
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

97-1246

COLLEGE SAVINGS BANK,

Plaintiff-Appellee,

v.

FLORIDA PREPAID POSTSECONDARY
EDUCATION EXPENSE BOARD,

Defendant-Appellant,

and

THE UNITED STATES,

Plaintiff-Intervenor.

MOTION FOR LEAVE TO FILE REVISED BRIEF *AMICUS CURIAE* ON
BEHALF OF THE NEW YORK INTELLECTUAL PROPERTY LAW
ASSOCIATION IN SUPPORT OF PLAINTIFF-APPELLEE

The New York Intellectual Property Law Association (NYIPLA) hereby respectfully moves this Court for leave to file, belatedly, a revised brief as *amicus curiae* in support of plaintiff-appellee. On September 24, 1997 the NYIPLA timely served a Motion for Leave to File Brief *amicus curiae* with Supplemental Appendix, on Behalf of NYIPLA in Support of Plaintiff-Appellee, College Savings Bank. Defendant-Appellant Florida Prepaid opposed, inter alia, on the ground that the brief included a Supplemental Appendix containing material not in the original record. In an Order filed on October 16, 1997, this Court denied NYIPLA's motion for

leave to file, citing the fact that the Supplemental Appendix included material pulled from websites.

In the annexed Revised Brief, every reference to website material has been removed, and the Supplemental Appendix has been deleted. The annexed Revised Brief contains no new material of substance. References to patents, which had previously cited to the Supplemental Appendix, now cite to the patents themselves, of which this Court can take judicial notice. *E.g.*, Hoganas AB v. Dresser Industries, Inc., 9 F.3d 948, 954 n.27 (Fed. Cir. 1993). Citations to Florida statutes have also been added to replace some of the website references. Again, however, all statements based solely on website material have been deleted in the annexed Revised Brief, and no new material of substance has been added to the material that appeared in the papers originally filed by the NYIPLA on September 24, 1997.

The NYIPLA believes that no significant delay will be caused by the belated submission and acceptance of the annexed Revised Brief. The briefing schedule has already been extended by the belated filing and granting of leave by this Court to the Regents of the University of California to file a brief *amicus curiae*. NYIPLA understands that the brief of College Savings in response to the Regents of the University of California brief is due on October 27, 1997, and that Florida Prepaid will have 10 days after that to reply. In view of these circumstances, the NYIPLA requests that leave to file the annexed Revised Brief be granted, even though the original date for such filing has passed.

The NYIPLA is an association of 1,100 lawyers whose practice lies in the areas of patent, trademark, copyright, trade secret, and other intellectual property law, and who are interested in the integrity of the United States patent law system. Because of the expertise of its members and its non-partisan status, the NYIPLA believes that its views on the issues raised by this case, and the implications of those issues, will aid this Court.

This case presents issues that go to the heart of the integrity of the United States patent law system. Pursuant to its Constitution and implementing laws enacted by Congress, the United States rewards inventors by granting to them for limited times exclusive rights in the technology they originate. If the arguments of defendant, an entity of the State of Florida, and the various States that have submitted briefs *amici* (Texas, Kansas, Louisiana, Nevada, Pennsylvania, Virginia and Oklahoma), were adopted, States would be free to use technology invented by others,

leaving the owners of that intellectual property without any forum in which to seek redress for the piracy.

In addition, the briefs of Florida and the States *amici* make arguments that are factually contradicted by publicly available information. For example, the States suggest at several places that patent rights are in some way a lesser kind of property than the kinds of property already protected by the Fourteenth Amendment. As another example, the States suggest frequently that all functions they perform are "core function[s] of state government." (*E.g.*, States *amici* brief, p. 3; Florida brief, p. 3.) The 200 plus United States patents obtained by Florida since 1995, and certain Florida Statutes, contradict such arguments.

Because the case below was correctly decided, because it involves important questions about the integrity of the United States patent law system, and because the brief may be useful to the Court, the NYIPLA respectfully asks leave to file its brief *amicus curiae* in the form submitted with this motion.

Respectfully submitted,

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REVISED BRIEF OF AMICUS CURIAE NEW YORK
INTELLECTUAL PROPERTY LAW ASSOCIATION URGING AFFIRMANCE
OF JUDGMENT BELOW

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CERTIFICATE OF INTEREST OF AMICUS CURIAE

Counsel for Amicus Curiae New York Intellectual Property Law
Association certifies the following:

1. The full name of every party or amicus represented by me is:

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2. The name of the real party in interest (if the party named in
the caption is not the real party in interest) represented by me is:

n/a

3. The parent companies, subsidiaries (except wholly-owned subsidiaries) and affiliates that have issued shares to the public, of the party or amicus curiae represented by me are:

n/a

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court are:

n/a

Dated: October 27, 1997

By: Charles P. Baker

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REVISED BRIEF OF THE NEW YORK INTELLECTUAL PROPERTY LAW
ASSOCIATION IN SUPPORT OF PLAINTIFF-APPELLEE

This revised *amicus curiae* brief is submitted in support of plaintiff-appellee, which has consented to its filing. Defendant-appellant, however, has refused such consent, and a motion for leave to file this brief has been filed with this brief.

STATEMENT OF INTEREST OF *AMICUS CURIAE*

Amicus Curiae, the New York Intellectual Property Law Association, has no interest in any party in this case. The only interests of *amicus* are in the integrity of the United States patent law system and in assisting this Court to avoid a result that would leave States free to use

inventions made by others and deprive the owners of that intellectual property of any forum in which to seek redress for the theft.

SUMMARY OF THE ARGUMENT

The activities of Florida prove that patents are entitled to protection by the Fourteenth Amendment. The State of Florida has obtained over 200 United States patents since January 1, 1995 in an awe-inspiring variety technologies. The State of Florida owns dozens of these patents jointly with private companies, who presumably have sponsored the research. The universities of the State of Florida are expressly authorized to license and obtain royalties from their patents, and presumably they do so.

Any entity so fully involved in the use and ownership of technology and in the United States patent system should not be exempt from it. To exempt Florida, and 49 other such entities, would create opportunities for compromising the system.

Florida's concern about closing down "core government activities" that might be covered by patents of third parties is unfounded. The patent law provides other, focussed ways to protect such interests. Providing a wholesale exemption for all activities of all States would do more harm than good.

ARGUMENT

A. Statement

Patents are a most substantial kind of property. The extensive participation of the State of Florida in patent ownership exemplifies this fact. From January, 1995 to August, 1997, universities of the State of Florida were assigned property rights in over 200 United States issued patents.¹

States have become involved in technologies that range far beyond "core governmental functions" (e.g., Florida Brief, p. 3, and States amici brief, p. 3). Florida's patents range from methods of making

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

unpronounceable chemicals² to needles,³ semiconductor circuits,⁴ lasers,⁵ software,⁶ insect repellents,⁷ projection screens,⁸ reinforced plastic concrete,⁹ nuclear imaging,¹⁰ air conditioning,¹¹ diamond manufacture,¹² and food processing.¹³

2

U.S. Patent 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.

3

U.S. Patent 5,484,442, Intraosseous Needle.

4

U.S. Patent 5,659,362, VLSI Circuit Structure for Implementing JPEG Image Compression Standard.

5

U.S. Patent 5,652,763, Mode Locked Laser Diode in a High Power Solid State Regenerative Amplifier and Mount Mechanism.

6

U.S. Patent 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.

7

U.S. Patent 5,635,174, Insect Repellent and Attractant Compositions and Methods for Using Same.

8

U.S. Patent 5,625,489, Projection Screen for Large Screen Pictorial Display.

9

U.S. Patent 5,599,599, Fiber Reinforced Plastic ("FRP")-Concrete Composite Structural Members; Internal Fiber and Resin Pultruded Structure Surrounded by Concrete Core and Exterior Glass Fiber-Polyester Shell, for Durable Structural Columns or Supports.

10

U.S. Patent 5,576,548, Nuclear Imaging Enhancer

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

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U.S. Patent 5,547,017, Air Distribution Fan Recycling Control; for a Central Air Conditioning System.

12

U.S. Patent 5,485,804, Enhanced Chemical Vapor Deposition of Diamond and Related Materials.

13

U.S. Patent 5,393,547, Inactivation of Enzymes in Foods With Pressurized CO₂; Produces Carbonic Acid Solution.

this fact. Florida is co-owner of many patents with private companies.

Florida owns with the private company International Flavors and Fragrances 19 patents issued from 1995 to date¹⁴. Florida owns a patent on a "Fuzzy System Expert Learning Network" jointly with a Japanese company, Daido Tokushuko, K.K. (U.S. Patent 5,524,176.) NEC Research Institute, Inc., Abela Laser Systems, Inc., and Cook, Inc., are also identified as joint assignees on Florida patents issued since 1995. *E.g.*, U.S. Patents 5,651,786; 5,601,559; and 5,627,140.

Florida has enabled its entities to market their patented technologies commercially. Fla. Stat. ch. 240.299 (1997) 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."

Various Florida State entities are involved in owning patents. Not only do various Florida universities own patents, but even the Florida State University Board of Regents (*e.g.*, U.S. Patent 5,532,363) and the Florida State Department of Citrus (U.S. Patent 5,514,389) own patents.

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U.S. Patents 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 Patents 356,849 and 354,690.

B. Discussion

The District Court was 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 District Court was correct in concluding that patents are property of the kind that the Fourteenth Amendment can be used to protect.

Florida's use of the United States patent system shows that the system is a powerful engine to promote the progress of the useful arts. Pursuant to the United States Constitution, as implemented by Congress, Florida is developing a diverse array of useful inventions, Florida is obtaining joint assignees of those inventions, and Florida is capable of obtaining investors to generate income for Florida and bring the benefits of those inventions to Floridians and to everyone else.

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, *amicus* feels sure that Florida stands ready to enforce its patents. Otherwise, Florida's licensees would pay no royalties, and Florida's joint owners would fund no research.

To exempt from the patent system any entity whose use of technology and the patent system is as extensive and pervasive as Florida's, would cause mischief and erode the system. States would be free

to use technology invented by others, leaving the owners of that intellectual property without any forum in which to seek redress for the piracy. It would create opportunities for States, and conceivably companies (both domestic and foreign) working with States, to devise loopholes in the United States patent system. A decision here in favor of Florida would create corresponding opportunities for piracy by 49 other States.

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 long 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 international obligations currently. 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.

The States submitting *amicus* briefs suggest that patents covering their activities relate to "core function[s] of state government," and hence the States should be exempted from the patent system. (*E.g.*, page 3 of Corrected Brief of Amicus Curiae Texas, et al.). The range of patented technologies owned by Florida shows, 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." (Florida brief, pp. 10-11.)¹⁵ The fact that Congress made no legislation in this area for over 200 years (Florida brief, p. 12) reflects nothing more than the fact that States have only recently become active in the range of technologies exemplified in the appendix.

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While this brief does not discuss Parden v. Terminal Ry. of Ala. State Docks Dep't, 337 U.S. 184 (1964), if the District Court was incorrect in concluding that Parden is no longer viable, 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 conclusion that Florida has consented to suits under the Patent Law.

If, however, any core government function is covered by a patent, the States *amici* seem to be presuming, incorrectly, that the patent system will prevent them from performing that function. The States have overlooked the fact that issuance of an injunction by a Court in a patent matter is permissive (35 U.S.C. § 283), Roche Products v. Bolar Pharmaceutical Co., 733 F.2d 858 (Fed. Cir. 1984)), and injunctions have not been issued 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, 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 Michigan). Rather than have a blanket policy that all State activities -- including the activities implicated by each of Florida's 200 patents issued since 1995 -- are exempt from United States Patent Law, it would better serve the patent system to have decisions about whether an injunction will issue depend on the subject matter and the significance of public rights actually involved, as was done in City of Milwaukee.

An erroneous, unstated assumption that underlies the arguments of the States is the assumption that many technologies used by States could be blocked by patents. The number of patents that are pivotal to the use of any given technology is very few. The number of pivotal patents that their owners decline to make available to the public at reasonable cost is fewer still. In the vast majority of cases, patents and their

technology are made available by the patent owner, or competing technologies exist that do almost the same thing. If there is

ever any case in which that is not so, principles of the City of Milwaukee case will protect the States.

Another related, erroneous underlying assumption of the States is the suggestion that they will be subjected to many patent suits. Most patents are used by their owners to justify investing in development and marketing. The technology then becomes available to the States in ways that might never occur if the patent owner was not confident that his investments would be protected.

The States also suggest that there would be nothing discriminatory in allowing States to be immune from suits for patent infringement. The owners of patents in areas 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 of any regard for technology property rights -- rights which every other user of the technology must honor.

Making the States immune from suit would also detract from the Constitutional purpose of promoting the useful arts, not only because of the disincentives to invention in technologies that are

perceived as likely to be used by States, but also because the States would have no incentive to explore and develop alternative technologies. Finally, if States could work with technology, free of the patent laws, in such diverse areas as represented by Florida's patents, what benefits would their private partners in that work receive, and what advantages would the joint owners of the developed and patented technology possess that would be unavailable to others? Congress's enactment of 35 U.S.C. § 296 prevents that kind of mischief.

The States also suggest that it is important to look at the effect of the balance of power between States and the federal government, implying that if the States and their citizens would be better off if the States were independent of the Patent Law (States *amici* brief, p. 12). This view is shortsighted. Texas, for example, considers its prepaid education program "necessary to promote both opportunities for young Texans and enhance economic development for the state" (States *amici* brief, p. 2). Elsewhere, the States *amici* contend that providing a prepaid plan will alleviate a drain on state treasuries. Congress, however, decided in enacting 35 U.S.C. § 296 that it is better for all citizens and 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

For the foregoing reasons, the New York Intellectual Property Law Association respectfully submits that Eleventh Amendment immunity does not apply to States as it relates to United States Patent Law, and that States are subject to United States Patent Law under the Fourteenth Amendment and 35 U.S.C. § 296. Accordingly, the Court should affirm the District Court's ruling in this case.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that two (2) true and correct copies of the foregoing motion, brief and supplemental appendix are being sent via Federal Express on this 27 day of October, 1997 to:

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