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Preserving the Public Trust in State-Owned Intellectual Property: A Recommendation for Legislative Action

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Preserving the Public Trust in State-Owned Intellectual Property: A Recommendation for Legislative Action

Sharon K. Sandeen*

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I. INTRODUCTION

The recent decisions in *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank*,¹ *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board*,² and *Chavez v. Arte Publico Press*³ focused attention on the issue of whether states can be sued in federal court for infringing the intellectual property rights of others.⁴ States which had been sued for intellectual property infringement undoubtedly breathed a sigh of relief when the Supreme Court held that principles of sovereign immunity prevented Congress from subjecting states to suit in federal court for patent, copyright, and trademark infringement in the absence of a finding that the states provided inadequate remedies for such claims.⁵

While *Florida Prepaid*, *College Savings Bank* and *Chavez* focused attention on the subject of the use of intellectual property rights by states, little attention has been paid by states to their own intellectual property rights. Not only are states generally remiss in adopting policies to govern their intellectual property, but the relatively few statutes that exist on the subject often reflect fundamental misunderstandings about intellectual property law. By and large, existing laws tend to focus on securing state-owned intellectual property rights with little consideration of how state-owned intellectual property can be used to enhance the public good.⁶ For instance, in contrast to federal law, very few states have laws that dedicate state-owned works of authorship to the public domain or mandate that the results of state research be made available to the public.

Whether a state chooses to dedicate its intellectual property to the public domain or derive revenue from the licensing of its rights, absent express authority on the subject there is uncertainty. State employees who are aware of the existence of state-owned intellectual property are not certain how it should be managed or if they are authorized to expend state resources to pursue infringement claims. Individuals and entities who wish to use state-owned intellectual property do not know how to obtain permission for such use and without permission they cannot be certain that they will not be sued for infringement. Without clear legislative directives, there is

1. 527 U.S. 627 (1999).

2. 527 U.S. 666 (1999).

3. 157 F.3d 282 (5th Cir. 1998).

4. For an overview of the impact of these decisions on state infringement of federal intellectual property rights, see Peter S. Menell, *Economic Implications of State Sovereign Immunity from Infringement of Federal Intellectual Property Rights*, 33 LOY. L.A. L. REV. 1399 (2000).

5. *Florida Prepaid*, 527 U.S. at 643.

6. Analogizing to the public trust doctrine that recognizes the public's interest in navigational waterways and tidelands, states arguably hold their intellectual property in trust for the public good and should act to secure and share those rights. For a history of the public trust doctrine, see Jan S. Stevens, *The Public Trust: A Sovereign's Ancient Prerogative Becomes the People's Environmental Rights*, 14 U.C. DAVIS L. REV. 195 (1980); Joseph L. Sax, *The Public Trust Doctrine in National Resource Law: Effective Judicial Intervention*, 68 MICH. L. REV. 471 (1970).

the risk that individual departments, agencies and employees may develop policies that are inconsistent with public policy and that do not comply with the rulemaking procedures of administrative law.

The absence of a comprehensive set of laws to address the extent to which a state wishes to protect and exploit its intellectual property rights or dedicate all or some of those rights to the public domain also represents a lost opportunity. Like the federal government, states have the ability to encourage and promote further innovation in the arts and sciences through the proper management and sharing of their own intellectual property. By identifying state-owned and funded inventions and dedicating some or all of those rights to the public domain, states can add to the body of knowledge that serves as the basis for future discoveries and creations. By claiming ownership of works of authorship written or developed by state employees and contractors and then freely disseminating such works, states can enhance the public's understanding of the workings of government. Finally, by asserting trademark protection in the symbols of government and enforcing such rights when necessary, states can help prevent their citizens from being confused about the source of services.

In an effort to assist states to develop a comprehensive policy for the management of their intellectual property rights, this Article begins with an overview of the four major intellectual property protection schemes, including a discussion of the practical problems that states face to secure protection under each body of law. It next discusses some of the policy and procedural issues that states must address in deciding whether and to what extent they should protect and exploit their intellectual property rights. Third, this Article examines the laws of various states in an effort to identify statutes that are potential models for legislation. This Article concludes with a proposed set of statutory provisions to govern the management of state-owned intellectual property. The premise of the legislation is that free dissemination of state-owned intellectual property should be the rule and any restrictions on the public's use of such rights should be the exception.⁷

II. OVERVIEW OF INTELLECTUAL PROPERTY LAW

A. *Basics of Patent Law*

Patent law in the United States is governed exclusively by federal statute.⁸ Section 101 of the Patent Act provides that “[w]hoever invents or discovers any new

7. This rule is consistent with the statements of Justice Brandeis in his dissent in *International News Service v. Associated Press*, 248 U.S. 215, 250 (1918):

The general rule of law is, that the noblest of human productions—knowledge, truths ascertained, conceptions, and ideas—became, after voluntary communication to others, free as the air to common use. Upon these incorporeal productions the attribute of property is continued after such communication only in certain classes of cases where public policy has seemed to demand it.

8. 35 U.S.C.A. §§ 1-376 (West 1997 & Supp. 2000).

and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor”⁹ This type of patent is what is commonly referred to as a “utility patent” and is the type of patent that most people think of when they think of patent protection.

In addition to utility patents, U.S. patent law also provides protection for qualifying designs¹⁰ and plant patents.¹¹ Section 171 of the Patent Act provides: “[w]hoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor”¹² Section 161 provides: “[w]hoever invents or discovers and asexually reproduces any distinct and new variety of plant, including cultivated sports, mutants, hybrids, and newly found seedlings may obtain a patent therefor”¹³

No provision of U.S. patent law precludes states from applying for or owning patent rights. In fact, the Patent Act recognizes that the U.S. Government itself may develop, be assigned, and own patented inventions.¹⁴ A review of patent records reveals that many governmental entities, particularly state institutions of higher learning, own patent rights.¹⁵ Pursuant to the Bayh-Dole Act, state entities that receive federal research dollars are not only allowed to pursue patent protection for any resulting inventions, but are required to do so as a condition of electing to retain title in such inventions.¹⁶

The main impediment to protection of state-owned patent rights is a practical one. Unlike rights premised on trademark or copyright law, discussed *infra*, patent rights do not come into existence unless a patent application is timely filed and successfully prosecuted. This means that states must have procedures in place to require specified employees and contractors to disclose potentially patentable inventions.¹⁷ It also means that states must be prepared to pay the legal costs and fees of patent prosecution for those discoveries that are deemed worthy of such efforts.

If issued, and subject to the timely payment of required maintenance fees, utility and plant patents last for a term beginning on the date on which the patent issues and ending twenty years from the date on which the application for the patent was filed in the United States.¹⁸ Design patents last for a period of fourteen years from the

9. *Id.* § 101 (West 1984).

10. *Id.* § 171 (West 1984).

11. *Id.* § 161 (West 1984).

12. *Id.* § 171.

13. *Id.* § 161.

14. *See generally id.* §§ 200-212 (West 1984 & Supp. 2000).

15. Records of U.S. patents dating back to 1790 can be found on-line at <http://www.uspto.gov/patft/index.html>.

16. 35 U.S.C.A. § 202(c)(3) (West 1984 & Supp. 2000).

17. In general, utility and plant patent protection is only provided for those inventions which are new, useful, and non-obvious. *Id.* §§ 101-103 (West 1984 & Supp. 2000). Similarly, design patent protection is only provided for new and original ornamental designs. *Id.* § 171.

18. *Id.* § 154(a)(2) (West 1984).

date of grant.¹⁹ Under U.S. law, all patent applications must be filed within one year of public use or sale of the invention.²⁰

All patents must be prosecuted in the name of the inventor or, if the invention is the product of joint inventorship, in the names of the inventors.²¹ However, “inventorship” does not necessarily equate with “ownership.” Patents may be granted to the assignee of the inventor of record “upon the application made and specification sworn to by the inventor”²² For this reason, it is generally recommended that employers enter into written agreements with certain employees and contractors whereby the rights in any inventions made by them are expressly assigned to their employers.²³ Absent such an agreement, applicable case law generally holds that ownership of an invention made by an employee who was hired to invent belongs to his employer.²⁴

B. Basics of Trademark Law

Trademark rights in the United States are governed by federal statutes, state statutes, and common law.²⁵ Trademark laws are seen as a benefit to consumers because the use of trademarks is said to lower the costs associated with shopping for goods and services.²⁶ Trademarks also serve the useful purpose of encouraging the production of quality products and reducing consumer confusion by helping trademark owners to distinguish their goods and services.²⁷

Since distinctive words and symbols are frequently used to identify governmental entities, there is no reason why states should not be allowed to enjoy the benefits of trademark laws. Indeed, states have a strong public policy interest in preventing private individuals and companies from using marks that improperly suggest a connection with a governmental entity.²⁸

19. *Id.* § 173 (West 1984 & Supp. 2000).

20. *Id.* § 102(b) (West 1984 & Supp. 2000).

21. *Id.* §§ 101, 115-116 (West 1984 & Supp. 2000).

22. *Id.* § 152 (West 1984).

23. *See, e.g.*, The University of California’s Patent Policy that requires all employees to execute agreements assigning their inventions to the University (effective October 1, 1997), at http://www.ucop.edu/ott/patent_policy/patentpo.html. *See also* CAL. LABOR CODE § 2870 (West 1989 & Supp 2001) (limiting the scope of invention assignment agreements under California law).

24. *See, e.g.*, *Standard Parts Co. v. Peck*, 264 U.S. 52, 59-60 (1923).

25. *See generally* 1 THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION ch. 5 (4th ed. 1996 & Supp. 2000).

26. *Id.* ch. 2.

27. *Id.*

28. This policy is often reflected in state unfair competition laws:

It is unlawful for any person . . . that is a nongovernmental entity to solicit information, or to solicit the purchase of or payment for a product or services, . . . by means of a mailing that contains a seal, insignia, trade or brand name, . . . that reasonably could be interpreted or construed as implying any state or local government connection. . . .

CAL. BUS. & PROF. CODE § 17533.6 (West Supp. 2001)

In contrast to the laws of many other countries that base trademark rights on registration, trademark rights in the United States are established through the use of a trademark,²⁹ service mark,³⁰ collective mark,³¹ or certification mark³² (collectively referred to hereinafter as “trademarks”). Registering a trademark with the U.S. Patent and Trademark Office (PTO) is not necessary to acquire trademark rights.³³ Rather, assuming that the adoption of a mark does not infringe the existing rights of another, trademark rights attach automatically when a trademark is affixed to goods or services and is used in connection with the offering for sale of such goods or services.³⁴

Any characteristic of a good or service, be it a “word, name, symbol, or device, or any combination thereof,” if capable of distinguishing one’s mark from those used by another, can qualify for protection as a trademark.³⁵ In addition to the names of goods or services, design marks,³⁶ the shape of goods,³⁷ the trade dress of packaging,³⁸ the design of buildings,³⁹ the color of goods,⁴⁰ the sound of products,⁴¹ and the smell of products⁴² have all been granted trademark protection under U.S. law.

29. Under federal law, a “trademark” is defined as:

any word, name, symbol, or device, or any combination thereof (1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

15 U.S.C.A. § 1127 (West 1997 & Supp. 2000).

30. Under federal law, a “service mark” is defined as:

any word, name, symbol, or device, or any combination thereof (1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown.

Id.

31. Under federal law, a “collective mark” is defined as: “a trademark or service mark (1) used by members of a cooperative, an association, or other collective group or organization, or (2) which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce.” *Id.*

32. Under federal law, a “certification mark” is defined as:

any word, name, symbol, or device, or any combination thereof (1) used by a person other than its owner, or (2) which its owner has a bona fide intention to permit a person other than the owner to use in commerce . . . to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person, goods or services

Id.

33. MCCARTHY, *supra* note 25, ch. 16.

34. *Id.*

35. *Id.*, chs. 7, 8, 11.

36. *Id.* § 7.24

37. *Id.* § 7.62; *In re* Morton-Norwich, Inc., 671 F.2d 1332, 1335, 1336 (C.C.P.A. 1982).

38. MCCARTHY, *supra* note 25, ch. 8.

39. *Id.* § 7.100.

40. *Id.* § 7.39; *Qualitex Co. v. Jacobsen Prods. Co.*, 514 U.S. 159, 160-61 (1995).

41. MCCARTHY, *supra* note 25, at § 7.104.

42. *Id.* § 7.105; *In re* Clarke, 17 U.S.P.Q. 2d. 1238, 1239-40 (T.T.A.B. 1990).

Although registration of a trademark is not a prerequisite to trademark protection, it is recommended for a number of reasons. First, it provides evidentiary benefits in the event that litigation to enforce trademark rights is necessary.⁴³ Second, once registered with the PTO—in fact when an application to register is filed—the trademark is listed in databases that are searched by individuals and companies who are considering the adoption of new marks.⁴⁴ In this way, third parties who search these databases are put on actual notice of established trademarks. For individuals and companies who do not conduct trademark searches, registration of a mark with the PTO serves as constructive notice of the registered mark.⁴⁵

No provision of U.S. law prohibits states from owning or registering trademarks or from suing to enforce their trademark rights.⁴⁶ Similarly, most state statutes governing the registration of trademarks under state law do not preclude governmental entities from registering their marks.⁴⁷ However, under federal law and the laws of many states, trademark registration is prohibited for certain classes of marks. For instance, 15 U.S.C. § 1052(a) prohibits the registration of marks “which may disparage or falsely suggest a connection with . . . institutions, beliefs and national symbols” Subsection (b) of the same provision bars the registration of any mark that “[c]onsists of or comprises the flag or coat of arms or other insignia of the United States, or of any state or municipality” However, that provision has been interpreted narrowly such that it does not preclude registration of all government symbols.⁴⁸

C. Basics of Copyright Law

Like patent law, copyright law in the United States is governed exclusively by federal statute.⁴⁹ U.S. copyright law applies to “original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or

43. 15 U.S.C.A. § 1115(a) (West 1997 & Supp. 2000):

[A] mark registered on the principal register . . . shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration.

44. See, e.g., the trademark database of the U.S. Patent and Trademark Office, available at <http://www.uspto.gov/web/menu/tm.html>.

45. 15 U.S.C.A. § 1072 (West 1997).

46. *Id.* §§ 1051-1053 (West 1997 & Supp. 2000).

47. See, e.g., CAL. BUS. & PROF. CODE § 14204 (West 1987 & Supp. 2001) (defining “person” as any individual, firm, partnership, corporation, limited liability company, union, association, entity, or other organization).

48. 15 U.S.C.A. § 1052(b) (West 1997 & Supp. 2000); TRADEMARK MAN. EXAM. PROC. § 1204 (1993); MCCARTHY, *supra* note 25, § 19:76.

49. 17 U.S.C.A. § 101-914 (West 1996 & Supp. 2000).

with the aid of a machine or device.”⁵⁰ Works of authorship include literary works, musical works, dramatic works, pantomimes and choreographic works, pictorial, graphic and sculptural works, motion pictures and other audio visual works, sound recordings, and architectural works.⁵¹ The owner of copyrights has the exclusive right: (1) to reproduce the copyrighted work; (2) to prepare derivative works based upon the copyrighted work; (3) to distribute copies or phonorecords of the copyrighted work; (4) in the case of certain works, to perform the copyrighted work publicly; (5) in the case of certain works, to display the copyrighted work publicly; and (6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.⁵²

When the Copyright Act of 1976 became effective on January 1, 1978, U.S. copyright law moved from a system that required specific formalities to be met before copyrights came into existence to a system where copyright protection is automatic once a work of authorship is “fixed in tangible form.”⁵³ Pursuant to 17 U.S.C. § 101, a work is “fixed” in tangible form when its embodiment in a copy or phonorecord is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration. Thus, every time a government employee or contractor creates a work of authorship and fixes it in tangible form, a copyrighted work is created.

Pursuant to what is known as the “work made for hire doctrine,” the copyrights in works of authorship prepared by an employee within the scope of his or her employment are owned by the employer.⁵⁴ Ownership of the physical embodiment of the work—for instance, the paper or computer disk on which it is fixed, as opposed to the copyrights therein—is governed by state law.⁵⁵ If a copyrighted work is created by an independent contractor, the work made for hire doctrine provides that the copyrights in the work are owned by the independent contractor unless there

50. *Id.* § 102(a) (West 1995 & Supp. 2000).

51. *Id.*

52. *Id.* § 106 (West 1995 & Supp. 2000).

53. For works created and published before January 1, 1978, the principles of the 1909 Copyright Act may apply and thus, unless states had systems in place that provided for the timely registration of their copyrightable works, government works created and published before January 1, 1978 are likely to be in the public domain. *See* 17 U.S.C.A. § 301 (West 1995 & Supp. 2000).

54. *Id.* §§ 101, 201(b) (defining “work made for hire”).

55. 17 U.S.C. § 202 (West 1995):

Ownership of a copyright, or of any of the exclusive rights under a copyright, is distinct from ownership of any material object in which the work is embodied. Transfer of ownership of any material object, including the copy or phonorecord in which the work is first fixed, does not of itself convey any rights in the copyrighted work embodied in the object; nor, in the absence of an agreement, does transfer of ownership of a copyright or of any exclusive rights under a copyright convey property rights in any material object.

In California, Labor Code § 2860 provides that “[e]verything which an employee acquires by virtue of his employment, except the compensation which is due to him from his employer, belongs to the employer. . . .” CAL. LABOR CODE § 2860 (West 1989).

is a writing to the contrary.⁵⁶ The required writing can take two forms. If the work falls within one or more of nine categories of works specified in the Copyright Act, the form of the writing should be what is known as a “work made for hire agreement.”⁵⁷ If the work does not fall into one of the nine statutory categories, the form of the required written agreement is an assignment.⁵⁸

Since the United States joined the Berne Convention⁵⁹ effective March 1, 1989, copyright holders no longer risk losing their copyrights by failing to include a copyright notice on their published works,⁶⁰ i.e., the risk that copyrighted works will inadvertently enter the public domain has been eliminated. Now, if a copyright holder wishes to dedicate a work to the public domain, it must be done expressly. Absent such an express dedication, the copyrights in a work subsist for the life of the author plus seventy years after the author’s death.⁶¹ For anonymous works, pseudonymous works and works made for hire, “the copyright endures for a term of 95 years from the year of its first publication, or a term of 120 years from the year of its creation, whichever expires first.”⁶²

Under federal law, most works of authorship created by federal government employees are dedicated to the public domain. Section 105 of the Copyright Act provides:

Copyright protection under this title is not available for any work of the United States Government, but the United States Government is not precluded from receiving and holding copyrights transferred to it by assignment, bequest, or otherwise.⁶³

This provision is limited to U.S. Government publications and has no bearing on state-owned copyrights⁶⁴ or on works prepared under U.S. Government contract or

56. 17 U.S.C.A. §§ 101, 201(b).

57. *Id.* § 101.

58. *Id.* § 204(a) (West 1995) (“A transfer of copyright ownership, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner’s duly authorized agent.”).

59. Berne Convention for the Protection of Literary and Artistic Works of September 9, 1886, as revised at Paris on July 24, 1971 and amended on October 2, 1979.

60. 17 U.S.C.A. §§ 401-406 (West 1995 & Supp. 2000). Although a notice of copyright is no longer required, it is still recommended to put others on notice of the claim of ownership of copyrights and 17 U.S.C. sections 401(d) and 402(d) provide that a proper notice of copyright precludes a defendant in a copyright infringement claim from asserting a defense based on innocent infringement in mitigation of actual or statutory damages.

61. *Id.* § 302(a) (West 1995 & Supp. 2000). Note that the duration of copyrights may be shorter or longer for works created before January 1, 1978.

62. *Id.* § 302(c) (West 1995 & Supp. 2000).

63. *Id.* § 105 (West 1995).

64. As stated by William F. Patry in *LATMAN’S THE COPYRIGHT LAW*, at 54 (6th ed., 1986):

No mention of state or municipal copyright is made either in the 1976 Act or in the accompanying legislative reports. Works of state and municipal (as well as foreign) governments are thus outside the ambit of [17 U.S.C.] Section 105 and are copyrightable, subject to exceptions dictated by public policy

agreement.⁶⁵ The foregoing provision also does not apply to works of the U.S. Postal Service.⁶⁶ Compendium II of Copyright Office Practices, section 206.3 states: "Works (other than edicts of government) prepared by officers or employees of any government (except the U.S. government) including state, local, or foreign governments, are subject to registration if they are otherwise copyrightable."

Since no provision of U.S. copyright law precludes states from taking advantage of the copyright registration system,⁶⁷ states need simply choose to protect and enforce their copyrights as they see fit. Although under current law the registration of copyrights is optional,⁶⁸ it is recommended for several reasons. First, it serves as a convenient and public record of what a copyright holder claims as his copyrighted work and constitutes prima facie evidence of the validity of the copyright and the facts stated in the copyright certificate.⁶⁹ Second, copyright registration is a prerequisite to filing a copyright infringement claim.⁷⁰ Third, if an application to register a work with the copyright office is filed in a timely fashion, the copyright holder will be entitled to recover statutory damages in an infringement action.⁷¹

D. Basics of Trade Secret Law

Trade secret rights are a creature of both state statutory and common law.⁷² In most states,⁷³ trade secret rights are governed by the Uniform Trade Secrets Act (UTSA) which defines a trade secret as:

... information, including a formula, pattern, compilation, program, device, method, technique, or process, that: (1) derives independent economic value, actual or potential, from not being generally known to, and not being

with respect to such publications, such as statutes and judicial opinions.

The source of the "exceptions dictated by public policy" is not identified but presumably refers to case law which held that judicial opinions, statutes and regulations were not protected by copyright law. See Marvin J. Nordiff, *Copyrightability of Works of the Federal and State Governments Under the 1976 Act*, 24 ST. LOUIS U. L.J. 91, 93 (1984) (providing a summary of case law). However, since Congress failed to adopt legislation that would have specifically exempted state publications, judicial opinions, statutes and ordinances from copyright protection under the 1976 Copyright Act, see *id.* at 94, the applicability of pre-1978 case law to works created after January 1, 1978 is questionable. But see *Building Officials & Code Admin. v. Code Tech., Inc.*, 628 F.2d 730, 734 (1st Cir. 1980); *Georgia v. Harrison Co.*, 548 F. Supp. 110, 114-15 (N.D. Ga. 1982).

65. H.R. REP. NO. 94-1476, at 58-59 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5671-73.

66. See Postal Reorganization Act of 1970, Pub. L. No. 91-375, 84 Stat. 719; 18 U.S.C.A. § 501 (West 2000).

67. See generally 17 U.S.C.A. § 408 (West 1995).

68. *Id.* § 408(a) ("[Registration] is not a condition of copyright protection.")

69. *Id.* § 410(c) (West 1995).

70. *Id.* § 411 (West 1995 & Supp. 2000).

71. *Id.* § 412 (West 1995).

72. See generally 1 ROGER M. MILGRIM, MILGRIM ON TRADE SECRETS ch. 1 (1967 & Supp. 2000).

73. As noted in *Milgrim on Trade Secrets*, *supra* note 73, supplement to note 36, according to a 1999 survey conducted by the Supreme Court of Washington, forty-one states and the District of Columbia have adopted the UTSA. See *Ed Nowogroski Ins., Inc. v. Rucker*, 971 P.2d 936, 942 (1999).

readily ascertainable by proper means by, others persons who can obtain economic value from its disclosure or use, and (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.⁷⁴

If states can develop and own patented inventions, they can develop and own trade secrets, particularly because most patented inventions begin as trade secrets. However, trade secrets are not limited to potentially patentable subject matter, but can encompass a wide variety of information.⁷⁵ For instance, they may consist of compilations of information such as customer lists,⁷⁶ particularized information about customers,⁷⁷ “negative know-how”⁷⁸ and a unique combination of known inventions.⁷⁹

Like employees in the private sector, employees in the public sector can develop trade secrets in a variety of contexts. An architect who is employed by a state may discover a novel and less expensive way to build roadside guard rails. Until publicly disclosed such a discovery can be protected as a trade secret and may qualify for patent protection. Trade secrets, in the form of new technologies might also be discovered by individuals and companies who are under a public contract with a state to perform services or provide goods. In such cases, the public policy question presented is whether the state or the contractor should own the rights to discoveries that were created during performance of the public contract.

No provision of the UTSA precludes states from owning trade secrets and “person” under the UTSA is defined to include “a natural person, corporation, business trust, estate, trust partnership, association, joint venture, *government*, *governmental subdivision or agency*, or any other legal or commercial entity.”⁸⁰ In order to protect their trade secrets, states, like all trade secret holders, need only identify their trade secrets and institute reasonable efforts to maintain the secrecy of such secrets. What is “reasonable” depends upon the nature of the trade secrets and the circumstances under which they are used.⁸¹

74. UNIF. TRADE SECRETS ACT § 1 (amended 1985).

75. As stated in RESTATEMENT OF UNFAIR COMPETITION § 39 cmt. d (1995 & Supp. 2001):

It is not possible to state the precise criteria for determining the existence of a trade secret. The status of information claimed as a trade secret must be ascertained through a comparative evaluation of all the relevant factors, including the value, secrecy, and definition of the information and the nature of the defendant’s misconduct.

76. ABBA Rubber Co. v. Seaquist, 235 Cal. App. 3d 1, 18 (1991).

77. Klamath-Orleans Lumber, Inc. v. Miller, 87 Cal. App. 3d 458, 461 (1978).

78. Courtesy Temporary Serv. v. Camacho, 222 Cal. App. 3d 1278, 1287 (1990).

79. Imperial Chem. Indus. Ltd. v. National Distillers & Chem. Corp., 342 F.2d 737, 742 (2d Cir. 1965), *aff’d and remanded*, 354 F.2d 459 (2d Cir. 1965).

80. UNIF. TRADE SECRETS ACT § 1 (amended 1985) (emphasis added).

81. See generally MILGRIM, *supra* note 72, § 1.04.

III. TO WHAT EXTENT SHOULD STATES PROTECT AND EXPLOIT THEIR INTELLECTUAL PROPERTY RIGHTS?

As the foregoing overview of intellectual property law establishes, even without an existing policy for the protection of state-owned intellectual property, states can and do own intellectual property rights in various forms. The fact that states do own intellectual property rights, however, does not mean that they should assert those rights in all instances. Where the line should be drawn between the protection and public dedication of state-owned intellectual property will depend upon a lot of factors. The importance of a rich public domain and the role of government in disseminating information about state activities are two factors that suggest that states should be more willing than their counterparts in private industry to dedicate their intellectual property rights to the public domain. But there are sure to be situations—for instance, in the case of intellectual property that is developed under a public contract—where a state’s protection of its intellectual property rights would better serve the public’s interest.

A. *The Importance of the Public Domain*

The term “intellectual property” to collectively describe patent, copyright, trademark and trade secret law is apt to be misleading because although patents rights, copyrights, trademark rights and trade secret rights have attributes of real and personal property—such rights can be bought, sold, licensed and used as security—the historical underpinnings of intellectual property law, at least in the United States, are not based on principles of property law, i.e., there is no “natural right” to intellectual property protection.⁸² Rather, the historical basis for the patent and copyright laws of the United States was the desire to encourage innovation in the arts and sciences by creating limited exceptions to the general rule that free competition is favored over restrictions on competition.⁸³ Similarly, the historical

82. See Statement of Copyright and Intellectual Property Law Professors in Opposition to H.R. 604, H.R. 2589, and S. 505, submitted to the Committees on the Judiciary of the United States Senate and the United States House of Representatives, January 28, 1998, at <http://www.public.asu.edu/~dkarjula/legmats/1998Statement.html> (“It is vital to bear in mind that the United States has never adopted ‘natural rights’ as a basis for protecting intellectual property. Rather, the United States follows an incentive-based system, following the constitutional mandate that intellectual property protection ‘promote the progress of science and useful arts.’”).

83. *Bonito Boats, Inc. v. Thunder Craft Boats*, 489 U.S. 141, 151 (1980):

The novelty and nonobviousness requirements of patentability embody a congressional understanding, implicit in the Patent Clause itself, that free exploitation of ideas will be the rule, to which the protection of a federal patent is the exception. Moreover, the ultimate goal of the patent system is to bring new designs and technologies into the public domain through disclosure.

See *Feist Pub., Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 349-50 (1991) (“The primary objective of copyright is not to reward the labor of authors, but ‘[t]o promote the Progress of Science and useful Art.’”).

basis of our trademark and trade secret laws was to prevent unfair competition and preserve commercial morality.⁸⁴

An important aspect of U.S. intellectual property law is what is known and referred to as the “public domain.” At its simplest, the public domain refers to that body of information that is free for anyone to use. It refers both to information that was never protectable and information that has entered the public domain upon the expiration of applicable patent or copyright protection.⁸⁵ It also consists of information that was dedicated to the public domain by the conscious choice of the owner of the information or by the failure of the owner to take the necessary steps to protect such information.⁸⁶

The public domain should be understood not as the realm of material that is undeserving of protection, but as a device that permits the rest of the system to work by leaving the raw material of authorship available for authors to use.⁸⁷

As has been noted by many legal commentators and some judges, various changes to U.S. intellectual property laws have resulted in an unfortunate erosion of the public domain whereby more and more information is placed off limits to public use.⁸⁸ Although this trend is pursued in the interest of protecting intellectual property rights, the increased privatization of intellectual property threatens to undermine future creativity and innovation and can act as a costly barrier to entry into what is supposed to be a “free market.”⁸⁹

As Judge Kozinski explained in *White v. Samsung Electronics America, Inc.*:⁹⁰

Private property, including intellectual property, is essential to our way of life. It provides an incentive for investment and innovation; it stimulates the flourishing of our culture; it protects the moral entitlements of people to the fruits of their labors. But reducing too much to private property can be bad medicine.

.....

Overprotecting intellectual property is as harmful as under protecting it. Creativity is impossible without a rich public domain. Nothing today, likely

84. See 1 MELVIN JAGER, TRADE SECRET LAW § 1.03, at 1-4 (1985 & Supp. 2000).

85. See generally Jessica Litman, *The Public Domain*, 39 EMORY L.J. 965 (1990).

86. As noted above, information that is protectable under principles of trade secret law loses its protection if reasonable steps are not taken to maintain the secrecy of such information. Information that is protectable under principles of patent law is not protected unless a patent application is timely filed and successfully prosecuted.

87. Litman, *supra* note 85, at 968.

88. See Keith Aoki, *Authors, Inventors and Trademark Owners: Private Intellectual Property and the Public Domain*, 18 COLUM. VLA J. L. & ARTS 1, 27 (1994).

89. See *id.* at 21 (“This is the central problem in intellectual property law: privatizing information reduces competition and impedes widespread uses of such information.”).

90. 989 F.2d 1512 (9th Cir. 1993), *cert. denied*, 508 U.S. 951 (1993).

nothing since we tamed fire, is genuinely new: Culture, like science and technology, grows by accretion, each new creator building on the works of those who came before. Overprotection stifles the very creative forces it's supposed to nurture.

....

Intellectual property rights aren't like some constitutional rights, absolute guarantees protected against all kinds of interference, subtle as well as blatant.

....

Intellectual property rights aren't free: They're imposed at the expense of future creators and the public at large.

....

This is why intellectual property law is full of careful balances between what's set aside for the owner and what's left in the public domain for the rest of us:⁹¹

Every time the applicable scope of intellectual property protection is broadened, be it by judicial interpretation of existing laws or amendments to statutes, information is removed from the public domain and free competition is more elusive. Because a state's failure to aggressively protect its intellectual property rights amounts to a *de facto* dedication of the state's intellectual property to the public domain, the decision of a state to now begin protecting such rights runs the risk of removing important information from the public domain. Given the importance of a rich public domain and free competition, this is a decision that should not be taken lightly.

B. *The Role of Government in the Dissemination of Information*

The importance of government openness has long been recognized in this country. This policy is reflected in public records acts such as the federal Freedom of Information Act (FOIA)⁹² and comparable state acts.⁹³ It is also reflected in Congress' decision to exempt works of authorship created by U.S. Government employees from copyright protection⁹⁴ and in early court decisions that held that judicial opinions and statutes are not protected by copyright law.⁹⁵ More recently,

91. *Id.* at 1513-16 (Kozinski, J., dissenting from the order rejecting of rehearing en banc) (citations omitted).

92. 5 U.S.C.A. § 552 (West Supp. 2000).

93. *See, e.g.*, California Public Records Act, CAL. GOVT. CODE §§ 6250-6270 (West 1995 & Supp. 2001).

94. 17 U.S.C.A. § 105 (West 1995).

95. *See supra* note 65 and accompanying text.

with the advent of the Internet, it is reflected in the willingness of governmental entities to post information on their web sites.⁹⁶

Several justifications support the policy of government openness. First, is a due process concern. Particularly with respect to state laws and regulations, it is recognized that citizens have a fundamental right to know the law. As the Massachusetts Supreme Judicial Court explained in *Nash v. Lathrop*:⁹⁷

Every citizen is presumed to know the law thus declared, and it needs no argument to show that justice requires that all should have free access to the opinions, and that it is against sound public policy to prevent this, or to suppress and keep from the earliest knowledge of the public the statutes of the decisions and opinions of the justices.⁹⁸

The role of citizens in a democracy has also been cited as a reason for government openness.⁹⁹ “The basic purpose of FOIA is to ensure an informed citizenry, vital to the functioning of a democratic society, needed to check against corruption and to hold the governors accountable to the governed.”¹⁰⁰ Or as President Lyndon B. Johnson stated when he signed FOIA into law on July 4, 1966: “A democracy works best when the people have all the information that the security of the nation permits. No one should be able to pull the curtains of secrecy around decisions which can be revealed without injury to the public interest.”¹⁰¹ There is also the point of view that since the public paid for the creation of the intellectual property, it should not be used by a state or its licensees to the exclusion of the public. This theme is expressed in the legislative history of section 105 of the Copyright Act of 1976 as follows:

[A]s a matter of principle, material produced by the Government is public property and should be freely available to the public for reproduction; the

96. The fact that governmental entities are willing to make information accessible on their web sites does not mean that the information has been dedicated to the public domain and does not answer the question of whether an objection on copyright grounds would be interposed to prevent the copying and distribution of such information by others.

97. 6 N.E. 559 (1886).

98. *Id.* at 560. See *Banks v. Manchester*, 128 U.S. 244, 253 (1888).

99. For a discussion of possible Constitutional limits on the protection of government-owned works of authorship, see Andrea Simon, *A Constitutional Analysis of Copyrighting Government Commissioned Work*, 84 COLUM. L. REV. 425 (1984). See also Robert M. Gellman, *Twin Evils: Government Copyright and Copyright-Like Controls over Government Information*, 45 SYRACUSE L. REV. 999 (1995).

100. *Vigil v. Andrus*, 667 F.2d 931, 938 (10th Cir. 1982). See also *Scherr v. Universal Match Corp.*, 297 F. Supp. 107, 110 (S.D.N.Y. 1967) (“Government copyright prohibition is based on “the necessity of wide dissemination of the contents of materials produced by and relating to issues and problems of national interest. . . . [which] policy is unquestionably a desirable one in a democracy, much of whose success is dependent on a well-informed public.”).

101. Statement of President Johnson upon signing the Freedom of Information Act, 316 Pub. Papers 699 (July 4, 1966).

widest possible dissemination of information developed by the Government should be encouraged, and dissemination might be inhibited by copyright; no private person or firm should be given the exclusive right to publish material prepared at Government expense; the centralization of the printing and publishing of Government material in the Government Printing Office and the Superintendent of Documents should be maintained; the Government should not seek to exact payment for the private use of its published material; if copyright were made available for Government publications, the agencies would receive many unnecessary requests for permission to reproduce their copyrighted publications.¹⁰²

The prospect of making money from the exploitation of intellectual property rights is likely to be as appealing to governmental entities as it is to private enterprise. All governments, it seems, are looking for ways to increase public coffers without raising taxes and the exploitation of state-owned intellectual property may appear as the proverbial pot of gold at the end of the rainbow. However, in light of the public's strong interest in an open government, development of a policy to protect and exploit state-owned intellectual property rights cannot be made without due consideration of the public's need for the subject information. Indeed, given the importance of openness, disclosure should be the rule and exceptions to disclosure should be recognized only where there is a significant countervailing public benefit.¹⁰³

C. Intellectual Property Rights Resulting from Public Contracts

One area where countervailing public benefits may exist to compel an exception to the general rule of public dedication is in the area of public contracting. Any time a state purchases goods or services it has a strong interest in ensuring that it gets what it paid for and, in many cases, what a state has sought to purchase includes intellectual property rights.¹⁰⁴ Where a public contractor invents something as part

102. 2 OMNIBUS COPYRIGHT REVISION LEGISLATIVE HISTORY, Copyright Law Revision Studies, prepared for the Subcommittee on Patents, Trademarks, and Copyrights of the Committee on the Judiciary of the United States Senate, Eighty-Sixth Congress, Study No. 33, "Copyright in Government Publications," by Caruthers Berger, October 1959. For a discussion of the history of the concept of public ownership of government writings, see Simon, *supra* note 99.

103. It has been recognized that "[u]nder the Public Trust Doctrine the state government, as trustee of all public natural resources, owes a fiduciary obligation to the general public to maintain public uses unless an alternative use would achieve a countervailing public benefit." *Pyramid Lake Paiute Tribe of Indians v. Washoe County*, 918 P.2d 697, 762 (Nev. 1996) (citing *National Audubon Soc. v. Superior Ct. of Alpine County*, 33 Cal. 3d 419 (1983)). Arguably the same rule should apply to state-owned intellectual property.

104. Contracts for the development of specialized computer software are a perfect example of contracts that result in the creation of copyrighted works of authorship, and indeed, many states have enacted laws to deal with such assets. See *infra* notes 138-141. The adoption by states of uniform laws is an area of potential dispute regarding copyright ownership and one that could easily be resolved by contract. Compare *Building Officials & Code Admin.*

of work on a government project, the state has a great interest in securing ownership. The state's interest is not limited to the question of who owns any resulting intellectual property rights but can include questions about who will have the right to use the invention in the future and whether the invention is patentable. At a minimum, states that contract for government services and products need a non-exclusive, perpetual, royalty-free right to use any resulting inventions.¹⁰⁵ If a state decides to claim ownership of some or all of the inventions developed by its employees or contractors, it also needs time to consider the relative merits of protection versus public dedication and, until then, the invention should be exempt from disclosure.

Another area that deserves special attention concerns trade secrets that are submitted by third parties as part of a public bidding process. Absent a policy whereby states agree to protect the trade secrets of third parties who contract with the government, there is a risk that fewer individuals and entities will bid on government contracts.¹⁰⁶ As a result, governments are not only denied the benefits that flow from increased competition, but are also denied access to what may be superior technology. For this reason, many states and the federal government have enacted statutes that allow specific information to be withheld from public disclosure and that make trade secrets exempt from disclosure under public records acts.¹⁰⁷

A state's interest in protecting its intellectual property rights is arguably strongest where it funds research that results in an invention that may be of great benefit to the public at large. In such instance, the state must act to ensure that it is not precluded from using that invention and that efforts are undertaken to achieve the practical application of the invention. Congress recognized as much when it adopted the Bayh-Dole Act to govern the ownership and exploitation of inventions made with federal assistance.¹⁰⁸ As a matter of federal policy, qualifying nonprofit organizations or small business firms may elect to retain title to inventions that result from federally funded research provided that they take steps to promote the public availability of such inventions. The federal government, however, maintains

v. Code Tech., Inc., 628 F.2d 730 (1st Cir. 1980) with *Veeck v. Southern Bldg. Code Congress Int'l, Inc.*, 49 F. Supp. 2d 885 (E.D. Tex. 1999).

105. The U.S. government reserves such a right with respect to federally-funded research. 35 U.S.C.A. § 202(c)(4) (West 1984 & Supp. 2000).

106. For a fuller discussion of the scope of trade secret protection in government contracting, see Sharon K. Sandeen, *Can Big Brother Keep a Secret*, NEW MATTER (The Official Publication of the State Bar of California Intellectual Property Section), Winter 1996, at 1.

107. See, e.g., ALASKA STAT. § 14.40.881 (Michie 1992); *id.* § 18.60.099 (Michie 1994); *id.* § 21.86.270 (Michie 1993); 5 ILL. COMP. STAT. ANN. 140/7 (West 1993 & Supp. 2000); IOWA CODE ANN. § 22.7 (West Supp. 1999); KY. REV. STAT. ANN. § 45A.035 (Banks-Baldwin 2000); ME. REV. STAT. ANN. tit. 1, § 402(3)(A), (B) (West 1989); ME. REV. STAT. ANN. tit. 5, § 1890-B(4) (West Supp. 2000); MICH. COMP. LAWS, ANN. § 15.243 (West Supp. 2000); OR. REV. STAT. § 192.501 (1999); TEX. GOV'T CODE ANN. § 552.110 (West Supp. 2001); WASH. REV. CODE ANN. § 41.05.026 (West 2000).

108. 35 U.S.C.A. §§ 212 (West 1984 & Supp. 2000).

the right to use the invention for its own purposes.¹⁰⁹ The value of government-created inventions is also reflected in the Federal Technology Transfer Act which requires federal agencies to transfer technologies that they develop to the private sector.¹¹⁰

Because of the work made for hire doctrine, discussed *supra*, a state that pays an independent contractor to create a work of authorship also faces the issue of who should own the copyrights. Absent a written agreement that specifies copyright ownership, the copyrights in the resulting work do not belong to the state. The state who commissioned the work is then placed in the position of having paid for the creation of a work that it has no right to copy or distribute. More importantly, without ownership of the resulting copyrights, the state does not have the power to dedicate the work to the public domain. To avoid this situation, states should adopt policies that allow them to secure ownership of the resulting copyrights or a license to use and distribute the work. Additionally, states should not be precluded from owning intellectual property rights in works of authorship or inventions that are transferred to them by gift, assignment or bequest.¹¹¹

IV. DECIDING HOW TO MANAGE AND USE STATE-OWNED INTELLECTUAL PROPERTY

Once a state decides to protect certain of its intellectual property rights, a myriad of issues arise concerning how those rights are to be identified, managed and used. Who in state government is to decide what is to be protected and when, and on what basis is that decision to be made? Should these decisions be made by each component of state government as they see fit, or should the decision be made by some centralized organization? If the former, should uniform standards be developed to govern the decision making process or should each component of a state be allowed to develop its own policies?

Whether it is the legislature or its designee, someone must take responsibility for identifying state-owned intellectual property rights and for protecting, exploiting or relinquishing the same. To secure patent rights a state must institute procedures that provide for: (1) the timely disclosure of inventions by government employees and contractors; (2) the assignment of inventions by employees and contractors; (3) the timely review of all invention disclosures for patentability; (4) a decision to be made on whether a patent application should be filed for a particular invention; and (5) the prosecution of the patent application from drafting through issuance or rejection.

109. *Id.* § 202(c)(4) (West 1984 & Supp. 2000).

110. 15 U.S.C.A. § 3701-3717 (West 1997 & Supp. 2000).

111. Section 105 of the Copyright Act provides that the U.S. Government is not precluded from receiving and holding copyrights transferred to it by others.

To secure trade secret rights, states must identify their trade secrets and then institute reasonable efforts to maintain the secrecy of those secrets. To take full advantage of the copyright laws, states must institute procedures to identify, register, and maintain such rights. A state that successfully secures intellectual property rights in an invention, trademark or work of authorship must also establish procedures for the exploitation and policing of its rights. Among other things, states must be prepared to license their rights to others and to pursue infringement litigation.

The ownership, protection and exploitation of trademark rights by a state presents different issues than the ownership, protection and exploitation of patent, trade secrets and copyrights because such rights only exist in conjunction with the sale of goods or services.¹¹² Because trademarks and service marks represent the source of goods and services, the dedication of such rights to the public domain runs counter to established principles of trademark law. Rather, if a state possesses rights in marks that signify that it is the source of particular services, the public is benefitted when a state acts to prevent others from using the same or similar marks in a manner that is likely to cause confusion. The public policy issue facing states with respect to trademarks, therefore, is not whether they should own trademarks but how their marks should be used and whether the marks they adopt infringe the rights of others.

To the extent a state chooses to derive income from some of its intellectual property rights, how should the income be allocated? The basic choice appears to be between allocating the income to the general fund or allocating it to a special fund. If the latter, then the use of the special fund should be defined and may include the authority to pay costs of intellectual property protection efforts. The model used by the University of California, at least with respect to patented inventions, is to split any income that is derived from licensing between the University, the Department in which the inventor works, and the inventor.¹¹³ The theory behind splitting income with an inventor or author is that the potential increase in income is likely to spur creativity and innovation and, in this way, is fully consistent with the goals of U.S. patent law.

Any time a governmental entity produces a good or service for sale, concern is likely to be raised whether the state is interfering with private enterprise. Because the operation of government is funded by the imposition of taxes, it is argued that the government has an unfair competitive advantage over members of the private sector who sell the same goods or services. However, there should be no *per se* rule

112. 2 MCCARTHY, *supra* note 25, ch. 18, § 18:1-3 (“Good will and its trademark symbol are as inseparable as Siamese twins who cannot be separated without death to both. A trademark has no independent significance apart from the good will it symbolizes.”).

113. *See supra* note 24. The Bayh-Dole Act dictates that a nonprofit organization that receives federal research funds and wants to retain title to any resulting invention share royalties with the inventor. 35 U.S.C.A. § 202(c)(7) (West 1984 & Supp. 2000).

against states making money from the sale and licensing of intellectual property rights. Rather, states should weigh the asserted harm to private enterprise against the benefit to the public. A state is likely to own a range of intellectual property rights, some of which will not compete directly with comparable rights that are available in the private sector.

When considering policies to govern their intellectual property rights, states should also explore the need for policies to prevent conflicts of interest. Typically, conflicts of interest will arise where an individual employee of the state is allowed to share income from the intellectual property rights that she helped to develop. If that same employee is in the position of deciding to what extent patent protection for the invention will be pursued, then a possible conflict arises between the state's interest and those of the inventor. Similarly, where a state wishes to dedicate the copyrights in a work of authorship to the public domain or to freely distribute that work, an individual employee or contractor who claims a stake in the work may object or request a portion of any resulting income.

Finally, if states are now going to actively assert and enforce their intellectual property rights against others, a strong argument can be made that they should also affirmatively consent to suit in cases where they are accused of infringing intellectual property rights.¹¹⁴ The aim of any such process should be to provide the due process of law that is required by the Due Process Clause of the Fourteenth Amendment.¹¹⁵ At a minimum, state employees should be instructed about principles of intellectual property law and be required to obtain appropriate licenses and releases if the intellectual property rights of others are to be used by the state.

V. REVIEW OF SELECTED STATE LAWS CONCERNING THE PROTECTION OF STATE-OWNED INTELLECTUAL PROPERTY

The development of policies concerning the protection and use of state-owned intellectual property rights cannot be conducted in a vacuum. Certain entities of state government have had intellectual property policies in place for years. To the extent these policies are known, expectations have developed among the individuals and entities with whom those entities conduct business and these expectations must be accounted for if any change in policy occurs. At a minimum, these statutes should be reviewed to determine if they would be in conflict with proposed legislation

114. This argument flows from the U.S. Supreme Court's decisions in *Florida Prepaid* and *College Savings Bank* and the need of states to provide remedies for intellectual property infringement by state employees and entities in order to preserve their sovereign immunity. For a discussion of both cases, see Jennifer L. Polse, *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank & College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board*, 15 BERKELEY TECH. L.J. 373 (2000).

115. As the court in *Florida Prepaid* noted: "[O]nly where the State provides no remedy, or only inadequate remedies, to injured patent owners for its infringement of their patent could a deprivation of property without due process result." 527 U.S. 627, 643 (1999) (citing *Parratt v. Taylor*, 451 U.S. 527, 539-531 (1981) and *Hudson v. Palmer*, 468 U.S. 517, 532-33 (1984)).

concerning the management of state-owned intellectual property and as a means of identifying those intellectual property rights that have already been designated for protection.

Florida is one of the few states that has a law that attempts to deal with state-owned intellectual property rights generally. Unfortunately, while recognizing that the State of Florida can and does own a variety of intellectual property rights, the statute provides little guidance on how those rights are to be used. In particular, there is little to suggest a desire to dedicate any part of state-owned intellectual property to the public domain or to otherwise use such rights to encourage further innovation and creativity. The Florida statute provides that:

The legal title and every right, interest, claim or demand of any kind in and to any patent, trademark, or copyright, or application for the same, now owned or held, or as may hereafter be acquired, owned or held by the state, or any of its boards, commissions or agencies, is hereby granted to and vested in the Department of State for the use and benefit of the state; no person, firm or corporation shall be entitled to use the same without the written consent of said Department of State.¹¹⁶

In deference to exploitation over public dedication, section 286.031 of the Florida Statutes authorizes the Department of State:

[T]o do and perform any and all things necessary to secure letters patent, copyright and trademark on any invention or otherwise, and to enforce the rights of the state therein; to license, lease, assign or otherwise give written consent to any person, firm or corporation for the manufacture or use thereof, on a royalty basis, or for such other consideration as said department shall deem proper; to take any and all action necessary, including legal actions to protect the same against improper or unlawful use or infringement, and to enforce the collection of any sums due to the state and said department for the manufacture or use thereof by any other party; to sell any of the same and to execute any and all instruments on behalf of the state necessary to consummate any such sale; and to do any and all other acts necessary and proper for the execution of powers and duties herein conferred upon said department for the benefit of the state¹¹⁷

In Virginia, a statute has been adopted concerning the ownership of patents and copyrights developed by state employees. Like the Florida statute, the Virginia statute does not provide guidance on how these state-owned intellectual property

116. FLA. STAT. ANN. § 286.021 (West 1999).

117. *Id.* § 286.031 (West 1999).

rights should be used. Rather, it gives the Governor the authority to set policy as he or she sees fit, as follows:

Patents, copyrights or materials which were potentially patentable or copyrightable developed by a state employee during working hours or within the scope of his employment or when using state-owned or state-controlled facilities shall be the property of the Commonwealth of Virginia. The Governor shall set such policies as he deems necessary to implement this provision.

This provision shall not apply to employees of state-supported institutions of higher education who shall be subject to the patent and copyright policies of the institution employing them.¹¹⁸

In recognition of the fact that state-owned intellectual property rights are often developed as part of public contracts, Oklahoma law provides that, except for research by certain institutions of higher learning, the Oklahoma Department of Central Services is designated as “the exclusive agency to negotiate and contract for the retention of patents and copyrights on material and property developed through state contracts . . . , unless an agency has been given specific authority to make such agreements by statute.”¹¹⁹ Subsections (B) and (C) of that statute further provide that any patented property under public contract is the property of the State of Oklahoma under the sole management of the Department of Central Services and that any proceeds from the sale of such intellectual property is to be deposited in the general fund.

A number of states have attempted to deal with state-owned copyrights, particularly as they relate to public records. In Maine, an entity named “InforME” was created “[t]o serve as a self-supporting and cost-effective electronic gateway to provide and enhance access to the state’s public information for individuals, businesses and other entities.”¹²⁰ Consistent with such purpose, section 538.1 of the Maine Statutes provides that “[t]he information developed by the network manager for InforME and public information made available through InforME is owned by the public, and copyright or licensing restrictions may not be fixed to this information by the board, the network manager or data custodians.”¹²¹ Although it appears that Maine intended to dedicate its public records to the public domain, it has not done so expressly. Moreover, the statute assumes that Maine is the copyright

118. VA. CODE ANN. § 2.1-20.1:1 (Michie 1995).

119. OKLA. STAT. ANN. tit. 74, § 85.60(A) (West Supp. 2000).

120. ME. REV. STAT. ANN. tit. 1, § 533 (West Supp. 2000).

121. *Id.* § 538(1) (West Supp. 2000).

holder of its “public records” when, in fact, some of the public records may technically have been written by non-employees of Maine.¹²²

Colorado’s public records act includes an interesting provision that recognizes the truism that protection of copyrights and trademarks is not necessarily inconsistent with policies of free and open government. Such provision provides:

Nothing in [the Colorado public records act] shall preclude the state or any of its agencies, institutions, or political subdivisions from obtaining and enforcing trademark or copyright protection for any public record, and the state and its agencies, institutions and political subdivisions are hereby specifically authorized to obtain and enforce such protection in accordance with federal law; except that this authorization shall not restrict public access to or fair use of copyrighted materials and shall not apply to writings which are merely lists or other compilations.¹²³

Similarly, Wyoming law provides that “all public records are the property of the state,” but without specifically authorizing the assertion and protection of copyrights.¹²⁴

In Pennsylvania, after first adopting a statute that requires all publications of geological and topographic surveys of the state to “be copyrighted by the Department of Internal Affairs in the name of the Commonwealth,”¹²⁵ the General Assembly recognized the benefits to be derived from making information readily accessible and passed a statute that provides in pertinent part:

In enacting this act, it is the intent of the General Assembly that publications of the topographic and geologic survey no longer be subject to a statutory copyright requirement and that such publications that have previously been copyrighted may be copied and distributed without the permission of the Commonwealth.¹²⁶

Pennsylvania law, however, does not deal with the copyrights in public records generally.

A number of states have adopted laws that attempt to address the ownership and use of state codes and judicial opinions. Alabama law, for instance, provides that the Code Commissioner “shall have each volume of the pamphlet acts of the legislature at each session thereof and each volume of the code copyrighted for the use and

122. “Public Records” under Maine law is defined to include “any written, printed or graphic matter or any mechanical or electronic compilation from which information can be obtained . . . that is in the possession or custody of an agency or public official. . . .” *Id.* § 402(3) (West 1989) (emphasis added).

123. COLO. REV. STAT. § 24-72-203(4) (1998).

124. WYO. STAT. ANN. § 9-2-410 (Michie 1999).

125. PA. STAT. ANN. tit 71, § 954 (West 1990).

126. *Id.* § 954.1(4) (West Supp. 2000).

benefit of the state.”¹²⁷ Colorado law provides that “Colorado Revised Statutes and ancillary publications thereto, as published, shall be the sole property of the State of Colorado as owner . . . and shall be copyrighted for and in behalf of the State of Colorado.”¹²⁸ Subsequent statutes then regulate who can publish, reprint or distribute statutes and limits the authority to “print, publish sell or give away any statutes.”¹²⁹ Under Montana law: “ The Montana Code Annotated, supplements, or other publications ancillary thereto, as published, are the sole property of the State of Montana and may not be copyrighted.”¹³⁰

In Nevada, the legislative counsel of the state is “authorized to secure copyright under the laws of the United States in all publications issued by the legislative counsel bureau, the copyright to be secured in the name of the State of Nevada.”¹³¹ Under Virginia law, the Virginia Code Commission is authorized to enter into contracts for the printing, indexing and annotating the Virginia Code with the understanding that all parts of the code to be published “shall become and remain the exclusive property of the commonwealth to be used only as the Commission may direct.”¹³² New York law provides that “[t]he copyright of the statement of facts, of the head notes and of all other notes or references prepared by the law reporting bureau must be taken by and shall be vested in the secretary of state for the benefit of the people of the state.”¹³³ The secretary of state is then given the authority to grant to any person, firm or corporation the right to publish the above mentioned copyrighted matter.¹³⁴

The wording of many of the statutes concerning the copyright ownership of government works reveal a misunderstanding of the automatic nature of copyright protection by assuming that writings must be “copyrighted” in order to be protected under U.S. copyright law. Moreover, such statutes often assume that copyrights in the specified works of authorship belong to the state without regard for the work-made-for-hire doctrine.¹³⁵ Thus, even in states where there is a stated policy of protecting state-owned copyrights, changes in applicable law are needed to conform to basic principles of copyright law.

While only a few states have attempted to deal with state-owned intellectual property rights in a general manner, in recognition of the investment that states often make in the development of computer software, a few states have adopted statutes

127. ALA. CODE § 36-13-5 (Supp. 1999).

128. COLO. REV. STAT. § 2-5-115 (1998).

129. *Id.* §§ 2-5-118, 24-70-211 (1998).

130. MONT. CODE ANN. § 1-11-304 (1999).

131. NEV. REV. STAT. ANN. § 218.698 (Michie 2000).

132. VA. CODE ANN. § 9-77.8 (Michie 1998).

133. N.Y. JUD. LAW § 438 (McKinney 1983).

134. *Id.*

135. *See supra* Part II.C.

that deal with the ownership of intellectual property rights in such software. For instance, Iowa law provides that:

A government body is granted and may apply for and receive any legal protection necessary to secure a right to or an interest in data processing software developed by the government body, including but not limited to federal copyright, patent, and trademark protections, and any trade secret protection available under chapter 550. The government body may enter into agreements for the sale and distribution of its data processing software, including marketing and licensing agreements. The government body may impose conditions upon the use of the data processing software that is otherwise consistent with state and federal law.¹³⁶

Similarly, Alaska law specifically provides that municipalities and state agencies “may hold the copyright for software created by the municipality [or state agency] or developed by a contractor for the municipality [or state agency], and may enforce its rights to protect the copyright.”¹³⁷

In California, section 6254.9(a) of the Government Code provides that computer software developed by a state or local agency is not itself a public record under the California Public Records Act and that an agency “may sell, lease, or license the software for commercial or noncommercial use.” The statute goes on to state that “nothing in this section is intended to limit any copyright protections”¹³⁸ but does not address potential patent and trade secret protection for computer software or the ownership of such software.

Minnesota law provides that “[a] state agency, statewide system, or political subdivision may enforce a copyright or acquire a patent for a computer software program or components of a program created by that government agency without statutory authority.”¹³⁹ Section 16B.483 of the Minnesota Statutes provides:

Before executing a contract or license agreement involving intellectual property developed or acquired by the state, a state agency shall seek review and comment from the attorney general on the terms and conditions of the contract or agreement.

Many states have adopted laws to protect state-owned trademarks. Rather than creating a general right in state agencies to take advantage of existing state and federal trademark laws, some of these laws simply identify marks that the legislature deemed worthy of protection. For instance, in Wyoming, the cowboy and bucking

136. IOWA CODE ANN. § 22.3A (West Supp. 1999).

137. ALASKA STAT. § 29.71.060 (Michie 1992); *id.* § 44.99.400 (Michie 1993).

138. CAL. GOV'T CODE § 6254.9(e) (West 1995).

139. MINN. STAT. ANN. § 13.03(5) (West Supp. 2001).

bronco design is protected by a statute that provides: "The Secretary of State shall promulgate rules regulating the licensing or other authorized use of the 'Bucking Horse and Rider'" ¹⁴⁰ Florida law recognizes state ownership of the registered mark "Keep Florida Beautiful" ¹⁴¹ and authorizes the Division of Historical Resources of the Department of State to exercise trademark rights over the terms "Florida Heritage" and "Heritage Florida." ¹⁴² A Massachusetts statute provides that "no person, firm, corporation or association . . . shall use the words 'Massachusetts State Fair' or any such words or phrases without the written consent of the commissioner of agriculture." ¹⁴³

Other states choose to give various state entities the right to assert trademark rights under existing state or federal law. In Colorado, the Denver Metropolitan Major League Baseball Authority was given the authority to consider "the sale or lease of the name of the stadium, any symbol or image of the general design, appearance, or configuration of the stadium, including trademarks, service marks, trade names and logos" ¹⁴⁴ In Maine, the Commissioner of Agriculture, Food and Rural Resources is given authority to determine or design brands, labels or trademarks for identifying agricultural and non-agricultural products and to grant permission to others to use those marks under specified conditions. ¹⁴⁵ The Commissioner is also specifically directed to "apply to the United States Patent and Trademark Office for registration for a certification trademark or trademarks consisting of a seal in the form of the outline of the state, the word "Maine" and any other appropriate identifying words." ¹⁴⁶

Louisiana law takes a variety of approaches toward the protection of state-owned trademarks. One law specifically directs the Louisiana State Arts Council to register its mark as a trademark. ¹⁴⁷ Another allows the state office of tourism to develop and adopt an official logo to indicate authentic Louisiana Cajun-Creole cuisine. ¹⁴⁸ Municipalities and parishes in Louisiana are the beneficiaries of a law that forbids any person from using the official seal, insignia, symbol, emblem, coat of arms or logo of the local governmental subdivision without permission. ¹⁴⁹ Another law simply declares that the terms "Superdome," "Louisiana Superdome," "Dome Stadium," "Louisiana Dome Stadium," and "Louisiana Dome" are the trade names, trademarks and service marks of the Louisiana Stadium and Exposition District and cannot be registered by any other entity. ¹⁵⁰

140. WYO. STAT. ANN. § 8-3-117 (Michie 1999).

141. FLA. STAT. ANN. § 15.041 (West 1998).

142. *Id.* § 267.061(3)(n)(5)(d) (West 1999).

143. MASS. GEN. LAWS ANN. ch. 110 § 4B (West 1999).

144. COLO. REV. STAT. § 32-14-110 (1998).

145. ME. REV. STAT. ANN. tit. 7, § 443 (West Supp. 2000).

146. *Id.* § 443-B(1) (West Supp. 2000).

147. LA. REV. STAT. ANN. § 25:899 (West 1989).

148. *Id.* 51:1265 (West Supp. 2001).

149. *Id.* 33:21 (West Supp. 2001).

150. *Id.* 51:293-295 (West 1987).

Idaho has an interesting statute that prohibits the use on license plates of a slogan that infringes, dilutes, or compromises the trademarks of the State of Idaho including "Idaho Potatoes," "Grown in Idaho," "Famous Idaho Potatoes," or "Famous Potatoes."¹⁵¹ In Missouri, the Department of Economic Development, Division of Tourism is authorized to market "special items" in a manner consistent with the goal of the promotion of tourism.¹⁵² The term "special item" is defined to include an item or work containing the logo, design, trademark, patentable material or copyrightable material owned by the State of Missouri.¹⁵³

Section 46.16.100 of the Alaska Code is an example of a law concerning the ownership of patents and trade secrets in state-financed inventions. That provision provides:

A person who applies for a grant under this chapter shall assign to the state the right to patent any patentable process developed as a result of a grant under this chapter. The department making the grant shall seek to patent any patentable process developed as a result of a grant under this chapter"

New York is one of the few states that has a comprehensive patent policy that addresses the ownership of patented technology, not just by university research scientists, but by state employees generally.¹⁵⁴ Among other provisions, such law allows each state department or agency to "adopt a patent policy, . . . subject to the approval of the director of the budget, the state comptroller and the director of the office of employee relations." Consistent with the policies of most universities, such law also provides that individual employees of the state may receive royalty payments or additional compensation in recognition of their contributions to the patented invention.

Connecticut law also addresses the ownership of inventions developed by state-employees generally. In pertinent part, such law provides:

The state shall be entitled to own or to participate in the ownership of, and to place in the custody of the state to the extent of such ownership, any invention on the following conditions: (a) The state shall be entitled to own the entire right, title, and interest in and to any invention in category (1) in any instance in which such invention is conceived in the course of performance of customary or assigned duties of the employee inventor or inventors, or in which the invention emerges from any research, development or other program of the state, or is conceived or developed

151. IDAHO CODE § 49-402C (2000).

152. MO. ANN. STAT. § 620.466 (West 2000).

153. *Id.*

154. N.Y. PUB. OFF. LAW § 64-a (McKinney Supp. 2000).

wholly or partly at the expense of the state, or with the aid of its equipment, facilities or personnel¹⁵⁵

Illinois law recognizes state-owned intellectual property rights in a round about way by granting state agencies the power to grant “concessions” of state property to others. Illinois Statute Chapter 30 § 500/53-10 (a) provides:

Except for property under the jurisdiction of a public institution of higher education, concessions, including the assignment, license, sale or transfer of interests in or rights to discoveries, inventions, patents, or copyrightable works, may be entered into by the state agency with jurisdiction over the property, whether tangible or intangible.

Iowa law provides that “an inventor whose research is funded in whole or in part by the state shall assign to the state a proportionate part of the inventor’s rights to a letter patent resulting from that research.”¹⁵⁶ The same statute goes on to state that any royalties or earnings derived from such inventions shall be paid to the treasurer of the state and credited to the general fund.¹⁵⁷ In Michigan, the state administrative board is “authorized and empowered to enter into contracts relating to any invention or discovery . . . affecting the public health, which invention or discovery or any patent obtained thereon is owned by this state, or in which this state has any property right”¹⁵⁸ Finally, Alaska law provides:

A person who applies for a grant under this chapter shall assign to the state the right to patent any patentable process developed as a result of a grant under this chapter. The department making the grant shall seek to patent any patentable process developed as a result of a grant under this chapter¹⁵⁹

In addition to the numerous laws that grant public institutions of higher learning the authority to adopt their own intellectual property policies, quite a number of states have adopted intellectual property policies to govern the activities of specific state agencies that were formed for the purpose of promoting innovation in the arts or sciences. For instance, the Arkansas Science & Technology Authority is specifically allowed to “[o]wn and possess patents, copyrights, and proprietary processes and to enter into contracts, and establish charges, for the use of such patents, copyrights, and proprietary processes involving science or

155. CONN. GEN. STAT. ANN. § 4-61a (West 1998).

156. IOWA CODE ANN. § 15.108(9)(c) (West 2000).

157. *Id.*

158. MICH. COMP. LAWS ANN. § 17.401 (West 1994).

159. ALASKA STAT. § 46.16.100 (Michie 1995).

technology. . . .”¹⁶⁰ The Kentucky Science & Technology Council, Inc. is given the authority to negotiate royalty payments on patents and licenses for innovations or inventions arising in the course of research conducted by the infrastructure’s centers.¹⁶¹ In Connecticut, “Connecticut Innovations, Incorporated” is authorized “to hold patents, copyrights, trademarks, marketing rights, licenses or any other evidence of protection or exclusivity under the laws of the United States or any state.”¹⁶² The Florida Institute of Phosphate Research is authorized to secure patents, copyrights, or trademarks on any of its work products and enforce its rights in such products.¹⁶³

State lotteries are another example of state agencies that are usually given the authority to develop their own intellectual property policies. The countervailing public policy at work concerns the need to protect sensitive information about lottery games and winners and the state’s interest in promoting the lottery in advertising through the use of trademarks and service marks. Under Kentucky law, the Kentucky Lottery Corporation is specifically authorized to “hold copyrights, trademarks and service marks, and enforce its rights with respect thereto.”¹⁶⁴ Additionally, pursuant to section 154A.040(1)(c), all records, the disclosure of which could adversely impact the security of the lottery, are exempt from disclosure under Kentucky’s open records law.¹⁶⁵ Connecticut law provides that the Lottery Corporation may “hold patents, copyrights, trademarks, marketing rights, licenses or any other evidence of protection or exclusivity under the laws of the United States or any state.”¹⁶⁶ The Indiana State Lottery Commission is specifically authorized to own copyrights, trademarks, and service marks and to enforce its rights with respect to ownership.¹⁶⁷

In summary, no state has adopted what could be considered a comprehensive set of laws to address the issue of when and how to protect and use intellectual property. While a few states have statutes that acknowledge the existence of state-owned intellectual property, typically these statutes authorize one or more state agencies to develop policies concerning the management of state-owned intellectual property without stating any guiding principles. The laws of most states consist of a few statutes designed to protect discrete intellectual property rights and typically address no more than two of the four major intellectual property disciplines. Other states address the issue by recognizing the intellectual property rights of specific state agencies or departments, while failing to address state-owned intellectual property in its entirety.

160. ARK. CODE ANN. § 15-3-108 (Michie 2000).

161. KY. REV. STAT. ANN. § 154.35-030 (Banks-Baldwin 1996).

162. CONN. GEN. STAT. ANN. § 32-39(6) (West 1997).

163. FLA. STAT. ANN. § 378.101(2)(a) (West 2000).

164. KY. REV. STAT. ANN. § 154A.060(1)(c) (Banks-Baldwin Supp. 2000).

165. *Id.* § 154A.040(1)(c) (Michie 1996).

166. CONN. GEN. STAT. ANN. § 12-806 (West 2000).

167. IND. CODE ANN. § 4-30-3-12 (West 1991).

VI. PROPOSED LEGISLATION

All fifty of the United States would benefit from a review of existing laws and the adoption of a set of laws to govern state-owned intellectual property rights. As the foregoing discussion of related public policy issues reveals, principles of government openness and the desire to encourage innovation in the arts and sciences suggest the need for laws whereby state-owned intellectual property is dedicated to the public domain. But there may be situations where the protection and exploitation of state-owned intellectual property rights would better serve the public interest. In order to balance these competing interests, it is suggested that all states adopt legislation that sets forth a general rule of public dedication followed by specified exceptions to the general rule. In this way, any entity of state government that wishes to be exempt from the general rule will have the burden of presenting sufficient arguments to demonstrate how the public interest will be served. Suggested language follows:

Section 1: TITLE: This Act shall be known and referred to as the “[Name of state] Intellectual Property Rights Act.” Notwithstanding any other provision of state law to the contrary, this Act shall govern the ownership, protection, exploitation, and public dedication of all state-owned intellectual property rights.

Section 2: DEFINITIONS: As used herein, the following words and phrases shall have the following meanings:

“State-owned intellectual property” means and refers to any and all intellectual property that is owned in whole or in-part by the State, including all trademarks and service marks, collective marks and certification marks, all copyrights, all trade secrets, all patentable inventions, and all patented inventions.

“Copyrights” mean those rights which are protected by U.S. copyright law, 17 U.S.C.A. § 101, et. seq.

“Trademarks,” “service marks,” “collective marks” and “certification marks” mean those rights as defined by 15 U.S.C.A. § 1127 [or comparable provisions of state law].

“Trade secrets” mean information, including a formula, pattern, compilation, program, device, method, technique, or process, that: (1) derives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use; and (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

“Patentable inventions” are inventions that fall within the scope of patentable subject matter under the laws of the United States but that are not yet the subject of an issued patent. Patentable inventions shall be treated as trade secrets until they are publicly disclosed in an issued patent, in a publicly available patent application, or after a year following public use or sale, whichever is earlier.

“Patented inventions” means those rights which are reflected in subsisting patents issued by any government, including the United States.

“Practical application” is as defined in 35 U.S.C.A. § 201(f).

Section 3: GENERAL POLICY: It is the general policy of this State to encourage innovation in the sciences, creativity in the arts, and free and open government. In recognition of this policy, and except as set forth in this Act or as required by federal law, no unit of this State shall have the right to protect, assert or exploit state-owned trade secrets, patentable inventions or patented inventions and all copyrights in works made for hire by state employees or contractors are hereby dedicated to the public domain. All entities of the State are authorized to adopt trademarks, service marks, collective marks and certification marks (hereinafter referred to collectively as “trademarks”) and, at their discretion, may register and protect such trademarks so long as they abide by applicable law.

Section 4: EXCEPTED ENTITIES: The following entities of the State are exempt from the provisions of this Act and are hereby authorized to develop their own intellectual property policies:

[Insert list of names of governmental entities that, for significant public policy reasons, should be allowed to develop their own policies and procedures, e.g., state institutions of higher learning.]

Section 5: COPYRIGHT EXCEPTION: Notwithstanding the general policy of this state as reflected in Section 3 of this Act, the copyrights in the following works of authorship are not dedicated to the public domain:

- a. Copyrights that were assigned to the State by gift, bequest, or purchase, unless subsequently dedicated to the public domain by a specific act of the Legislature.
- b. State-owned copyrights in computer software and computer programs that were created for the State pursuant to a government contract, unless and to the extent the government contract provides otherwise.
- c. State-owned copyrights in works of art that were commissioned through an “art-in public-places” project.
- d. State-owned copyrights in tests and answers to tests that were created by or for the State.
- e. [Insert a list of other works of authorship that, for significant public policy reasons, the State should not dedicate to the public domain.]

Section 6: PATENT AND TRADE SECRET EXCEPTION: Notwithstanding the general policy of this State as reflected in Section 3, the following entities of the state are hereby authorized to adopt their own policies and procedures for the

protection, assertion, exploitation or public dedication of trade secrets, patentable inventions and patented inventions owned or developed, in whole or in part, by their employees and independent contractors:

[Insert list of names of governmental entities that, for significant public policy reasons, should be allowed to develop their own policies and procedures for the protection of inventions but who do not need a general grant of authority to protect all forms of intellectual property.]

Section 7: PUBLIC CONTRACT EXCEPTION: Notwithstanding the general policy of this State as reflected in Sections 3 of this Act, all agreements whereby this State contracts for goods or services and which are likely to result in the development of trade secrets and patentable inventions or the creation of works of authorship shall contain a provision that specifically deals with the ownership of such intellectual property rights. The precise terms of this provision are negotiable depending upon the circumstances and shall be a factor to be considered in any applicable public bidding process but, at a minimum, should provide this State with a non-exclusive, perpetual, royalty free right and license to use any and all resulting trade secrets, patentable inventions and patented inventions and to reproduce and distribute any and all resulting works of authorship and create derivative works therefrom. To the extent any State entity contracts for the ownership of such rights in a public contract, it is hereby authorized to act to protect, assert, exploit, or publicly dedicate such rights as it sees fit.

Section 8: PRACTICAL APPLICATION OF INVENTIONS: All entities of the State that are authorized to protect and exploit patentable and patented inventions are required to comply with any and all applicable federal law. To the extent such entities elect to pursue patent protection for their inventions, they are required to take steps, including the possible licensing of their inventions, to achieve the practical application of such inventions as soon as possible. All income derived from the licensing of such inventions (after paying applicable royalties to inventors and patent prosecution and maintenance costs) shall be credited to the [insert name of special fund] and shall be used for further research and development purposes.

Section 9: ASSIGNMENT OF INVENTIONS BY STATE EMPLOYEES: Any and all rights in any and all inventions conceived of, developed, or reduced to practice by employees of this State are owned by this State and shall be formally assigned to the State when requested. This provision does not apply to an invention that the employee developed entirely on his or her own time without using any of the State's equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) relate at the time of conception or reduction to practice of the invention to the employee's work for the State; or (2) result from any work performed by the employee for the State.

Section 10: INTELLECTUAL PROPERTY LITIGATION BY THE STATE: All litigation to enforce the intellectual property rights of the State shall be handled by the Attorney General unless a conflict of interest exists.

Section 11: EXCEPTION TO PUBLIC RECORDS ACT REQUIREMENTS: Nothing in the [insert name of applicable public records act] shall preclude the State or any of its agencies from obtaining and enforcing, in accordance with this Act: (1) trademark or copyright protection for any public record, except that this authorization shall not restrict public access to or fair use of copyrighted materials and shall not apply to writings which are merely lists or other compilations; or (2) patent or trade secret protection in accordance with the provisions of this act and the State and its agencies are hereby authorized to deny public access to information concerning State-owned trade secrets and patentable inventions for the period of time, not to exceed six (6) months, necessary for the State to consider and apply for any applicable patents.

The foregoing legislative model is preferred over one in which each entity of state government is allowed to adopt its own policies for two reasons. First, given the importance of the issues being addressed, it is thought that the legislatures of each state, rather than the executive branch, should express the policy of the state on the subject. Second, by enacting legislation on the subject, states can ensure that the policies of all state entities, except those specified in sections 4 through 6 of the proposed legislation, will be consistent. This will make it much easier for the public to determine the law and to ascertain what state-owned intellectual property is free to use. The proposed legislation is also preferred over a scheme whereby a centralized entity of the state is designated to develop the state's intellectual property policy. Creating another level of bureaucracy will only serve to increase the costs of a state's intellectual property program and is likely to create an environment in which the protection and exploitation of state-owned intellectual property is preferred over public dedication. Moreover, those entities that are allowed to develop their own policies are much more likely to understand the intellectual property rights that they possess and need to protect.

VII. CONCLUSION

A state's decision to protect and exploit its intellectual property rights should not be driven by the prospect of income. States are not in the business of making money. Rather, they exist for the purpose of preserving and promoting the public good. Accordingly, any policy to govern state-owned intellectual property rights should only be adopted after a careful consideration of a number of important issues including: the state's interest in clarifying who owns what and thereby ensuring that others do not claim ownership in intellectual property that was developed at state expense; the state's interest in ensuring government openness by making

government information easily accessible; and the special role that states can play in encouraging innovation and creativity by sharing the results of state-sponsored research. Because state-owned intellectual property rights are developed or purchased with the use of tax revenues, states arguably hold such rights in trust for the benefit of the public and should use those rights with the public's interests in mind. As a general rule, and consistent with the public trust doctrine and the historical underpinnings of intellectual property law, public dedication of state-owned intellectual property should be the rule and any exceptions to that rule should only be made upon a strong showing that the public interest will be served.