at 639-40.

⁶⁸ Id. at 640 (emphasis added).

⁶⁹ Id. at 643-44.

of a patent right violated procedural due process.⁷⁰ The Court concluded that the PRCA's remedies were disproportionate to the harm they were meant to address, and therefore could not stand under Section 5 of the Fourteenth Amendment.⁷¹

Florida Prepaid II concerned similar claims brought by the plaintiff under the Lanham Act.⁷² While the Court acknowledged that the right to exclude is crucial for property rights, it held that there was no "property right in freedom from a competitor's false advertising about its own products."⁷³ The Court found that there was no deprivation of property for an unfair competition dispute, and therefore there was no authority under Section 5 of the Fourteenth Amendment for Lanham Act claims whatsoever.⁷⁴ In the alternative, the plaintiff argued that the sovereign could waive immunity "constructively" through participation in conduct covered by federal legislation and one traditionally used by private persons.⁷⁵ The Court firmly disagreed, and generally concluded that any form of "constructive" waiver of sovereign immunity could not be squared with the requirement that waiver be explicit.⁷⁶ The Court concluded that "where the constitutionally guaranteed protection of the States' sovereign immunity is involved, the point of coercion is automatically passed—and the voluntariness of waiver destroyed—when what is attached to the refusal to waive is the exclusion of the State from otherwise lawful activity."⁷⁷

Notably, the two Florida Prepaid cases are logically inconsistent with the Court's subsequent decision that Congress could abrogate sovereign immunity for bankruptcy proceedings, made just seven years later in Katz.⁷⁸ The dissent in Katz explicitly argued that Article I authorization for the protection of copyrights and patents would be equivalent to the rationale that Congress has exclusive rights under Article I to create uniform bankruptcy laws.⁷⁹ The dissent's logical conclusion was that either both the patent power and bankruptcy power should grant Congress the ability to abrogate, or neither—and since the dissent was authored by several members of the majority in Florida Prepaid, they presumably leaned toward neither.⁸⁰ However, the conflict between these two decisions has not been harmonized to date.

The Florida Prepaid decisions struck down the PRCA and TRCA explicitly. However, as Justice Stevens noted in his dissent to Florida Prepaid I, the CRCA differed from the PRCA because its legislative history *did* include numerous examples of copyright infringement by states.⁸¹ The CRCA was not explicitly struck down in subsequent decisions by the U.S. Supreme Court, but there remain serious doubts about whether it remains good law, and the Fifth Circuit *has* ruled against its abrogation of sovereign immunity.

The Fifth Circuit ruled against the constitutionality of the CRCA in the series of cases comprising Chavez v. Arte Publico Press: 59 F.3d 539, 547 (5th Cir. 1995) [Chavez I]; 157 F.3d 282, 287 (5th Cir. 1998) [Chavez II]; and 204 F.3d 601 (5th Cir. 2000) ([Chavez III], which are also instructive for the difference in IP litigation against governmental entities before and after Seminole Tribe and Florida Prepaid).

In Chavez I, the plaintiff brought Lanham Act and Copyright Act claims against a component of the University of Houston, arguing that she could withdraw her consent for them to print copies of her works.⁸² Plaintiff relied on an implied waiver argument similar to the one later used (and disapproved of) in Florida Prepaid II.⁸³ The Fifth Circuit initially found a valid implied waiver of sovereign immunity, but the Supreme Court remanded the case for reconsideration after issuing Seminole Tribe.⁸⁴

⁷⁰ Id. at 645–47.

⁷¹ Id. at 646–47.

⁷² 527 U.S. at 671.

⁷³ Id. at 673.

⁷⁴ Id. at 675.

⁷⁵ Id. at 679–80.

⁷⁶ Id. at 681–82.

⁷⁷ Id. at 687.

⁷⁸ 356 U.S. at 381–85 (Thomas, J., dissenting).

⁷⁹ Id. at 384–85.

⁸⁰ See id.

⁸¹ 527 U.S. at 646 & n.10 (Stevens, J., dissenting).

⁸² 59 F.3d at 540.

⁸³ Id. at 542–44.

⁸⁴ See Chavez II, 157 F.3d at 287.

In Chavez II, apparently anticipating the rationale of the Florida Prepaid decisions, the Fifth Circuit panel recognized that the implied waiver theory was no longer viable, and held that the CRCA and TRCA were invalid exercises of legislative power under Section 5 of the Fourteenth Amendment.⁸⁵ Chavez II was vacated en banc, but then remanded to the panel once more after the Florida Prepaid decisions were handed down.⁸⁶

In Chavez III, the panel took the remand as an opportunity for explicit consideration of the authorization for the CRCA under Section 5 of the Fourteenth Amendment.⁸⁷ Despite the acknowledgement that there may have been more evidence of a pattern of copyright infringement than that of patents, the Fifth Circuit decided that these were still insufficient to allow for abrogation of sovereign immunity.⁸⁸ Further, the Fifth Circuit relied on the fact that once again Congress had not considered possible state remedies, and had even considered possible concurrent jurisdiction in state and federal courts.⁸⁹ The Fifth Circuit concluded that, like the PRCA in Florida Prepaid I, the legislative history did not support authority for Congress to abrogate sovereign immunity through the CRCA under Section 5 of the Fourteenth Amendment.⁹⁰

Accordingly, in the Fifth Circuit, all three clarification acts that intended to abrogate sovereign immunity for IP matters have been struck down as invalid exercises of legislative power. With direct relief against state entities barred by sovereign immunity, only limited alternative avenues exist to prevent infringement of IP rights by the government.

V. ONE POSSIBLE EXCEPTION: *ULTRA VIRES* SUITS AND *EX PARTE YOUNG*

One possible exception can be found in the doctrine of Ex parte Young,⁹¹ which in many ways mirrors the *ultra vires* exception in Texas state courts. In Young, a railroad shareholder challenged a Minnesota law that lowered railroad freight rates, and obtained a temporary injunction against the state's attorney general preventing him from enforcing that law.⁹² The attorney general violated the injunction by initiating a state enforcement action, and the Circuit Court held him in contempt, leading the attorney general to challenge federal jurisdiction on the basis of Eleventh Amendment sovereign immunity.⁹³

The Supreme Court disagreed, and held that if an unconstitutional law is “void”, “a state official who enforces that law ‘comes into conflict with the superior authority of [the] Constitution,’ and therefore is ‘stripped of his official or representative character and is subjected in his person to the consequences of his individual conduct. The State has no power to impart to him any immunity from responsibility to the supreme authority of the United States.’”⁹⁴

Like the *ultra vires* exception in Texas, the Young doctrine allows purely prospective relief against an ongoing violation of federal law by a state official.⁹⁵ The requirement that the violation be ongoing excludes harm that occurred solely in the past.⁹⁶ Also like the *ultra vires* exception, prospective relief does not include retroactive monetary damages.⁹⁷ This means that a plaintiff may not recover for any monetary harm incurred before the date when it could rightfully obtain injunctive relief (at a minimum, when suit was filed).⁹⁸

⁸⁵ Id.

⁸⁶ Chavez III, 204 F.3d at 604.

⁸⁷ Id. at 604–05.

⁸⁸ Id. at 606–07.

⁸⁹ Id. at 607.

⁹⁰ Id. at 607–08.

⁹¹ 209 U.S. 123, 28 S. Ct. 441 (1908).

⁹² Id. at 149.

⁹³ Id. at 143.

⁹⁴ Va. Office for Prot. & Advocacy v. Stewart, 563 U.S. 247, 253–55, 131 S. Ct. 1632, 1637–38 (2011) (quoting Young, 209 U.S., at 159–160, 28 S. Ct. 441).

⁹⁵ Verizon Md. Inc. v. Public Serv. Comm'n of Md., 535 U.S. 635, 122 S. Ct. 1753, 152 L. Ed. 2d 871 (2002).

⁹⁶ Green v. Mansour, 474 U.S. 64, 106 S. Ct. 423, 88 L. Ed. 2d 371 (1985).

⁹⁷ Sossamon v. Texas, 563 U.S. 277, 286, 131 S. Ct. 1651, 1659 (2011).

⁹⁸ Edelman v. Jordan, 415 U.S. 651, 664, 94 S. Ct. 1347, 1356 (1974).

While Young's exception may seem broad, it does not provide an unlimited right to prospective relief against state officials. For example, when a statute provides a specific remedy that would seem to exclude Young, then federal courts have held that there is no cause of action against the state official.⁹⁹

In the line of cases discussed previously, the Court did consider the possibility of injunctive relief in Seminole Tribe. While the Court did not overrule Young, it did exclude it as a possible source of relief in that matter, because the remedial scheme in the statute provided a specific remedy and did not provide for injunctive relief against the state official, and therefore did not allow for a cause of action under Young.¹⁰⁰ Unlike that case, the statutes providing for IP litigation relief do not have a designated remedial scheme to sue the state; the closest those statutes came were in the PRCA, CRCA, and TRCA, and those could not be interpreted as similarly exclusive remedial schemes. Accordingly, this path appears to remain open to enjoin ongoing violations of patent or copyright law by state officials.

However, a recent case that is currently being petitioned for certiorari to the U.S. Supreme Court highlights some additional potential limits to the Young exception in IP litigation. In Allen v. Cooper, 895 F.3d 337 (4th Cir. 2018), a videographer and his company alleged that North Carolina and several of its state officials used his copyrighted footage of exploration of an undersea wreck.¹⁰¹ Among the allegations was that, after signing a settlement agreement with plaintiffs, the defendants enacted a statute to make all footage of undersea shipwrecks that was in the State's possession constitute public records, effectively enacting a legislative defense to their own taking.¹⁰²

With regard to their suit against North Carolina as a whole, plaintiffs tried to make the argument that the CRCA was validly enacted and that Katz implicitly overruled the prior holdings in the Florida Prepaid cases.¹⁰³ However, the Fourth Circuit was unpersuaded by this argument, and concluded that Congress lacked authority to abrogate sovereign immunity for many of the same reasons given in Chavez III.¹⁰⁴ Accordingly, the state remained immune from CRCA claims in the Fourth Circuit.¹⁰⁵

More to the point of Young exceptions, plaintiffs also tried to argue that there were ongoing violations that could allow them to seek prospective relief against state officials, due to the continuing infringement of the copyrights and continuing enforcement of an unconstitutional statute.¹⁰⁶ Plaintiffs alleged that the defendants had published six infringing videos on their website, but also admitted that these had been removed by the time of hearing.¹⁰⁷ The court concluded that this meant that plaintiffs had not shown an ongoing violation that would allow for prospective relief.¹⁰⁸

Plaintiffs also sought to argue that several officials supported enactment of the statute that provided for the taking of the copyrighted property, but the court concluded that this was both insufficiently connected to the legislative enactment or enforcement of the statute.¹⁰⁹ Accordingly, the court held that plaintiffs had not established illegal acts or enforcement of an illegal statute that would satisfy Ex parte Young's requirements.¹¹⁰ It will be critically important to see if the Supreme Court accepts certiorari, and possibly further defines the scope of Young's waiver of immunity in IP litigation.

⁹⁹ Schweiker v. Chilicky, 487 U.S. 412, 423, 101 L. Ed. 2d 370, 108 S. Ct. 2460 (1988) (“When the design of a Government program suggests that Congress has provided what it considers adequate remedial mechanisms for constitutional violations that may occur in the course of its administration, we have not created additional . . . remedies”).

¹⁰⁰ Seminole Tribe, 517 U.S. at 74–76.

¹⁰¹ Id. at 342.

¹⁰² Id. at 345.

¹⁰³ Id. at 348.

¹⁰⁴ Id. at 348–51.

¹⁰⁵ Id. at 354.

¹⁰⁶ Id.

¹⁰⁷ Id. at 354–55. The plaintiffs argued that past and future violations of the copyright required injunction, but the Fourth Circuit held that this improperly conflated the Young exception and the doctrine of mootness. See id. If the Supreme Court accepts certiorari, it seems likely that plaintiffs will continue to argue that these were violations that were capable of repetition yet evading review, and that the likelihood of future harm provides a sound basis for injunctive relief. See, e.g., Los Angeles v. Lyons, 461 U.S. 95, 109, 103 S. Ct. 1660, 75 L. Ed. 2d 675 (1983).

¹⁰⁸ Id.

¹⁰⁹ Id.

¹¹⁰ Id.

VI. ANOTHER POSSIBLE EXCEPTION: INTER PARTES REVIEW OF PATENTS

The Leahy-Smith America Invents Act of 2012¹¹¹ established a formal process called “inter partes review” (“IPR”) that allowed the US Patent and Trademark Office (PTO) to reconsider and possibly cancel a previously issued patent claim.¹¹² Any person other than the patent owner can file a petition for IPR, and request cancellation of “1 or more claims of a patent” on the grounds that the claim fails the novelty or nonobviousness standards for patentability.¹¹³ The patent owner can then file a preliminary response to attempt to prevent IPR from occurring.¹¹⁴

Before IPR can be instituted, the Director of the PTO must determine whether there is a reasonable likelihood the petitioner may succeed on any claim.¹¹⁵ If the petition is granted, the Patent Trial and Appeal Board, a body of administrative patent judges, conducts IPR.¹¹⁶ Before the Board’s decision becomes final, the Director must issue a certificate to cancel any unpatentable claims.¹¹⁷ Any party dissatisfied with the Board’s decision may seek review in the Federal Circuit.¹¹⁸

The Supreme Court has recently concluded that IPR is constitutional. In the 7–2 decision of Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC, 138 S. Ct. 1365 (2018), the Court decided that the IPR process did not violate either Article III or the Seventh Amendment of the Constitution, reasoning that IPR was not actually a judicial proceeding, but rather a matter involving public rights which could be carried out by the legislative or executive branches.¹¹⁹ Like any public rights franchise, Congress could reserve the right for an administrative agency to revoke or amend that franchise.¹²⁰ Post-issuance administrative review of a patent was still administrative review, and therefore not a violation of either Article III’s jurisdiction requirements or the right to trial by jury.¹²¹

However, Oil States Energy strikes an interesting contrast with another Supreme Court decision in the same session, SAS Institute v. Iancu, 138 S. Ct. 1348 (2018). That case had nearly opposite dicta which stated that IPR “mimics civil litigation.”¹²² There, the Court pointed out that the petitioner “define[s] the contours of the proceeding” and that IPR was a “party-directed, adversarial” process rather than the “inquisitorial approach” in both the creation of a patent and the prior ex parte methods for patent reexamination.¹²³

In a recent case in the Federal Circuit, which is also subject to a petition for certiorari, Saint Regis Mohawk Tribe v. Mylan Pharm., Inc., 896 F.3d 1322 (Fed. Cir. 2018), the court concluded that tribal immunity did not apply to IPR of patents.¹²⁴ In St. Regis Mohawk Tribe, the pharmaceutical Allergan sought to transfer certain patents to an Indian tribe, allegedly to evade review of the patents.¹²⁵ Mylan Pharmacy sought IPR, and the Tribe responded by pleading tribal immunity.¹²⁶

Utilizing the reasoning from Oil States Energy, the Federal Circuit held that IPR did not implicate tribal immunity because it was more akin to agency enforcement than a civil suit brought by a party.¹²⁷ The court reasoned that while the Director’s discretion was constrained, he still had the decision as to whether institute review—and therefore, the private party did not have the ultimate authority as to whether suit could be brought against the sovereign entity.¹²⁸ Further, while the parties to IPR have an adversarial relationship, the petitioner and even the patent owner may “drop out” of the proceedings while review continues.¹²⁹ Lastly, the Federal Circuit concluded that Congress did

¹¹¹ 35 U.S.C. § 100 *et. seq.*

¹¹² Id. § 311(a).

¹¹³ Id. § 311(b).

¹¹⁴ Id. § 313.

¹¹⁵ Id. § 314(a).

¹¹⁶ Id. §§ 6, 316(c).

¹¹⁷ Id. § 143; See also Cuozzo Speed Technologies, LLC v. Lee, 136 S. Ct. 2131 (2016).

¹¹⁸ Id.

¹¹⁹ Id. at 1373–74.

¹²⁰ Id. at 1375.

¹²¹ Id. at 1376, 1379.

¹²² Id. at 1352.

¹²³ Id. at 1355.

¹²⁴ Id. at 1328–29.

¹²⁵ Id. at 1325.

¹²⁶ Id.

¹²⁷ Id. at 1327.

¹²⁸ Id. at 1327–28.

¹²⁹ Id. at 1328; See also Cuozzo, 136 S. Ct. at 2144.

not contemplate that tribal immunity would apply in IPR proceedings, considering it was essentially a reexamination of a prior agency decision.¹³⁰

If IPR does not violate tribal immunity, Eleventh Immunity for states may also be inapplicable to petitions for IPR for much the same reasons: the patents that the USPTO giveth, it may taketh away. Assuming this decision does not have certiorari granted, or is otherwise reversed by subsequent Supreme Court holdings, it may provide another possible avenue for IP plaintiffs to challenge a patent held by a state entity.

CONCLUSION

The general rules for IP litigation against state entities are straightforward: federal law controls, allowing removal jurisdiction, and Eleventh Amendment immunity bars the suit. The exceptions that might allow an IP lawsuit involving a state entity to go forward are few, and include cases where the state entity is a plaintiff (allowing the defendant to bring compulsory counterclaims), cases where a particular state official can be barred from future use of the intellectual property, and cases where a patent is invalid and subject to inter partes review. These exceptions are frequently inflexible, so practitioners should keep them in mind for any lawsuit involving a state entity.

¹³⁰ Id. at 1329.