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What Goes Around, Comes Around: How Indian Tribes Can Profit in the Aftermath of Seminole Tribe and Florida Prepaid

Jeremiah A. Bryar

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INTRODUCTION

The Bureau of Indian Affairs, a federal agency, directly services approximately 1.5 million American Indians who reside on approximately fifty-six million acres of reservation land across the United States.[1] Of this number, in 2001, 403,714 were employed and nearly one-third of this number lived below the poverty line.[2] The average health, life expectancy, and education of Indians also lag behind the rest of America. The infant mortality rate is markedly higher than the rest of the population at 8.3 deaths per thousand as apposed to 6.9 for the rest of the population of the United States.[3] The death rate due to intentional self harm for Indians is 2.6% contrasted with 1.3% for Whites and 0.7% for Blacks.[4] The Indian's average life expectancy of 73.5 years is still lower than the rest of the nation.[5] With regard to the educational status of Indians living on reservations, only 11% of Indians have completed undergraduate or professional degrees, whereas 24.4% of the United States population has completed one or both degrees.[6]

Interestingly, the numbers above show some improvement in Indian life in the near past. For example, the number of Indians who are enrolled in universities or colleges increased 26% between 1990 and 2000.[7] Further, the infant mortality rate in 1955 was 62.7 per 1000 births (whereas it was 8.3 as of 2000).[8] It is clear, however, from this incomplete listing of statistics, that many Indians still live in dire circumstances.

All is not lost for American Indian tribes. This article presents one possible solution to the issue of Indian poverty: the creation of sovereign chartered research groups that would be shielded by tribal sovereign immunity. In reaching this conclusion, this paper will begin with an overview of patent law, state sovereign immunity, tribal sovereign status, and tribal sovereign immunity. Finally, it will end with a discussion of how tribes can take advantage of their sovereign status to

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1. *See* BUREAU OF INDIAN AFFAIRS, U.S. DEP'T OF THE INTERIOR, PERFORMANCE AND ACCOUNTABILITY REPORT 11 (Fiscal Year 2005), *available at* http://www.doi.gov/bia/BIA_PAR_2005_FINAL_02242006_web.pdf.

2. *Id*. at 7.

3. DAVID H. GETCHES ET AL., CASES AND MATERIALS ON FEDERAL INDIAN LAW 19 (5th ed. 2005).

4. *Id*. at 18.

5. *Id.*

6. *Id.* at 20.

7. *Id*.

8. *Id.* at 18-19.

start research groups that could, potentially, bring greater investment potential and wealth into the tribes.

I. PATENT LAW

The body of patent law finds its origins in the U.S. Constitution. Specifically, Article I, section 8, clause 8, grants Congress the power to enact legislation that would promote the advancement of science and the arts by granting limited monopolies on their respective works.[9] The exact wording is as follows:

> The Congress shall have power . . . To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries[.][10]

The most current major legislative work intended to protect the discoveries of inventors was embodied in 1952 as the Patent Act. It laid out the vast majority of what is, today, considered to be patent law. It exists in Title 35 of the U.S. Code and is implemented in Title 37 of the Code of Federal Regulations. The main section that is the most relevant to this discussion is 35 U.S.C. § 271. This section relates to the definition of infringement and the partial text is reproduced here:

> (a) Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.
> (b) Whoever actively induces infringement of a patent shall be liable as an infringer.
> (c) Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

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9. U.S. CONST., art. I, § 8, cl. 8.
10. *Id.*

> (d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement; (4) refused to license or use any rights to the patent; or (5) conditioned the license of any rights to the patent or the sale of the patented product on the acquisition of a license to rights in another patent or purchase of a separate product, unless, in view of the circumstances, the patent owner has market power in the relevant market for the patent or patented product on which the license or sale is conditioned.[11]

The term of the contemporary patent is twenty years from the filing date of its application.[12] This gives a tremendous financial advantage to the patent owner who controls the manufacture or development of the patented invention for a long period of time. However, there are exceptions to that patent owner's ability to seek redress for infringement of his intellectual property rights.

II. EXPERIMENTAL USE EXCEPTION

At this time, it is prudent to take a moment to discuss the experimental use exception. The experimental use exception has been crafted mostly out of case law.[13] It is exceedingly narrow and largely only covers those uses that are for philosophical inquiries.[14] The commercial use of a patented idea, even if done by a non-profit research institution, is still infringement and cannot be availed of this protection–therein lies the rub.[15] Many of the projects that universities and other

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11. 35 U.S.C. § 271 (2000).

12. 35 U.S.C. § 154(a)(2) (2000).

13. Denise W. DeFranco, Carla Miriam Levy, & Miriam L. Pogach, *The Experimental Use Exception: Looking Towards a Legislative Alternative*, 6 J. HIGH TECH L. 93, 94 (2005), *available at* http://www.law.suffolk.edu/highlights/stuorgs/jhtl/publications/V6N1/defranco_note.pdf.

14. *Id*. at 95.

15. *See id*. at 98; *see also* Madey v. Duke University, 307 F.3d 1351, 1362 (Fed. Cir. 2002).

research entities undertake exceed that of mere philosophical inquiry.[16] Indeed, many of these projects are for eventual commercialization, which was the reason for the funding in the first place.[17] It is in this light that sovereign immunity protection becomes such a crucial component of state chartered research institutions.

Although not about state chartered research organizations, the *Roche v. Bolar*[18] case had significant impact on the experimental use policy of the United States. In this case, Bolar was a manufacturer of generic drugs and was interested in creating a generic alternative to the brand name Dalmane drug.[19] In order to do so, Bolar used one of the patented Dalmane chemical compounds prior to the expiration of the patent.[20] Bolar did this to compare the efficacy of their generic compound to the patented compound.[21] Once Roche got wind of this activity, they sued Bolar for patent infringement.[22] To the dismay of Bolar, the court found that the activity was entirely commercial and therefore Bolar was unable to avail itself of the protections of the experimental use doctrine.[23]

Congress was not pleased with the result of this case. Therefore, to protect the interests of generic drug manufacturers in experimentation prior to the expiration of the patent holder's rights, Congress enacted § 271(e)(1).[24] The text of this addition is as follows:

> It shall not be an act of infringement to make, use, offer to sell, or sell within the United States or import into the United States a patented invention (other than a new animal drug or veterinary biological product (as those terms are used in the Federal Food, Drug, and Cosmetic Act and the Act of March 4, 1913) which is primarily manufactured using recombinant DNA, recombinant RNA, hybridoma technology, or other processes involving site specific genetic manipulation techniques) solely for uses reasonably related to the development and submission of information under a Federal law which regulates the

16. DeFranco, *supra* note 13 at 98-99.

17. *Id*. (citing Ruth E. Freeburg, Comment, *No Safe Harbor and No Experimental Use: Is It Time for Compulsory Licensing of Biotech Tools?*, 53 BUFF. L. REV. 351, 405-06 (2005)).

18. Roche Prods., Inc. v. Bolar Pharm. Co., 733 F.2d 858 (Fed. Cir. 1984).

19. *Id*. at 860.

20. *Id*.

21. *Id*.

22. *Id*.

23. *Id*. at 863.

24. 35 U.S.C. § 271(e)(1) (2000).

> manufacture, use, or sale of drugs or veterinary biological products.[25]

Following *Roche*, the next important case with regard to the experimental use exception is *Madey v. Duke University*.[26] In *Madey*, the plaintiff was a professor who was let go from his position by the defendant Duke University.[27] However, the university continued to use inventions covered by two patents that the plaintiff owned.[28] The plaintiff, displeased with the ongoing activities of the university, filed suit for patent infringement.[29] The university argued that its use was protected by the experimental use exception as it was merely using the patents for research purposes and that it was a nonprofit organization; the district court held in favor of the university.[30] However, to the dismay and horror of many research organizations, the appellate court reversed, finding for the plaintiff.[31] In doing so, it countered that the experimental use exception was extremely narrow and only meant for "satisfy[ing] idle curiosity or for strictly philosophical enquiry."[32] The court went on the say that although many projects are initially completed for purely research oriented goals, they move on to feeding lucrative businesses.[33] The exact related quote is as follows:

> [R]egardless of whether a particular institution or entity is engaged in an endeavor for commercial gain, so long as the act is in furtherance of the alleged infringer's legitimate business and is not solely for amusement, to satisfy idle curiosity, or for strictly philosophical inquiry, the act does not qualify for the very narrow and strictly limited experimental use defense. Moreover, the profit or non-profit status of the user is not determinative.[34]

In short, the courts have held that the experimental use exception is indeed exceptionally narrow.[35] As one can see from these cases, the

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25. *Id.*
26. 307 F.3d 1351 (Fed. Cir. 2002).
27. *Id*. at 1352-53.
28. *Id*. at 1353.
29. *Id*.
30. *Id*. at 1355.
31. *Id*. at 1360.
32. *Id*. at 1362.
33. *Id*.
34. *Id.*
35. *Id*.

advantage of having one's research work shielded from patent infringement liability is quite significant. It is also one that only sovereigns, or organizations chartered by sovereigns, can enjoy. This lays the scene to discuss the current state of state sovereign immunity in the United States.

III. STATE SOVEREIGN IMMUNITY

Although not a direct analogue of tribal sovereignty, the treatment of state sovereignty can give some guidance on how courts would construe the limits of tribal sovereignty. State sovereign immunity finds its basis in the Eleventh Amendment of the U.S. Constitution. The text of the Eleventh Amendment is as follows: "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."[36] In plain language, the Eleventh Amendment provides states with immunity from suit unless the state consents to the suit or waives its immunity. To a limited extent, some states have limited their immunity from certain actions through legislative action.[37] Specifically, some states have tort statutes that allow citizens to get relief in the situation where the state injures a given actor.[38]

The issue of sovereign immunity and, more importantly, what is considered a waiver has been recently revisited by Congress. In an attempt to abrogate the state's sovereign immunity with regard to patent law, the Patent and Plant Variety Protection Remedy Clarification Act ("Plant Patent Act") was enacted.[39] The act specifically altered 35 U.S.C § 271 (adding § 271(h)) such that states were accountable for the infringement of patents.[40] The exact text of § 271(h) is reproduced below:

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36. U.S. CONST. amend. XI.

37. *See University of Georgia Cooperative Extension Overview of the Georgia Tort Claims Act*, http://extension.caes.uga.edu/training/intro/lesson4/policies/torts.html (last visited Sept. 5, 2008). *See also* Posting of Finch McCranie, LLP to Georgia Injury Lawyer Blog, http://www.georgiainjurylawyerblog.com/2007/02/a_welcome_erosion_of_sovereign.html (Feb. 15, 2007) (Georgia provides an example of such a waiver).

38. *Id*.

39. Patent and Plant Variety Protection Remedy Clarification Act of 1992, Pub. L. No. 102-560, 160 Stat. 4230, http://faolex.fao.org/docs/html/Usa11039.htm (last visited Sept. 9, 2008).

40. 35 U.S.C. § 271(h) (2000).

> (h) As used in this section, the term "whoever" includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this title in the same manner and to the same extent as any nongovernmental entity.[41]

It was this unilateral action that was reviewed by the Supreme Court in *Florida Prepaid*[42] which this paper argues extends the holding of the *Seminole Tribe of Florida v. Florida*[43] case to the intellectual property arena.[44]

While not an intellectual property case, the *Seminole Tribe* decision established that Congress cannot unilaterally abrogate a state's sovereign immunity under the Indian Commerce Act.[45] Prior to *Seminole Tribe*, Congress crafted the 1988 Indian Gaming Regulatory Act.[46] This act forced states to negotiate with tribes in good faith under the threat of being sued in federal court.[47] The Seminole Tribe felt aggrieved by the State of Florida's refusal to enter into such negotiations.[48] As a result, the Tribe took Florida to federal district court.[49] The state moved for dismissal under the Eleventh Amendment, and the district court declined to dismiss the case.[50] The case was appealed to the Eleventh Circuit Court of Appeals who, in turn, reversed the district court's decision.[51] The Supreme Court heard the case on October 11, 1995, and affirmed the appellate court's decision that the Eleventh Amendment applied in this circumstance – Congress could not unilaterally abrogate the state's sovereign immunity unless through the Fourteenth Amendment.[52]

The preeminent case on the intersection of sovereign immunity with

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41. *Id*.

42. Fla. Prepaid Postsecondary Educ. Expense Bd. v. College Savs. Bank, 527 U.S. 627 (1999) [hereinafter Fla. Prepaid].

43. 517 U.S. 44 (1996).

44. *See infra* Part VI.

45. *Id.* at 47.

46. *Id*. at 48.

47. *Id*. at 47.

48. *Id*. at 51-52.

49. *Id*. at 51.

50. *Id*. at 52.

51. *Id*.

52. *Id*. at 59, 76.

intellectual property is the *Florida Prepaid* case.[53] Florida Prepaid Postsecondary Educational Expense Board issues certificates of deposit to students to pay for college expenses.[54] The College Savings Bank is the owner of a patent that discloses a similar method of paying for college tuition.[55] Following the enactment of the Plant Patent Act, College Savings Bank filed a suit against Florida Prepaid for patent infringement.[56] It was clear that Florida neither waived its immunity, nor consented to the suit.[57] The Court held, in a 5-4 decision, that Florida was protected from federal suit by its sovereign immunity under the Eleventh Amendment.[58] The holding is as follows:

> Congress made all States immediately amenable to suit in federal court for all kinds of possible patent infringement and for an indefinite duration. Our opinion in *City of Boerne* discussed with approval the various limits that Congress imposed in its voting rights measures, *see* 521 U.S., at 532-533, and noted that where "a congressional enactment pervasively prohibits constitutional state action in an effort to remedy or to prevent unconstitutional state action, limitations of this kind tend to ensure Congress' means are proportionate to ends legitimate under § 5," *id*., at 533. The Patent Remedy Act's indiscriminate scope offends this principle, and is particularly incongruous in light of the scant support for the predicate unconstitutional conduct that Congress intended to remedy. In sum, it simply cannot be said that "many of [the acts of infringement] affected by the congressional enactment have a significant likelihood of being unconstitutional." *Id*., at 532.
>
> The historical record and the scope of coverage therefore make it clear that the Patent Remedy Act cannot be sustained under § 5 of the Fourteenth Amendment. The examples of States avoiding liability for patent infringement by pleading sovereign immunity in a federal-court patent action are scarce enough, but any plausible argument that such action on the part of the State deprived patentees of property and left them without a remedy under state law is scarcer still. The statute's apparent and more basic aims were to provide a uniform remedy for patent

53. *Fla. Prepaid*, 527 U.S. 627.
54. *Id*. at 631.
55. *Id*.
56. *Id*.
57. *Id*. at 635.
58. *Id*. at 647.

> infringement and to place States on the same footing as private parties under that regime. These are proper Article I concerns, but that Article does not give Congress the power to enact such legislation after *Seminole Tribe*.[59]

This decision by the Supreme Court has been narrowed by later decisions by lower courts. Specifically, the concept of waiver has been expanded to include vehicles that the state would not normally expect, such as that signed between the parties in *Baum Research and Development Co. et al. v. University of Massachusetts at Lowell*.[60]

Baum Research and Development Company filed suit against the University of Massachusetts for alleged breach of contract and patent infringement.[61] Prior to the suit, and at the commencement of business activities between the parties, the University signed an agreement that it would be bound by applicable laws of Michigan, and that the university would submit to jurisdiction in the appropriate state or federal courts seated in Michigan.[62] Upon suit, the university asserted Eleventh Amendment immunity from suit.[63] The district court, based upon the agreement signed by the parties, declined to find for the state's immunity.[64] The lower court bifurcated the claims, and the case went forward on the breach of contract claim.[65] The appellate court affirmed the lower court's decision.[66] The decision of the court is as follows:

> The University does not deny that it had authority to enter into this contract with Baum, but argues that Baum must affirmatively prove that the Massachusetts legislature delegated to the University the authority to include in the contract a waiver of immunity in federal court should dispute arise. We do not discern error in the district court's careful consideration of the issues. There was no assertion by the University that it does not have authority to enter into patent license agreements; the assertion was that Baum must prove the University's authority to include the particular provision III–3. Indeed, in pressing this argument the University does not assert that it acted illegally.

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59. *Id*. at 647-48.
60. 503 F.3d 1367 (Fed. Cir. 2007).
61. *Id*. at 1369.
62. *Id*. at 1368.
63. *Id*. at 1369.
64. *Id*.
65. *Id*.
66. *Id*. at 1372.

> Instead, it asserts that Baum has the burden of proving that it acted legally. We discern no support for the thesis that the University's contract authority must be proved, when the University does not deny that authority. At the trial, Director Griffin testified at length as to the origins of this contract, her negotiation of the terms, and its approval by several University lawyers. No issue was raised that she and the University exceeded their authority in negotiating and signing this contract, including provision III–3. Although the University thereafter suggested the issue to the district court, it was devoid of any support.
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> The district court did not err in its ruling that the contract provision III–3 was a clear and unambiguous consent to the jurisdiction of a Michigan federal court for disagreements arising from this license agreement. That ruling is AFFIRMED.[67]

Beyond waiver, states have been recently held to be liable for acts conducted in a regulated market. The case *MCI Telecommunications Corp. v. Illinois Bell Telephone Co.*[68] is an exemplary example of this.

In *MCI Telecommunications Corp.*, the plaintiffs were telecommunications providers that brought suit against a local exchange provider and its commissioners under the Telecommunications Act.[69] The defendants raised Eleventh Amendment sovereign immunity in a motion for dismissal, and the district court granted the motion.[70] The plaintiffs appealed, and the appellate court held that participation in the regulatory scheme constituted waiver of a state's sovereign immunity, such activity did indeed exist, and that the state's sovereign immunity was thereby abrogated by its participation.[71]

IV. TRIBAL SOVEREIGNTY

The jurisprudence in the area of tribal sovereignty provides a rather interesting study. Depending upon the era from which the Supreme Court decisions originate, tribes were construed to be either sovereigns, dependent sovereigns, or effectively non-sovereigns. It is with this colorful case history that I begin my analysis of the current state of tribal sovereignty and how that impacts their ability to utilize sovereign

67. *Id.*
68. 222 F.3d 323 (7th Cir. 2000).
69. *Id.* at 327.
70. *Id.* at 331, 334-36.
71. *Id.* at 348.

immunity to defend against patent infringement claims.

The first court to consider the concept of tribal sovereignty was the Marshall Court in *Johnson v. M'Intosh*.[72] In that case, Johnson purchased land from an Indian Tribe.[73] After this transaction, the U.S. government issued a grant to M'Intosh for the same parcel of land.[74] Johnson sought the ejection of M'Intosh from the land.[75] The dispute revolved around whether the sale by the Tribe gave better title than the land grant of the U.S. government.[76] In a decision authored by the Chief Justice, the Supreme Court held that the title from the U.S. government was inherently superior to the title given to Johnson through his purchase of land from the Tribe.[77] In coming to this conclusion, the Court held that the U.S. government held a free title to those lands that they had discovered, regardless of the original inhabitants.[78] Ultimately, under the logic of this decision, tribes could only sell or give their land to a discovering sovereign, and this right was waived once the land was discovered.[79] Without doubt, this decision stripped Indian tribes of one of the most important aspects of a sovereign: the right to hold and transfer land.

The next court to decide on the issue of tribal sovereignty was the Marshall Court in *Worcester v. Georgia*.[80] In this case, Georgia required that all persons who were white to obtain a state license "to reside within the limits of the Cherokee nation."[81] A number of missionaries, including Worcester, refused to get said license.[82] Worcester was thereafter sentenced to four years of hard labor for his failure to comply.[83] In a widely cited opinion, Chief Justice Marshall held that Georgia lacked the authority to exercise its laws over the Indian Tribe.[84] In other words, the Supreme Court upheld the Indian Tribe's right to self government. Interestingly, the actual execution of this opinion was far from problem free with President Johnson reportedly responding

72. 21 U.S. 543 (1823).
73. *Id.* at 557-58.
74. *Id*. at 560.
75. *Id*. at 572.
76. *See id*.
77. *Id*. at 604-05.
78. *Id*. at 592.
79. *Id*.
80. 31 U.S. 515 (1832).
81. *Id*. at 523.
82. *Id*. at 529.
83. *Id*. at 532.
84. *Id*. at 561.

that "John Marshall has made his decision; now let him enforce it."[85] However, beyond the extrinsic issues with the decision, it is still widely cited by courts and scholars.[86] The fateful holding is repeated below:

> But the inquiry may be made, is there no end to the exercise of this power over Indians within the limits of a state, by the general government? The answer is, that, in its nature, it must be limited by circumstances.
>
> If a tribe of Indians shall become so degraded or reduced in numbers, as to lose the power of self-government, the protection of the local law, of necessity, must be extended over them. The point at which this exercise of power by a state would be proper, need not now be considered: if indeed it be a judicial question. Such a question does not seem to arise in this case. So long as treaties and laws remain in full force, and apply to Indian nations, exercising the right of self-government, within the limits of a state, the judicial power can exercise no discretion in refusing to give effect to those laws, when questions arise under them, unless they shall be deemed unconstitutional.
>
> The exercise of the power of self-government by the Indians, within a state, is undoubtedly contemplated to be temporary. This is shown by the settled policy of the government, in the extinguishment of their title, and especially by the compact with the state of Georgia. It is a question, not of abstract right, but of public policy. I do not mean to say, that the same moral rule which should regulate the affairs of private life, should not be regarded by communities or nations. But, a sound national policy does require that the Indian tribes within our states should exchange their territories, upon equitable principles, or, eventually, consent to become amalgamated in our political communities.
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> At best they can enjoy a very limited independence within the boundaries of a state, and such a residence must always subject them to encroachments from the settlements around them; and their existence within a state, as a separate and independent community, may seriously embarrass or obstruct the operation of the state laws. If, therefore, it would be inconsistent with the political welfare of the states, and the social advance of their citizens, that an independent and permanent power should exist

85. *See* FRANCIS PAUL PRUCHA, THE GREAT FATHER: THE UNITED STATES GOVERNMENT AND THE AMERICAN INDIANS 212 (1984).

86. Bethany R. Berger, *"Power Over this Unfortunate Race": Race Politics and Indian Law in* United States v. Rogers, 45 WM. & MARY L. REV. 1957, 1974 (2004).

> within their limits, this power must give way to the greater power which surrounds it, or seek its exercise beyond the sphere of state authority.
>
> This state of things can only be produced by a co-operation of the state and federal governments. The latter has the exclusive regulation of intercourse with the Indians; and, so long as this power shall be exercised, it cannot be obstructed by the state. It is a power given by the constitution, and sanctioned by the most solemn acts of both the federal and state governments: consequently, it cannot be abrogated at the will of a state. It is one of the powers parted with by the states, and vested in the federal government. But, if a contingency shall occur, which shall render the Indians who reside in a state, incapable of self-government, either by moral degradation or a reduction of their numbers, it would undoubtedly be in the power of a state government to extend to them the aegis of its laws. Under such circumstances, the agency of the general government, of necessity, must cease.[87]

The issue was later handled in *United States v. Kagama*.[88] In a further attempt to assimilate tribes into mainstream American society, the plenary power of Congress over tribes was affirmed.[89] The case involved Kagama being charged and found guilty of murdering another Indian on an Indian reservation under the Indian Appropriation Act of March 3, 1885.[90] The Supreme Court affirmed Congress's authority to pass legislation that would directly impact the liberties that tribes and their members had previously enjoyed.

From these cases, the concept of Indian tribal sovereignty took some unexpected turns. The Supreme Court in *McClanahan v. Arizona State Tax Commission* held that the state of Arizona lacked the authority to apply a tax to Indians residing on a reservation and receiving income that is derived directly from the reservation land.[91] In coming to this conclusion, the Court cited, among other things, the sovereignty of the tribes (although the Court also discussed the possibility of such sovereignty being derivative of the federal government).[92] Eloquently stated by the court:

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87. *Worcester*, 31 U.S. at 593-94.
88. 118 U.S. 375 (1886).
89. *See id*. at 384-85.
90. *See id*. at 376.
91. *See* McClanahan v. Arizona State Tax Commission, 411 U.S. 164, 165 (1973).
92. *See id*. at 172-73.

> The Indian sovereignty doctrine is relevant, then, not because it provides a definitive resolution of the issues in this suit, but because it provides a backdrop against which the applicable treaties and federal statutes must be read. It must always be remembered that the various Indian tribes were once independent and sovereign nations, and that their claim to sovereignty long predates that of our own Government. Indians today are American citizens.[93]

However, the Court in *Oliphant v. Suquamish Indian Tribe* dealt a setback to tribal sovereignty when it held that the Tribe did not have criminal jurisdiction over non-Indians.[94] Then the Court in United States v. Wheeler appeared to affirm the existence of tribes as sovereigns in certain situations, but it held that double jeopardy did not apply to a man who was first tried and found guilty by an Indian tribe and subsequently tried by a state.[95] Implicitly, in making this decision, the Supreme Court affirmed that tribes exist as a third sovereign beyond that of states or the federal government.[96] Specifically, the Supreme Court had this to say about the sovereignty of Indian tribes:

> The powers of Indian tribes are, in general, "*inherent powers of a limited sovereignty which has never been extinguished*." F. Cohen, Handbook of Federal Indian Law 122 (1945) (emphasis in original). Before the coming of the Europeans, the tribes were self-governing sovereign political communities. See *McClanahan v. Arizona State Tax Comm'n*, 411 U. S. 164, 172. Like all sovereign bodies, they then had the inherent power to prescribe laws for their members and to punish infractions of those laws.
>
> Indian tribes are, of course, no longer "possessed of the full attributes of sovereignty." *United States v. Kagama, supra*, at 381. Their incorporation within the territory of the United States, and their acceptance of its protection, necessarily divested them of some aspects of the sovereignty which they had previously exercised. By specific treaty provision they yielded up other sovereign powers; by statute, in the exercise of its plenary control, Congress has removed still others.
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> But our cases recognize that the Indian tribes have not given up their full sovereignty. We have recently said: "Indian tribes are

93. *Id*. at 172.
94. *See* Oliphant v. Suquamish Indian Tribe, 435 U.S. 191, 212 (1978).
95. *See* United States v. Wheeler, 435 U.S. 313, 328, 332 (1978).
96. *See id*. at 328-29.

> unique aggregations possessing attributes of sovereignty over both their members and their territory. . . . [They] are a good deal more than 'private, voluntary organizations.'" *United States v. Mazurie*, 419 U. S. 544, 557; see also *Turner v. United States*, 248 U. S. 354, 354–355; *Cherokee Nation v. Georgia, supra*, at 16-17. The sovereignty that the Indian tribes retain is of a unique and limited character. It exists only at the sufferance of Congress and is subject to complete defeasance. But until Congress acts, the tribes retain their existing sovereign powers. In sum, Indian tribes still possess those aspects of sovereignty not withdrawn by treaty or statute, or by implication as a necessary result of their dependent status.[97]

Finally, in 1997, the Supreme Court in *Idaho v. Coeur d'Alene Tribe* held that states should be accorded all of the Eleventh Amendment sovereign immunity rights against tribes that are accorded to states for claims by Indian Foreign Nations.[98] This decision implicitly affirmed the status of tribes as sovereigns.[99] The holding is as follows:

> Our recitation of the ties between the submerged lands and the State's own sovereignty, and of the severance and diminishment of state sovereignty were the declaratory and injunctive relief to be granted, is not in derogation of the Tribe's own claim. As the Tribe views the case, the lands are just as necessary, perhaps even more so, to its own dignity and ancient right. The question before us is not the merit of either party's claim, however, but the relation between the sovereign lands at issue and the immunity the State asserts.
>
> It is apparent, then, that if the Tribe were to prevail, Idaho's sovereign interest in its lands and waters would be affected in a degree fully as intrusive as almost any conceivable retroactive levy upon funds in its Treasury. Under these particular and special circumstances, we find the *Young* exception inapplicable. The dignity and status of its statehood allow Idaho to rely on its Eleventh Amendment immunity and to insist upon responding to these claims in its own courts, which are open to hear and determine the case.[100]

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97. *Id*. at 322-23.
98. *See* Idaho v. Coeur d'Alene Tribe, 521 U.S. 261, 287-88 (1997).
99. *See id*.
100. *Id*. at 287-88.

It is quite apparent from this brief outlay of major cases regarding the sovereign status of tribes that the Court's position on this matter has been far from consistent. However, as evident from the latest of the cases above, the current legal opinion regarding tribal sovereignty is that they are domestic dependent sovereigns.

V. TRIBAL SOVEREIGN IMMUNITY

One of the important decisions that defined tribal sovereign immunity was *Santa Clara Pueblo v. Martinez*.[101] In this case, the plaintiff filed suit against the Santa Clara Pueblo Tribe for violating the Indian Civil Rights Act.[102] Specifically, the Tribe was declining to extend membership to the children of female members who married outside of the Tribe.[103] The district court entered in favor of the Tribe, and the court of appeals reversed.[104] The Supreme Court, in an opinion written by Justice Marshall, found that the Tribe was protected by its inherent sovereign immunity from suit.[105] The exact holding is as follows:

> Congress retains authority expressly to authorize civil actions for injunctive or other relief to redress violations of § 1302, in the event that the tribes themselves prove deficient in applying and enforcing its substantive provisions. But unless and until Congress makes clear its intention to permit the additional intrusion on tribal sovereignty that adjudication of such actions in a federal forum would represent, we are constrained to find that § 1302 does not impliedly authorize actions for declaratory or injunctive relief against either the tribe or its officers.[106]

It is from this case that we can begin our discussion of how tribal sovereign immunity could be used by tribes to create research groups protected from patent infringement suits.

VI. DISCUSSION

The *Florida Prepaid* decision showed that unless a sovereign is willing to opt into being liable for its actions, it cannot be taken into

101. 436 U.S. 49 (1978).
102. *Id*. at 51.
103. *Id*.
104. *Id*. at 54-56.
105. *Id*. at 72.
106. *Id*.

federal court for patent infringement.[107] The implications of this are far reaching. In the near term, it has given a clear advantage to state chartered research organizations and universities.[108] However, while the application of this particular advantage has been largely shown in state universities, Indian tribes, which also are considered sovereigns, could potentially enjoy this advantage.

An example of a state sponsored group taking advantage of sovereign immunity to protect it from patent infringement claims is the University of California.[109] Not only has the university been an active player in the patent arena by amassing, over the past five years, approximately 2567 patents, but it has also been successful in reaching settlements in infringement suits against other entities.[110] Over the past five years the University of California has made approximately 521 million dollars in royalty and fee income over the same period.[111] That particular university has garnered the reputation of being made out of TEFLON for just this reason.[112]

California is not alone in its use of its sovereign immunity to shield research groups from patent infringement claims.[113] As a state entity, the University of Wisconsin has both enjoyed sovereign immunity protection and been able to win a one million dollar patent licensing dispute with Xenon Pharmaceuticals.[114] As one can see, as a result of the *Florida Prepaid* decision, which explicitly extended sovereign immunity protections to the patent realm, sovereign immunity provides a powerful shield against patent infringement.[115]

Private universities and other non-state related research groups have not been pleased with these developments, especially in the aftermath of *Madey v. Duke University*.[116] The previous darling of educational

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107. *See Fla. Prepaid*, 527 U.S. 627.

108. Posting of Kevin E. Nooran to Patent Docs, The Wall Street Journal's Problem with the U.S. Constitution, http://www.patentdocs.net/patent_docs/2007/11/the-wall-stre-1.html (Nov. 14, 2007).

109. *Id*.

110. *Id*.

111. *Id*.

112. *See* Abev: A Bird's Eye View, http://abev.wordpress.com/2007/11/28/bulletproof-teflon-patent-infringers/ (Nov. 20, 2007).

113. Nooran, *supra* note 108.

114. Posting of Stephen Albainy-Jenei to Patent Baristas, http://patentbaristas.com/archives/2007/11/ (Nov. 26, 2007).

115. *See generally*, *Fla. Prepaid*, 527 U.S. 627.

116. Cristina Weschier, *The Informal Experimental Use Exception: University Research After* Madey v. Duke University, 79 N.Y.U. L. REV. 1536, 1536-37 (2004).

institutions, the experimental use doctrine, has been shown to be exceedingly narrow – and in many commercial scenarios, completely unusable.[117] Although the true implications of the case have yet to be seen, with many research groups knowingly casting a blind eye to patent infringement liabilities, private universities have been dealt a handicap.[118]

This advantage becomes even more compelling as industry funded research has become more common. Between the years of 1972 and 2001, "industrial support to universities and colleges grew more rapidly than any other source of support for academic research and development."[119] Although research funding has dropped off slightly in recent years and federal funding has increased to offset the loss,[120] industry funded research remains a big player in many universities' research and development.[121] For example, in 2004, 450 institutions in the United States were receiving industry funding.[122] In that same year, the total amount of research funding provided by industry was approximately 2.1 billion dollars.[123]

As one can see from this information, industry sponsored research in the United States is a big business, and it is a business that Indian tribes can become involved in. With new income sources, such as independent commercial developments and gambling establishments,[124] money could be funneled to the creation of research groups that, in the long term, would drive additional funding to the tribe. Tribes have an excellent selling point, sovereign immunity, and could be poised to give state-run universities considerable competition in the future. Although not necessarily a quantitative benefit, the development of research institutions could also provide incentive and motivation for Indians living on reservations to seek higher education to take part in these operations. While this may seem far fetched now, the future creation of research institutions could become an integral part of the reservation infrastructure and allow the economy of tribes to become less

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117. *Id*.

118. *Id*. at 1538.

119. Alan I. Rapopoa, *Where Has the Money Gone? Declining Industrial Support of Academic R&D*, NATIONAL SCIENCE FOUNDATION, at 1 (Sept. 2006), http://www.nsf.gov/statistics/infbrief/nsf06328/nsf06328.pdf.

120. *Id*.

121. *Id*. at 4.

122. *Id*. at 2, fig.2.

123. *Id*. at fig.1.

124. *See* GETCHES, *supra* note 3, 25-27.

dependent on surrounding areas for income.

CONCLUSION

Tribes within the United States have made large gains in the standard of living for Indians living on reservations. However, the creation of sovereign chartered research groups will drive additional funding into the tribes, create jobs for tribal members, and bring hope into the lives of a people who desperately need it. This is a potential option available to tribes and should be seriously looked at as a mechanism to allow reinvestment of income from other sources into tribal infrastructure.

JEREMIAH A. BRYAR