

AB 2880 (Committee on Judiciary): State Intellectual Property

SUMMARY

AB 2880 strengthens the statutory framework to provide additional guidance to state agencies in order to better manage and protect the state's intellectual property.

Specifically, this bill:

- Clarifies existing law that public agencies may own, license, and register intellectual property;
- Provides policy guidance to the Department of General Services on factors state agencies should consider when deciding whether to sell or license state-owned intellectual property;
- Enables the Department of General Services to include guidelines in its State Contracting Manual on how state agencies should manage its intellectual property;
- Requires state agencies, when entering into a contract, to consider the guidance, policies, and procedures developed by the Department of General Services on intellectual property; and
- Prohibits a state contract that waives the state's intellectual property unless the Department of General Services has consented to the waiver.

BACKGROUND

Intellectual property refers to a category of commercially valuable intangible property rights that are products created with the human intellect. (See Black's Law Dict. (8th ed. 2004) p. 824, col. 2.) Generally, the law recognizes four main types of intellectual property, including patents, trade secrets, copyrights, and trademarks.

Last year, a trademark dispute arose between the National Park Service (the federal entity that manages federal parks) and Delaware North (the departing Yosemite concessioner) over the ownership of trademarks associated with attractions and facilities in Yosemite National Park.

Delaware North alleged that it owned certain trademarks associated with Yosemite, including: "The Awhanee" Hotel; "Curry Village"; and "Yosemite National Park" (when used in certain retail applications, such as on mugs and t-shirts). Delaware

North contended that its ownership of these trademarks was required under its contract with the National Park Service. According to Delaware North, the federal government required it to purchase all of the property assets—including intellectual property rights—from the departing concessioner before Delaware North took over Yosemite's concessions. After Delaware North's concession contract with National Park Service expired, it still had possession of the Park's intellectual property rights.

This trademark dispute put a spotlight on governmental intellectual property rights, and posed the following question for the state: does a third-party contractor who enters into a contract with the state acquire any intellectual property rights over products and services it creates and provides to the public that is funded with public dollars, even after the contract expires?

Some state agencies, including California State Parks, have taken steps to develop policies and procedures to protect the intellectual property rights of the state and the public. Unfortunately, most state agencies have not established such policies or procedures.

In 2000 and 2011, the State Auditor issued recommendations to the Legislature to take steps to help state agencies manage and protect the State's intellectual property. In 2012, the Legislature enacted AB 744 (Perez, Stat. of 2012, Ch. 463), which requires the Department of General Services (DGS) to develop guidance to assist state agencies in managing intellectual property. The guidance is developed by a working group consisting of attorneys from various state agencies who have expertise in intellectual property. However, nothing under the law requires a state agency to review or even consider guidance from the working group.

Despite the Legislature's recent efforts to protect the intellectual property rights of the state, not all of the recommendations suggested by the Auditor have been enacted. Indeed, the lack of a robust intellectual property framework has led to confusion among state agencies, loose and informal practices, and possibly confusion among state and federal courts. Several

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recent court decisions have held that state agencies need legislative authority to hold intellectual property rights. In light of the recent Yosemite trademark issue and the recent court decisions, it is important for California to develop a stronger framework to assist state agencies manage and protect the state's intellectual property rights.

PROBLEM AND SOLUTION – SECTION 1

Several recent court cases have held that state agencies cannot own or hold intellectual property rights unless the Legislature provides the agency with that explicit authority (“in the absence of an affirmative grant of authority to obtain and hold copyrights, a California public entity may not do so.” (*City of Inglewood v. Teixeira* (C.D.Cal. 2015), relying on *County of Santa Clara v. Superior Court* (2009) 170 Cal.App.4th 1301)).

Although it has always been the intent of the Legislature to ensure that California agencies can own, hold, and acquire intellectual property, AB 2880 clarifies existing law by explicitly providing that a California public entity may own, license, and if deemed appropriate, register intellectual property. AB 2880 also provides that the state's intellectual property rights do not preclude a public entity from disclosing information otherwise accessible under the California Public Records Act.

PROBLEM AND SOLUTION – SECTION 2

Current law requires DGS to develop factors to assist state agencies that decide to sell or license state-owned intellectual property.

AB 2880 provides DGS policy guidance on those factors and requires state agencies that decide to sell or license state-owned intellectual property to consider: (1) the state's best interest; (2) maintaining public access; and (3) the discouragement of unauthorized economic gain.

PROBLEM AND SOLUTION – SECTION 3

According to the State Auditor, the State Contract Manual (SCM), a document that provides guidance to state agencies on rules and procedures for state

contracting, does not provide any guidance on how a state agency should manage its intellectual property.

This bill clarifies the statutory authority for DGS to adopt rules and procedures in its SCM to include guidance to state agencies on how to manage intellectual property; adopted rules and procedures will follow the existing statutory framework provided under AB 744 and this bill.

PROBLEM AND SOLUTION – SECTION 4

This bill requires a state agency to consider the guidelines developed by DGS when the state agency enters into a contract. This bill also prohibits any contract that waives the state's intellectual property unless DGS has provided consent to the contracting state agency. To ensure that parties that contract with the state have notice of these waiver provisions, this bill also requires DGS to develop sample language advising a party what happens if a state agency waives its intellectual property rights.

FOR MORE INFORMATION

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