

The Florida Senate
PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Governmental Operations Committee

BILL: CS/SB 1376

INTRODUCER: Regulated Industries Committee and Senator Jones

SUBJECT: The Department of the Lottery

DATE: March 21, 2007 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Sumner	Imhof	RI	Fav/CS
2.	Rhea	Wilson	GO	Favorable
3.			GA	
4.			RC	
5.				
6.				

I. Summary:

The Department of the Lottery was delegated authority by the Legislature to hold copyrights, trademarks and service marks and to enforce its rights thereto when it was created in 1987. This bill grants the department the authority to obtain patents as well. The bill requires the department to notify the Department of State in writing whenever it secures a patent, just as it must when it secures a copyright or trademark.

This bill substantially amends section 24.105 of the Florida Statutes.

II. Present Situation:

Copyrights, Trademarks, Patents - Article I, s. 8, of the U.S. Constitution provides that Congress has the power to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.

The Federal Copyright Act of 1976¹ protects

. . . 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 with the aid of a machine or device.

¹ 17 U.S.C. 2. 102(a).

To be subject to copyright, a work must be original, an independent creation of the author, and “fixed in any tangible medium,” such as the written word, sound recordings, and visual images. Copyright protection is available only for an *expression* of an idea and not for the idea itself.²

The United States Patent and Trademark Office³ define trademarks and service marks as follows:

- A **trademark** is a word, phrase, symbol or design, or a combination of words, phrases, symbols or designs, that identifies and distinguishes the source of the goods of one party from those of others.
- A **service mark** is the same as a trademark, except that it identifies and distinguishes the source of a service rather than a product. Throughout this booklet, the terms "trademark" and "mark" refer to both trademarks and service marks.

The United State Patent and Trademark Office describes a patent as follows:

A patent for an invention is the grant of a property right to the inventor, issued by the Patent and Trademark Office. The term of a new patent is 20 years from the date on which the application for the patent was filed in the United States or, in special cases, from the date an earlier related application was filed, subject to the payment of maintenance fees. US patent grants are effective only within the US, US territories, and US possessions.

The right conferred by the patent grant is, in the language of the statute and of the grant itself, “the right to exclude others from making, using, offering for sale, or selling” the invention in the United States or “importing” the invention into the United States. What is granted is not the right to make, use, offer for sale, sell or import, but the right to exclude others from making, using, offering for sale, selling or importing the invention.⁴

Works created by an officer or employee of the United States government as a part of his or her duties are in the public domain and may not be copyrighted.⁵ Federal law, however, does not prohibit copyright of works produced by other governmental entities.⁶ As a result, state and local governments may copyright their works, depending upon the law of the jurisdiction.⁷ Some states have permitted agencies to copyright agency-created software (some examples include California,⁸ Alaska,⁹ Minnesota,¹⁰ Oregon,¹¹ and North Dakota,¹² among others). As state

² *Circular 1, Copyright Protection*, U.S. Copyright Office

³ http://www.uspto.gov/web/offices/tac/doc/basic/trade_defin.htm (last visited March 10, 2007)

⁴ <http://www.uspto.gov/web/offices/pac/doc/general/whatis.htm>

⁵ 17 U.S.C. s. 5.

⁶ *See Bldg. Officials & Code Adm’rs v. Code Tech. Inc.*, 628 F.2d 730, 735-36 (1st Cir. 1980); and *see, County of Suffolk, N.Y. v. First Am. Real Estate Solutions*, 261 F.3d 179, 188 (2nd Cir. 2001).

⁷ The U.S. Copyright Office states in *The Compendium of Copyright Office Practices* that legislative enactments, judicial opinions and administrative rulings, whether federal or state, are ineligible for federal copyright protection for public policy reasons.

⁸ *See, s. 6254.9 Cal. Gov. Code*, in which agency-produced software is defined not to be a public record and which is permitted to be copyrighted.

⁹ Sec. 44.99.400, *Alaska Statutes*.

¹⁰ Sec. 13.03, *Minnesota Statutes*.

¹¹ Sec. 291.042, *Oregon Revised Statutes*.

governments do not come under the federal prohibition,¹³ Florida law determines whether an agency may obtain a copyright.¹⁴

An agency may not copyright or obtain a trademark or patent for its works without a statutory delegation of authority to do so.¹⁵ In Florida, a state agency is a creature of statute. As such, it has only those rights and privileges given to it by the Legislature.¹⁶

An agency has only such power as expressly or by necessary implication is granted by legislative enactment. An agency may not increase its own jurisdiction and, as a creature of statute, has no common law jurisdiction or inherent power such as might reside in, for example, a court of general jurisdiction. When acting outside the scope of its delegated authority, an agency acts illegally and is subject to the jurisdiction of the courts when necessary to prevent encroachment on the rights of individuals.¹⁷

The Legislature has not provided general statutory authority to all agencies to copyright or patent their work products.¹⁸ The Legislature, however, has delegated the authority to obtain copyrights or patents to specific agencies. For example,

[t]he Department of State is authorized to 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 the state¹⁹

Other specific examples where the Legislature has delegated statutory authority to obtain copyrights are for instructional materials and ancillary written documents;²⁰ projects of the Florida Space Authority;²¹ and general authority for the Department of the Lottery,²² the Department of Transportation,²³ the Department of Citrus,²⁴ water management districts,²⁵ and the Florida Institute of Phosphate Research²⁶ to obtain copyrights, patents, and trademarks.²⁷

¹² Sec. 44-04-18.5, *North Dakota Statutes*.

¹³ *Ibid.* See also, *Bldg. Officials & Code Adm'rs v. Code Tech. Inc.*, 628 F.2d 730, 735-36 (1st Cir. 1980); and see, *County of Suffolk, N.Y. v. First Am. Real Estate Solutions*, 261 F.3d 179, 188 (2nd Cir. 2001).

¹⁴ *Microdecisions, Inc.*, *supra* at 874.

¹⁵ AGO 2000-13.

¹⁶ *Seaside Properties, Inc., v. State Road Department*, 190 So.2d 391 (3rd DCA 1966).

¹⁷ *Lee v. Division of Florida Land Sales and Condominiums*, 474 So.2d 282 (5th DCA 1985).

¹⁸ See, *Microdecisions, Inc. v. Skinner*, 889 So.2d 871 at 875 (2nd DCA 2005), noting that no statute authorizes a county property appraiser to hold a copyright. See also, AGO 2003-42, noting no statute generally authorizes counties or county agencies to secure copyrights. See also, AGO 2000-13 holding that "a state agency is not authorized to secure or hold a trademark in the absence of specific statutory authority to do so."

¹⁹ Section 286.031, F.S., originally enacted by s. 2, ch. 21959 (1943).

²⁰ Section 288.047(7), F.S.

²¹ Section 331.303(16), F.S.

²² Section 24.105(10), F.S.

²³ Section 334.049, F.S.

²⁴ Section 601.101, F.S.

In some instances, the Legislature has *required* an agency to obtain a copyright. For example, the Department of State is required to obtain a copyright for the Florida Administrative Code.²⁸

Section 286.021, F.S., establishes legal title to patents, trademarks, and copyrights obtained by the state, or any of its boards, commissions or agencies in the Department of State. Consent of the department is required for use.²⁹ There are, however, numerous statutory exceptions to this general rule that establish legal title in other agencies.³⁰

On February 22, 2000, the Attorney General issued an advisory legal opinion to the Department of State advising that in order for the Department of State to apply for and enforce a patent on behalf of another agency, that other agency had to have independent statutory authority to hold and enforce patents.³¹

III. Effect of Proposed Changes:

The Department of the Lottery was delegated authority by the Legislature to hold copyrights, trademarks and service marks and to enforce its rights thereto when it was created in 1987. This bill grants the department the authority to obtain patents, as well. The bill requires the department to notify the Department of State in writing whenever it secures a patent, just as it must when it secures a copyright or trademark.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

Article I, s. 24 of the State Constitution, provides a substantive right for any person to inspect or copy a public record. “Public record” is defined to mean

. . . all documents, papers, letters, maps, books, tapes, photographs, films, sound recordings, data processing software, or other material, regardless of the physical form, characteristics, or means of transmission, made or received pursuant to law or ordinance or in connection with the transaction of official business by any agency.

²⁵ Section 373.608, F.S.

²⁶ Section 378.101, F.S.

²⁷ This list is not a comprehensive list of all delegations of statutory authority to obtain copyrights, patents, or trademarks.

²⁸ Section 120.55(1)(a) 1., F.S.

²⁹ Originally enacted by s. 1, ch. 21959 (1943). See AGO 2000-13 noting that “[n]othing in these sections (referring also to s. 286.031, F.S.) would authorize the Department of State to apply for trademarks on behalf of an agency that could not demonstrate *independent statutory authority* for securing a trademark [*emphasis added*].”

³⁰ See, for example, s. 331.355, F.S., vesting ownership in Space Florida and s. 334.049, F.S., vesting ownership in the Department of Transportation.

³¹ See Fla. AGO 2000-13 (2003).

The Department of the Lottery is created in s. 20.317, F.S., and meets the definition of “agency” in s. 119.011(2), F.S., for public records requirements. The authority of the department to obtain copyrights and trademarks existed prior to the enactment of Article I, s. 24 of the State Constitution, as does an exemption for the department for trade secrets under s. 24.105, F.S.

The Legislature has not provided general copyright authority for work products of agencies except for the authority to copyright data processing software.³² Data processing software is a public record under Florida law.³³ As a result, the general authority permitting agencies to copyright and sell their software based upon market considerations is, in effect, an exemption from public records requirements.³⁴ As such, the law enacting this authority contained a statement of public necessity in support of the authority delegated.³⁵ The Second District Court of Appeal noted that

. . . Florida’s Constitution and its statutes do not permit public records to be copyrighted unless the legislature specifically states they can be.³⁶

Further, the court stated

To be sure, the legislature may exempt specific public records from the public records law [*citations omitted*]. The Sunshine Amendment permits the legislature, by two-thirds vote, to enact exemptions for public records, but only after specifically defining a public necessity and narrowly tailoring the exemption to that necessity [*citations omitted*]. Accordingly, the legislature has allowed restrictions on the unlimited access to some public records by enacting specific statutes authorizing certain agencies to obtain copyrights in particular circumstances [*citations omitted*]. . . . *A law permitting copyright protection of public records creates a public records exemption as contemplated in the Sunshine Amendment [emphasis added] . . .*³⁷

The exemption for trade secrets held by the department was enacted *prior to* the enactment of Article I, s. 24 of the State Constitution, “grandfathering” the exemption.³⁸ Section 24.105(12)(a), F.S., provides:

Powers and duties of department. - The department shall:

(12)(a) Determine by rule information relating to the operation of the lottery which is confidential and exempt from the provisions of s. 119.071(1) *and*

³² Section 119.084, F.S.

³³ Section 119.011(11), F.S.

³⁴ *Microdecisions, Inc.*, supra at 876.

³⁵ Ch. 2001-251, L.O.F.

³⁶ See, *Microdecisions, Inc.*, supra, at 876.

³⁷ *Ibid* at 875.

³⁸ Article I, s. 24(d) states: “All laws that are in effect on July 1, 1993 that limit public access to records or meetings shall remain in force. . . until they are repealed.”

s. 24(a), Art I of the State Constitution. Such information includes trade secrets; security measures, systems, or procedures; security reports; information concerning bids or other contractual data, the disclosure of which would impair the efforts of the department to contract for goods or services on favorable terms; employee personnel information unrelated to compensation, duties, qualifications, or responsibilities; and information obtained by the Division of Security pursuant to its investigations which is otherwise confidential. To be deemed confidential, the information must be necessary to the security and integrity of the lottery. Confidential information may be released to other governmental entities as needed in connection with the performance of their duties. The receiving governmental entity shall retain the confidentiality of such information as provided for in this subsection [post-1993 language is in italics].

There does not appear to be a statutory definition of “trade secrets” for the department. As such, the common meaning applies. Based upon the definition of “trade secrets” in Black’s Law Dictionary, “patent” may not fall within the meaning of a “trade secret.”

“**Trade secret.** A formula, pattern, device or compilation of information which is used in one’s business and which gives one opportunity to obtain advantage over competitors who do not know or use it. . . . A plan or process, tool, mechanism, or compound known only to its owner and those of his employees to whom it is necessary to confide it. A secret formula or process *not patented*, but known only to certain individuals using it in compounding some article of trade having a commercial value [*emphasis added*].”³⁹

The ability of the department to obtain fees outside of those provided in s. 119.07, F.S., could be impacted by whether patents fall within the current statutory exemption for trade secrets provided in s. 24.105(12)(a), F.S. Whether a patent is analogous to copyright, however, is unclear.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

³⁹ Black’s Law Dictionary, p. 1339, West Publishing Co., 1979.

C. Government Sector Impact:

The department states that the department's ability to hold patents would create a new source for revenue for the Educational Enhancement Trust Fund (EETF), by introducing new methods of play to its current game mix. The department would also charge a licensing fee for other gaming organizations to use the patented product. *See*, however, IV. B, above.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
