

FLORIDA PREPAID POSTSECONDARY EDUCATION EXPENSE BOARD V. COLLEGE SAVINGS BANK & COLLEGE SAVINGS BANK V. FLORIDA PREPAID POSTSECONDARY EDUCATION EXPENSE BOARD

By Jennifer L. Polse

In 1988 Marion Chew sued the State of California for infringing her patented method of testing automobile emissions.¹ The district court dismissed Chew's suit at the threshold, holding that the Eleventh Amendment barred it from hearing a patent infringement action against a state.² On appeal, the Federal Circuit held that the Patent Act³ did not abrogate the states' Eleventh Amendment immunity because it did not contain a clear statement of Congress' intention to abrogate⁴ as required by the Supreme Court's holding in *Atascadero State Hospital v. Scanlon*.⁵ In response to *Chew*, Congress passed a series of acts, the Remedy Acts, clarifying its intention to abrogate state sovereign immunity from suits involving intellectual property rights.⁶

Following passage of the Remedy Acts, lower courts split over the validity of Congress's attempts to abrogate state sovereign immunity.⁷ In

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1. *See Chew v. California*, 893 F.2d 331, 332-33 (Fed. Cir. 1990).

2. *See id.*

3. 35 U.S.C. § 271 et. seq.

4. *See Chew*, 893 F.2d at 334.

5. 473 U.S. 234 (1985). *Atascadero* held that to abrogate Eleventh Amendment immunity, Congress must "mak[e] its intention unmistakably clear in the language of the statute." *Id.* at 242.

6. The Patent Remedy Act amended the Patent Act so that "[a]ny 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." 35 U.S.C. § 271(h) (1992). Section 296(a) further states that a state "shall not be immune, under the eleventh amendment . . . or under any other doctrine of sovereign immunity, from suit in Federal court by any person . . . for infringement of a patent. . . ." *Id.* at § 296(a). The Trademark Clarification Remedy Act (TCRA), amended the Lanham Act by specifying that the states "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 . . . for any violation under this chapter." 15 U.S.C. § 1122 (b) (1992). The Copyright Remedy Act similarly stated Congress' intent to render states amenable to suit for copyright infringement. *See* 17 U.S.C. § 511 (1990).

7. *Compare Chavez v. Arte Publico Press*, 157 F.3d 282, 291 (5th Cir. 1998) (holding Copyright Remedy Act unconstitutional) *with Genentech, Inc. v. Eli Lilly and Co.*,

*Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank*⁸ and *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board*,⁹ the Supreme Court confronted the Patent and Trademark Remedy Acts head-on, and held them to be unconstitutional attempts to abrogate state sovereign immunity.

In many respects the two opinions flow naturally from *Seminole Tribe v. Florida*,¹⁰ which held that Congress may not abrogate state sovereign immunity when legislating pursuant to its Article I power to regulate commerce.¹¹ The logic of *Seminole Tribe* applies to all of Congress's Article I powers,¹² including those of the Patent Clause.¹³ However, *Florida Prepaid* and *College Savings Bank* find the Court once again wielding its Eleventh Amendment jurisprudence in the service of state's rights by constricting congressional flexibility in an area previously subject to strict federal oversight.

To reach its holdings, the Court overruled the constructive waiver doctrine of *Parden v. Terminal Railway*¹⁴ and narrowed Congress's ability to legislate under section 5 of the Fourteenth Amendment. The decisions weaken the integrity of the intellectual property system, allow states to deprive patentees of their property without due process of law, and ignore the functional reality of state involvement in the intellectual property system.

I. BACKGROUND

A. Sovereign Immunity under the Eleventh Amendment

The Court's decisions in *Florida Prepaid* and *College Savings Bank* hinge on Congress's ability to render Florida amenable to suit for violations of the Lanham Act and the Patent Act. Unless Congress validly abrogates state sovereign immunity, the Eleventh Amendment bars federal courts from hearing suits for damages against a state, such as CSB's Lan-

998 F.2d 931, 943 (Fed. Cir. 1993) (holding Patent Remedy Act validly abrogated sovereign immunity).

8. 119 S. Ct. 2199 (1999).

9. 119 S. Ct. 2219 (1999).

10. 517 U.S. 44 (1996).

11. *See id.* at 72.

12. *See id.* at 73.

13. U.S. CONST. art. I, § 8, cl. 8 (giving Congress the power "[t]o promote the Progress of Science . . . by securing for limited Times to . . . Inventors the exclusive Right to their . . . Discoveries. . .").

14. 377 U.S. 184 (1964).

Lanham Act and Patent Act cases against the State of Florida. Thus, whether or not the Court has jurisdiction to hear these cases turns on whether the Patent and Trademark Remedy Acts validly abrogate Florida's Eleventh Amendment immunity from suit in federal court.

The Eleventh Amendment¹⁵ repudiated the Supreme Court's decision in *Chisholm v. Georgia*,¹⁶ which held that a South Carolina citizen could sue Georgia in federal court to collect a debt.¹⁷ The Court's decision created a "shock of surprise throughout the country" that led to the proposal of the Amendment at the next congressional session.¹⁸ The Eleventh Amendment "reflects 'the fundamental principle of sovereign immunity [that] limits the grant of judicial authority in Art. III. . . .'"¹⁹ The Amendment limits federal courts' subject matter jurisdiction by denying jurisdiction over suits by a citizen against a state.

Although the plain text of the Amendment appears to reach only suits brought against a state by a citizen of another state, judicial interpretation has extended its jurisdictional bar much further.²⁰ *Hans v. Louisiana*²¹ involved a suit by Hans, a Louisiana resident, to collect on bonds issued by the defunct Reconstruction-era Louisiana government.²² Hans pressed his breach of contract suit under the Contract Clause,²³ and the State claimed sovereign immunity under the Eleventh Amendment as a defense.²⁴ The Court first declared that previous decisions had established that the Eleventh Amendment's immunity extended to suits brought under the Court's federal question jurisdiction.²⁵ Next, considering Hans's claim that as a

15. U.S. CONST. amend. XI. The Amendment provides 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."

16. 2 U.S. 419 (1793).

17. *See id.* at 479.

18. *Hans v. Louisiana*, 134 U.S. 1, 11 (1890).

19. *Seminole Tribe v. Florida*, 517 U.S. 44, 64 (1996) (quoting *Pennhurst State School & Hosp. v. Halderman*, 465 U.S. 89, 97-98 (1984)).

20. *See Hans*, 134 U.S. at 20-21 (holding that the Eleventh Amendment bars suits against a state brought by its own citizens).

21. *Id.*

22. *See id.* at 2-3.

23. U.S. CONST., art. I, § 10 (providing in relevant part that "[n]o State shall . . . pass any . . . Law impairing the Obligation of Contracts. . . .").

24. *See Hans*, 134 U.S. at 3.

25. *See id.* at 10. In fact, the cases cited by the Court did not clearly establish the Amendment's applicability to federal question cases. *See Daniel J. Meltzer, The Seminole Decision and State Sovereign Immunity*, 1996 SUP. CT. REV. 1, 8-9 (1996). Several commentators have rejected an interpretation of the Amendment that limits the federal

citizen of Louisiana, he was not barred from bringing suit against Louisiana by the plain text of the Amendment, the Court found that it would be "startling and unexpected" if the Amendment allowed states to be sued in federal courts by their own citizens, while it barred similar suits by non-residents.²⁶ The Court endorsed a broad view of state sovereign immunity, holding that the Constitution did not authorize suits against unconsenting states by residents or nonresidents.²⁷

Despite the Eleventh Amendment's broad grant of sovereign immunity, federal courts may still hear federal question cases seeking damages against unconsenting states if Congress validly abrogated sovereign immunity from suit under the federal statute giving rise to the plaintiff's cause of action.²⁸ To abrogate sovereign immunity, Congress must unequivocally state its intent to abrogate, and it must act pursuant to a valid exercise of power.²⁹ Federal courts may also hear cases against states if the states waive their sovereign immunity expressly or by their conduct in litigation.³⁰

B. Gaining Jurisdiction through Abrogation of State Sovereign Immunity

Although Congress need not explicitly mention the Eleventh Amendment when stating its intent to abrogate, it must make "its intention unmistakably clear in the language of the statute."³¹ The Court requires such a

courts' federal question jurisdiction. *See id.* at 10-11 (describing criticisms of the Court's holding in *Hans*). Adherents of the diversity theory, for example, argue that the Amendment was drafted to prevent suits against unconsenting states from being heard under the federal court's state-citizen diversity jurisdiction, but it was not intended to restrict the right to sue a state under federal law. *See generally* William A. Fletcher, *A Historical Interpretation of the Eleventh Amendment: A Narrow Construction of an Affirmative Grant of Jurisdiction Rather Than a Prohibition Against Jurisdiction*, 35 STAN. L. REV. 1033 (1983).

26. *See Hans*, 134 U.S. at 10-11.

27. *See id.* at 15-16 (finding that "[t]he truth is that the cognizance of suits and actions unknown to the law, and forbidden by the law, was not contemplated by the constitution when establishing the judicial power of the United States" and that "[t]he suability of a state, without its consent, was a thing unknown to the law").

28. *See Fitzpatrick v. Bitzer*, 427 U.S. 445, 456 (1976) (holding that Congress may abrogate state sovereign immunity when legislating pursuant to section 5 of the Fourteenth Amendment).

29. *See Seminole Tribe v. Florida*, 527 U.S. 44, 56 (1996).

30. *See College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 119 S. Ct. 2219, 2223 (1999); *see generally* Note, *Reconceptualizing the Role of Constructive Waiver After Seminole*, 112 Harv. L. Rev. 1759, 1767-775 (1999) (discussing methods by which states may waive sovereign immunity from suit in federal courts).

31. *Atascadero State Hosp. v. Scanlon*, 473 U.S. 234, 242 (1985).

statement because abrogation works a fundamental disruption of the balance of power between states and the federal government; such a disruption should not be undertaken unless Congress specifically decides that it is necessary to its legislative scheme.³² In addition, finding abrogation of sovereign immunity results in an expansion of the Court's Article III jurisdiction.³³ In order to refrain from unduly expanding its own power, the Court must "rely only on the clearest indications in holding that Congress has enhanced [the Court's] power."³⁴

In addition to providing a clear statement of intent, Congress must also act pursuant to a valid exercise of power to abrogate sovereign immunity. In *Seminole Tribe*, the Court found that while Congress may abrogate when legislating pursuant to section 5 of the Fourteenth Amendment,³⁵ Article I gives Congress no power to render a state amenable to suit in federal court.³⁶ *Seminole Tribe* explicitly overruled *Pennsylvania v. Union Gas Co.*,³⁷ which held that the Commerce Clause³⁸ granted Congress the power to abrogate state sovereign immunity.³⁹ The *Union Gas* plurality reasoned that by ratifying the Constitution the States necessarily ceded to the federal government that portion of their sovereignty necessary to the regulation of interstate commerce.⁴⁰ *Seminole Tribe* repudiated that theory, holding that while States may have ceded such sovereignty originally, the Eleventh Amendment restored their sovereign immunity.⁴¹ Only those amendments ratified after the Eleventh Amendment could abrogate portions of the sovereign immunity embodied in the Eleventh Amendment.⁴²

In dissent in *Seminole Tribe*, Justice Stevens argued that the Court's decision would withhold a federal forum for a broad range of cases—"from those sounding in copyright and patent law, to those concerning bankruptcy, environmental law, and the regulation of our vast national economy."⁴³ Subsequent case law has proven Justice Stevens prophetic.⁴⁴

32. See *id.* at 242-43.

33. See *id.* at 243.

34. *Id.*

35. See *Seminole Tribe*, 517 U.S. at 71 n.15 (noting that "under the Fourteenth Amendment . . . Congress' authority to abrogate is undisputed.").

36. See *id.* at 66.

37. 491 U.S. 1 (1989) (plurality opinion) (overruled by *Seminole Tribe*, 517 U.S. at 66).

38. U.S. CONST. art. I, § 8, cl. 3.

39. See *Union Gas*, 491 U.S. at 23.

40. See *id.* at 16-17.

41. See *Seminole Tribe*, 517 U.S. at 65-66.

42. See *id.*

43. *Id.* at 77 (Stevens, J., dissenting).

After *Seminole Tribe*, Congress may abrogate Eleventh Amendment immunity only when it legislates to enforce the Fourteenth Amendment⁴⁵ as established by *Fitzpatrick v. Bitzer*.⁴⁶ Section 5 of the Fourteenth Amendment gives Congress the power to “enforce, by appropriate legislation, the provisions of this article.”⁴⁷ Whether Congress can abrogate sovereign immunity in any given case thus turns on the Court’s definition of “appropriate legislation.”

The Court recently reformulated the test for whether a law may be upheld as appropriate remedial legislation to enforce the Fourteenth Amendment. In *City of Boerne v. Flores*,⁴⁸ the Court confronted a congressional attempt to alter the substantive test for whether a facially neutral state law that creates incidental burdens on religion violates the Free Exercise Clause.⁴⁹ Congress passed the Religious Freedom Restoration Act (“RFRA”) pursuant to its enforcement powers under section 5 of the Fourteenth Amendment. Examining whether Congress had exceeded its powers in enacting the RFRA, the Court noted that “appropriate legislation” passed under section 5 must “deter[] or remed[y] constitutional violations. . . .”⁵⁰ However, section 5 gives Congress no power to legislate a substantive change in constitutional rights such as that contemplated by the RFRA.⁵¹ To ensure Congress does not overstep its section 5 powers, the Court held that appropriate legislation must be tailored to provide “a congruence and proportionality between the injury to be prevented or remedied and the means adopted to that end.”⁵² The RFRA was not appropriate legislation because it aimed not to remedy existing constitutional violations,⁵³ but to create new substantive rights under the Free Exercise Clause.⁵⁴

44. See *Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank*, 119 S. Ct. 2199 (1999) (patent); *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 199 S. Ct. 2219, 2224 (1999) (false advertising prong of the Lanham Act); *Sacred Heart Hosp. v. Pennsylvania*, 133 F.3d 237, 243-44 (3d Cir. 1998) (bankruptcy); *Chavez v. Arte Publico Press*, 157 F.3d 282 (5th Cir. 1998), (copyright), *reh’g granted*, 178 F.3d 281 (5th Cir. 1998).

45. See Meltzer, *supra* note 25, at 21.

46. 427 U.S. 445 (1976).

47. U.S. CONST. amend. XIV, §5.

48. 52 U.S. 507 (1997).

49. See *id.* at 515-16.

50. *Id.* at 518.

51. See *id.* at 519.

52. *City of Boerne*, 521 U.S. at 520.

53. To demonstrate Congress’s true justification for the RFRA, the Court combed the legislative record for examples of modern state laws that violated rights guaranteed by the Free Exercise Clause. See *id.* at 530-31. The Court only found examples not en-

C. Obtaining Jurisdiction through Waiver of Sovereign Immunity

In addition to abrogation under the Fourteenth Amendment, federal courts obtain jurisdiction over a state if the state waives its Eleventh Amendment immunity.⁵⁵ A state may waive its sovereign immunity by enacting a statute or a constitutional provision that states explicitly its unequivocal intent to abrogate its Eleventh Amendment immunity from suit in federal court.⁵⁶ Additionally, states can waive sovereign immunity by participation in a federal program conditioned upon waiver.⁵⁷ In addition to express waiver, a state may waive its immunity by affirmatively invoking the federal court's jurisdiction.⁵⁸

Prior to *College Savings Bank*, federal courts could imply a constructive waiver of sovereign immunity by finding that a state engaged in an activity that subjected it to suit under federal law. In *Parden v. Terminal Railway*,⁵⁹ the Court held that Alabama constructively waived its immunity by operating a railroad that it knew would be subject to federal regulation under the Federal Employer's Liability Act ("FELA").⁶⁰ Examining FELA, the Court found that it would be anomalous for Congress to allow state-operated railroads to run free of FELA, because to do so would exclude a single class of railway workers—those employed on state-run railroads—from its protection.⁶¹ The Court refused to find that "Congress intended so pointless and frustrating a result."⁶² Although Alabama claimed that Congress could not subject states to suit under FELA in light of the Eleventh Amendment, the Court rejected this argument, finding that "the States surrendered a portion of their sovereignty when they granted Congress the power to regulate commerce."⁶³

acted out of hostility to the burdened religions, and such examples did not violate the Constitution. *See id.* at 531. This observation led the Court to conclude that "Congress' concern was with the incidental burdens imposed." *Id.* at 531.

54. *See id.* at 532.

55. *See Atascadero State Hosp. v. Scanlon*, 473 U.S. 234, 238 (1985).

56. *See id.* at 238 n.1.

57. *See id.* An unequivocal statement of intent to abrogate is required for waiver in this situation as well.

58. *See Clark v. Barnard*, 108 U.S. 436, 47-48 (1883) (immunity waived by filing claim in federal court); *see also Reconceptualizing The Role of Constructive Waiver*, *supra* note 30, at 1770-72.

59. 377 U.S. 184 (1964), *overruled by College Savings Bank*, 119 S. Ct. at 2228.

60. 45 U.S.C. § 51 (1908). *See Parden*, 377 U.S. at 196.

61. *See Parden*, 377 U.S. at 189-90.

62. *Id.* at 190.

63. *Id.* at 191.

It is important to note that the Court's holding in *Parden* rested not on a finding of abrogation, but on a finding of waiver. The Court held that Congress had conditioned participation in interstate railroad activity on amenability to FELA suits.⁶⁴ Therefore, by running a railroad regulated by FELA, Alabama must have intended to waive its immunity to suit.⁶⁵ Later cases clarified that Congress could only effect a *Parden* waiver by expressly stating an intent to condition participation in a regulated activity on waiver of Eleventh Amendment immunity.⁶⁶

Some viewed the Court's decision in *Seminole Tribe* as overruling the *Parden* doctrine by implication.⁶⁷ Under *Seminole Tribe*, Congress may not abrogate sovereign immunity when legislating pursuant to Article I.⁶⁸ Following this logic, an attempt to enact a waiver pursuant to Article I powers must be void.⁶⁹ Until the Court's decision in *College Savings Bank*, however, the *Parden* doctrine remained good law.⁷⁰

II. THE CASES: COLLEGE SAVINGS BANK V. FLORIDA PREPAID & FLORIDA PREPAID V. COLLEGE SAVINGS BANK

A. Facts and Procedural History

College Savings Bank ("CSB") develops and sells CollegeSure CDs.⁷¹ CSB designed and patented an administration program for their CDs that ensures a return adequate to pay future college expenses despite those expenses being unknown at the time of purchase.⁷² Florida Prepaid Postsecondary Education Expense Board ("Florida Prepaid"), an arm of the State

64. *See id.* at 192.

65. *See id.*

66. *See* *Employees v. Department of Pub. Health and Welfare*, 411 U.S. 279 (1973); *see also* *Welch v. Texas Dep't of Highways and Pub. Transp.*, 483 U.S. 468, 478 (1987) (overruling *Parden* to the extent that it "is inconsistent with the requirement that an abrogation of Eleventh Amendment immunity be expressed in unmistakably clear language. . .").

67. *See, e.g.,* *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 948 F. Supp. 400, 418-20 (D.N.J. 1996), *aff'd* by 131 F.3d 353 (3d Cir. 1997) & 148 F.3d 1343 (Fed. Cir. 1998), *aff'd in part* by 119 S. Ct. 2219 (1999), *and rev'd in part* by 119 S. Ct. 2199 (1999).

68. *See* *Seminole Tribe v. Florida*, 517 U.S. 44, 66 (1996).

69. *See* *College Savings Bank*, 948 F. Supp. at 419.

70. *See* *College Savings Bank*, 119 S. Ct. at 2228 (overruling *Parden*); *see also* *Re-conceptualizing the Role of Constructive Waiver*, *supra* note 30, at 1769 (arguing that the *Parden* doctrine remained viable following *Seminole Tribe*).

71. *See* *College Savings Bank*, 948 F. Supp. at 401.

72. *See id.*

of Florida, also administers a program designed to provide Florida residents with adequate funds to pay uncertain future college expenses.⁷³

CSB sued Florida Prepaid in federal court, claiming infringement of its patent under the Patent Act.⁷⁴ Later, CSB brought a second suit against Florida Prepaid under the false advertising prong of the Lanham Act, claiming that Florida Prepaid failed to disclose CSB's patent infringement action in its annual report.⁷⁵

Following the Supreme Court's decision in *Seminole Tribe*,⁷⁶ Florida Prepaid moved to dismiss both of CSB's actions under the Eleventh Amendment.⁷⁷ The district court rejected CSB's argument that Florida Prepaid had waived its immunity under the *Parden* doctrine, holding that providing educational funds is a core government function to which the constructive waiver doctrine does not apply.⁷⁸

Examining CSB's patent infringement claim, the district court held that the Patent Remedy Act⁷⁹ validly abrogated Florida's sovereign immunity.⁸⁰ The district court agreed with Florida Prepaid that after *Seminole Tribe*, Congress could not use its Article I powers to abrogate Florida's Eleventh Amendment immunity.⁸¹ Because the Patent Remedy Act protects patent owners from deprivation of their property rights without due process of law, however, the court found it to be a valid exercise of Congress' enforcement powers under section 5 of the Fourteenth Amendment.⁸²

Turning to CSB's Lanham Act claim, the district court noted that CSB claimed that Florida Prepaid violated the false advertising prong of the Act.⁸³ The court held that a right to be free from false advertising does not constitute a property right within the meaning of the Fourteenth Amendment.⁸⁴ Thus, the Trademark Remedy Clarification Act ("TRCA")⁸⁵ did not validly abrogate Florida's Eleventh Amendment immunity.⁸⁶

73. 35 U.S.C. § 271. See *College Savings Bank*, 948 F. Supp. at 401-2.

74. See *College Savings Bank*, 948 F. Supp. at 402.

75. See *id.*

76. *Seminole Tribe v. Florida*, 517 U.S. 44 (1996) held that Congress could not abrogate state sovereign immunity pursuant to its Article I powers.

77. See *College Savings Bank*, 948 F. Supp. at 406.

78. See *College Savings Bank*, 948 F. Supp. at 418. Alternatively, the district court held that *Seminole Tribe* implicitly overruled *Parden*. See *id.* at 419.

79. 35 U.S.C. §§ 271(h), 296(a) (1992).

80. See *College Savings Bank*, 948 F. Supp. at 425-26.

81. See *id.* at 421.

82. See *id.* at 426.

83. See *id.*

84. See *id.* at 426-37.

Florida Prepaid appealed the district court's denial of its motion to dismiss the Patent Act claim, and CSB appealed the dismissal of its Lanham Act claim. The Federal Circuit heard Florida Prepaid's Patent Act appeal,⁸⁷ and the Third Circuit reviewed CSB's Lanham Act appeal.⁸⁸ Both courts of appeals agreed with the district court that after *Seminole Tribe* Congress can abrogate states' sovereign immunity only when it legislates pursuant to its enforcement power under the Fourteenth Amendment.

The Federal Circuit affirmed the denial of Florida Prepaid's motion to dismiss, because it found the Patent Remedy Act to be a valid exercise of Congress' Fourteenth Amendment powers. The court held that the Patent Remedy Act clearly manifested Congress's intent to abrogate the Eleventh Amendment.⁸⁹ Additionally, the court found that preventing states from infringing patents without compensating the owner protected the patentee's property rights from deprivation without due process of law.⁹⁰ Thus, the Patent Remedy Act constituted a permissible congressional objective under the Fourteenth Amendment.⁹¹ Finally, the court held that the Patent Remedy Act was "appropriate" legislation within the meaning of the Fourteenth Amendment, because it places only a slight burden on states relative to the grave harm to patentees who would otherwise be unable to enforce their patent rights against infringing states.⁹²

The Third Circuit affirmed the dismissal of the Lanham Act claim, agreeing with the district court that Florida Prepaid performed a core government function and thus could not constructively waive its sovereign immunity under *Parden*.⁹³ The court also agreed with the district court that the right to be free from false advertising does not constitute a property right protected by the Fourteenth Amendment.⁹⁴ Therefore, the TRCA was not a valid exercise of Congress' Fourteenth Amendment powers and did

85. 15 U.S.C. § 1122 (b) (1992). Congress passed the TRCA to abrogate states' Eleventh Amendment immunity from suit under the Lanham Act. *See* *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 131 F.3d 353, 357 (3d Cir. 1997).

86. *See* *College Savings Bank*, 948 F. Supp. at 426.

87. *College Sav. Bank v. Florida Prepaid*, 148 F.3d 1343, 1346 (Fed. Cir. 1998).

88. *College Savings Bank*, 131 F.3d at 353 (3d Cir.).

89. *See* *College Savings Bank*, 148 F.3d at 1347 (Fed. Cir.).

90. *See id.* at 1352.

91. *See id.*

92. *See id.* at 1355.

93. *See* *College Savings Bank*, 131 F.3d at 364 (3d Cir.). Unlike the district court, the court of appeals declined to speculate whether *Seminole Tribe* implicitly overruled *Parden*. *See id.* at 365.

94. *See id.* at 361.

not abrogate Florida's immunity from suit for false advertising under the Lanham Act.⁹⁵

B. The Supreme Court's Decisions

1. Lanham Act claim—*College Savings Bank v. Florida Prepaid*

The Supreme Court first noted that the Eleventh Amendment bars CSB's suit unless (1) the TRCA validly abrogated Florida's sovereign immunity under the Fourteenth Amendment; or (2) Florida Prepaid waived immunity.⁹⁶ Addressing the abrogation issue, the Court reaffirmed its holding in *Seminole Tribe* that Congress can abrogate the Eleventh Amendment only when it acts to enforce the Fourteenth Amendment.⁹⁷ To be a valid exercise of Fourteenth Amendment power, the TRCA must remedy state deprivations of property without due process of law.⁹⁸

The Court rejected CSB's argument that the right to be free from false advertising and the right to be secure in one's own business interests constitute property rights that Congress can protect from unconstitutional state deprivation under the Fourteenth Amendment.⁹⁹ Crucial to the Court's reasoning is the fact that the proposed property rights do not give CSB a right to exclude others, a right the Court considered "the hallmark of a protected property interest."¹⁰⁰ Finding no protectable property interest, the Court held that the Fourteenth Amendment gives Congress no power to enact the TRCA.¹⁰¹

The Court also rejected CSB's argument that Florida Prepaid waived its immunity under the *Parden* doctrine by engaging in activity regulated by the Lanham Act. Reviewing the doctrine of constructive waiver first espoused in *Parden*, the Court noted that subsequent case law had severely limited *Parden's* holding,¹⁰² and that the *Parden* doctrine cannot be reconciled with other cases holding that a state's waiver must be unequivocal.¹⁰³ Finding that "the constructive-waiver experiment of *Parden* was ill conceived," the Court held that "[w]hatever may remain of . . . *Parden* is ex-

95. *See id.*

96. *See College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 119 S. Ct. 2219, 2223 (1999).

97. *See id.* at 2224.

98. *See id.*

99. *See id.* at 2224-25.

100. *Id.* at 2224.

101. *See id.* at 2225.

102. *See id.* at 2226-28.

103. *See id.* at 2228.

pressly overruled.”¹⁰⁴ The Court found that waiver of sovereign immunity requires an express statement by the state.¹⁰⁵ Because Florida made no such statement, Florida Prepaid could claim sovereign immunity from CSB’s Lanham Act suit.¹⁰⁶

2. Patent Act claim—*Florida Prepaid v. College Savings Bank*

Reversing the Federal Circuit, the Supreme Court held that Florida Prepaid cannot be sued in federal court for patent infringement.¹⁰⁷ The Court first noted that the Patent Remedy Act cannot be enacted under the Patent Clause, because Article I powers cannot be used to abrogate state sovereign immunity after *Seminole Tribe*.¹⁰⁸ Rejecting arguments that the Patent Remedy Act was necessary to ensure uniformity of the patent system, the Court noted that while uniformity of patent rights was a proper Article I concern, Article I does not give Congress the power to abrogate sovereign immunity.¹⁰⁹

The Court also rapidly disposed of CSB’s claim that by engaging in regulated activity, Florida Prepaid waived its immunity under *Parden*, noting that its companion decision in *College Savings Bank* squarely overrules *Parden* and eliminates the concept of constructive waiver from Eleventh Amendment jurisprudence.¹¹⁰ The Court then turned to whether the Patent Remedy Act could be sustained under the Fourteenth Amendment.

The Patent Remedy Act’s abrogation of state sovereign immunity can be sustained only if it constitutes a valid exercise of Congress’ power to enforce the Fourteenth Amendment.¹¹¹ The text of section 5 of the Fourteenth Amendment mandates that legislation enacted pursuant to its enforcement powers be “appropriate.” The Court explained that after *City of Boerne*, to enact appropriate legislation, Congress “must identify conduct transgressing the Fourteenth Amendment’s substantive provisions, and must tailor its legislative scheme to remedying or preventing such conduct.”¹¹²

Applying this standard to the Patent Remedy Act, the Court found that it could not be upheld as appropriate remedial legislation under the Four-

104. *Id.*

105. *See id.* at 2229.

106. *See id.* at 2233.

107. *See Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank*, 119 S. Ct. 2199, 2202 (1999).

108. *See id.* at 2205.

109. *See id.* at 2211.

110. *See id.* at 2204-05.

111. *See id.* at 2205.

112. *Id.* at 2207.

teenth Amendment.¹¹³ The Court conceded that patents could be considered property, the deprivation of which without due process may constitute a violation of the Fourteenth Amendment.¹¹⁴ The Court held, however, that Congress failed to identify a pattern of state patent infringement sufficiently egregious to justify the Patent Remedy Act as remedial legislation.¹¹⁵ In its legislative findings, Congress identified only a few cases of state infringement, particularly *Chew v. California*.¹¹⁶ Because Congress failed to sufficiently identify a pattern of state abuse, the Court found the Patent Remedy Act's provisions too out of proportion to the threatened harm of infringement to constitute remedial legislation.¹¹⁷

The Court also noted that deprivation of property only violates the Fourteenth Amendment if the state takes the property without due process of law. Congress neglected to examine the adequacy of available state law remedies, such as actions in tort or for restitution, that would provide the necessary due process.¹¹⁸ Given what it perceived to be the paucity of Congress's findings, the Court concluded that Congress could not have intended the Act to remedy past constitutional violations. The Court therefore found that, like the Religious Freedom Restoration Act struck down in *City of Boerne*, the Patent Remedy Act constituted an unconstitutional attempt to create substantive new rights.¹¹⁹ Because the Patent Remedy Act was not a valid exercise of Congress' Fourteenth Amendment powers and did not, therefore, effectively abrogate Florida Prepaid's sovereign immunity, the Court dismissed CSB's suit for lack of subject matter jurisdiction.¹²⁰

113. See *id.* at 2210-11.

114. See *id.* at 2210.

115. See *id.* at 2207-8.

116. 893 F.2d 331 (Fed. Cir. 1990). See *Florida Prepaid*, 119 S. Ct. at 2214 (Stevens, J., dissenting).

117. See *Florida Prepaid*, 119 S. Ct. at 2210.

118. See *id.*

119. See *id.* at 2211 (noting that "[t]he statute's apparent and more basic aims were to provide a uniform remedy for patent infringement and to place States on the same footing as private parties under that regime.").

120. See *id.* at 2210-11.

III. ANALYSIS

A. *Florida Prepaid* Creates a Loophole in Federal Intellectual Property Law

In *Florida Prepaid*, the Court held that patentees cannot enforce their property rights against states in federal court.¹²¹ Because the law vests exclusive jurisdiction in the federal courts to remedy violations of the federal patent law,¹²² the Court's holding deprives patentees of federal protection.¹²³ To justify its holding, the Court noted that Congress failed to examine the availability of state law remedies for patent infringement,¹²⁴ effectively throwing patentees back upon state law to enforce their rights. In so doing, the Court undermined one of the principal goals of the intellectual property system: national uniformity.

Article I grants Congress authority over patents and copyrights.¹²⁵ Before ratification of the Constitution, individual states had the power to issue patents.¹²⁶ This patchwork system led to conflicting rights in the same invention created by patents issued by separate states.¹²⁷ Such conflicts prompted the inclusion in the Constitution of the Patent and Copyright Clauses, which allowed Congress to create a national system for regulating patent rights.¹²⁸

To further the goal of national uniformity, Congress has repeatedly exercised its authority to constrict which courts may hear patent cases. Congress long ago acted to prevent state courts from hearing claims arising

121. See *id.* at 2202. Litigants not seeking damages are not completely shut out from federal court, however. Under *Ex Parte Young*, 209 U.S. 123 (1908), the Eleventh Amendment does not bar suits for prospective injunctive relief against state officials. Such a route remains open even after *Florida Prepaid* and *College Savings Bank*. See *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 119 S.Ct. 2219, 2239-40 (Breyer, J., dissenting).

122. See 28 U.S.C. § 1338(a) (providing in relevant part that "[t]he district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents. . . . Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases.").

123. In so holding, the Court may give a green light to state deprivation of constitutionally-protected property rights without affording due process of law, thus allowing state violation of the Fourteenth Amendment. See discussion *infra*.

124. See *Florida Prepaid*, 119 S.Ct. at 2209.

125. See U.S. CONST. art. I, § 8, cl. 8.

126. See ROBERT P. MERGES ET AL., *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE* 125 (2d ed. 1997).

127. See *id.*

128. See *id.* at 125-26.

under the Patent Act.¹²⁹ In 1982, reacting in part to divisiveness among the circuits on patent law and the resulting widespread forum shopping, Congress vested exclusive jurisdiction over patent appeals in the Court of Appeals for the Federal Circuit.¹³⁰ In addition, the Court has often struck down state laws that impermissibly intrude into the federally-preempted realm of patent law,¹³¹ thus preventing state courts from interfering with the uniformity of the federal regulatory scheme.

By throwing open the door to state-law enforcement of patent rights, the *Florida Prepaid* Court creates a substantial new threat to the uniformity of the federal patent system. Instead of litigating in a federal court, subject to review by the Federal Circuit and the Supreme Court, patentees seeking redress for damages will be forced to assert Taking Clause claims¹³² or to press uncertain state law claims such as misappropriation and unfair competition.¹³³ States will likely differ in their approaches to tort and unfair competition law; therefore, the protection afforded a patentee under such laws will vary from state to state. Thus, the problems of inconsistent remedies and forum shopping that led to the creation of the Federal Circuit could resurface as a result of the Court's decision.¹³⁴

129. See 28 U.S.C. § 1338(a); see also *Florida Prepaid*, 119 S. Ct. at 2211 n.1 (Stevens, J., dissenting) (noting dispute over whether jurisdiction became exclusive in the federal courts in 1800 or 1836).

130. See Federal Courts Improvement Act of 1982, 28 U.S.C. § 1295 (1982); see also *Florida Prepaid*, 119 S. Ct. at 2212-13 & n.3 (Stevens, J., dissenting).

131. See *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 167-68 (1989) (holding that Florida law protecting unpatented boat-hull designs impermissibly entered an area of regulation reserved to Congress and noting that "the patent statute's careful balance between public right and private monopoly to promote certain creative activity is 'a scheme of federal regulation . . . so pervasive as to make reasonable the inference that Congress left no room for the States to supplement it.'" (quoting *Rice v. Sante Fe Elevator Corp.*, 331 U.S. 218, 230 (1947))); *Sears, Roebuck & Co. v. Stieffel Co.*, 376 U.S. 225, 232-33 (1964) (holding that state unfair competition law cannot protect against copying an invention which was unprotectable under federal patent law).

132. See John T. Cross, *Intellectual Property and the Eleventh Amendment After Seminole Tribe*, 47 DEPAUL L. REV. 519, 542-59 (discussing whether state infringement of federal patent and copyright law constitutes a taking).

133. But note that the Court's previous decisions discussed in note 131, *supra*, prohibit such state law remedies if they intrude into substantive areas of patent law. Because such laws would be used to replace a patent infringement action against a state, they are most likely preempted by federal law as described in *Bonito Boats*.

134. See *Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank*, 119 S. Ct. 2199, 2212-13 (1999) (Stevens, J., dissenting) (noting that "[t]he reasons that motivated the creation of the Federal Circuit would be undermined by any exception that allowed patent infringement claims to be brought in state court.").

The Court's holding also threatens the policies underlying federal intellectual property law, which Congress and the federal courts have carefully shaped to provide incentives for innovation while limiting the potential damage from monopoly power. To the extent that state-created rights must be used by patentees to protect themselves from state infringement, they will alter "the patent statute's careful balance between public right and private monopoly to promote certain creative activity."¹³⁵ Indeed, such laws may create the patchwork of conflicting state remedies which initially motivated adoption of the Patent and Copyright Clauses. By dismissing such considerations as merely "a factor which belongs to the Article I patent-power calculus" and noting "that Article [I] does not give Congress the power to enact [the Patent Remedy Act] after Seminole Tribe,"¹³⁶ the Court leaves Congress powerless to enact legislation both necessary and proper to fulfil the constitutionally-mandated goals of the patent system.

B. The Court Improperly Focuses on the Adequacy of the Congressional Record to Invalidate the Patent Remedy Act

The Court held that neither the TRCA nor the Patent Remedy Act can be sustained as legislation appropriate to enforce the Fourteenth Amendment. In the case of the TRCA, the Court found no protectable property interest in being free from false advertising.¹³⁷ The Court admitted that patents create property rights which, in theory, can be protected from unconstitutional state deprivation.¹³⁸ However, the Court avoided the question of whether Florida Prepaid's willful infringement could constitute a deprivation of CSB's property rights, instead focussing on whether Congress made adequate factual findings on the frequency of state infringement and the availability of state remedies.¹³⁹ Because Congress failed to provide adequate findings, the Court struck down the Patent Remedy Act on its face.¹⁴⁰ In so doing, it ignored the facts of the case before it, which presented a potentially constitutional application of the Patent Remedy Act.

To reach this holding, the Court purported to follow the requirement that legislation enacted to enforce the Fourteenth Amendment be remedial

135. *Bonito Boats*, 489 U.S. at 141.

136. *Florida Prepaid*, 119 S. Ct. at 2209, 2211.

137. *See* *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 119 S. Ct. 2219, 2224-25 (1999).

138. *See Florida Prepaid*, 119 S. Ct. at 2208.

139. *See id.* at 2207-08.

140. *See id.* at 2210.

rather than substantive in nature.¹⁴¹ Appropriate legislation must remedy a constitutional violation without creating new substantive constitutional rights.¹⁴² In *City of Boerne*, the Court reformulated the test for remedial legislation, holding that “[t]here must be a congruence and proportionality between the injury to be prevented or remedied and the means adopted to that end.”¹⁴³ In *City of Boerne*, the Court struck down the RFRA because it attempted to change the substantive test used to determine whether a state action violated the Free Exercise Clause.¹⁴⁴ Because it worked a substantive change in constitutional rights, the RFRA could not be appropriate remedial legislation passed to enforce the Fourteenth Amendment.

The *Florida Prepaid* Court cites *City of Boerne* for the proposition that Congress must provide lengthy findings to support its adoption of remedial legislation.¹⁴⁵ However, although the Court in *City of Boerne* did examine the adequacy of Congress’s findings, it did so merely to illustrate that Congress intended the RFRA to alter the nature of protection afforded by the Free Exercise Clause.¹⁴⁶ In fact, the *City of Boerne* Court expressly stated that “lack of support in the legislative record . . . is not the RFRA’s most serious shortcoming,” and noted that deference to Congress “is based not on the state of the legislative record Congress compiles but ‘on due regard for the decision of the body constitutionally appointed to decide.’”¹⁴⁷ The flaw in the RFRA lay in Congress’s attempt to override the Court’s determination of an appropriate test for a Free Exercise violation, and respect for its own precedents led the Court to invalidate Congress’s attempt to “control cases and controversies . . . beyond congressional authority.”¹⁴⁸

None of the problems present in *City of Boerne* are implicated by the Patent Remedy Act or the facts of *Florida Prepaid*.¹⁴⁹ The Remedy Act

141. See *id.* at 2211.

142. See *id.* at 2206.

143. 521 U.S. 507, 520 (1997).

144. See *id.* at 532. Congress enacted the RFRA to reverse the Court’s holding in *Employment Division, Department of Human Resources v. Smith*, 494 U.S. 872 (1990), which altered the test for whether a state law that places incidental burdens on religion violates the Free Exercise Clause. See *City of Boerne v. Flores*, 521 U.S. 507, 512-13 (1997).

145. See *Florida Prepaid*, 119 S. Ct. at 2210.

146. See *City of Boerne*, 521 U.S. at 532.

147. *Id.* at 531 (quoting *Oregon v. Mitchell*, 400 U.S. 112, 207 (1970)).

148. *Id.* at 536.

149. The majority declared that the statute sweeps too broadly because it could subject a state to suit for negligent infringement, and only intentional deprivations of property violate the Fourteenth Amendment. See *Florida Prepaid*, 119 S. Ct. at 2209-10. However, the Court could construe the Remedy Acts to reach only situations involving

does not alter the substantive rights of patentees. It merely eliminates the defense of sovereign immunity from the states' arsenal. The lack of findings on the frequency of state infringement should not be dispositive; rather, the Court should follow the test set out in *City of Boerne* and examine whether there is congruence between the remedy provided and the targeted unconstitutional state action. And, as Justice Stevens noted in dissent, if states rarely infringe patent rights, then the Act will rarely be used to subject them to suit in federal court.¹⁵⁰ Thus, the Remedy Act is particularly well-tailored to address the harm Congress identified.

C. The Court's Holding Gives an Unjust Advantage to States Acting as Private Actors in the Market

In *College Savings Bank*, the Court held that Congress cannot condition a state's participation in commercial activities on its consent to abide by—and be sued in federal court for violations of—valid federal regulations governing such activities.¹⁵¹ To reach its holding, the Court expressly overruled the constructive waiver doctrine of *Parden*.¹⁵² The Court rejected arguments that a state behaving as a market participant should be subject to the same federal regulations as its private competitors, noting that states cannot be treated as equal to private actors because “[t]he constitutional role of the States sets them apart from other . . . defendants.”¹⁵³ Though the Court's position has merit when a state acts in a traditional sovereign capacity, its rationale falters when a state's behavior and actions are indistinguishable from those of its private competitors. The sovereign immunity doctrine developed in an era in which states did not compete

intentional infringement, thus avoiding striking the statute down on its face. In *Florida Prepaid*, CSB alleged that Florida Prepaid intentionally infringed its patent, and therefore the case does not raise the question of whether the Remedy Act can constitutionally be applied to negligent infringement. *See id.* at 2213 (Stevens, J., dissenting).

150. *See id.* at 2218 (Stevens, J., dissenting).

151. *See* *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 119 S. Ct. 2219, 2228 (1999).

152. *See id.* The Court's decision to overrule *Parden* may have been unnecessary since it could have reached the same result by finding, as did the Third Circuit, that Florida's provision of educational funds is a core governmental function falling outside the scope of the *Parden* doctrine. *See* *Employees of the Dep't of Pub. Health & Welfare v. Department of Pub. Health & Welfare*, 411 U.S. 279 (1973) (holding that constructive waiver doctrine cannot apply when a state engages in core governmental functions); *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 131 F.3d 353, 364 (3d Cir. 1997) (concluding that Florida Prepaid's activities were an important government activity falling outside the reach of the *Parden* doctrine).

153. *College Savings Bank*, 119 S. Ct. at 2231 (quoting *Welch v. Texas Dept. of Highways and Public Transp.*, 483 U.S. 468, 477 (1987)).

alongside private actors in the marketplace,¹⁵⁴ and should be inapplicable to modern states behaving as market participants.

When states conduct traditional business, they cease to behave as sovereigns and instead act in a fashion indistinguishable from private participants in the market. As Justice Stevens noted in dissent in *College Savings Bank*, the doctrine of sovereign immunity developed at a time when sovereigns did not “play the kind of role in the commercial marketplace that they do today.”¹⁵⁵ While state sovereign immunity is crucial to protecting the constitutional role of the states in our federal system, states today engage in a variety of commercial activities that fall outside of their traditional role.¹⁵⁶ When applied to states involved in commercial activities, the doctrine of sovereign immunity ceases to serve the goals of federalism and merely shields a commercial actor from liability for violations of federal law. In such contexts, sovereign immunity creates unstoppable holes in federal regulatory schemes and gives an unfair competitive edge to states that enter federally-regulated private markets.

In a similar situation, the Court has recognized the advisability of treating states behaving like market participants as private actors in the same market. The Court created a market participant exception from its generally applicable Commerce Clause jurisprudence, which releases from the strictures of the dormant Commerce Clause state discrimination resulting from a state’s entrance into the marketplace. In *Hughes v. Alexandria Scrap*,¹⁵⁷ for example, a Virginia-based scrap collector challenged a Maryland law providing a bounty for scrapped cars processed within Maryland.¹⁵⁸ Although Maryland’s law discriminated on its face against out-of-state processors, the Court nonetheless found it constitutional.¹⁵⁹ The Court noted that its cases invalidating state laws on dormant Commerce Clause grounds found that the states had “interfered with the natural functioning of the interstate market either through prohibition or through burdensome regulation.”¹⁶⁰ In contrast, Maryland merely entered into the

154. See generally *Seminole Tribe v. Florida*, 517 U.S. 44, 95-99 (1996) (Stevens, J., dissenting) (describing the evolution of sovereign immunity in the Middle Ages and its inapplicability to republican forms of government).

155. *College Savings Bank*, 119 S. Ct. at 2234 (Stevens, J., dissenting).

156. For example, states now actively accumulate intellectual property, and vigorously defend their intellectual property rights against private infringement. See Rebecca S. Eisenberg, *Public Research and Private Development: Patents and Technology Transfer in Government-Sponsored Research*, 82 VA. L. REV. 1663, 1708-09 (1996).

157. 426 U.S. 794 (1976).

158. See *id.* at 801-02.

159. See *id.* at 814.

160. *Id.* at 806.

market for scrap metal, which increased market demand for scrap processed in-state.¹⁶¹ The Court emphasized that Maryland's participation influenced market forces, but did not control them through improper regulation because "[n]othing in the purposes animating the Commerce Clause prohibits a State . . . from participating in the market and exercising the right to favor its own citizens over others."¹⁶²

Just as the market participant exception lifts dormant Commerce Clause restrictions when they cease to serve the purpose underlying the Commerce Clause, the *Parden* doctrine removed the shield of sovereign immunity from states when they ceased behaving as sovereigns and entered into federally-regulated markets.¹⁶³ The *Parden* doctrine prevented gaps in federal regulation by allowing Congress to condition state entry into federally-regulated markets on waiver of Eleventh Amendment immunity for liability resulting from state violations of federal regulations of the market.¹⁶⁴ The Court in *Parden* recognized the importance of preserving state sovereign immunity from suit in federal court for activities outside the federal government's regulatory sphere.¹⁶⁵ It also realized, however, that states were increasingly entering the sphere of activities regulated by Congress,¹⁶⁶ and that such regulation often took the form of authorizing suits by private citizens to enforce a federally-created right.¹⁶⁷ Immunizing states from such suits would substantially hamper Congress's ability to regulate activity falling within its constitutional sphere.¹⁶⁸ Moreover, it would be unfair to deny individuals their federally-created rights simply because the entity violating their rights happened to be a state.¹⁶⁹ The Court reasoned that "when a State leaves the sphere that is exclusively its own and enters into activities subject to congressional regulation, it

161. *See id.* at 809-10.

162. *Id.* at 810.

163. *See* *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 119 S.Ct. 2219, 2237 (Stevens, J., dissenting).

164. *See* *Parden v. Terminal Ry.*, 377 U.S. 184, 192 (1964).

165. *See id.* Later cases further limited *Parden* to situations in which the state acts outside its core governmental functions. *See* *Employees of Dep't of Public Health and Welfare v. Department of Pub. Health and Welfare*, 411 U. S. 279, 284 (1973) (limiting *Parden* to "the area where private persons and corporations normally ran the enterprise").

166. *See Parden*, 377 U.S. at 197.

167. *See id.* at 197-98.

168. *See id.* at 198.

169. *See id.* at 197 (finding that "[I]t would surprise our citizens, we think, to learn that petitioners, who in terms of the language and purposes of the FELA are on precisely the same footing as other railroad workers, must be denied the benefit of the Act simply because the railroad for which they work happens to be owned and operated by a State rather than a private corporation.").

subjects itself to that regulation as fully as if it were a private person or corporation.”¹⁷⁰ The Court’s holding thus protected individual’s rights from the threat of unaccountable state action. Before *College Savings Bank*, the *Parden* doctrine was a viable method for holding a state accountable if it sheds its sovereign nature and willingly enters a federally-regulated market.

IV. CONCLUSION

Florida Prepaid and *College Savings Bank* extend the shield of sovereign immunity to states sued for violations of federal patent and trademark law. The Supreme Court found Congress’s attempt to abrogate sovereign immunity inappropriate legislation for Fourteenth Amendment purposes, but it did so by improperly relying on inadequacies in Congress’s findings rather than by thoroughly examining whether or not the Acts properly prevent state deprivation of protected property. The Court also repudiated the doctrine of constructive waiver and held that the states do not waive their immunity by knowingly entering federally-regulated markets. This holding creates a class of market participants who, unlike their competitors, can operate free of the federal regulatory scheme. By forcing patentees to resort to Takings Clause or state law actions to enforce their federal property rights, the Court’s holding opens the door to substantial distortions in the uniformity of the federal intellectual property system, and disrupts the delicate balance struck by Congress between promoting innovation through creation of exclusive rights and stifling competition through monopolization.

170. *Id.* at 196.

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