No. 98-531

IN THE

Supreme Court of the United States

OCTOBER TERM, 1998

FLORIDA PREPAID POSTSECONDARY
EDUCATION EXPENSE BOARD,

Petitioner,

vs.

COLLEGE SAVINGS BANK and
UNITED STATES OF AMERICA,

Respondents.

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

BRIEF OF *AMICUS CURIAE* NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF RESPONDENTS

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STATEMENT OF INTEREST OF *AMICUS CURIAE*

This brief is submitted on behalf of the New York Intellectual Property Law Association (the "NYIPLA") — an association of more than 1,100 attorneys whose interest and practice lies in the areas of patent, copyright, trademark, trade secret and other intellectual property law.[1] Unlike attorneys in many other areas of practice, NYIPLA members, whether in private practice or employed by corporations, typically represent both plaintiffs and defendants in litigation. NYIPLA members also regularly participate in proceedings in the Patent and Trademark Office, including representing parties in interferences, as well as representing applicants for patents.

Since its founding in 1922, the NYIPLA has been committed to maintaining the integrity of United States patent law, and to the proper application of that law. In furtherance of these goals, the NYIPLA urges affirmance of the judgment below in order to avoid a result that would leave States effectively free to use the patented inventions made by others and deprive their owners of a meaningful forum in which to seek redress for the deprivation of such property.[2]

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1. Pursuant to Sup. Ct. R. 37.6, the NYIPLA represents that it has authored this brief in whole, and that no person or entity other than the amicus and its counsel have made a monetary contribution to the preparation or submission of the brief. The parties to this case have consented to the filing of this brief, and their written consents have been filed with the Clerk of the Court.

2. While the NYIPLA has not filed a brief in the accompanying appeal, *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board*, No. 98-149, the NYIPLA believes that trademarks are a traditional form of "property" subject to protection (Cont'd)

SUMMARY OF THE ARGUMENT

The activities of Florida prove that patents are substantial property rights protected by the guarantees of the Fourteenth Amendment. The State of Florida has obtained over 200 United States patents since January 1, 1995 in an awe-inspiring variety of technologies. The State of Florida owns dozens of these patents jointly with private companies, who presumably have participated in the research. The Universities of the State of Florida are expressly authorized by statute to license and obtain royalties from their patents, and there can be no doubt that they do so.

Any entity so fully immersed in the use and ownership of patented technology and in the United States patent system should not be exempt from it. To exempt Florida, and 49 other such entities, would detract from the Constitutional purpose of promoting the useful arts and create opportunities for compromising the system.

Florida's concern about closing down "core governmental services" that might be covered by patents of third parties is unfounded. The patent law itself provides a focused way to protect such interests. The issuance of an injunction or the award of treble damages and attorneys fees in any patent case is permissive and within the discretion of the district court. On the other hand, exempting activities of all States would do irreparable harm.

(Cont'd)
under the Fourteenth Amendment. Since the accompanying appeal relates only to a claim of false advertising and not trademark infringement, the NYIPLA does not believe trademarks are at issue in that appeal and urges this Court not to decide such issue.

ARGUMENT

I.

THE STATE OF FLORIDA MAKES EXTENSIVE USE OF THE UNITED STATES PATENT SYSTEM

The extensive participation of the Petitioner, the State of Florida, in patent ownership exemplifies the fact that patents are a substantial and recognized form of "property." From January 1995 to August 1997, universities of the State of Florida were assigned property rights in over 200 United States issued patents.[3]

States have become involved in technologies that range far beyond any notion of "core governmental services." Florida's patents range from insect repellents[4] and reinforced plastic concrete,[5] to needles,[6] semiconductor circuits,[7] lasers,[8]

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3. The University System of the State of Florida comprises 10 universities and the Board of Regents. FLA. STAT. ch. 240.2011 (1997). Over 200 United States Patents issued between January 1995 and August 1997 specify that they have been assigned to one or more of these Florida State entities or their research foundations.

4. U.S. Patent No. 5,635,174, Insect Repellent and Attractant Compositions and Methods for Using Same.

5. U.S. Patent No. 5,599,599, Fiber Reinforced Plastic ("FRP") — Concrete Composite Structural Members.

6. U.S. Patent No. 5,484,442, Intraosseous Needle.

7. U.S. Patent No. 5,659,362, VLSI Circuit Structure for Implementing JPEG Image Compression Standard.

8. U.S. Patent No. 5,652,763, Mode Locked Laser Diode in a High Power Solid State Regenerative Amplifier and Mount Mechanism.

computer software,[9] projection screens,[10] nuclear imaging,[11] air conditioning,[12] diamond manufacture,[13] food processing,[14] and methods of making virtually unpronounceable chemicals.[15]

Indeed, not only do Florida universities own patents, but even the Florida Board of Regents and the Florida Department of Citrus own patents (*see, e.g.*, U.S. Patent No. 5,532,363; U.S. Patent No. 5,514,389).

States have elected to use the patent system in the same way that individuals and private companies do. Again, Florida

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9. U.S. Patent No. 5,642,502, Method and System for Searching for Relevant Documents From a Text Database Collection, Using Statistical Ranking, Relevancy Feedback and Small Pieces of Text.

10. U.S. Patent No. 5,625,489, Projection Screen for Large Screen Pictorial Display.

11. U.S. Patent No. 5,576,548, Nuclear Imaging Enhancer.

12. U.S. Patent No. 5,547,017, Air Distribution Fan Recycling Control.

13. U.S. Patent No. 5,485,804, Enhanced Chemical Vapor Deposition of Diamond and Related Materials.

14. U.S. Patent No. 5,393,547, Inactivation of Enzymes in Foods With Pressurized CO2.

15. U.S. Patent No. 5,493,053, Method for Preparing Desferrioxamine B and Homologs Thereof; n-benzyloxy-1, 5-diaminopentane Selectively Protected at Primary Amine Site Reacted With Anhydride to Produce Carboxylic Acid; Acylation; Reacting With Diamine; Hydrogenolysis; Deprotecting.

exemplifies this fact. Florida is co-owner of many patents with private companies. Florida owns 19 patents, issued from 1995 to date, with the private company International Flavors and Fragrances.[16] Florida owns a patent on a "Fuzzy System Expert Learning Network" jointly with a Japanese company, Daido Tokushuko, K.K. (U.S. Patent No. 5,524,176). Florida patents issued since 1995 also identify NEC Research Institute, Inc., Abela Laser Systems, Inc., and Cook, Inc., as joint assignees. (*E.g.*, U.S. Patent Nos. 5,651,786; 5,601,559; and 5,627,140.)

The Florida legislature has expressly enabled its State entities to market their patented technologies commercially. See FLA. STAT. ch. 240.299 (1997), which provides that each Florida State University is authorized to

> [p]erform all things necessary to secure letters of patent. . . . License . . . the manufacture or use thereof, on a royalty basis or for such other consideration as the university shall deem proper. . . . Take any action necessary, including legal action, to protect against improper or unlawful use or infringement.

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16. U.S. Patent Nos. 5,458,882; 5,441,988; 5,635,174; 5,635,173; 5,633,236; 5,576,011; 5,576,010; 5,521,165; 5,472,701; 5,464,626; 5,449,695; 5,447,714; 5,439,941; 5,417,009; 5,409,958; 5,401,500; and 5,387,418; and U.S. Design Patent Nos. 356,849 and 354,690.

II.

FLORIDA'S EXTENSIVE USE AND OWNERSHIP OF PATENTS FURTHER DEMONSTRATES THAT PATENTS ARE PROPERTY SUBJECT TO FOURTEENTH AMENDMENT PROTECTION

The District Court and Court of Appeals were correct in concluding that Congress properly abrogated the States' Eleventh Amendment immunity when enacting 35 U.S.C. § 296 (Liability of States, Instrumentalities of States, and State Officers for Infringement of Patents). In particular, the Court of Appeals was correct in concluding that patents are "property" protected by the Fourteenth Amendment, and that the making, using, offering to sell and selling of a patented invention without redress is a deprivation of that property.

Florida's use of the United States patent system demonstrates how the exclusive property rights conferred by patents are a powerful engine to promote the progress of the useful arts. Pursuant to the United States Constitution, as implemented by Congress, Florida alone and in conjunction with private parties is developing a diverse array of useful patented inventions. Through these activities Florida is capable of obtaining investors to generate income for Florida and bring the benefits of its patented inventions to Floridians and others.

Florida's involvement with the patent system surely does not end with obtaining and being able to license patents. While *amicus* does not know the details of the licenses Florida grants under its patents, nor the arrangements Florida has with the various companies with which Florida jointly owns patents, Florida must stand ready to enforce its patents.

Otherwise, its licensees would pay no royalties, and Florida's joint owners would fund no research.

To exempt from the patent system an entity whose use of technology and the patent system is as extensive and pervasive as Florida's would detract from the Constitutional purpose of promoting the useful arts. First, there would be a disincentive to perform research and development in technologies perceived as likely to be used by the States. Second, the States would have no incentive to design around existing patented technologies. Finally, if States could work with technology, free of the patent laws, in such diverse areas as represented by Florida's patents, their private partners in that work may receive unfair advantages unavailable to others. Congress's enactment of 35 U.S.C. § 296 prevents this kind of mischief.

Making the States immune from patent suits would also create opportunities for States, and conceivably companies (both domestic and foreign) working with States, to erode the patent system and inflict serious harm. While States are accumulating numerous patents and the corresponding power to exclude others from using the States' patented technology, States would be free to use the patents of others, leaving the owners of that intellectual property without the proper forum in which to seek complete redress for the piracy. A decision here in favor of Florida would create opportunities for such piracy by Florida and 49 other States.

Particularly ominous therefore is the Petitioner's contention (Brf. for Petitioner, pp. 17-18 n.6) that the patent "property" right cannot include within it the right to exclude a State because the patent is conferred under Article I of the Constitution which is substantively limited by the Eleventh

Amendment. The University of California, not surprisingly given its large-scale use of the patent system, likewise asserts (Brf. Amicus Curiae of the Regents of the University of California, pp. 3, 7, 9 n.7) that it can "park [its] truck" anywhere it wants on a patentee's property because the patent right does not include the right to exclude the States. Taking this misguided argument to its logical conclusion, a State could freely take away a person's Social Security checks because they were issued pursuant to Congress's Article I powers. The argument should be rejected because patents, like issued checks, are genuine traditional forms of property and it does not matter that they are created as a result of Article I. Moreover, the argument that the patent property right inherently lacks the right to exclude States from infringement should be rejected because otherwise the States could not even waive immunity under the patent law if they wanted to. *Cf. Idaho v. Coeur D'Alene Tribe of Idaho*, 521 U.S. 261, 267 (1997) (rejecting an argument that would preclude a State from even being able to waive its immunity). In sum, the Eleventh Amendment is not a limitation on the substantive content of genuine property rights.

Another opportunity for mischief, if the States' position is adopted, lies in the international obligations of the United States. For example, in GATT-TRIPS negotiations the United States has criticized other countries for gaps in their enforcement of intellectual property rights. Exempting 50 States, many of whom engage in extensive use of technology — both alone and jointly with private entities — may not comply with current international obligations. Exempting 50 States will surely hurt negotiations intended to protect the interests of all United States intellectual property owners, including Florida, in the single, global marketplace of the future.

Other States have argued in this case that patents covering their activities relate to "core function[s] of state government," and hence the States should be exempted from the patent system. The broad range of patented technologies owned by Florida demonstrates, however, that States are involved in many activities that are not core government functions and not "important tasks in which the State has a recognized interest."[17] The fact that Congress did not specifically legislate in this area until recently, or that States have not been sued often historically, reflects little more than the fact that States have only recently become active in the range of technologies exemplified in this brief.

Moreover, if any core government function is covered by a patent, the States are incorrect when they assert that the patent system will prevent them from performing that function. The issuance of an injunction by a district court in a patent case is permissive and within the equitable discretion of that court. 35 U.S.C. § 283; *Roche Products, Inc. v. Bolar Pharmaceutical Co.*, 733 F.2d 858, 865 (Fed. Cir. 1984). Injunctions have been refused against governments to enforce patent rights when a significant public interest is involved, even though the patent is valid and infringed. *City of Milwaukee v. Activated Sludge, Inc.*, 69 F.2d 577, 593 (7th Cir. 1934) (Court of Appeals upheld validity and infringement findings of District Court but lifted injunction against the City of Milwaukee that would have closed a sewage treatment plant and led to dumping raw sewage of the city into Lake

17. While this brief does not discuss *Parden v. Terminal Ry. of Ala. State Docks Dep't*, 377 U.S. 184 (1964), if *Parden* retains any vitality, then the broad array of technologies patented by the State of Florida shows the commercial nature of Florida's involvement in the patent system and leads to the inescapable conclusion that Florida has consented to suits under the Patent Law.

Michigan). So too, the award of attorneys fees or treble damages under 35 U.S.C. §§ 284 and 285 is permissive and within the discretion of the courts. Rather than have a blanket rule that all State activities — including the activities implicated by each of Florida's 200 patents issued since 1995 — are exempt from federal suit under United States Patent Law, it would better serve the patent system to have decisions about whether an injunction will issue against a State, or whether a State will be liable for increased damages, depend on the subject matter, the significance of public rights actually involved, and the conduct of the State, as was done in *City of Milwaukee*. Moreover, as this Court has made clear, "the relief sought by a plaintiff suing a State is irrelevant to the question whether the suit is barred by the Eleventh Amendment." *Seminole Tribe of Florida v. Florida*, 517 U.S. 44, 58 (1996).

The States also have suggested incorrectly that there would be nothing discriminatory in allowing States to be immune from suits for patent infringement. The owners of patents in technologies where States elect to be active would suffer discrimination as real to them as any other owner of property protected by the Fourteenth Amendment. When viewed against the range and extent of Florida's involvement with technologies, it would be discriminatory to permit Florida and the 49 other States to be free to disregard technology property rights — rights which every other user of the technology must honor.

The States have also wrongly suggested that it is important to look at the effect of the balance of power between States and the federal government, implying that the States and their citizens would be better off if the States were independent of the Patent Law. The States *amici* contend that providing immunity will alleviate a drain on state treasuries.

This view is shortsighted. Congress, in enacting 35 U.S.C. § 296, has made clear that it is best for all citizens in all States to preserve the integrity of patents against piracy. The extensive use of the patent system by Florida confirms that Congress was right.

CONCLUSION

The judgment of the Court of Appeals should be affirmed.

Respectfully submitted,

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