

108TH CONGRESS
1ST SESSION

H. R. 2344

To restore Federal remedies for infringements of intellectual property by States, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 5, 2003

Mr. SMITH of Texas (for himself and Mr. BERMAN) introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To restore Federal remedies for infringements of intellectual property by States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; REFERENCES.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Intellectual Property Protection Restoration Act of
6 2003”.

7 (b) **REFERENCES.**—Any reference in this Act to the
8 Trademark Act of 1946 shall be a reference to the Act
9 entitled “An Act to provide for the registration and protec-
10 tion of trademarks used in commerce, to carry out the pro-

1 visions of certain international conventions, and for other
2 purposes”, approved July 5, 1946 (15 U.S.C. 1051 et
3 seq.).

4 **SEC. 2. PURPOSES.**

5 The purposes of this Act are to—

6 (1) help eliminate the unfair commercial advan-
7 tage that States and their instrumentalities now
8 hold in the Federal intellectual property system be-
9 cause of their ability to obtain protection under the
10 United States patent, copyright, and trademark laws
11 while remaining exempt from liability for infringing
12 the rights of others;

13 (2) promote technological innovation and artis-
14 tic creation in furtherance of the policies underlying
15 Federal laws and international treaties relating to
16 intellectual property;

17 (3) reaffirm the availability of prospective relief
18 against State officials who are violating or who
19 threaten to violate Federal intellectual property
20 laws; and

21 (4) abrogate State sovereign immunity in cases
22 where States or their instrumentalities, officers, or
23 employees violate the United States Constitution by
24 infringing Federal intellectual property.

1 **SEC. 3. INTELLECTUAL PROPERTY REMEDIES EQUALI-**
2 **ZATION.**

3 (a) AMENDMENT TO PATENT LAW.—Section 287 of
4 title 35, United States Code, is amended by adding at the
5 end the following:

6 “(d)(1) No remedies under section 284 or 289 shall
7 be awarded in any civil action brought under this title for
8 infringement of a patent issued on or after January 1,
9 2004, if a State or State instrumentality is or was at any
10 time the legal or beneficial owner of such patent, except
11 upon proof that—

12 “(A) on or before the date the infringement
13 commenced or January 1, 2006, whichever is later,
14 the State has waived its immunity, under the elev-
15 enth amendment of the United States Constitution
16 and under any other doctrine of sovereign immunity,
17 from suit in Federal court brought against the State
18 or any of its instrumentalities, for any infringement
19 of intellectual property protected under Federal law;
20 and

21 “(B) such waiver was made in accordance with
22 the constitution and laws of the State, and remains
23 effective.

24 “(2) The limitation on remedies under paragraph (1)
25 shall not apply with respect to a patent if—

1 “(A) the limitation would materially and ad-
2 versely affect a legitimate contract-based expectation
3 in existence before January 1, 2004; or

4 “(B) the party seeking remedies was a bona
5 fide purchaser for value of the patent, and, at the
6 time of the purchase, did not know and was reason-
7 ably without cause to believe that a State or State
8 instrumentality was once the legal or beneficial
9 owner of the patent.

10 “(3) The limitation on remedies under paragraph (1)
11 may be raised at any point in a proceeding, through the
12 conclusion of the action. If raised before January 1, 2006,
13 the court may stay the proceeding for a reasonable time,
14 but not later than January 1, 2006, to afford the State
15 an opportunity to waive its immunity as provided in para-
16 graph (1).”.

17 (b) AMENDMENT TO COPYRIGHT LAW.—Section 504
18 of title 17, United States Code, is amended by adding at
19 the end the following:

20 “(e) LIMITATION ON REMEDIES IN CERTAIN
21 CASES.—

22 “(1) No remedies under this section shall be
23 awarded in any civil action brought under this title
24 for infringement of an exclusive right in a work cre-
25 ated on or after January 1, 2004, if a State or State

1 instrumentality is or was at any time the legal or
2 beneficial owner of such right, except upon proof
3 that—

4 “(A) on or before the date the infringe-
5 ment commenced or January 1, 2006, which-
6 ever is later, the State has waived its immunity,
7 under the eleventh amendment of the United
8 States Constitution and under any other doc-
9 trine of sovereign immunity, from suit in Fed-
10 eral court brought against the State or any of
11 its instrumentalities, for any infringement of in-
12 tellectual property protected under Federal law;
13 and

14 “(B) such waiver was made in accordance
15 with the constitution and laws of the State, and
16 remains effective.

17 “(2) The limitation on remedies under para-
18 graph (1) shall not apply with respect to an exclu-
19 sive right if—

20 “(A) the limitation would materially and
21 adversely affect a legitimate contract-based ex-
22 pectation in existence before January 1, 2004;
23 or

24 “(B) the party seeking remedies was a
25 bona fide purchaser for value of the exclusive

1 right, and, at the time of the purchase, did not
2 know and was reasonably without cause to be-
3 lieve that a State or State instrumentality was
4 once the legal or beneficial owner of the right.

5 “(3) The limitation on remedies under para-
6 graph (1) may be raised at any point in a pro-
7 ceeding, through the conclusion of the action. If
8 raised before January 1, 2006, the court may stay
9 the proceeding for a reasonable time, but not later
10 than January 1, 2006, to afford the State an oppor-
11 tunity to waive its immunity as provided in para-
12 graph (1).”.

13 (c) AMENDMENT TO TRADEMARK LAW.—Section 35
14 of the Trademark Act of 1946 (15 U.S.C. 1117) is amend-
15 ed by adding at the end the following:

16 “(e) LIMITATION ON REMEDIES IN CERTAIN
17 CASES.—

18 “(1) No remedies under this section shall be
19 awarded in any civil action arising under this Act
20 for a violation of any right of the registrant of a
21 mark registered in the Patent and Trademark Office
22 on or after January 1, 2004, or any right of the
23 owner of a mark first used in commerce on or after
24 January 1, 2004, if a State or State instrumentality

1 is or was at any time the legal or beneficial owner
2 of such right, except upon proof that—

3 “(A) on or before the date the violation
4 commenced or January 1, 2006, whichever is
5 later, the State has waived its immunity, under
6 the eleventh amendment of the United States
7 Constitution and under any other doctrine of
8 sovereign immunity, from suit in Federal court
9 brought against the State or any of its instru-
10 mentalities, for any infringement of intellectual
11 property protected under Federal law; and

12 “(B) such waiver was made in accordance
13 with the constitution and laws of the State, and
14 remains effective.

15 “(2) The limitation on remedies under para-
16 graph (1) shall not apply with respect to a right of
17 the registrant or owner of a mark if—

18 “(A) the limitation would materially and
19 adversely affect a legitimate contract-based ex-
20 pectation in existence before January 1, 2004;
21 or

22 “(B) the party seeking remedies was a
23 bona fide purchaser for value of the right, and,
24 at the time of the purchase, did not know and
25 was reasonably without cause to believe that a

1 State or State instrumentality was once the
2 legal or beneficial owner of the right.

3 “(3) The limitation on remedies under para-
4 graph (1) may be raised at any point in a pro-
5 ceeding, through the conclusion of the action. If
6 raised before January 1, 2006, the court may stay
7 the proceeding for a reasonable time, but not later
8 than January 1, 2006, to afford the State an oppor-
9 tunity to waive its immunity as provided in para-
10 graph (1).”.

11 (d) TECHNICAL AND CONFORMING AMENDMENTS.—

12 (1) AMENDMENTS TO PATENT LAW.—Section
13 296 of title 35, United States Code, and the item re-
14 lating to section 296 in the table of sections for
15 chapter 29 of such title, are repealed.

16 (2) AMENDMENTS TO COPYRIGHT LAW.—Sec-
17 tion 511 of title 17, United States Code, and the
18 item relating to section 511 in the table of sections
19 for chapter 5 of such title, are repealed.

20 (3) AMENDMENTS TO TRADEMARK LAW.—Sec-
21 tion 40 of the Trademark Act of 1946 (15 U.S.C.
22 1122) is amended—

23 (A) by striking subsection (b);

24 (B) in subsection (c), by striking “or (b)”
25 after “subsection (a)”; and

1 (C) by redesignating subsection (c) as sub-
2 section (b).

3 **SEC. 4. CLARIFICATION OF REMEDIES AVAILABLE FOR**
4 **STATUTORY VIOLATIONS BY STATE OFFICERS**
5 **AND EMPLOYEES.**

6 In any action against an officer or employee of a
7 State or State instrumentality for any violation of any of
8 the provisions of title 17 or 35, United States Code, the
9 Trademark Act of 1946, or the Plant Variety Protection
10 Act (7 U.S.C. 2321 et seq.), remedies shall be available
11 against the officer or employee in the same manner and
12 to the same extent as such remedies are available in an
13 action against a private individual under like cir-
14 cumstances. Such remedies may include monetary dam-
15 ages assessed against the officer or employee, declaratory
16 and injunctive relief, costs, attorney fees, and destruction
17 of infringing articles, as provided under the applicable
18 Federal statute.

19 **SEC. 5. LIABILITY OF STATES FOR CONSTITUTIONAL VIO-**
20 **LATIONS INVOLVING INTELLECTUAL PROP-**
21 **ERTY.**

22 (a) DUE PROCESS VIOLATIONS.—Any State or State
23 instrumentality that violates any of the exclusive rights of
24 a patent owner under title 35, United States Code, of a
25 copyright owner, author, or owner of a mask work or origi-

1 nal design under title 17, United States Code, of an owner
2 or registrant of a mark used in commerce or registered
3 in the Patent and Trademark Office under the Trademark
4 Act of 1946, or of an owner of a protected plant variety
5 under the Plant Variety Protection Act (7 U.S.C. 2321
6 et seq.), in a manner that deprives any person of property
7 in violation of the fourteenth amendment of the United
8 States Constitution, shall be liable to the party injured
9 in a civil action in Federal court for compensation for the
10 harm caused by such violation.

11 (b) TAKINGS VIOLATIONS.—

12 (1) IN GENERAL.—Any State or State instru-
13 mentality that violates any of the exclusive rights of
14 a patent owner under title 35, United States Code,
15 of a copyright owner, author, or owner of a mask
16 work or original design under title 17, United States
17 Code, of an owner or registrant of a mark used in
18 commerce or registered in the Patent and Trade-
19 mark Office under the Trademark Act of 1946, or
20 of an owner of a protected plant variety under the
21 Plant Variety Protection Act (7 U.S.C. 2321 et
22 seq.), in a manner that takes property in violation
23 of the fifth and fourteenth amendments of the
24 United States Constitution, shall be liable to the

1 party injured in a civil action in Federal court for
2 compensation for the harm caused by such violation.

3 (2) EFFECT ON OTHER RELIEF.—Nothing in
4 this subsection shall prevent or affect the ability of
5 a party to obtain declaratory or injunctive relief
6 under section 4 of this Act or otherwise.

7 (c) COMPENSATION.—Compensation under sub-
8 section (a) or (b)—

9 (1) may include actual damages, profits, statu-
10 tory damages, interest, costs, expert witness fees,
11 and attorney fees, as set forth in the appropriate
12 provisions of title 17 or 35, United States Code, the
13 Trademark Act of 1946, and the Plant Variety Pro-
14 tection Act; and

15 (2) may not include an award of treble or en-
16 hanced damages under section 284 of title 35,
17 United States Code, section 504(d) of title 17,
18 United States Code, section 35(b) of the Trademark
19 Act of 1946 (15 U.S.C. 1117 (b)), or section 124(b)
20 of the Plant Variety Protection Act (7 U.S.C.
21 2564(b)).

22 (d) BURDEN OF PROOF.—In any action under sub-
23 section (a) or (b)—

24 (1) with respect to any matter that would have
25 to be proved if the action were an action for in-

1 fringement brought under the applicable Federal
2 statute, the burden of proof shall be the same as if
3 the action were brought under such statute; and

4 (2) with respect to all other matters, including
5 whether the State provides an adequate remedy for
6 any deprivation of property proved by the injured
7 party under subsection (a), the burden of proof shall
8 be upon the State or State instrumentality.

9 (e) EFFECTIVE DATE.—This section shall apply to
10 violations that occur on or after the date of enactment
11 of this Act.

12 **SEC. 6. RULES OF CONSTRUCTION.**

13 (a) JURISDICTION.—The district courts shall have
14 original jurisdiction of any action arising under this Act
15 under section 1338 of title 28, United States Code.

16 (b) BROAD CONSTRUCTION.—This Act shall be con-
17 strued in favor of a broad protection of intellectual prop-
18 erty, to the maximum extent permitted by the United
19 States Constitution.

20 (c) SEVERABILITY.—If any provision of this Act or
21 any application of such provision to any person or cir-
22 cumstance is held to be unconstitutional, the remainder
23 of this Act and the application of the provision to any
24 other person or circumstance shall not be affected.

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