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SUPREME COURT OF FLORIDA

JACOBS WIND ELECTRIC COMPANY,
INC., ET AL.,

Petitioner,

vs.

CASE NO.: 80,247

DEPARTMENT OF TRANSPORTATION,

Respondent.

_____ /

On Review Of A Question Certified By
The Second District Court Of Appeal

RESPONDENT'S BRIEF ON THE MERITS

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PRELIMINARY STATEMENT

Jacobs Wind Electric Company, Inc. and Paul R. Jacobs, the real parties in interest/respondents below and Petitioners here, will be referred to collectively as Jacobs. The Florida Department of Transportation, the petitioner below and Respondent here, will be referred to as the Department.

For the Court's convenience, an appendix containing the lower court's opinion and pertinent record material is submitted herewith. Citations to the appendix will be indicated parenthetically as "A" with the appropriate page number(s). Citations to Jacobs' initial brief on the merits will be indicated parenthetically as "IB" with the appropriate page number(s).

STATEMENT OF THE CASE AND FACTS

In its Statement of the Facts, Jacobs cites paragraphs 5-7 of its Amended Complaint and represents that the one-way tidal gate used in its system is denoted as a "Tide Pump". (IB 1) Review of the Amended Complaint, in its entirety, reveals no allegation that the one-way tidal gate was referred to as a "Tide Pump." (A 8-15)

Citing paragraph 9 of its Amended Complaint, Jacobs states that it "installed working applications in Florida[.]" (IB 1) Neither paragraph 9 nor the remainder of the Amended Complaint contain an allegation that Jacobs installed working applications in Florida. (A 10-15)

Jacobs next states that it presented oral and written information on the flushing system to State of Florida permitting agencies "including the Trustees of the Internal Improvement Fund, the Department of Natural Resources, and the Tallahassee office and several regional offices of the Department of Pollution Control." (IB 1) While paragraph 9 of the Amended Complaint does allege that information was forwarded to the Trustees and the offices of the Department of Pollution Control, there is no allegation that information was presented to the Department of Natural Resources. (A 10)

The Department objects to the entirety of Jacobs' footnote 1 (IB 1) on the ground that it improperly refers to matters de hors the record and on the ground that evidence Jacobs might present if the cause were permitted to go to trial is irrelevant to the disposition of this case.

Jacobs, citing paragraph 10 of the Amended Complaint, states:

Although the system was Jacobs' trade secret, Jacobs informed the State of Florida and other governmental bodies and agencies about his system because of their regulatory oversight and control functions and because Jacobs had a reasonable investment-backed expectation that the patent laws would protect his right to the effective use of or licensing of the system in this period prior to 1985.

(IB 1-2) Paragraph 10 contains no allegations concerning trade secrets, provision of information because of governmental entities' regulatory oversight and control functions, and licensing of the system. It merely states that "Plaintiffs' efforts to publicize the Jacobs tidal flow system were based upon a reasonable investment-backed expectation that the patent laws would protect plaintiffs' right to exclusive use of the Jacobs tidal flow system." (A 10)

Jacobs next relies upon paragraph 11 of the Amended Complaint for the representation that the Department "installed a tidal flow system like Jacobs' on the Courtney Campbell Causeway." (IB 2) There is no allegation in paragraph 11 that the Department installed a system "like Jacobs'." (A 10) However, paragraph 15 alleges that Jacobs notified the Department that the system on the Courtney Campbell Causeway "appeared to be a copy of Jacobs' system." (A 15) Similarly, paragraphs 18 and 24 of the Amended Complaint respectively refer to "a copy of the Jacobs tidal flow system" and "a tidal flow system copied from the Jacobs' tidal flow system." (A 13, 14)

Jacobs cites paragraph 14 of the Amended Complaint for the

statement that:

Because of his disclosures to state and county agencies, public advertising and direct solicitation of customers Jacobs had reason to believe that the DOT used Jacobs' information in an intergovernmental test and verification of Jacobs' system and, thereafter, installed and used an unlicensed copy of Jacobs' system on the Courtney Campbell Causeway.

(IB 2) Neither paragraph 14 (A 12), nor any other portion of the Amended Complaint contain the allegations quoted above.

Jacobs states that after it learned of the Department's use of the system, it "demanded an after-the-fact license agreement[.]"

(IB 2) Paragraph 15 of the Amended Complaint, which was cited as the source for this statement contains no reference to an "after-the-fact license agreement." It simply alleges that Jacobs requested the Department to remove the system or compensate the plaintiffs for its use. (A 12)

Again citing paragraph 15, Jacobs represents that it filed a patent infringement suit against the Department in federal court "[a]fter substantial, but fruitless, attempts to negotiate with DOT." (IB 2) Paragraph 15 contains allegations that the Department refused to either remove the system or compensate Jacobs but makes no reference to substantial, but fruitless attempts to negotiate with the Department. (A 12)

In light of the confusion resulting from the above-noted inaccuracies, the Department submits, and will rely upon, the following summary of pertinent operative facts and case history.

Jacobs initially brought suit against the Department in federal district court for patent infringement alleging that the

Department had infringed Jacobs' patented "Tidal Flow System and Method for Causing Water to Flow Through Waterways." Jacobs Wind Elect. v. Florida Dept. of Transp., 919 F.2d 726, 727 (Fed. Cir. 1990). Jacobs claimed that the infringement occurred when the Department installed a tidal flow system in a box culvert on the Courtney Campbell Causeway to improve water quality in a pair of laterally spaced waterways north of the Causeway extending inland from Tampa Bay. Id.

The district court granted the Department's motion to dismiss on the ground that the Department was immune from suit for patent infringement in federal court by operation of the Eleventh Amendment to the U.S. Constitution. Id. On appeal, the Federal Circuit Court of Appeals concluded that Eleventh Amendment immunity barred suit against the Department in federal court for patent infringement and affirmed the district court's judgment dismissing Jacobs' suit. Id. at 728-729.

Jacobs then brought suit against the Department in the Hillsborough County Circuit Court. Jacobs' Amended Complaint generally alleged the existence of a valid patent for Jacobs' tidal flow system (A 8,9); Jacobs' reliance upon the protection afforded by the patent laws (A 10); misappropriation of Jacobs' property by the Department (A 12); and Jacobs' request for removal of the system or compensation for its use and the denial of the request by the Department. (A 12) Count I of the Amended Complaint sought damages for conversion of Jacobs' property and Count II sought damages for a taking of Jacobs' property without compensation in

violation of Article I, Section 9 of the Florida Constitution. (A 13-14)

By order dated September 19, 1991 (A 16), the circuit court denied the Department's Motion to Strike or to Dismiss The Amended Complaint. (A 17-18) In its Answer dated October 1, 1991, the Department pled its affirmative defenses including lack of subject matter jurisdiction because Jacobs' suit was founded on a breach of a right created by the patent clause. (A 19-23) By pleading bearing the same date, the Department moved to dismiss the cause for lack of subject matter jurisdiction on the same ground. (A 24-25) Jacobs filed a memorandum in opposition to the motion to dismiss (A 26-32) and the Department responded thereto. (A 33-36) The matter was heard on October 24, 1991 (A 37), and the trial judge's order denying the motion to dismiss was entered on October 30, 1991. (A 48)

On or about November 26, 1991, the Department filed its Petition for Writ of Prohibition in the Second District Court of Appeal contending that Jacobs' suit was founded upon a breach of a right created by the patent laws and that the circuit court was without subject matter jurisdiction by virtue of federal preemption under 28 U.S.C. 1338(a). (A 1-7) The Second DCA agreed with the Department's position and granted the petition. State of Florida, Department of Transportation v. Honorable J. Rogers Padgett, 17 F.L.W. D1678 (Fla. 2d DCA July 10, 1992). (A 49-50) The lower court certified to this Court, as a question of great public importance, the issue of whether there is state court jurisdiction

under the circumstances of this case. Id. at D1679. (A 50)

Pursuant to this Court's Order of August 5, 1992, Respondent's Brief on the Merits follows.

SUMMARY OF ARGUMENT

Seeking reversal of the lower court's decision, Jacobs contends that its conversion and unconstitutional taking claims are state law claims that do not arise under the patent laws; that Jacobs' system is a trade secret or intangible property right that is a protectable interest under Florida law; that federal decisions indicate Jacobs claims may properly be brought in state court; that the Second DCA's reliance upon Schachel v. Closet Concepts, Inc., *infra*, was misplaced; and that the Second DCA's decision leaves Jacobs without a remedy.

The Department first argues that irrespective of the labels Jacobs has placed upon its claims, the state courts have no subject matter jurisdiction because the claims arise under the patent laws. Absent the property rights created by the patent laws and the alleged infringement of those rights by the Department, Jacobs would have no cause of action under either count of its Amended Complaint.

Second, Jacobs gave up any protectable interest, under Florida law, in the nature of a trade secret or intangible property right when it publicly disclosed the particulars of the tidal flow system by obtaining a patent. The consideration for Jacobs' public disclosure was the monopoly afforded it under the patent laws.

Regarding Jacobs' third contention, the Department argues that the federal decisions Jacobs relies upon neither hold nor indicate that claims arising under the patent laws may be brought in state court when suit is barred in federal court by operation of the

Eleventh Amendment.

Next, Jacobs' purported distinction of Schachel from the instant case, grounded upon its belief that it has no cause of action in federal court, is not viable. Jacobs has a federal cause of action under the patent laws. Suit however, is barred by operation of the Eleventh Amendment and not by the failure of the patent laws to provide a cause of action.

Finally, while the circumstance in which Jacobs finds itself is unenviable to say the least, the provision of a remedy is more appropriately the concern of legislative bodies and does not constitute a sound basis for condoning an erroneous exercise of subject matter jurisdiction.

ARGUMENT

ISSUE

BY OPERATION OF 28 U.S.C. 1338(a), THE STATE COURTS HAVE NO SUBJECT MATTER JURISDICTION OF JACOBS' CLAIMS WHICH ARE GROUNDED UPON ALLEGED INFRINGEMENT OF PROPERTY RIGHTS CREATED BY THE PATENT LAWS.

[Restated by Respondent]

28 U.S.C. 1338(a) provides that:

The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks. Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases.

Speaking to federal preemption under 28 U.S.C. 1338(a), the Third DCA observed that the label given the suit is not the dispositive factor and set down the following test for determining whether the state court has subject matter jurisdiction:

...if the suit is founded on a breach of a right created by the patent laws, even if that right is confirmed by separate agreement, the case arises under the patent laws, and a state court is without subject matter jurisdiction. On the other hand, if the suit is founded on some right falling outside the ambit of the patent laws, then the state court has jurisdiction, even if during the course of the suit the court is called upon to determine questions involving the patent laws.

Schachel v. Closet Concepts, Inc., 405 So.2d 487, 488 (Fla. 3d DCA 1981).

Here, the Second DCA determined that Jacobs' suit was founded on a breach of rights created by the patent laws and, consistent

with Schachel, concluded that the operation of 28 U.S.C. 1338(a) left the circuit court without subject matter jurisdiction of Jacobs' claims. State of Florida, Department of Transportation v. Honorable J. Rogers Padgett, 17 F.L.W. D1678 (Fla. 2d DCA July 10, 1992). Specifically, the court held, in pertinent part:

Congress has provided that the exclusive jurisdiction of cases arising under patent laws is in the federal district courts. See 28 U.S.C. 1338(a). While state courts may have jurisdiction to resolve some rights incident to the patent laws, state courts lack jurisdiction over patent infringement suits. Schachel v. Closet Concepts, Inc., 405 So.2d 487 (Fla. 3d DCA 1981). Since, as indicated above, a determination of either count of Jacobs' suit would require the circuit court to decide whether the Department has infringed Jacobs' patent rights, the federal court has exclusive jurisdiction of this case. Id. Accordingly, the Department's motion to dismiss should have been granted.

Id. (A 49) The Second DCA is correct. The certified question should be answered in the negative.

Jacobs subscribes to a contrary view and urges reversal of the Second DCA's decision. In support of its position Jacobs contends that its conversion and unconstitutional taking claims are state law claims that do not arise under the patent laws (IB 7-11); that Jacobs' system is a trade secret or intangible property right that is a protectable interest under Florida law (IB 11-14); that federal decisions indicate Jacobs' claims may properly be brought in state court (IB 14-19); that the Second DCA's reliance upon Schachel v. Closet Concepts, Inc., supra, was misplaced (IB 19-21); and that the Second DCA's decision leaves Jacobs without a remedy. (IB 21-22) Jacobs' contentions, neither singularly nor

collectively, compel affording it the relief sought.

A. Notwithstanding The Labels
Jacobs Has Placed Upon Its Claims,
The State Courts Have No Subject
Matter Jurisdiction Because The Case
Arises Under The Patent Laws.

Jacobs takes the position that its conversion and unconstitutional taking claims are founded on rights granted by Florida law and do not arise under the patent laws. (IB 7, 10) Jacobs' Amended Complaint and its argument defining the property interest that was the subject of the alleged conversion and unconstitutional taking establish the contrary.

Jacobs generally alleged the existence of a valid patent for Jacobs' tidal flow system (A 8,9); Jacobs' reliance upon the protection afforded by the patent laws (A 10); misappropriation of Jacobs' property by the Department (A 12); and Jacobs request for removal of the system or compensation for its use and denial of the request by the Department. (A 12) Count I of the Amended Complaint sought damages for conversion of Jacobs' property by the Department and Count II sought damages for a taking of Jacobs' property rights without due process of law and without compensation. (A 13-14)

Regarding its conversion claim, Jacobs argues:

Jacobs has alleged conversion of his property by DOT. Jacobs has alleged a property interest in his system (such as a right to exclusive use, or his right to licensing fees for use by others) and that the DOT used Jacobs' property without his consent and without payment. As the United States Supreme Court has noted, with regard to trade secrets:

The right to exclude others is generally one of the most essential sticks in the bundle of rights that are commonly characterized as property. With respect to a trade secret, the right to exclude others is central to the very definition of the property interest.

Ruckelshaus v. Monsanto Co., 467 U.S. 986, 1011, 104 S.Ct. 2862 (1984). [Emphasis added]

(IB 10) Similarly, Jacobs refers to its takings claim and argues:

Jacobs alleged a property interest in the system (such as a right to exclusive use or payment for use by others) and that DOT took his property for public use. [Emphasis added]

(IB 11)

Jacobs' definition of its property interest in terms of the right to exclude and the right to be compensated for the use of its invention leaves no doubt that its claims are predicated upon, and seek damages for, the alleged infringement of a valid patent. The right to exclude others and the right to compensation for use find their genesis in the monopoly granted under the patent laws of the United States. Miracle Boot Puller Co. Ltd. v. Plastray Corp., 269 N.W.2d 496, 498 (Mich. App. 1978).

In Miracle Boot Puller Co., the court was confronted with the issue facing this Court--whether the state court had jurisdiction over a claim for conversion of patent rights. The court found that the conversion claim arose under federal patent law and that the state court had no jurisdiction to consider it. Particularly apposite to the disposition of the instant case is the reasoning used by the Michigan court to reach that result. The court opined:

Looking squarely at the question, we are convinced that the state court has no jurisdiction to resolve this dispute. While it is clear that the state is empowered to hear and resolve "conversion" claims, it is equally clear that this does not resolve the issue before us. Providing for exclusive Federal jurisdiction, as Congress has for patent infringement suits [28 U.S.C. {Section} 1338(a)], would be a meaningless exercise if a complaint were not, on its face, one for which there would otherwise be concurrent state jurisdiction. The very function of the exclusive Federal jurisdiction statute is to oust any concurrent state jurisdiction. Therefore, our starting point must be whether this suit was one "arising under" the patent law, for which exclusive jurisdiction is vested in the Federal courts.

In 60 Am.Jur.2d, Patents, [Section] 4, p. 335, it is stated:

"An inventor has no common-law right to a monopoly of his invention. He has the right to make, use, and vend his own invention, but if he voluntarily discloses it, such as by offering it for sale, the world is free to copy and use it with impunity. A patent, however, gives the inventor the right to exclude all others. As a patentee, he has the exclusive right of 'making, using, or selling the invention throughout the United States.' The right to 'make' within the meaning of the patent law embraces construction of the thing invented; the right to 'use' embraces within its meaning the right to put into service any given invention; and the right to 'sell' secures to the inventor the exclusive right to transfer the title for a consideration to others; in these exclusive rights to make, use, and sell, fairly construed, reside the extent of the patent monopoly under the statutes of the United States."

The conduct alleged in the count for "conversion of patent rights" was wrong only by virtue of the Federal patent law. Therefore, this claim was one "arising under" the patent law and the state court had no jurisdiction to consider it.

Id. at 269 N.W.2d 498.

No different result should obtain here. But for the property rights created by the patent laws and the alleged infringement of those rights by the Department, Jacobs would have no cause of action under either count of its Amended Complaint. Thus, the Second DCA properly concluded that the state courts have no subject matter jurisdiction of Jacobs' claims. Schachel v. Closet Concepts, Inc., supra. See also Pincus v. The Honorable James T. Carlisle, et al., 585 So.2d 1172 (Fla. 4th DCA 1991); Sparta Surf, Inc. v. Korda, 599 So.2d 242 (Fla. 4th DCA 1992).

Jacobs' reliance upon Bert Lane Company v. International Industries, 84 So.2d 5 (Fla. 1955), Key Pharmaceuticals, Inc. v. Robinson, 334 So.2d 137 (Fla. 3d DCA 1976), Koratron Company v. Deering Milliken, Inc., 418 F.2d 1314 (9th Cir. 1969), and Heath v. Zenkich, 437 N.E.2d 675 (Ill. App. 1982), as authority for a contrary outcome is misplaced.

Bert Lane Company and Key Pharmaceuticals applied the test set out in Schachel to determine whether the state courts had jurisdiction of a given claim. The fact that the end result of the courts' analyses differ from the end result reached by the Second DCA in this case does not establish that the Second DCA was in error. Rather, the divergent results flow from the consistent application of a well-settled rule of law to different factual

circumstances pled under different theories of recovery.

In Bert Lane Company, although a patented device was involved in the plaintiffs' claim, this Court found that state court jurisdiction was not ousted by 28 U.S.C. 1338(a) reasoning that:

In the instant case, plaintiffs alleged that their amusement device was patented, but they did not allege an infringement thereof by the defendants nor did they rely upon the patent laws as the basis of their suit. The gist of their complaint was that the defendants obtained, through a confidential relationship--that of employer and employee--knowledge of plaintiffs' secret designs, plans and prospective customers, and used that information to their own advantage and plaintiffs' detriment. It is well settled that an employee cannot lawfully use for his own advantage and to the harm of his employer confidential information which he has gained in the course of his employment....And the fact that the article may have been patented does not necessarily require a holding that the case is one "arising under" the patent laws.

Bert Lane Company v. International Industries, supra at 7-8.

Likewise, in Key Pharmaceuticals, the suit sought recovery of past due royalties payable pursuant to the terms of an agreement assigning an interest in a patented device and alleged fraud predicated upon the defendants having developed tools using the same concept as the patented device, having caused letters of patent to be issued, and having failed to pay royalties on the sale of the similar devices. Key Pharmaceuticals, Inc. v. Robinson, supra at 138. The action was grounded upon the breach of the terms of the assignment agreement and not a breach of rights created by the patent laws as the court found holding:

We conclude that this cause is within the

jurisdiction of the state court in that plaintiff pursuant to the terms of the assignment agreement with the defendants is seeking to enforce his right to past due payment of royalties and to determine whether or not the similar devices patented by the defendants would defeat his continuing right to royalties. These rights are conferred by state law and cannot be the basis for exclusive federal jurisdiction. [Emphasis added]

Id. at 139.

Along the same line, the court in Heath v Zenklich recognized that the suit in issue, unlike the case at bar, was not based upon a breach of a right created by the patent laws. Instead, the claim centered upon the question of ownership interest in two inventions. The court observed:

In the instant case, we view plaintiff's claim to be one for the determination of his rights which inure to him by virtue of his claimed inventorship and, accordingly, jurisdiction properly rests in the state courts....We note that plaintiff does not seek to void any patents which may issue, nor has plaintiff sought to enjoin defendants from utilizing the two inventions. Plaintiff is merely seeking a determination by the state courts of his ownership interests in the two inventions and we view this type of action to arise independent of federal patent law. [Emphasis added; citations omitted]

Heath v. Zenklich, supra at 678-679.

Finally, the federal circuit court's disposition of Koratron is not at odds with the Second DCA's action in this case. The issue before the Koratron court dealt with a patent holder's attempt to avoid the venue provisions of 28 U.S.C. 1400(b) by waiving its action for contributory infringement and proceeding under an interference with contract and prospective economic

advantage theory. Koratron Company v. Deering Milliken, Inc., supra at 1316. The court concluded that the interference claims did not arise under the patent laws and that the suit was not a patent infringement suit subject to the narrow venue provisions of 28 U.S.C. 1400(b). Id. at 1318. Significantly, the court noted that the phrase "civil action for patent infringement" appearing in the 1400(b) venue statute is not to be equated with the phrase "civil action arising under any Act of Congress relating to patents" which is found in the preemption provisions of 28 U.S.C. 1338(a) at issue here. Id. at 1318 n. 4.

In sum, Jacobs' assertion that the state courts have subject matter jurisdiction of its claims is not supported by Jacobs' authority. Instead, the cases recognized that 28 U.S.C. 1338(a) will not operate to divest state courts of subject matter jurisdiction of a state law claim where issues involving the patent laws are ancillary to the claims.

B. By Virtue Of Having Obtained A
Patent For The System, Jacobs
Surrendered Any Protectable Interest
In The Nature Of A Trade Secret Or
Intangible Property Right.

Jacobs next attempts to avoid the operation of 28 U.S.C. 1338(a) by arguing that under Florida law its property interest is "a trade secret or an intangible property right" which in turn amounts to a protectable interest in the system. (IB 12) Jacobs is mistaken.

The fact that Jacobs' system is patented defeats any claim

that Jacobs has a protectable trade secret or other "intangible property right". Both the Uniform Trade Secrets Act, Section 688.002(4), Florida Statutes, and Section 812.081, Florida Statutes, which deals with the theft of trade secrets, require that the system, process or the like be in fact secret. By virtue of having obtained a patent Jacobs publicly disclosed the particulars of his system. In essence, Jacobs gave up whatever protection may have existed for its trade secret or intangible property interest under state law in return for the monopoly granted under the federal patent laws. Speaking to this point, a Missouri appellate court held:

Inasmuch as the first essential element of such a cause of action is the existence of a trade secret, the courts have generally held that a disclosure of the trade secret, by legitimate discovery by a competitor or voluntarily by the original discoverer, will defeat liability....The discoverer may voluntarily disclose his trade secrets by offering his product for sale, for as said in the Restatement, Torts, Sec. 757, Comment b: "* * * Matters which are completely disclosed by the goods which one markets cannot be his secret. * * *" And while an application to patent a discovery is not of itself a general disclosure, and hence a release of the obligation of a confidential disclosee, Sandlin v. Johnson, 8 Cir., 141 F.2d 660, 661, it was said in that case that "* * * If a discovery is one which constitutes invention and for which a patent is issued, the right of further secrecy is, of course, lost, for a legal disclosure and public dedication have then been made, with a right of limited and temporary monopoly granted as the reward...." [Emphasis added; citations omitted]

Reddi-Wip, Inc. v. Lemay Valve Company, 354 S.W.2d 913, 917 (Mo. App. 1962). See also G & G Fishing Tools Service v. K & G Oil Tool

& Serv. Co., 305 S.W.2d 637, 642 (Texas App. 1957) (A process that is a secret cannot be one that is patented; because full disclosure, so that the public may know how to use it when the patent expires, is the consideration for the monopoly given the patentee for a limited time).

Put simply, Jacobs does not have a protectable property interest independent of the rights or interests created by operation of the federal patent laws.

C. The Federal Decisions Relied Upon By Jacobs Do Not Stand For The Proposition That The State Courts Can Properly Exercise Subject Matter Jurisdiction Of Jacobs' Claims.

Jacobs suggests that the federal courts which have considered the impact of the Eleventh Amendment on claims which must be asserted in federal courts have consistently noted that a state's sovereign immunity from suit in federal court does not foreclose suits in state court alleging state law causes of action. (IB 14-15) While this may be an accurate statement insofar as a state may have waived immunity from suit in state court on state law claims, it does not mean that claims arising under the patent laws may be brought in state court in derogation of the preemption provisions of 28 U.S.C. 1338(a). For example, in Welch v. Dept. of Highways & Public Transp., 483 U.S. 468, 107 S.Ct. 2941, 97 L.Ed.2d 389 (1987), the Court concluded that the Eleventh Amendment barred a citizen's suit against Texas in federal court under the Jones Act. Although the court noted that the citizen could file a workmen's

compensation action against the state under the Texas Tort Claims Act, it did not hold that the citizen could bring a Jones Act Claim in state court. Id. at 97 L.Ed.2d 406.

Jacobs also reads dicta in the Federal Circuit's decision in Jacobs Wind Elect. v. Florida Dept. of Transp., supra, as holding that "Jacobs' claims should be brought in state court." (IB 15)
The court said:

In any event, Jacobs' contentions that it is left without any remedy in Florida and that a Florida court cannot pass on the validity of a patent are simply wrong. As counsel for the state points out, Jacobs could have sought relief in the Florida Legislature through a claims bill, but chose instead to file a patent infringement suit in U.S. district court. See Fla.Stat. Ann. [Section] 11.065 (West 1988). Jacobs also may assert a "takings" claim against the state under the Fifth and Fourteenth Amendments. See Chew, 893 F.2d at 336, 13 USPQ2d at 1397; Ruckelshaus v. Monsanto, 467 U.S. 986, 104 S.Ct. 2862, 81 L.Ed.2d 815 (1984) (Fifth Amendment "taking" claim asserted against U.S. for alleged disclosure of trade secrets.) Further, although a state court is without power to invalidate an issued patent, there is no limitation on the ability of a state court to decide the question of validity when properly raised in a state court proceeding. See Lear v. Adkins, 395 U.S. 653, 89 S.Ct. 1902, 23 L.Ed.2d 610 (1969) (defense of patent invalidity raised in California court breach of contract action); Intermedics Infusaid, Inc. v. Regents of Univ. of Minnesota, 804 F.2d 129, 132-33, 231 USPQ 653, 656 (Fed. Cir. 1986). [Footnote omitted]

Id. at 919 F.2d 728.

Contrary to Jacobs' interpretation, the foregoing language does not direct Jacobs to take its infringement claims to state court. Nor is it a mandate to the state courts to entertain

Jacobs' infringement claims. Rather, the court noted that Jacobs had a remedy in Florida by way of a claims bill and that a takings claim might be available to Jacobs under the Fifth and Fourteenth Amendments to the U.S. Constitution. The court also indicated that a state court can decide the question of patent validity when properly raised in a state court proceeding, such as a breach of contract action based upon a licensing agreement where the invalidity of the patent is raised as a defense to the non-payment of royalties. This principle is recognized and applied by Florida courts. See Schachel v. Closet Concepts, Inc., supra at 488 ("...if the suit is founded on some right falling outside the ambit of the patent laws, then the state court has jurisdiction, even if during the course of the suit the court is called upon to determine questions involving the patent laws.").

Jacobs looks to the U.S. Supreme Court's decision in Lear v. Adkins, 395 U.S. 653, 89 S.Ct. 1902, 23 L.Ed.2d 610 (1969), and states that the Federal Circuit relied upon Lear "in support of its conclusion that this matter could be resolved in state court." (IB 16) Like Welch and Jacobs Wind Elect., Lear does not indicate that a claim arising under the patent laws can be brought in state court. Lear did not address, or in any way involve an issue of patent infringement. The case centered upon, and struck down, the principle of patent law that a licensee operating under a license agreement is estopped to deny the validity of his licensor's patent in a suit for royalties under the agreement.

Similarly, the Federal Circuit's decision in Chew v. State of

Cal., 893 F.2d 331 (Fed. Cir. 1990), contains no holding that a claim arising under the patent laws can be brought in state court. While, as Jacobs point out, the court did note that its decision upholding California's Eleventh Amendment immunity from suit in federal court for patent infringement foreclosed one avenue of recourse, the court specifically stated that "[w]hether Chew, had she filed suit in state court, was entitled to a remedy under state law is a question not before us." Id. at 336.

So, contrary to Jacobs' contention (IB 17), Welch, Jacobs Wind Elect., Lear, and Chew do not "clearly demonstrate that the Florida Courts have jurisdiction over Jacobs' claims." Also, contrary to another assertion, additional support for Jacobs' position may not be found in the cited copyright cases of Lane v. First Nat. Bank of Boston, 871 F.2d 166 (1st Cir. 1989) and Korman v. Iglesias, 736 F.Supp. 261 (S.D. Fla. 1990). (IB 17-18)

The Lane court did recognize that although the plaintiff's copyright infringement claim was barred by Eleventh Amendment immunity, other state and federal remedies might be available. Id. at 871 F.2d 174. However, the Lane decision did not indicate that preemption would not prohibit bringing a claim in state court predicated upon rights equivalent to those created and protected by the patent laws as Jacobs has done here. In fact the opinion supports the opposite view. The court stated that "[u]nless and until Congress amends the Copyright Act to remove the States' immunity, the Commonwealth cannot be sued for infringement damages in federal court--or anywhere, for that matter." Id.

Korman is equally lacking in support for Jacobs' position. There, the court concluded that a claim for civil theft brought by one co-author of a song to recover royalties from the other co-author was not preempted by the federal Copyright Act of 1976, 17 U.S.C. 101 et seq. The basis for the ruling was the absence of any provision in the Copyright Act for remedies between co-authors. Id. at 265. As a result, the Florida civil theft statute did not equate to the rights protected by the Copyright Act and was not subject to preemption pursuant to the exemption set out in 17 U.S.C. 301(b). Id. Succinctly stated, if the Copyright Act did not provide for remedies between co-authors, then how can it be said that such a remedy arises under the Copyright Act? Korman simply recognizes a corollary of the Second DCA's holding--if a claim does not arise under the patent or copyright laws it is not preempted.

As a final point, the Department notes that Jacobs argues that the Second DCA "mistakenly 'distinguished' these cases as 'license dispute cases' which 'did not require . . . a determination of the validity of the patent.'" (IB 18) While it is not clear just which cases Jacobs is referring to, the Second DCA did state:

Jacobs argues that they have already filed suit in federal court against the Department alleging infringement of the patent and that that case was dismissed as barred by the Eleventh Amendment. Jacobs Wind Electric Company, Inc. v. Florida Department of Transportation, 919 F.2d 726 (Fed. Cir. 1990). They argue that the federal court of appeals in its opinion in that case authorized the filing of this state court action. While we are sympathetic to Jacobs' position, we cannot agree. We distinguish the basis for the dicta

contained in the federal court opinion indicating that the Florida state courts have jurisdiction to determine the validity of the patent involved. The cases so cited were license dispute cases, and, while involving related patent issues, did not require as did Schachel and as does this case, a determination of the validity of the patent.

State of Florida, Department of Transportation v. Honorable J. Rogers Padgett, supra at 17 F.L.W. D1679. (A 50)

Review of Jacobs Wind Elect. reveals that the cases the Second DCA referred to were Lear v. Adkins, supra, and Intermedics Infusaidd v. Regents of Univ. of Minn., 804 F.2d 129 (Fed. Cir. 1986). Jacobs Wind Elect., supra at 919 F.2d 728. Both Lear and Infusaidd recognized that state courts could deal with questions of patent validity as an ancillary matter in suits in state court arising from licensing agreements. So facially, it appears that Second DCA's distinction is erroneous. However, those cases are in fact distinguishable because they neither hold nor indicate that claims founded on patent infringement, like Jacobs' claims here, may be brought in state court.

Moreover, since the lower court concluded there was no subject matter jurisdiction because Jacobs' claims were based on allegations of patent infringement, Padgett at 17 F.L.W. D1678 (A 49), and since Schachel was found to involve nothing other than a claim for infringement of patent rights, Schachel at 405 So.2d 488, it is entirely plausible that a scrivener's error produced the phrase "determination of the validity of the patent" rather than "determination of the infringement of the patent." In any event, the possibility that the lower court relied upon an inaccurate

distinction of otherwise distinguishable cases does not militate against affirmance of the cause.

D. The Operation Of The Department's Eleventh Amendment Immunity Does Not Give Rise To A Viable Distinction Of Schachel v. Closet Concepts, Inc., .

The crux of Jacobs' attempt to distinguish Schachel from the instant case lies in its reliance upon Korman v. Iglesias, supra, for the proposition that its claims are not preempted because there is no equivalence between its patent claim and the action filed below. Jacobs attributes the lack of equivalence to the absence of a cause of action for infringement against the Department in federal court as a result of the Department's Eleventh Amendment immunity. (IB 19-21) Jacobs then argues that "[t]he important distinction between this case and the Schachel case is that Jacobs has no federal cause of action and no remedy in federal court." (IB 20) Jacobs' purported distinction is based upon a fallacious premise.

As noted earlier, Korman involved, inter alia, a claim for civil theft brought by one co-author of a song to recover royalties from the other co-author. Id. at 736 F.Supp. 264-265. The defendant moved to dismiss the civil theft and other counts on a number of grounds including preemption by the federal Copyright Act of 1976. Id. at 263. The court found that the civil theft count was not preempted for two reasons.

First, the court concluded that it could not assume that the

additional element of scienter in a civil theft cause, which is not present in a civil infringement cause under the Copyright Act, could not constitute an additional element that would preclude preemption. Id. at 265. Second, the court noted that a co-author cannot bring an infringement claim against another co-author under the Copyright Act's civil infringement provisions. Id. Regarding this second point, the court opined that:

While Congress intended to preempt the field of state law where the Copyright Act applies, the Copyright Act neglected to provide for remedies between co-authors. The Copyright Act makes specific reference to co-authors, 17 U.S.C. [Sections] 101, 201(a), but the Act does not mention them in Chapter 5, "Copyright Infringement and Remedies," as co-authors cannot infringe. Neither does the Act include accounting or any other device as a remedy between co-authors; courts have had to append such a remedy through the use of equitable doctrines....[Citations omitted] The District of Columbia, Second, and Ninth Circuits have held and Congress must have intended that co-authors may claim for an accounting or otherwise proceed under common law principles since the Copyright Act makes no mention of how co-authors should enforce their rights to royalties as against each other. In sum, the Copyright Act does not preempt plaintiff's claim for civil theft as Florida's civil theft statute does not equate to the rights protected in the Copyright Act.

Id.

Unlike the co-author in Korman, Jacobs was not, by operation of the patent laws, deprived of a cause of action. Rather, the claim was barred by operation of the Department's Eleventh Amendment immunity. In other words, the Korman plaintiff had no cause of action under the Copyright Act but, Jacobs had a cause of

action under the patent laws that was ultimately barred by what amounts to an affirmative defense.

Moreover, unlike the situation in Korman, the bar in this case is not absolute. A state may waive its Eleventh Amendment immunity to suit. Thus, the Department's Eleventh Amendment immunity does not render the claims disparate in the sense that there is no federal cause of action. Any different result would permit a party plaintiff suing either a governmental or private entity for patent infringement in federal court, to bring an infringement claim in state court after his federal claim had been dismissed on the basis of an affirmative defense, and argue that there is no preemption because the claims were not equivalent since the affirmative defense deprived the plaintiff of a federal cause of action.

E. Jacobs' Apparent Lack Of A Remedy On The Facts Of This Case Is A Matter Properly Within The Scope Of Congressional, Not Judicial, Action.

Jacobs' final assault upon the lower court's decision comes in the guise of a fundamental fairness line of argument. (IB 21-22) Essentially, Jacobs contends that if the Florida courts do not have jurisdiction of its claims, then Jacobs has no remedy for what it perceives as wrongful conduct on the part of the Department--a circumstance Jacobs suggests is contrary to the protection Florida law affords its citizens. (IB 22) While Jacobs' plight is indeed lamentable, it is neither a sound nor a compelling basis for an erroneous exercise of subject matter jurisdiction.

As the Lane court noted, concerns like these, "real though they may be, are more appropriate for congressional, rather than judicial, consideration." Lane v. First Nat. Bank of Boston, supra at 871 F.2d 173. Additionally, Justice Brennan, dissenting in Welch v. Dept. of Highways & Public Transp., supra, voiced similar concerns in stressing adherence to his belief that the action of the majority holding that the Eleventh Amendment barred a suit against a state in federal court under the Jones Act operated to protect the states from the consequences of their illegal conduct. Id. at 97 L.Ed.2d 426. Unmoved, Justice Powell reasoned:

The dissent's statement that sovereign immunity "protect[s] the States from the consequences of their illegal conduct" erroneously suggests that aggrieved individuals are left with no remedy for harmful state actions. Relief may be obtained through suits against state officials rather than the State itself, or through injunctive or other prospective remedies. Edelman v Jordan, 415 US 651, 39 L ed 2d 662, 94 S Ct 1347 (1974). Municipalities and other local government agencies may be sued under 42 USC [Section] 1983 [42 USCS {Sec.} 1983]. Monell v New York City Dept. of Social Services, 436 US 658, 56 L ed 2d 611, 98 S Ct 2018 (1978). In addition, the States may provide relief by waiving their immunity from suit in state court on state-law claims. That States are not liable in other circumstances is a consequence of their role in a system of dual sovereignties. [Footnote omitted; emphasis added]

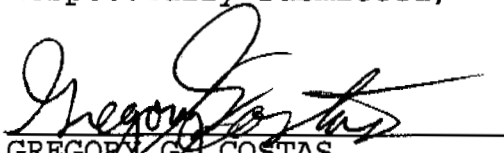
Id. at 97 L.Ed.2d 405-406.

CONCLUSION

The authority cited and argument advanced herein demonstrate that Jacobs has failed to come forward with any sound basis for reversal of the Second DCA's decision. Jacobs' claims, as pled in the Amended Complaint, were founded upon a breach of rights created by the patent laws. As a result, the state courts have no subject matter jurisdiction to entertain Jacobs' suit. The Second DCA, therefore, acted consistently with established legal principles in granting the Department's petition.

Accordingly, the certified question should be answered in the negative and the Second DCA's decision granting the Department's Petition for Writ of Prohibition should be affirmed.

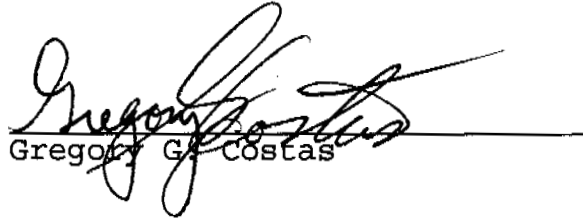
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served by U.S. Mail this 21st day of September, 1992 to NANCY J. FAGGIANELLI, ESQUIRE, Carlton, Fields, Ward, Emmanuel, Smith & Cutler, P.A., One Harbour Place, Post Office Box 3239, Tampa, Florida 33601.


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