

1 UNITED STATES COURT OF APPEALS

2 FOR THE SECOND CIRCUIT

3 August Term, 2015

4 (Argued: September 29, 2015 Decided: February 3, 2017)

5 Docket No. 15-288-CV

6 -----  
7 Physicians Healthsource, Inc.,

8  
9 Plaintiff-Appellant,

10  
11 v.

12  
13 Boehringer Ingelheim Pharmaceuticals, Inc., Boehringer Ingelheim  
14 Corporation, Medica, Inc.

15  
16 Defendants-Appellees,

17  
18 John Does, 1-10,

19  
20 Defendants.

21  
22 -----  
23  
24 B e f o r e: WINTER, JACOBS, and LEVAL, Circuit Judges.

25 Appeal from a grant by the United States District Court for  
26 the District of Connecticut (Stefan R. Underhill, Judge) of a  
27 Rule 12(b)(6) motion dismissing a complaint asserting violations  
28 of the Telephone Consumer Protection Act of 1991, as amended by  
29 the Junk Fax Protection Act of 2005, 47 U.S.C. § 227. The  
30 principal issue is whether an unsolicited fax inviting doctors to  
31 a free dinner meeting featuring a discussion of an ailment -- to  
32 which an upcoming product, as yet unapproved by the FDA, was

1 aimed -- was an "unsolicited advertisement." We vacate and  
2 remand. Judge Leval joins in the panel's opinion and concurs by  
3 separate opinion.

4 GLENN L. HARA (Aytan Y. Bellin, Bellin &  
5 Associates LLC, White Plains, NY, on the  
6 brief), Anderson & Wanda, White Plains, NY,  
7 for Plaintiff-Appellant.  
8

9 THOMAS D. GOLDBERG (Bryan J. Orticelli, Day  
10 Pitney LLP, Stamford, CT, Matthew H. Geelan,  
11 Donahue, Durham & Noonan, P.C., Guilford, CT,  
12 on the brief), Day Pitney LLP, Stamford, CT,  
13 for Defendants-Appellees.  
14

15 WINTER, Circuit Judge:

16 Physicians Healthsource appeals from Judge Underhill's  
17 dismissal of its class action complaint asserting violations of  
18 the Telephone Consumer Protection Act of 1991, as amended by the  
19 Junk Fax Protection Act of 2005, 47 U.S.C. § 227 (the TCPA). The  
20 complaint alleges that appellees (collectively "Boehringer") sent  
21 an unsolicited fax invitation for a free dinner meeting to  
22 discuss ailments relating to appellees' business. According to  
23 appellant, this fax constituted an "unsolicited advertisement"  
24 prohibited by the TCPA.

25 Judge Underhill dismissed appellant's complaint for failure  
26 to state a claim -- holding that no facts were pled that  
27 plausibly showed that the fax had a commercial purpose. While we  
28 agree that a fax must have a commercial purpose to be an  
29 "unsolicited advertisement," we hold that the district court  
30 improperly dismissed appellant's complaint. Where it is alleged

1 that a firm sent an unsolicited fax promoting a free event  
2 discussing a subject related to the firm's business, the  
3 complaint is sufficient to state a claim.

4 We therefore vacate and remand.

5 BACKGROUND

6 In reviewing a Fed. R. Civ. P. 12(b)(6) dismissal of a  
7 complaint, we accept all factual allegations as true, drawing all  
8 reasonable inferences in the plaintiff's favor. See Chambers v.  
9 Time Warner, Inc., 282 F.3d 147, 152 (2d Cir. 2002).

10 The complaint alleges that, on April 6, 2010, Boehringer, a  
11 pharmaceutical company, sent an unsolicited fax to appellant,  
12 inviting one of appellant's doctors to a free "dinner meeting"  
13 and discussion entitled, "It's time to Talk: Recognizing Female  
14 Sexual Dysfunction (FSD) and Diagnosing Hypoactive Sexual Desire  
15 Disorder (HSDD)." J. App'x at 24. The "invitation" stated that

16 Boehringer Ingelheim Pharmaceuticals, Inc.  
17 cordially invites you to join us for a dinner  
18 meeting entitled, It's Time to Talk:  
19 Recognizing Female Sexual Dysfunction and  
20 Diagnosing Hypoactive Sexual Desire Disorder.  
21 Based on recent data from a large US study  
22 (PRESIDE), 43% of US women aged > 18 years  
23 have experienced a sexual problem in their  
24 lives and 9.5% of the same group of women  
25 have experienced decreased sexual desire with  
26 distress. This program has been developed to  
27 discuss Female Sexual Dysfunction (FSD),  
28 including Hypoactive Sexual Desire Disorder  
29 (HSDD) including pathophysiology models,  
30 epidemiology, and diagnosis. We hope you  
31 will join us for this informative and  
32 stimulating program.  
33

1 Id. The fax provided registration details and revealed that the  
2 speaker at the dinner meeting would be David Portman, MD.

3 On March 30, 2014, appellant filed a class action lawsuit on  
4 behalf of more than forty individuals against Boehringer,  
5 alleging that the fax violated the TCPA as an "unsolicited  
6 advertisement" without a proper opt-out notice. Id. at 11.  
7 According to the complaint, the fax was an "unsolicited  
8 advertisement" because it "promote[d] the services and goods of  
9 [Boehringer]." Id. Appellant sought an award of statutory  
10 damages in the minimum amount of \$500 for each violation of the  
11 TCPA, and to have such damages trebled. Appellant also requested  
12 injunctive relief to enjoin Boehringer from sending similar faxes  
13 in the future.

14 Boehringer moved to dismiss, arguing that appellant failed  
15 to state a claim under the TCPA because the unsolicited fax was  
16 not an advertisement. In its motion to dismiss, Boehringer asked  
17 the district court to take judicial notice of public records of  
18 the Food and Drug Administration (FDA) -- a request that was  
19 unopposed and that the court granted. These records showed that,  
20 at the time it faxed appellant, Boehringer had submitted for  
21 approval by the FDA to market a drug named Flibanserin. The drug  
22 was intended to treat HSDD. Because Flibanserin had yet to be  
23 approved by the FDA, Boehringer was forbidden to promote it.  
24 See 21 C.F.R. § 312.7(a) (prohibiting, inter alia, pharmaceutical  
25 companies from "promoting" drugs not yet approved by the FDA).

1 The district court dismissed the complaint for failure to  
2 state a claim under Fed. R. Civ. P. 12(b)(6). Physicians  
3 Healthsource, Inc. v. Boehringer Ingelheim Pharmaceuticals, Inc.,  
4 No. 3:14-CV-405 (SRU), 2015 WL 144728, at \*6 (D. Conn. Jan. 12,  
5 2015). The court interpreted Federal Communications Commission  
6 (FCC) regulations as "requir[ing] plaintiffs to show that [an  
7 unsolicited] fax has a commercial pretext" for it to violate the  
8 TCPA. Id. at \*3. The court determined that "[n]othing in the  
9 [f]ax indicates that the dinner was a pretext for pitching a  
10 Boehringer product or service." Id. at \*5. The court noted  
11 that, "[e]ven drawing the inference that Boehringer sponsored the  
12 dinner in order to inform potential future prescribers of  
13 Flibanserin about the existence and nature of HSDD, the  
14 hypothetical future economic benefit that the Boehringer  
15 defendants might receive someday does not transform the [f]ax  
16 into an advertisement." Id.

#### 17 DISCUSSION

18 As noted, we review de novo a district court's dismissal of  
19 a complaint pursuant to Rule 12(b)(6). See Chambers, 282 F.3d at  
20 152. To survive a motion to dismiss, a complaint must contain  
21 sufficient factual matter, accepted as true, to "state a claim to  
22 relief that is plausible on its face." Bell Atl. Corp. v.  
23 Twombly, 550 U.S. 544, 570 (2007). As the Supreme Court has  
24 stated,

1 A claim has facial plausibility when the  
2 plaintiff pleads factual content that allows  
3 the court to draw the reasonable inference  
4 that the defendant is liable for the  
5 misconduct alleged. The plausibility  
6 standard is not akin to a "probability  
7 requirement," but it asks for more than a  
8 sheer possibility that a defendant has acted  
9 unlawfully. Where a complaint pleads facts  
10 that are "merely consistent with" a  
11 defendant's liability, it "stops short of the  
12 line between possibility and plausibility of  
13 'entitlement to relief.'"

14  
15 Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009) (citations omitted)  
16 (quoting Twombly, 550 U.S. at 557).

17 Under the TCPA, it is unlawful for "any person within the  
18 United States" to send a fax that is an "unsolicited  
19 advertisement" -- unless, inter alia, the fax has an opt-out  
20 notice meeting certain requirements. 47 U.S.C. § 227(b)(1)(C).  
21 The Act creates a private right of action, providing for  
22 statutory damages in the amount of \$500 for each violation as  
23 well as injunctive relief against future violations. 47 U.S.C.  
24 § 227(b)(3).

25 The parties do not dispute that Boehringer's fax lacked any  
26 opt-out notice, and the question is, therefore, whether it was an  
27 "unsolicited advertisement." The Act defines "unsolicited  
28 advertisement" as "any material advertising the commercial  
29 availability or quality of any property, goods, or services which  
30 is transmitted to any person without that person's prior express  
31 invitation or permission, in writing or otherwise." 47 U.S.C.  
32 § 227(a)(5). Exercising its delegated rulemaking authority over

1 the TCPA pursuant to 47 U.S.C. § 227(b)(2), the FCC has  
2 promulgated a rule elaborating on the Act's definition of  
3 "unsolicited advertisement." Rules and Regulations Implementing  
4 the Tel. Consumer Prot. Act of 1991; Junk Fax Prevention Act of  
5 2005, 71 Fed. Reg. 25967, 25973 (May 3, 2006) (the "2006 Rule").  
6 The 2006 Rule states, in relevant part, that

7 facsimile messages that promote goods or  
8 services even at no cost, such as free  
9 magazine subscriptions, catalogs, or free  
10 consultations or seminars, are unsolicited  
11 advertisements under the TCPA's definition.  
12 In many instances, "free" seminars serve as a  
13 pretext to advertise commercial products and  
14 services. Similarly, "free" publications are  
15 often part of an overall marketing campaign  
16 to sell property, goods, or services. For  
17 instance, while the publication itself may be  
18 offered at no cost to the facsimile  
19 recipient, the products promoted within the  
20 publication are often commercially available.  
21 Based on this, it is reasonable to presume  
22 that such messages describe the "quality of  
23 any property, goods, or services."  
24 Therefore, facsimile communications regarding  
25 such free goods and services, if not purely  
26 "transactional," would require the sender to  
27 obtain the recipient's permission beforehand,  
28 in the absence of an [established business  
29 relationship].  
30

31 Id. The Rule itself comports with the statutory language, which  
32 defines offending advertisements as those promoting "the  
33 commercial availability or quality of [the firm's] property,  
34 goods, or services." 47 U.S.C. § 227(a)(5).

35 The district court interpreted the Rule as "requir[ing]  
36 plaintiffs to show that the fax has a commercial pretext -- i.e.,  
37 'that the defendant advertised, or planned to advertise, its

1 products or services at the seminar.'" Physicians Healthsource,  
2 2015 WL 144728, at \*3 (quoting Bais Yaakov of Spring Valley v.  
3 Richmond, the Am. Int'l Univ. in London, Inc., No. 13-CV-4564  
4 (CS), 2014 WL 4626230, at \*3 (S.D.N.Y. Sept. 16, 2014)). We do  
5 not disagree. But, at the pleading stage, where it is alleged  
6 that a firm sent an unsolicited fax promoting a free seminar  
7 discussing a subject that relates to the firm's products or  
8 services, there is a plausible conclusion that the fax had the  
9 commercial purpose of promoting those products or services.  
10 Businesses are always eager to promote their wares and usually do  
11 not fund presentations for no business purpose. The defendant  
12 can rebut such an inference by showing that it did not or would  
13 not advertise its products or services at the seminar, but only  
14 after discovery. This interpretation comports with the 2006  
15 Rule. "In interpreting an administrative regulation, as in  
16 interpreting a statute, we must begin by examining the language  
17 of the provision at issue." Resnik v. Swartz, 303 F.3d 147, 151  
18 (2d Cir. 2002). The 2006 Rule states that "it is reasonable to  
19 presume that such messages [advertising free seminars] describe  
20 the 'quality of any property, goods, or services,'" potentially  
21 violating the TCPA. 2006 Rule, 71 Fed. Reg. at 25973 (quoting 47  
22 U.S.C. § 227(a)(3)).



1           Of course, as other courts have ruled,<sup>1</sup> not every  
2           unsolicited fax promoting a free seminar satisfies the Rule.  
3           There must be a commercial nexus to a firm's business, i.e., its  
4           property, products, or services; that, in our view, is satisfied  
5           at the pleading stage where facts are alleged that the subject of  
6           the free seminar relates to that business. The Rule does not aim  
7           at faxes promoting free seminars per se,<sup>2</sup> but states only that,  
8           "[i]n many instances, 'free' seminars serve as a pretext to

---

<sup>1</sup> See Physicians Healthsource, Inc. v. Stryker Sales Corp., 65 F. Supp. 3d 482, 489 (W.D. Mich. 2015); Bais Yaakov of Spring Valley v. Richmond, the Am. Int'l Univ. in London, Inc., No. 13-CV-4564 (CS), 2014 WL 4626230, at \*3 (S.D.N.Y. Sept. 16, 2014) ("While the [2006 Rule] could be read to categorize all faxes promoting free seminars as unsolicited advertisements, many courts require plaintiffs to show that the defendant advertised, or planned to advertise, its products or services at the seminar."); Addison Automatics, Inc. v. RTC Group, Inc., No. 12 C 9869, 2013 WL 3771423, at \*2 (N.D. Ill. July 16, 2013) ("[F]axes promoting free seminars may be unsolicited advertisements because free seminars are often a pretext to market products or services.") (internal quotation marks omitted); St. Louis Heart Center, Inc. v. Forest Pharms., Inc., No. 4:12-CV-02224, 2013 WL 1076540, at \*4 (E.D. Mo. Mar. 13, 2013); Phillips Long Dang, D.C., P.C. v. XLHealth Corp., No. 1:09-CV-1076-RWS, 2011 WL 553826, at \*4 (N.D. Ga. Feb. 7, 2011) ("[T]he Court does not read the FCC Promulgation as creating a per se ban on free seminar communications.").

<sup>2</sup> Appellant relies on another provision of the 2006 Rule -- that "applications and materials regarding educational opportunities and conferences sent to persons who are not yet participating or enrolled in such programs are unsolicited advertisements," 2006 Rule, 71 Fed. Reg. at 25973 -- to support its argument that faxes promoting free seminars are per se violations of the TCPA. We are unconvinced. The cited provision targets pretextual materials that promote, for example, enrollment at particular educational institutions; it does not purport to create a per se rule of the sort appellant advances. See 2006 Rule, 71 Fed. Reg. at 25974.

1 advertise commercial products and services." 2006 Rule, 71 Fed.  
2 Reg. at 25973 ("[M]essages that promote goods and services even  
3 at no cost, such as . . . free . . . seminars, are unsolicited  
4 advertisements under the TCPA's definition."). In a different  
5 but relevant context, the Rule states that "a trade  
6 organization's newsletter sent via facsimile would not constitute  
7 an unsolicited advertisement, so long as the newsletter's primary  
8 purpose is informational, rather than to promote commercial  
9 products." Id.

10 Requiring plaintiffs to plead specific facts alleging that  
11 specific products or services would be, or were, promoted at the  
12 free seminar would impede the purposes of the TCPA. See Gager v.  
13 Dell Fin. Servs., LLC, 727 F.3d 265, 271 (3d Cir. 2013) ("Because  
14 the TCPA is a remedial statute, it should be construed to benefit  
15 consumers."); Physicians Healthsource, Inc. v. Alma Lasers, Inc.,  
16 No. 12 C 4978, 2012 WL 4120506, at \*2 (N.D. Ill. Sept. 18, 2012)  
17 ("Congress enacted the TCPA to prevent the shifting of  
18 advertising costs to recipients of unsolicited fax  
19 advertisements.") (citing H.R. Rep. No. 102-317, at 10 (1991); S.  
20 Rep. No. 102-78, at 2, 5 (1991), reprinted in 1991 U.S.C.C.A.N.  
21 1968, 1972 ("[U]nsolicited calls placed to fax machines, and  
22 cellular or paging telephone numbers often impose a cost on the  
23 called party (fax messages require the called party to pay for  
24 the paper used . . .)"). And -- unless plaintiffs actually  
25 attended the free seminar -- in many cases it will be difficult

1 for plaintiffs to know whether it was in fact used to advertise a  
2 defendant's products or services. See Arista Records, LLC v. Doe  
3 3, 604 F.3d 110, 120 (2d Cir. 2010) ("The Twombly plausibility  
4 standard, which applies to all civil actions . . . does not  
5 prevent a plaintiff from pleading facts alleged upon information  
6 and belief where the facts are peculiarly within the possession  
7 and control of the defendant.") (internal quotation marks  
8 omitted).

9 Two fanciful examples illustrate the distinction. If a  
10 complaint alleged that the Handy Widget Company funded a  
11 professorship at a local law school in the name of its deceased  
12 founder and faxed invitations on its letterhead to an inaugural  
13 lecture entitled "The Relevance of Greek Philosophers to  
14 Deconstructionism," the complaint would not state a claim under  
15 the TCPA because the Handy Widget Company is not in the business  
16 of philosophical musings. In contrast, if the Handy Widget  
17 Company faxed invitations to a free seminar on increasing  
18 widgets' usefulness and productivity, a claim under the TCPA  
19 would be validly alleged. Of course, the Handy Widget Company  
20 could rebut at the summary judgment stage with evidence showing  
21 that it did not feature its products or services at the seminar.

22 Boehringer's fax advertised a "dinner meeting" to discuss  
23 two medical conditions -- Female Sexual Dysfunction (FSD) and  
24 Hypoactive Sexual Desire Disorder (HSDD) -- and their  
25 "pathophysiology models, epidemiology, and diagnosis." J. App'x

1 at 24. As a pharmaceutical company, Boehringer was generally in  
2 the business of treating diseases and medical conditions, such as  
3 FSD and HSDD. Moreover, the fax makes clear to the invitee that  
4 the dinner meeting was "sponsored by Boehringer Ingelheim  
5 Pharmaceuticals, Inc." Id. The fax invitation was sent to a  
6 doctor, whom Boehringer would presumably hope to persuade to  
7 prescribe its drugs to patients. Therefore, facts were alleged  
8 that Boehringer's fax advertised a free seminar relating to its  
9 business.

10 In addition, Boehringer's seeking approval from the FDA for  
11 the marketing of Flibanserin is relevant, although not  
12 dispositive. Although not approved, the drug is intended as a  
13 remedy for the ailments to be discussed at the event. To be  
14 sure, Boehringer was prohibited from, inter alia, "promoting" an  
15 unapproved drug, 21 C.F.R. § 312.7(a), but that prohibition is  
16 not necessarily inconsistent with the free dinner's mentioning  
17 the possible future availability of the drug. Nothing in the  
18 statute or Rule limits their scope to the advertisement of  
19 products or services then available.

20 In defense, Boehringer can present, inter alia, testimony of  
21 the dinner meeting participants as well as provide the meeting's  
22 agenda, transcript, presentation slides, speaker list, or any  
23 internal emails or correspondences discussing the meeting. See  
24 Physicians Healthsource, Inc. v. Stryker Sales Corp., 65 F. Supp.  
25 3d 482, 492 (W.D. Mich. 2015) (holding that "the TCPA's text does

1 not require a court to put on evidentiary blinders in deciding  
2 whether a particular fax amounts to an advertisement" and  
3 allowing parties to present evidence beyond the four corners of  
4 the fax -- such as presentation slides -- to determine if a fax  
5 promoting a free seminar was pretextual). It is also possible  
6 that Boehringer used the seminar to advertise other drugs or  
7 services in its inventory -- which would certainly support  
8 finding a violation of the TCPA.

9 CONCLUSION

10 For the foregoing reasons, we vacate and remand for further  
11 proceedings consistent with this opinion.

12

1 LEVAL, Circuit Judge, concurring:

2 I concur in my colleagues' opinion. I agree fully that the Complaint  
3 plausibly states a claim under 42 U.S.C. §§ 227(b)(1)(C) and (a)(5), as elucidated  
4 by the 2006 Rule promulgated by the Federal Communications Commission (FCC  
5 or the Commission), 71 Fed. Reg. 25967, 25973 (May 3, 2006).

6 I write separately, however, speaking for myself alone, and speaking only to  
7 state courts and federal courts outside this circuit, to air a somewhat different  
8 possible understanding of the 2006 Rule, which, while supporting the same  
9 conclusion as to the sufficiency of the Complaint, may better reflect the text of the  
10 Commission's Rule.

11 The Complaint alleges that the Defendant, Boehringer Ingelheim  
12 Pharmaceuticals, Inc., sent an unsolicited fax message (without the required opt-  
13 out notice) to the Plaintiff, Physicians Healthsource, Inc. (as well as to other  
14 doctors).<sup>1</sup> The fax message invited Dr. Jose Martinez (apparently one of the  
15 doctors of Physicians Healthsource) to a free dinner and lecture sponsored by the  
16 Defendant, at which David Portman, M.D., would discuss Female Sexual  
17 Dysfunction (FSD) and Hypoactive Sexual Desire Disorder (HSDD).<sup>2</sup> At the  
18 Defendant's request, in deciding the motions to dismiss the Complaint, the court

---

<sup>1</sup> In this opinion, the Defendants are collectively referred to as the "Defendant."

<sup>2</sup> A note on the fax message indicated that the invitation was extended only to healthcare professionals, and not to their spouses or guests.

1 took judicial notice of records of the Food and Drug Administration (FDA)  
2 showing that the Defendant had submitted an application for the FDA's approval  
3 to market a new drug (flibanserin) for the treatment of HSDD, the condition that  
4 was to be the subject of the free lecture.

5 The Defendant argued in the district court that because its fax transmission  
6 consisted of an invitation to a free dinner and lecture, and did not on its face make  
7 any suggestion of a commercial nature or refer in any way to flibanserin, it did not  
8 come within the statute's definition of an unsolicited advertisement: "material  
9 advertising the commercial availability or quality of any property, goods, or  
10 services." 47 U.S.C. § 227(a)(5). The Plaintiff countered that the FCC's 2006 Rule  
11 made clear, for purposes of the statute, that an unsolicited facsimile message  
12 promoting free goods and services is an unsolicited advertisement. The Plaintiff  
13 argued further that, given the Defendant's pending application for FDA approval to  
14 market a drug for the treatment of HSDD, and the allegation of an invitation  
15 addressed to doctors to hear a medical lecture about HSDD, the Complaint  
16 plausibly alleged an overall marketing campaign and commercial purpose to get  
17 the doctors to prescribe the Defendant's drug to patients suffering from HSDD,  
18 once the Defendant obtained FDA approval for the drug. The district court  
19 accepted the Defendant's arguments and dismissed the Complaint.

1           The majority opinion reverses the district court’s dismissal of the Complaint,  
2 essentially adopting the Plaintiff’s fallback argument— that, in view of the  
3 Defendant’s intention to market a drug for the treatment of HSDD, its offer of a  
4 free seminar for doctors discussing HSDD is plausibly alleged to be a  
5 commercially motivated advertisement of its product. On the other hand, the  
6 majority opinion rejects the Plaintiff’s argument that the FCC’s 2006 Rule treats  
7 this offer of a free seminar *per se* as an advertisement of “the commercial  
8 availability” of a product. It reasons that the fax offering free goods or services  
9 would constitute an advertisement only if the offer of the free seminar turned out to  
10 be a pretext or prelude for a commercial promotion, and asserts that the Defendant  
11 “can rebut such an inference [of intent to promote a commercial product] by  
12 showing [after discovery] that it did not or would not advertise its products or  
13 services at the seminar.” Maj. Op. 8. Although recognizing that “[b]usinesses are  
14 always eager to promote their wares and usually do not fund presentations for no  
15 business purpose,” the opinion asserts that, if the defendant can show after  
16 discovery that at the free dinner and seminar no reference whatsoever was made to  
17 the Defendant’s drug for treatment of HSDD (or any other products or services it  
18 offered), the Defendant would prevail in the litigation. *Id.* at 8, 12–13.

19           I agree fully with the majority’s conclusion that the Complaint, as  
20 supplemented by the information about the Defendant’s commercial product that



1 the Defendant added to the record on the motion to dismiss, plausibly supports an  
2 intention on the part of the Defendant to foster future sales of its drug. It seems  
3 obvious that, when a pharmaceutical company, which is preparing to market a drug  
4 for the treatment of HSDD, invites doctors to a free dinner and lecture on HSDD,  
5 the objective of the event is to get doctors to eventually prescribe the company's  
6 drug to their patients, even though the company might be forced by legal  
7 requirements not to speak about the drug itself (as opposed to the condition) until  
8 FDA approval is secured.

9 I believe, in addition, that other courts might read the FCC's 2006 Rule to  
10 mean that, at least when sent by commercial, profit-motivated entities, faxes  
11 offering free goods or services are deemed to be advertisements (and "unsolicited  
12 advertisements" if sent without the prior permission of the recipient), regardless of  
13 whether the offer of free goods and services was a pretext or preliminary to explicit  
14 promotion of commercial products and services.

15 In enacting the Telephone Consumer Protection Act of 1991, as amended by  
16 the Junk Fax Prevention Act of 2005, Congress undertook to limit the use in  
17 commerce of certain methods of communication that impose costs, hardships, and  
18 annoyances on unwilling recipients. Section 227 focuses, in part, on the  
19 transmission of "unsolicited advertisement[s]" to "telephone facsimile machine[s]"

1 (fax machines).<sup>3</sup> The sending of “unsolicited advertisements” to a fax machine is  
2 expressly prohibited except in specified circumstances (which include the  
3 requirement that the message include a notice (conforming to specifications) that  
4 the recipient may opt out of further receipt of such messages). *See* 47 U.S.C. §  
5 227(b)(1)(C) (“It shall be unlawful for any person within the United States . . . to  
6 send, to a telephone facsimile machine, *an unsolicited advertisement*, unless . . . .”  
7 (emphasis added)).<sup>4</sup>

8         The statute defines “unsolicited advertisement” to mean “any material  
9 advertising the commercial availability or quality of any property, goods, or  
10 services which is transmitted to any person without that person’s prior express  
11 invitation or permission.” *Id.* § 227(a)(5). The statute goes on to direct the FCC to  
12 “prescribe regulations to implement the requirements of this subsection” and to  
13 “initiate a rulemaking proceeding concerning the need to protect residential  
14 telephone subscribers’ privacy rights to avoid receiving telephone solicitations to

---

<sup>3</sup> The menace to the public represented by unsolicited advertisements sent by fax has mercifully diminished since the passage of the Act, as newer means of communication have supplanted the fax and far fewer consumers now possess fax machines. Nonetheless, usage of fax machines continues, and, for those who use them, the problem that led Congress to pass the Junk Fax Prevention Act persists.

<sup>4</sup> An “unsolicited advertisement” may not be sent to a fax machine unless (1) “the sender [has] an established business relationship with the recipient,” (2) the “sender obtained the number of the telephone facsimile machine” in a manner permitted by the statute, and (3) the unsolicited advertisement contains a “clear and conspicuous” opt-out notice on the first page which meets various statutory specifications. 47 U.S.C. §§ 227 (b)(1)(C) & (2)(D).

1 which they object.” *See id.* §§ 227(b)(2) and (c)(1). The FCC promulgated the  
2 2006 Rule.

3 The 2006 Rule is not written in the manner of a conventional regulation. It is  
4 a rambling 22-page discussion, in which some sentences assert normative rules and  
5 definitions, others describe arguments that have been submitted to the agency by  
6 commentators and the Commission’s responses to them, and yet others explain the  
7 Commission’s observations and reasoning that led it to its conclusions.

8 A chapter of the 2006 Rule specifically addresses facsimile messages that  
9 contain “Offers for Free Goods and Services,” and the question whether such  
10 messages constitute “unsolicited advertisements.”<sup>5</sup>

---

<sup>5</sup> The pertinent passage reads:

*Offers for Free Goods and Services and Informational Messages*

The Commission concludes that facsimile messages that promote goods or services even at no cost, such as free magazine subscriptions, catalogs, or free consultations or seminars, are unsolicited advertisements under the TCPA’s definition. In many instances, “free” seminars serve as a pretext to advertise commercial products and services. Similarly, “free” publications are often part of an overall marketing campaign to sell property, goods, or services. For instance, while the publication itself may be offered at no cost to the facsimile recipient, the products promoted within the publication are often commercially available. Based on this, it is reasonable to presume that such messages describe the “quality of any property, goods, or services.” Therefore, facsimile communications regarding such free goods and services, if not purely “transactional,” would require the

1           If one reads this passage precisely, sentence by sentence, giving each  
2 sentence its natural meaning, it can be read to establish a rule that differs  
3 significantly from the majority opinion’s interpretation of it.

4           The first sentence can be read to state a categorical conclusion as to the  
5 meaning of “unsolicited advertisement” as applied to faxes that offer free goods or  
6 services.

7           The Commission concludes that facsimile messages that promote  
8 goods or services even at no cost, such as free magazine subscriptions,  
9 catalogs, or free consultations or seminars, *are* unsolicited  
10 advertisements under the TCPA’s definition.

11  
12 2006 Rule, 71 Fed. Reg. at 25973 (emphasis added).

13           The next four sentences appear to recount what the Commission observed  
14 and how those observations led it to adopt the categorical rule stated in the first  
15 sentence. These four sentences explain:

16           In many instances, “free” seminars serve as a pretext to advertise  
17 commercial products and services. Similarly, “free” publications are  
18 often part of an overall marketing campaign to sell property, goods, or  
19 services. For instance, while the publication itself may be offered at  
20 no cost to the facsimile recipient, the products promoted within the  
21 publication are often commercially available. Based on this, it is  
22 reasonable to presume that such messages describe the “quality of any  
23 property, goods, or services.”

24  
25 *Id.*

---

sender to obtain the recipient’s permission beforehand, in the absence  
of an [established business relationship].  
2006 Rule, 71 Fed. Reg. at 25973.

1           The final sentence of the passage follows the Commission’s factual  
2 observations described in the prior four sentences with the word, “Therefore,” and  
3 then essentially restates the categorical rule of the first sentence—that facsimile  
4 messages offering free goods and services are treated as advertisements,<sup>6</sup> so that  
5 the sender must “obtain the recipient’s permission beforehand, in the absence of an  
6 [established business relationship].” *Id.*

7           In view of the apparently categorical assertion of the first sentence (repeated  
8 in substance in the final sentence)—that “facsimile messages that promote goods  
9 or services even at no cost . . . are unsolicited advertisements under the TCPA’s  
10 definition”—another court might well disagree with the majority opinion’s view  
11 that the Rule “does not aim at faxes promoting free seminars *per se.*” Maj. Op. 9.  
12 Nothing in the text suggests that the Commission’s observation of the frequency  
13 with which free offers lead to commercial solicitation was intended as limiting the  
14 Commission’s categorical proposition announced in the first sentence, rather than  
15 providing an explanation for it.

---

<sup>6</sup> The final sentence includes the qualification, “if not purely ‘transactional.’” This qualification has no bearing on our analysis. The immediately preceding passage of the 2006 Rule explains that “‘Transactional’ Communications,” those “whose purpose is to facilitate, complete, or confirm a commercial transaction that the recipient has previously agreed to enter into with the sender[,] are not advertisements for purposes of the TCPA’s facsimile advertising rules.” 2006 Rule, 71 Fed. Reg. at 25972.

1           In addition, a court might conclude that the majority opinion’s selective  
2 quotation and characterization of the last two sentences of the passage on free  
3 goods and services change their meaning. The majority opinion describes the 2006  
4 Rule as stating that, because of the reasonableness of the presumption adopted by  
5 the FCC that messages advertising free seminars in fact describe the “quality of  
6 any property, goods, or services,” such messages “*potentially* violat[e] the TCPA.”  
7 *Id.* at 8. The 2006 Rule, however, after noting the reasonableness of that  
8 presumption, goes on to say that fax messages offering free goods and services  
9 “[t]herefore . . . would require the sender to obtain the recipient’s permission  
10 beforehand.” 2006 Rule, 71 Fed. Reg. at 25973 (emphasis added). This passage,  
11 read literally, says that, unless the recipient gave permission, the fax message  
12 offering free goods or services does violate the TCPA—not that it “potentially”  
13 violates the TCPA.

14           The 2006 Rule, in other words, can be read to say, in sum: Because of the  
15 frequency, observed by the Commission, that messages offering free goods or  
16 services in fact mask or precede efforts to sell something, the Commission has  
17 adopted a prophylactic presumption that fax messages offering free goods or  
18 services *are* advertisements and thus *are* prohibited by § 277 (unless they are either  
19 sent with the consent of the recipient or meet the requirements for the statutory  
20 exception).

1           One might ask why the Commission would adopt this presumption rather  
2 than letting it be determined in litigation whether one who accepted the offer of  
3 free goods or services would ultimately confront an attempt to sell something. The  
4 Commission did not explain its reasons. One can well surmise, however, that  
5 because the statute generally offers plaintiffs a maximum award of \$500 in  
6 statutory damages,<sup>7</sup> the statute’s efficacy in controlling nuisance faxes would be  
7 nullified if a plaintiff needed to spend thousands of dollars in discovery litigation  
8 to win a much smaller award. And as to the risk that a sender might be held liable  
9 in circumstances where its offer of free goods did not lead to an attempt to sell, the  
10 Commission could take comfort in (1) its determination that this would occur  
11 infrequently, and (2) the near certainty that the damages award inflicted on the  
12 defendant would be negligible—even less than the litigation cost of making a  
13 motion to dismiss.

14           I recognize that there is a significant argument against this literal reading of  
15 the Commission’s Rule. If this passage is read to apply universally to *all* “facsimile  
16 messages that promote goods or services . . . at no cost,” this would mean that fax  
17 messages sent by charitable, nonprofit entities for the sole purpose of alerting  
18 intended beneficiaries to the availability of charitable offerings would incur

---

<sup>7</sup> Plaintiffs may recover their “actual monetary loss” or “\$500 in damages for each [ ] violation, whichever is greater.” 47 U.S.C. § 227(b)(3)(B). Absent truly exceptional circumstances, \$500 will likely far exceed a plaintiff’s actual monetary loss caused by receipt of an unsolicited fax.

1 liability. Because the governing statute imposes liability for fax transmissions only  
2 on “material advertising the commercial availability or quality of any property,  
3 goods, or services,” *see* § 227(a)(5), it is at least doubtful whether the Commission  
4 can lawfully impose a rule requiring that the statute be read to impose liability for  
5 faxes sent by charitable nonprofit organizations with no objective other than to  
6 give away free goods or services.

7         There are, however, answers to this objection. Notwithstanding the breadth  
8 of the Commission’s language in the first and last sentences of the quoted  
9 paragraph concerning Offers for Free Goods and Services, it is doubtful whether  
10 the Commission intended this broad categorical rule to apply to offers of free  
11 goods and services by nonprofit entities. Both the statute<sup>8</sup> and the 2006 Rule  
12 communicate an intention that nonprofits be treated differently, at least in some  
13 respects, from commercial entities. In a separate portion of the 2006 Rule, the  
14 Commission set forth some discussion of how the statute treats nonprofits,  
15 suggesting that nonprofits are not covered by the otherwise categorical rule treating  
16 faxes offering free goods and services as advertisements.<sup>9</sup>

---

<sup>8</sup> *See* 47 U.S.C. § 227(a)(4) (defining “telephone solicitation,” another form of communication governed by the statute, expressly to exclude “a call or message . . . by a tax exempt, nonprofit organization”).

<sup>9</sup> Section 227(b)(2)(F) of the statute authorizes the Commission to issue a regulation exempting nonprofit professional or trade associations from the requirement to include an opt-out notice on unsolicited fax advertisements sent to



1 While neither the TCPA nor its amendments carve out an exemption  
2 for nonprofits from the facsimile advertising rules, the Commission  
3 agrees with those petitioners that argue that messages that are not  
4 commercial in nature—which many nonprofits send—do not  
5 constitute “unsolicited advertisements” and are therefore not covered  
6 by the facsimile advertising prohibition. (. . . [C]onsistent with the  
7 language of the TCPA, the Commission does not intend for the  
8 clarifications in this Order to result in the regulation of  
9 noncommercial speech as commercial facsimile messages under the  
10 TCPA regulatory scheme.) The Commission clarifies that messages  
11 that do not promote a commercial product or service, including all  
12 messages involving political or religious discourse, such as a request  
13 for a donation to a political campaign, political action committee or  
14 charitable organization, are not unsolicited advertisements under the  
15 TCPA. (. . . [T]he fact that a political message contains an offer to  
16 attend a fundraising dinner or to purchase some other product or  
17 service in connection with a political campaign or committee  
18 fundraiser does not turn the message into an advertisement for  
19 purposes of the TCPA’s facsimile advertising rules.)  
20

21 2006 Rule, 71 Fed. Reg. at 25972.

22 The Commission’s observations about nonprofits in this passage—that they  
23 send noncommercial messages and that such messages, including, for example,  
24 offers to attend fundraising dinners, are not advertisements—seem inconsistent  
25 with applying to nonprofits the apparently unqualified rule in the provision  
26 regarding Offers of Free Goods and Services. As a result, a court might conclude  
27 that the Commission intended the “Free Goods and Services” provision to apply to  
28 faxed offers by commercial entities, and not to similar faxes sent by nonprofits. It

---

their members. The Commission declined to create that exemption, however, in part because of the benefits of the notice to recipients, and in part because inclusion of the notice is not a burdensome obligation. *See* 2006 Rule, 71 Fed. Reg. at 25971.

1 is, furthermore, unlikely that the 2006 Rule's statement about the frequency with  
2 which offers of free goods and services are prefatory to commercial advertisement  
3 was predicated on the Commission's observation of such offers *by nonprofits*. If a  
4 court, therefore, faced a suit brought against a nonprofit, based on a faxed offer to  
5 distribute free benefits, the court might conclude that the Commission's 2006 Rule  
6 simply does not address that circumstance, so that the case should be adjudicated  
7 solely by reference to the provisions of the statute, which would presumably  
8 support the conclusion that a nonprofit's fax offering free goods or services was  
9 not an unsolicited advertisement.

10           While I concur in the panel opinion, ruling that the Complaint states a claim,  
11 I note that other courts might interpret the Commission's 2006 Rule differently.