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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

MARKETING INFORMATION MASTERS, INC., a California corporation,

Plaintiff,

v.

THE BOARD OF TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY, which is the State of California acting in its higher education capacity (erroneously sued as The Board of Trustees of the California State University, a public entity acting through its subdivision San Diego State University); and ROBERT A. RAUCH, an individual,

Defendants.

CASE NO. 06CV1682 JAH/JMA

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF DEFENDANTS' MOTION TO DISMISS PLAINTIFF'S FIRST AMENDED COMPLAINT

[Filed concurrently with Notice of Motion and Motion; Declarations of Robert Rauch and Kathy LaMaster]

ACTION FILED: August 18, 2006

DATE: January 18, 2007
TIME: 3:00 p.m.
DEPT. 11
Hon. John A. Houston

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

A. Brief Statement.

This motion follows an earlier Motion to Dismiss that was rendered moot when Plaintiff Marketing Information Masters, Inc. ("plaintiff" or "MIM") filed an amended complaint.

The timing of plaintiff's filing of an amended complaint should raise some eyebrows. Rather than filing it when plaintiff first learned that defendants intended to file a Motion to Dismiss, and rather than filing it in lieu of an Opposition brief, plaintiff waited until the very day defendants' reply was due and filed it then.

Plaintiff's delay was pure gamesmanship. It was also a colossal waste of time and money for both parties. Moreover, it gained plaintiff nothing. The amended complaint is nearly identical to the original and did not cure the fundamental and fatal defect contained in the original. Nor could it because, try as it may, plaintiff cannot draft a complaint that will permit it to sue the State of California for copyright infringement.

Like the original, plaintiff 's First Amended Compliant calls on this Court to ignore established authority and adopt a rule of law that permits plaintiff to sue the State for infringement. It does this despite the centuries-old principle of sovereign immunity as embodied in the Eleventh Amendment to the United States Constitution, and despite the fact that no other court has ever reached such a holding. The Eleventh Amendment is very clear. It provides that the "[j]udicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State." U.S. Const. Amend. XI.

Simply put, this Court should decline plaintiff's invitation to be the first court to permit a copyright infringement case be brought against the State. This is especially so because to adopt such a rule would require this Court to contravene the

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express language of the Constitution and decisional authority of the United States Supreme Court. Therefore, and as set forth below, this Court should find that plaintiff's amended complaint is as futile as its original, and should dismiss this case with prejudice in its entirety.

B. Statement of the Facts.

MIM is a company that specializes in market research and analysis. (First Amended Complaint ["FAC"], ¶2.) For several years prior to 2003, the Pacific Life Holiday Bowl (the "PLHB") retained MIM to conduct studies assessing the economic impact of the annual Holiday Bowl on San Diego's economy. (FAC, ¶4.) PLHB paid MIM $15,000 for each such survey.

In November 2004, MIM informed PLHB that it could not prepare the 2004 report for this same price. (FAC, ¶7.) MIM stated it would have to charge PLHB the "market rate" for all future surveys. (FAC, ¶8.) While not entirely clear, it appears that this translated to a three-fold increase in price. Given that increase, PLHB elected not to engage MIM to prepare the 2004 report. Rather, PLHB hired San Diego State University's ("SDSU") Center for Hospitality and Tourism Research (the "Center") to create the "Estimated Economic Impact on San Diego Due to the 2004 Holiday Bowl" (the "2004 Survey"). (FAC, ¶8.) To this end, the Center and PLHB entered into a written contract, pursuant to which the Center was to reference "previous Holiday Bowl reports" when analyzing "the total economic impact of the Holiday Bowl" on San Diego.

The Center completed the 2004 Survey in May 2005 under the direction of professor (and co-defendant) Robert Rauch. Shortly after the Center presented its report to PLHB, MIM's principal, Michael Casinelli, contacted SDSU and alleged that Mr. Rauch had copied large textual portions from MIM's 2003 Holiday Bowl survey (the "2003 Survey"). SDSU launched an internal academic inquiry, and ultimately issued two formal letters of reprimand to Mr. Rauch. Those letters stated that Mr. Rauch's had violated the academic standards expected of university

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employees by "plagiarizing" portions of MIM's 2003 survey. Based on the forgoing, MIM filed the instant lawsuit against Mr. Rauch and defendant the Board of Trustees of the California State University (the "Trustees").

II. THE COMPLAINT IS BARRED IN ITS ENTIRETY BY THE PRINCIPLE OF STATE SOVEREIGN IMMUNITY, AND THEREFORE, IT MUST BE DISMISSED.

Fed. R. Civ. P. 12(b)(6) allows for summary dismissal where the plaintiff is legally precluded from stating a claim for which relief may be granted. That is precisely the case here because the Trustees and Rauch are entitled to sovereign immunity as a matter of law. Accordingly, plaintiff's First Amended Complaint fails to state a single cognizable claim against these defendants and therefore should be dismissed in its entirety.

A. The Trustees and Rauch May Stake Claim to Eleventh Amendment Immunity.

Well-established principles of Supreme Court and Ninth Circuit jurisprudence provide that both the Trustees and Rauch may stake a claim to sovereign immunity. *See Jackson v. Hayakawa*, 682. F.2d 1344 (9th Cir. 1982). Indeed, after the Ninth Circuit's ruling in *Jackson v. Hayakawa*, there can be no question that such is the case with respect to the Trustees. In affirming the district court's dismissal of a 42 U.S.C. § 1983 claim against San Francisco State University, the *Jackson* court specifically held that the California State University constituted an arm of the state, and as such was entitled to immunity for purposes of the Eleventh Amendment. *Id.* at 1350-51.

The Supreme Court's holdings in *Ford Motor Co. v. Department of Treasury*, 323 U.S. 459 (1945) and *Pennhurst State School and Hospital v. Halderman*, 465 U.S. 89 (1984) dictate that the same result applies with respect to Rauch. In *Ford Motor Co.*, the Court held that "when the action is in essence one for recovery of money from the state the state is the real, substantial party in interest and is entitled

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to invoke its sovereign immunity from suit even though individual officials are nominal defendants." *Ford Motor Co.*, 323 U.S. at 464. In *Pennhurst*, the Supreme Court reaffirmed its holding in *Ford Motor Co.* and further held that "as when the State itself is named as the defendant, a suit against state officials that is in fact a suit against a state is barred regardless of whether it seeks damages or injunctive relief. *Pennhurst*, 465 U.S. at 101-02.

The Ninth Circuit has expressly adopted the Supreme Court's reasoning in *Pennhurst*. Citing to *Pennhurst*, it recently held that the "Eleventh Amendment prevents recovery against the state or against state officers in their official capacity for retroactive money damages." *D'Angelo v. Crofts*, 162 Fed. Appx. 728,729 (9th Cir. 2006).

Applying the principles enunciated by both the U.S. Supreme Court and the Ninth Circuit, this Court should find that Eleventh Amendment immunity inures to the benefit of Rauch. This is because, as MIM's First Amended Complaint demonstrates, the real defendant is the Trustees, *not* Rauch. Moreover, as set forth in the accompanying Declarations of Robert Rauch and Kathy LaMaster, the Associate Dean of the College of Professional Studies and Fine Arts, Rauch was a state officer who was acting in his official capacity at all times relevant to this lawsuit. (Rauch Decl., ¶¶ 2, 3, 4; LaMaster Decl., ¶¶ 2, 3.) Specifically, at all relevant times, Rauch was the Director of the Center, which is part of SDSU's College of Professional Studies and Fine Arts. (Rauch Decl., ¶2; LaMaster Decl., ¶2; *see also* FAC ¶¶ 9, 18, 19, 20, 21.) As such, the Center is an agency of the state, and its Director is an officer/employee of the state. *See AIDS Healthcare Foundation v. Belshe*, 1998 WL 1157405 (C.D. Cal. 1998) (director of California Department of Health Services deemed to be an officer of the state). Therefore, to the extent Rauch oversaw the 2004 Survey in his capacity as Director, he was acting as a state employee and is thus entitled to sovereign immunity.

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There is no dispute that Rauch oversaw the preparation of the 2004 Survey in his capacity as Director of the Center. (*See* FAC ¶¶ 9, 20.) There also is no dispute that the 2004 Survey was prepared by the Center, as opposed to by Rauch individually. (*See* FAC ¶¶ 8, 9, 20, 21.) Indeed, while MIM alleges that Rauch "engaged in the wrongful acts alleged in his individual capacity," it simultaneously alleges "to the extent Mr. Rauch was an employee of San Diego State University," he engaged in the wrongful acts alleged in his capacity as public employee. (*See* FAC 21; Rauch Decl., ¶¶ 2, 3, 4; LaMaster Decl., ¶¶ 2, 3.) Plaintiff makes no distinction between the Trustees and Rauch as to the alleged "wrongful acts," and indeed there is none. Certainly MIM fails to elucidate when, where or how Rauch engaged in any "wrongful act" in his individual capacity. The claims against Rauch are merely duplicative of those asserted against the Trustees. This makes manifest that the real party in interest is the Trustees, albeit acting through their employee Rauch.

Further, there can be no dispute that the Holiday Bowl commissioned the Center - and not Rauch – to prepare the 2004 Study, and that the Center is part of SDSU (which is an arm of the State). (*See* FAC ¶¶ 9, 20.) As such, just because Rauch, as Director of the Center, performed work in connection with the 2004 Survey does not transform it into work done in his individual capacity. The allegations themselves make clear that Rauch was performing in his official capacity for the benefit of the Trustees. Thus, pursuant to the holdings in *Ford Motor Co., Pennhurst*, and *D'Angelo,* Rauch must be entitled to Eleventh Amendment protection.

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B. MIM's claim for copyright infringement is barred by the Eleventh Amendment.

1. Congress Has Not Effectively Abrogated State Sovereign Immunity with Respect to Claims of Copyright Infringement Against a State under Article I of the Constitution.

MIM's claim for copyright infringement is barred by the Eleventh Amendment. While Congress attempted to circumvent this result by enacting an amendment to the Copyright Act, its amendment did not effectively abrogated state sovereign immunity and thus does not permit plaintiff to proceed with this lawsuit.

In 1990, Congress passed the Copyright Remedy Clarification Act ("CRCA"), which amended the Copyright Act to permit states to be sued for copyright infringement. It did so based on the Supreme Court's ruling in *Pennsylvania v. Union Gas Co.*, 491 U.S. 1 (1989).[1/] However, several years later, the Supreme Court revisited its holding in *Union Gas*, and expressly overruled it. *Seminole Tribe of Florida v. Florida*, 517 U.S. 44, 66 (1996). The Court's ruling in *Seminole Tribe*, sounded the death knell for the CRCA and the notion that states would be subject to suit for copyright infringement.

In *Seminole Tribe*, the Supreme Court held that Congress may not authorize suits against the states under any of its constitutional grants of power, save § 5 of the Fourteenth Amendment. *Seminole Tribe*, 517 U.S. at 73. This includes Congress's power to legislate in the copyright domain, along with the other powers expressly

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[1/] The history and the timing of the CRCA bears this out. *See* H.R. Rep. No. 101-305, 101st Cong., 2d Sess. 8 (1990) ("The recent decision in *United States v. Union Gas Co.*, affirmatively answered the question that Congress does have the power to abrogate when it legislates under the Commerce Clause. The same reasoning applies to the Copyright Clause that also grants Congress plenary power to enact Federal Legislation."); *See also* Nimmer on Copyright § 12.01[E][2][b] (notings that in 1988, the Register of Copyrights recommended Congress enact legislation subjecting state to suit if the Supreme Court validated Congress's authority to abrogate sovereign immunity in *United States (Pennsylvania) v. Union Gas Co.*, 832 F.2d 1343 (3d Cir. 1987). In 1989 the Court handed down its ruling in *Pennsylvania v. Union Gas Co.*, and the following year, Congress passed the CRCA.).

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enumerated in Article I of the Constitution. In other words, after holding in *Union Gas* that Congress could override the Eleventh Amendment and authorize suits against states under any of its constitutional powers, the Supreme Court in *Seminole Tribe,* the Court held that *Union Gas* has been wrongly decided. *Seminole Tribe*, 517 U.S. at 66 ("We feel bound to conclude that Union Gas was wrongly decided and that it should be, and now is, overruled."). Writing for the Court, Chief Justice Rehnquist emphasized that *Pennsylvania v. Union Gas Co.* "was an unprecedented expansion in Congress's power to authorize suits against state government." *See* Erwin Chemerinsky, Constitutional Law, Principles and Policies, § 3.7. The Chief Justice noted that "[t]he Eleventh Amendment restricts the judicial power under Article III, and Article I cannot be used to circumvent the constitutional limitations placed upon federal jurisdiction." *Seminole Tribe*, 517 U.S. at 72-73.

If plaintiff is to prevail on this Motion, this Court - in effect - will have to overrule *Seminole Tribe*. It should not do so. There can be no dispute that Congress's power to legislate in the copyright arena is grounded squarely in Article I. Indeed, it was pursuant to this authority that Congress acted when it amended the Copyright Act to permit states to be sued for copyright infringement. However, following the ruling in *Seminole Tribe*, it is now clear that the CRCA - as an exercise of Congress's Article I power - does not and cannot survive constitutional scrutiny. Thus, plaintiff's justification for maintaining this lawsuit can find no basis in the CRCA. Nor – as discussed below -- can plaintiff escape this result by seeking an end-run around Article I through an invocation of the Fourteenth Amendment.

2. Plaintiff Cannot Prevail on its Claims Because the CRCA Cannot Pass Constitutional Muster under § 5 of the Fourteenth Amendment.

Based on prior pleadings, it is likely that plaintiff will tell this Court that the CRCA should be upheld in this case pursuant to § 5 of the Fourteenth Amendment. Plaintiff will have no authority for this proposition because there is none. No court

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has ever found that the CRCA survives constitutional scrutiny under § 5 of the Fourteenth Amendment. Indeed, even the U.S. Copyright Office has rejected this notion. *See* Statement of Marybeth Peters, the U.S. Registrar of Copyrights, in State Sovereign Immunity and Protection of Intellectual Property (noting that considering recent Supreme Court jurisprudence, "we believe the CRCA most likely is now bad law.").

While it is true that Congress may abrogate state sovereign immunity only through § 5 of the Fourteenth Amendment, the Supreme Court tightly constrained the reach of Congress's § 5 powers and this Court should not attempt to expand it here. *See City of Boerne v. Flores*, 521 U.S. 507 (1997). In *Boerne*, the Supreme Court held that Congress validly acts pursuant to § 5 only when it crafts legislation that enforces the provisions, and in particular, the Due Process Clause of the Fourteenth Amendment. Id. at 519. Thus, the Court explained, Congress's power under § 5 is purely remedial in that it is limited to remedying a record of past constitutional violations, and in particular, violations of the Due Process Clause of the Fourteenth Amendment. The Court further explained that Congress's § 5 power does not extend to determining or changing constitutional rights. *Id.* Further, for any law passed under § 5, "there must be a congruence and proportionality between the injury to be prevented or remedied and the means adopted to that end," i.e., the law must be narrowly tailored to prevent or remedy constitutional violations recognized by the courts. *Boerne*, 521 U.S. at 520.

Applying these principles, § 5 of the Fourteenth Amendment cannot resuscitate the CRCA and thus should not be used as justification for doing so. There is no question that a copyright falls within the meaning of property as contemplated by the Due Process of the Fourteenth Amendment, and thus, triggers the protections of Amendment. However, contrary to the standard set forth in *Boerne*, there does not exist a sufficient quantum of recognized state constitutional violations with respect to copyrights so as to justify an application of § 5 to the

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CRCA. That is, even though Congress heard testimony regarding copyright infringement by the states prior to enacting the CRCA, such incidents were sporadic and did not rise to the level of a "record of past constitutional violations." *See Chavez v. Arte Publico Press*, 204 F.3d 601, 605 (5th Cir. 2000); *see also* Statement of Marybeth Peters, the U.S. Registrar of Copyrights, in State Sovereign Immunity and Protection of Intellectual Property (noting that for Congress to abrogate sovereign immunity under § 5, "Congress must establish a strong record of infringement by States. If, as would be desirable, the legislation were to include patent and trademark, a record of infringement by States of those rights must be established as well. As noted above, this record is currently not available.").

In short, because Congress failed to identify a pervasive pattern of state constitutional violations concerning copyright, there is no evidence - and no court has ever held -- that the CRCA was not narrowly tailored to remedying such violations or that § 5 of the Fourteenth Amendment should apply.

In ruling on this issue – and in putting plaintiff's claims to rest – it may be instructive for this Court to consider the Supreme Court's treatment of other Congressional statutes that have purported to subject states to suit. Since *Boerne*, the Supreme Court has applied the holdings in *Boerne* and *Seminole Tribe* to such statutes on four occasions. Specifically, the Court has applied the *Boerne* and Seminole Tribe holdings in: (1) *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank*, 527 U.S. 507 (1999); (2) *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Fund*, 527 U.S. 666 (1999); (3) *Kimel v. Florida Board of Regents*, 528 U.S. 62 (2000), and in *Alabama v. Garret*, 531 U.S. 356 (2001). In each instance, the Court found that the laws at issue exceeded Congress's power under § 5.

The holdings in *Florida* Prepaid and in *College Savings* are particularly instructive because they involved the invalidating of intellectual property "Remedy Clarification Acts" virtually identical to the CRCA. In *Florida Prepaid*, the Supreme

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Court invalidated the Patent and Plaint Protection Remedy Clarification Act under both Congress's Article I powers and § 5 of the Fourteenth Amendment and in *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Fund* the Court invalidated the Trademark Remedy Clarification Act on the same basis. Judicial consistency mandates that courts treat copyrights - and the CRCA - similarly.

While not speaking to the intellectual property domains, *Kimel v. Florida Board of Regents* and *Alabama v. Garret* further illustrate the Supreme Court's current stance on the diminishing scope of § 5. In *Kimel*, the Court held that the Age Discrimination and Employment Act, which permitted a plaintiff to sue a state, was not a valid exercise of Congressional power under § 5 of the Fourteenth Amendment. Similarly, in *Garret*, the Court held that Title I of the Americans with Disabilities Act exceeded Congress's scope of power under § 5 of the Fourteenth Amendment where it permitted an individual to sue the state for discrimination. In each of these cases (as well as the two discussed above), the laws at issue were struck down because Congress had failed to identify a clear and pervasive pattern of past constitutional violations committed by the States. Thus, the Court found that permitting states to be sued was not "proportionate" and "congruent" to injuries these statutes sought to prevent.

Building upon these cases, at least one appellate court has consistently held that a plaintiff simply cannot hold a state liable for copyright infringement. In *Rodriguez v. Texas Commission* on the Arts, 199 F.3d 279 (5th Cir. 2000) and *Chavez v. Arte Publico Press, supra,* 204 F.3d 601, the Fifth Circuit held that the states may not be sued for copyright infringement under any constitutional grant of power. *Rodriguez* is directly on point. At issue was whether Congress validly abrogated state sovereign immunity pursuant to its Fourteenth Amendment power when it enacted the CRCA. The court, in reliance on *Florida Prepaid*, noted that just as the Patent and Plant Variety Protection Remedy Clarification Act "cannot be

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sustained as legislation enacted to enforce the guarantees of the Fourteenth Amendment's Due Process Clause," the CRCA was likewise invalid. *Rodriguez*, 199 F.3d at 218. In reaching this decision, the court reasoned that the same result should obtain with respect to copyright because the "interests Congress sought to protect in each statute are substantially the same and the language and the language of the respective abrogation provisions are virtually identical." *Id.*

Similarly, the *Chavez* court ruled that the because Congress had failed to identify a pervasive pattern of copyright infringement by the states, the CRCA was not a proportionate remedy and thus, exceeded the scope of Congress's § 5 powers. In reaching this ruling, the court noted that "the legislative history of for the CRCA documents a few more instances of copyright infringement than the PRCA legislative history did of patent violations," the CRCA itself, "exhibits similar deficiencies." *Chavez*, 204 F.3d at 605.

Finally, the rulings in *Rodriguez* and *Chavez* are not unique. A number of United States District Courts have similarly recognized that a suit for copyright infringement cannot be upheld against a state. *See Salerno v. City Univ. of N.Y.*, 191 F. Supp. 2d 352, 356 (S.D.N.Y. 2001); *Rainey v. Wayne State University*, 26 F. Supp. 2d 973, 976 (E.D. Mich. 1998). Certainly, from a policy perspective, this makes senses given that the Supreme Court has already invalidated Congress's efforts to subject states to suit for patent and trademark infringement, and the need for consistency and uniformity in United States intellectual property system. *See Florida Prepaid Postsecondary Education*, *supra* and *College Savings*, *supra*.

Therefore, even though the Ninth Circuit has yet to rule directly on this issue, any argument that the CRCA passes constitutional muster must be rejected as completely lacking in any authority. Accordingly, this Court should find that plaintiff's copyright claim is barred by the principle of state sovereign immunity, and thus must be dismissed.

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C. Plaintiff's supplemental state law claims are also barred by the Eleventh Amendment.

1. 28 U.S.C. § 1367 Does Not Provide an Appropriate Basis to Assert State Law Claims Against the State in this Court.

Supplemental state law claims under 28 U.S.C. § 1367 may not be levied against a state in federal court. To this effect, the Ninth Circuit's decision in *Stanley v. Trustees of the California State University*, 433 F.3d 1129 (9th Cir. 2006) is dispositive. The issue in *Stanley* was whether Congress had abrogated sovereign immunity by authorizing supplemental jurisdiction. In affirming the district court's dismissal of Stanley's state law claims, the appellate court took note of the Supreme Court's holding in *Kimel v. Fla. Bd. of Regents*. That case provides that "'Congress may abrogate the States' constitutionally secured immunity from suit in federal court only by making its intention unmistakably clear in the language of the statute.'" *Id.* at 1133 (quoting *Kimel*, 528 U.S. 62, 73 (2000)).

The *Stanley* Court also looked to the language of the 28 U.S.C. § 1367 - which is silent as to sovereign immunity - to determine whether it subjected states to suit, and found that § 1367 was a "far cry from the unmistakably clear language required for abrogation." *Id.* at 1133. Finally, the Court looked to whether Congress had exercised any other power that would allow a state to be sued when enacting section 28 U.S.C. § 1367. It concluded that Congress had not, and thus held that "28 U.S.C. § 1367 does not abrogate state sovereign immunity for supplemental state law claims." *Stanley*, 433 F.3d at 1133-34.

As in *Stanley*, MIM asserts several state law claims pursuant to 28 U.S.C.§ 1367(a). Specifically, these are claims of conversion, misappropriation, and a parasitic claim of unfair business practices under Cal. Bus. & Prof. Code §§ 17200 et seq. The Ninth Circuit, however, has pulled the rug out from under these claims: according to the holding in *Stanley*, it is impermissible to assert such claims against

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an arm of the state, *i.e.* the Trustees, pursuant to 28 U.S.C.§ 1367(a). Therefore, MIM's state law claims must be dismissed pursuant to Fed. R. Civ. P. 12(b)(6).

2. Supplemental State Law Claims May Not Be Brought Against a State Officers for Actions Performed in Their Official Capacity.

The Supreme Court has held that Federal Courts are barred from enjoining state officers, acting within the scope of their employment, from violations of state law by the Eleventh Amendment. *Pennhurst*, 465 U.S. 89, 121 (1984); *see also* Erwin Chemerinksy, Constitutional Law, Principles and Policies, § 2.10. The Ninth Circuit has expressly recognized this limit and held that supplemental claims asserted against non-consenting state defendants are barred by the Eleventh Amendment. *Cholla Ready Mix, Inc. v. Civish*, 382, F.3d 969, 973-74 (9th Cir. 2004).

Here, MIM asserts three state law claims against Rauch, *i.e.* conversion, misappropriation, and a claim for unfair business practices under Cal. Bus. & Prof. Code §§ 17200 et seq. These state law claims are duplicative of those asserted against the Trustees (and are based on the same facts giving rise to plaintiff's claim for copyright infringement). Moreover, as set forth above, Rauch was working in his official capacity when engaging in the conduct giving rise to this lawsuit. (Rauch Decl., ¶¶ 2, 3, 4; LaMaster Decl., ¶¶ 2, 3.) Even though MIM sues Rauch in his individual capacity (and as a public employee), plaintiff fails to identify any conduct Rauch undertook in his individual capacity. Logic dictates that MIM cannot maintain Rauch committed precisely the same act in both an individual and official capacity (especially while simultaneously alleging that those same acts were committed by the Trustees). Simply put, the allegedly wrongful conduct occurred – if at all – in the course Rauch's employment as Director when acting for the benefit of the Trustees. Thus, plaintiff's state law claims against him are barred by the Eleventh Amendment pursuant to the holdings in *Pennhurst* and *Cholla*. Accordingly, they must be dismissed pursuant to Fed. R. Civ. P. 12(b)(6).

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III. MIM'S STATE LAW CLAIMS MUST BE DISMISSED BECAUSE THEY ARE PREEMPTED BY FEDERAL COPYRIGHT LAW.

In addition to the foregoing, MIM's state law claims must be dismissed because they are preempted by § 301(a) of the Copyright Act. 17 U.S.C. § 301(a) provides, in pertinent part, that "all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 . . . and come within the subject matter of copyright as specified by section 102 and 103 . . . are governed exclusively by this title. . . . [N]o person is entitled to any such right or equivalent right in any such work under the common law or statutes of any state."

Here, MIM's state law claims for conversion and misappropriation fall within the purview of § 301 because, as alleged, they involve copyright subject matter as defined by the Copyright Act. Specifically, MIM's claims for conversion and misappropriation involve the misappropriation of ideas contained in the 2003 Survey. For example, MIM's claim for conversion alleges that the Trustees "interfered with Plaintiff's....intangible ideas" by using the 2003 Survey to create the 2004 Survey. (FAC, ¶¶ 58-59.) MIM's misappropriation claim similarly alleges that, in creating the 2004 Survey, the Trustees misappropriated MIM's "confidential, proprietary, and trade secret information" that was not "expressly incorporated into the economic impact reports prepared by Plaintiff." (FAC ¶ 64.)

These allegations are similar to those giving rise to the Fourth Circuit's ruling in *U.S. Ex Rel. Berge vs. Trustees of the University of Alabama*, 104 F.3d 1453 (4th Cir. 1997) (cited with approval in *Edemol Entertainment vs. 20th Television*, 48 USPQ 2d.1524, 1526 (C.D. Cal. 1998)). In *Berge*, the plaintiff alleged, under state law, that the defendants had unlawfully converted "ideas" from her doctoral dissertation. Id. at 1463. The Court held that "ideas," which are specifically excluded from Copyright Act protection under 17 U.S.C. § 102(a), nonetheless fall

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under the scope of copyright subject matter and are therefore "clearly preempted by Federal Copyright Law." *Id.*

The *Berge* Court dismissed plaintiff's argument to the contrary as resting "on a fallacious interpretation of the Copyright Act." 104 F.3d 1463. The Court said that even though the ideas embodied in a work covered by the Copyright Act fall outside copyright protection, they do not fall outside the Act's scope for preemption purposes. "[S]cope and protection are not synonyms. Moreover, the shadow actually cast by the Act's preemption is notably broader than the wing of its protection." *Id.*; *see also Endemol, supra*, 48 USPQ 2d at 1526 ("The *Berge* holding follows the purpose of § 301(a), which is designed to accomplish the general federal policy of creating a uniform method for protecting and enforcing certain rights in intellectual property by preempting other claims").

Here, as in *Berge*, MIM attempts to take two bites of the apple by alleging infringement of the expression contained in the 2003 Survey, and state law claims based on the theft of the ideas, text and concepts giving rise to that expression. Under the *Berge* holding, these allegations fall squarely within the ambit of the Copyright Act, and are thus preempted by 17 U.S.C. § 301(a). They do here as well. Plaintiff has alleged state law claims that do nothing more than redress their prohibited copyright claims. This is prohibited under Section 301(a), and should not be permitted by this Court. While plaintiff may feel "wronged," that does not justify its attempts to circumvent established legal authority. Accordingly, MIM's state law claims must be dismissed with prejudice pursuant to Fed. R. Civ. P. 12(b)(6).

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IV. CONCLUSION

Based on the foregoing, defendants the Trustees and Rauch respectfully request that this Court dismiss MIM's First Amended Complaint in its entirety.

DATED: November 20, 2006 Respectfully submitted,

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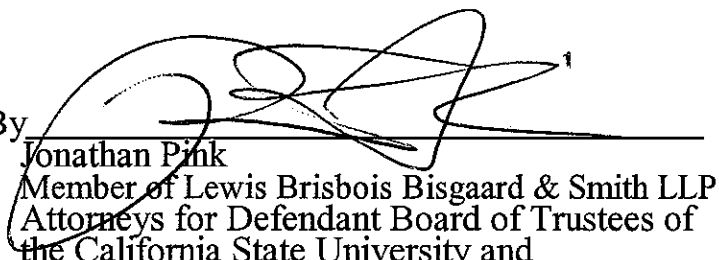

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