SUPREME COURT OF FLORIDA

JACOBS WIND ELECTRIC CO., INC.:
and PAUL R. JACOBS,
:
Petitioners,
:
v. Case No. 80,247
:
FLORIDA DEPARTMENT OF
TRANSPORTATION, :
:
Respondent.
:
_____/

PETITIONERS' REPLY BRIEF

On Appeal From the District Court of Appeal,
Second District of Florida

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ARGUMENT

1. Jacobs' Claims Do Not Arise Under The Patent Laws.

In its Brief on the Merits, the Florida Department of Transportation ("DOT") recognizes that Korman v. Iglesias, 736 F.Supp. 261 (S.D. Fla. 1990), a case which is nearly on all fours with the instant case, stands for the proposition that: "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?" (Respondent's Brief at p. 24). Recognizing the obvious application of Korman to the facts here, the DOT unsuccessfully attempts to distinguish Korman on the grounds that the interaction of the Eleventh Amendment with the patent laws is somehow vastly different than the construction of the copyright laws in Korman. This argument totally misses the mark, as a review of the law leading to the decision in Jacobs Wind Electric v. Florida Dept. of Transportation, 919 F.2d 726 (Fed. Cir. 1990), makes clear.

In Atascadero State Hospital v. Scanlon, 473 U.S. 234, 105 S.Ct. 3142 (1985), the Supreme Court considered Congress' power to abrogate the states' immunity under the Eleventh Amendment. The Court adopted a more stringent test than had previously been employed, stating that "Congress must express its intention to abrogate the Eleventh Amendment in unmistakable language in the statute itself." 473 U.S. at 243, 105 S.Ct. at 3147. In Atascadero, the Court considered the Rehabilitation Act of 1973,

and held that the language providing for remedies against "any recipient of Federal assistance" was "not the kind of unequivocal statutory language sufficient to abrogate the Eleventh Amendment." 473 U.S. at 245-46, 105 S.Ct. at 3148-49.

Five years later, in 1990, the Federal Circuit Court of Appeals applied the Atascadero test to the patent laws, holding that language providing remedies against "whoever without authority makes, uses, or sells any patented invention" was not sufficient, under Atascadero, to abrogate the states' immunity. Chew v. State of California, 893 F.2d 331 (Fed. Cir. 1990), cert. denied, 111 S.Ct. 44 (1990). The Federal Circuit, in Jacobs held that the DOT was immune from suit under the patent laws, as set forth in Chew. Clearly, these cases demonstrate that, had Congress included references to the "states" in the patent laws, the states could be liable as infringers. As a result, the lack of a cause of action for patent infringement against the DOT rests in the language of the patent laws, which are silent as to remedies against the states. That is precisely the situation the plaintiff faced in Korman, because the copyright laws are silent as to remedies against co-authors.

Here, as in Korman, the federal statutes are silent as to remedies against a certain category of infringer so there is no federal pre-emption and Jacobs' causes of action -- like Korman's -- do not arise under the federal statutes. To paraphrase the DOT, "if the Patent Laws do not provide for remedies against

states, then how can it be said that such a remedy arises under the Patent Laws."

This fact is confirmed by the federal courts which have considered the impact of the Eleventh Amendment on claims against states under various federal statutes. (See Jacobs' Brief pp. 14-19). These courts uniformly express the opinion that the plaintiff may file state law claims, such as those alleged here, notwithstanding the states' immunity from claims in federal court. See Welch v. Texas Dept. of Highways & Public Transp., 483 U.S. 468, 107 S.Ct. 2941 (1987); Jacobs Wind Electric Co. v. Florida Department of Transportation, 919 F.2d 726 (Fed. Cir. 1990); Chew v. State of California, 893 F.2d 331 (Fed. Cir. 1990), cert. denied, 111 S.Ct. 44 (1990); Lane v. First National Bank of Boston, 871 F.2d 166 (1st Cir. 1989).

2. Fundamental Fairness And the Constitutional Guaranty of Due Process Mandate Reversal of the Second District.

A brief review of the facts here demonstrates that equitable and constitutional considerations mandate a finding of subject matter jurisdiction. Jacobs invented the system and in the early 1970's had to determine how best to protect his property interest in it. At that time, it could not be seriously argued that the states were immune from suit under the patent laws. As a result, Jacobs acted reasonably in applying for and receiving a patent in 1973. In 1982, following years of studying the system, the DOT installed a copy of Jacobs' system on the Courtney Campbell Causeway. At that time, Atascadero had not been decided and

there was no reason to believe that a state could infringe a patent with impunity. The Federal Circuit did not decide Chew until 1990, eight years later.

On appeal here, the DOT claims that it is immune from suit under the patent laws and that Jacobs has no protectable property interest under state law solely because he patented his system. The DOT argues that Jacobs made his invention public (and thereby lost his trade secret or other property interest) when he patented the system in exchange for the monopoly granted by the patent laws.

This argument should be rejected for several reasons. The DOT first raised the argument that Jacobs has no property interest because he made his system public in a Motion to Strike or to Dismiss Amended Complaint. That motion was denied by the trial court on September 19, 1991. That order is not on review here. The trial court's subsequent Order on the DOT's Motion to Dismiss for Lack of Subject Matter Jurisdiction was the subject of the DOT's Petition for Writ of Prohibition to the Second District. Before the Second District, the DOT did not raise the issue of whether the patenting of the system destroyed Jacobs' property rights in the system. Accordingly, that issue is not properly before this Court. But, even if the issue was on appeal, the DOT's argument should be rejected.

Contrary to the DOT's argument, Florida law requires only that a trade secret owner "make efforts that are reasonable under the circumstances to maintain its secrecy." Fla. Stat.

§ 688.002(4).[1] The DOT asks this Court to rule that the process of patenting an invention, in and of itself, removes any trade secret protection and any protectable property interest from the system. There is no authority for this position and it is inconsistent with Florida law, which expressly requires a determination of the reasonableness of the owner's efforts to maintain secrecy.[2]

Although Jacobs has not had an opportunity to offer evidence to any court concerning this (or any other) issue in this case, Jacobs has alleged sufficient facts to establish reasonable efforts to maintain the system's secrecy, as determined by the trial court in its Order of September 19, 1991. As alleged in the Amended Complaint, Jacobs received a patent on his system in 1973. At that time, it was reasonable to believe that Jacobs had a monopoly on the use of the system and that he was free to try and solicit customers to use the system. Jacobs did so.

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[1] As noted in Jacobs' Brief, this statute is not applicable to Jacobs' claims because the statute was not in effect until 1988 and it specifically does not apply to misappropriation which began prior to its effective date. However, the statute codifies common law on the subject. (See Jacobs Brief, pp. 12-13).

[2] The DOT relies solely on two thirty-year old cases from other states which do not involve facts even remotely similar to the facts alleged here. Reddi-Wip Inc. v. Lemay Valve Co., 354 S.W.2d 913 (Tex. Ct. App. 1962); G&G Fishing Tools Service v. K&G Tool & Service Co., 305 S.W.2d 637 (Tex. Ct. App. 1957). These cases stand only for the general proposition that an inventor of a patented device who has a remedy under the patent laws must seek that remedy rather than state law claims. This general proposition does not apply here because Jacobs has no remedy under the patent laws.

The acts of patenting and promoting the system did not, as a matter of law, destroy Jacobs' property rights in the system. In Korman, for example, the plaintiff copyrighted a song which Korman and her co-author, Iglesias, made available to the public and Iglesias recorded. Notwithstanding these actions, Korman maintained a property interest in the song which was protected by Florida law. Similarly, in CBS, Inc. v. Garrod, 622 F.Supp. 532 (M.D. Fla. 1985), affirmed, 803 F.2d 1183 (11th Cir. 1986), the plaintiff had a property interest in sound recordings under Florida law even though the recordings themselves had been made public and sold. These cases clearly indicate that the mere act of copyrighting or patenting an article and selling copies of it do not, as a matter of law, destroy the owner's property rights. At the very least, Jacobs is entitled to conduct discovery and offer evidence to establish facts supporting the reasonableness of his actions.

Jacobs complied in every way with the legal requirements necessary to patent the system and maintain his property interest in the system. The DOT used the system without Jacobs' permission and refused to pay Jacobs. As set forth in the Amended Complaint, the use of Jacobs' system obviated the need for a 300 foot bridge, saved the DOT a substantial amount of money, and improved the water quality in Tampa Bay. Now, the DOT suggests that Jacobs has no remedy except the filing of a claims bill with the Florida Legislature. But, one must ask, if Korman can sue Iglesias and CBS can sue Garrod on state law claims, why

can't Jacobs sue the DOT for a state law claim of conversion under the state's waiver of sovereign immunity for tort claims and for an unconstitutional taking under the Florida Constitution? If, as the DOT contends, Jacobs does not have any justiciable remedy, Jacobs will be denied his constitutional guaranty of due process.

CONCLUSION

Because the patent laws do not provide for a remedy where a state is the infringer, Jacobs' claims do not arise under the patent laws and he is free to pursue state law claims in state court. The mere fact that Jacobs patented his system does not establish, as a matter of law, that Jacobs did not use reasonable efforts to maintain the system's secrecy or that Jacobs has no protected property interest in the system. At the very least, the facts surrounding the patenting and publication of the system must be presented to a trier of fact to determine whether Jacobs acted reasonably.

For the foregoing reasons, the opinion of the Second District Court of Appeal should be reversed.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail to Gregory G. Costas, Assistant General Counsel, Florida Department of Transportation, 605 Suwannee Street, Haydon Burns Building, MS-58, Tallahassee, Florida 32399-0458, this 13th day of October, 1992.

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