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11 Attorneys for Defendants, the Board of Trustees of the California, which is the State  
 12 of California acting in its higher education capacity, and Robert A. Rauch, an  
 13 individual

14 UNITED STATES DISTRICT COURT  
 15 SOUTHERN DISTRICT OF CALIFORNIA

16 **MARKETING INFORMATION**  
 17 **MASTERS, INC.,** a California  
 18 corporation,

19 Plaintiff,

20 v.

21 **THE BOARD OF TRUSTEES OF THE**  
 22 **CALIFORNIA, WHICH IS THE STATE**  
 23 **OF CALIFORNIA ACTING IN ITS**  
 24 **HIGHER EDUCATION CAPACITY**  
 25 (erroneously sued herein as **THE**  
 26 **BOARD OF TRUSTEES OF THE**  
 27 **CALIFORNIA STATE UNIVERSITY**  
 28 **SYSTEM, a public entity acting through**  
 its subdivision **SAN DIEGO STATE**  
**UNIVERSITY**); and **ROBERT A**  
**RAUCH, an individual,**

Defendants.

CASE NO. 06CV 1682 JAH JMA

**REPLY IN SUPPORT OF MOTION  
 TO DISMISS FIRST AMENDED  
 COMPLAINT**

ACTION FILED: 08/18/06

Hearing Date: 1/18/07  
 Time: 3:00 p.m.  
 Dept.: 11

Defendants, THE BOARD OF TRUSTEES OF THE CALIFORNIA, WHICH  
 IS THE STATE OF CALIFORNIA ACTING IN ITS HIGHER EDUCATION  
 CAPACITY ("Trustees") and ROBERT A. RAUCH ("Rauch") hereby submit this  
 reply brief in support of their Motion to Dismiss the First Amended Complaint of  
 MARKETING INFORMATION MASTERS, INC. ("MIM" or "Plaintiff").

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 I. **INTRODUCTION**

3 While Plaintiff's Opposition calls for this Court to imagine a regretful world  
4 where State-operated academic institutions transgress copyright laws with complete  
5 impunity, such is an exercise in futility. For not only does the preceding fail to  
6 comport with reality, this dispute is decidedly not about positing what the law should  
7 be in light of a fantastical scenario, but rather, what the law is as it now stands.  
8 Based on the vast weight of that law, including ample federal decisional authority,  
9 and despite Congress's attempt to subject states to suit for copyright infringement,  
10 the Trustees and Rauch are entitled to sovereign immunity. Thus, Plaintiff's First  
11 Amended Complaint ("FAC") should be dismissed in its entirety.

12 II. **CONGRESS'S EFFORTS TO SUBJECT STATES TO COPYRIGHT**  
13 **INFRINGEMENT HAS BEEN NULLIFIED BY THE SUPREME**  
14 **COURT OF THE UNITED STATES.**

15 There is simply no dispute that Congress amended the Copyright Act via the  
16 Copyright Remedy Clarification Act of 1990 ("CRCA") in an effort to subject the  
17 states to suit for copyright infringement. Further, there is no dispute that in  
18 compliance with the Supreme Court's holding in *Atascadero State Hospital v.*  
19 *Scanlon*, 473 U.S. 234 (1985), Congress made its intention to subject the States to  
20 suit for copyright infringement "unmistakably clear" in the language of the CRCA.  
21 However, while Congress's efforts may have been valid for a short while, the  
22 Supreme Court's holding in *Seminole Tribe of Florida v. Florida*, 517 U.S. 44  
23 (1996), decisively pulled the rug from beneath the CRCA and rendered it  
24 constitutionally infirm. The law is as it now stands does not subject the States to  
25 suit for copyright infringement. *See Id.*

26 In the Opposition, Plaintiff cites two cases in support of its position that the  
27 CRCA was valid a exercise of Congressional power: *Unix System Laboratories, Inc.*  
28 *v. Berkeley Software Design, Inc.*, 832 F. Supp. 790 (D.N.J. 1993) and *Lambert v.*

1 *City of Kenner*, 1993 WL 99188 (E.D. La. 1993). In both instances, the courts that  
2 heard those cases relied on the Supreme Court's holding in *Pennsylvania v. Union*  
3 *Gas Co*, 490 U.S. 1 (1989) in arriving at their decision. See *Unix*, 832 F. Supp at  
4 798; *Lambert*, 1993 at WL 99188 at \*3. Plaintiff curiously neglects to reveal to this  
5 Court that the precedent upon which both decisions were predicated was overruled  
6 and is no longer good law. The Supreme Court in *Seminole Tribe* expressly  
7 overruled *Union Gas Co.*, noting that *Union Gas* had "deviated sharply from [the  
8 Court's] established federalism jurisprudence." *Seminole Tribe*, 517 U.S. at 45.  
9 Plaintiff's tactic in this regard is both irresponsible and misleading. It must be  
10 emphasized that since *Seminole Tribe*, *not a single court in the country has held the*  
11 *CRCA to be a valid exercise of Congressional power*. This Court should not be the  
12 first.

13 **III. THE CRCA DOES NOT SURVIVE CONSTITUTIONAL SCRUTINY**  
14 **UNDER THE ENFORCEMENT CLAUSE OF THE FOURTEENTH**  
15 **AMENDMENT.**

16 Despite Plaintiff's repeated recitations that the CRCA was passed pursuant to  
17 § 5 of the Fourteenth Amendment, that conclusion is completely devoid of any  
18 authority whatsoever. The reason for this is simple: no court would agree. And  
19 while the Supreme Court has not directly ruled on the constitutionality of the CRCA,  
20 there is every reason to believe that if confronted with the issue, it would invalidate  
21 the CRCA. The reason for this is four-fold.

22 First, the Supreme Court has already invalidated the efforts of Congress to  
23 subject the States to suit for patent and trademark infringement based on statutes  
24 nearly identical to the CRCA. See *Florida Prepaid Postsecondary Education*  
25 *Expense board v. College Savings Bank*, 527 U.S. 507 (1999); *College Savings Bank*  
26 *v. Florida Prepaid Postsecondary Education Expense Fund*, 527 U.S. 666 (1999).

27 Second, if confronted with the issue, the Supreme Court has intimated a ruling  
28 that the CRCA does not pass constitutional muster. In *University of Houston, Texas*

1 v. *Chavez*, 517 U.S. 1184 (1996), the Supreme Court granted the petition for writ of  
2 certiorari to consider the Fifth Circuit's ruling in *Chavez v. Arte Publico Press*, 59  
3 F.3d 539 (1995). That case held the CRCA to be valid exercise of Congressional  
4 power. The Supreme Court vacated the Fifth Circuit's judgment and remanded  
5 *Chavez* for consideration in light of *Seminole Tribe*. The resulting opinion, *Chavez*  
6 v. *Arte Publico Press*, 139 F.3d 504 (1998) held the CRCA unconstitutional. Thus,  
7 while the Supreme Court has not expressly held the CRCA to be unconstitutional, its  
8 view in this regard is very clear.

9 Third, the CRCA does not comply with the analytical framework as set forth in  
10 *City of Boerne v. Flores*, 521 U.S. 507 (1997). In *Boerne*, the Supreme Court held  
11 that Congress acts validly pursuant to § 5 of the Fourteenth Amendment only when it  
12 crafts legislation to enforce its provisions. *Id.* at 519. Further, the Court said that the  
13 means Congress chooses to enforce § 5 must be congruent and proportional to the  
14 injury to be remedied. *Id.* at 520.

15 The CRCA does not comply with *Boerne* because Congress has not identified  
16 a *pervasive* pattern of copyright infringement by the States. (Just because MIM says  
17 otherwise does not make it true.) Indeed, no court has found this to be the case.  
18 Further, while Plaintiff maintains that *Florida Prepaid* is inapposite on this issue  
19 because "in passing the CRCA Congress did everything that the Florida Prepaid  
20 court found lacking when it invalidated the [Patent and Plant Variety Protection  
21 Remedy Clarification Act]," this conclusion is not grounded in law. It is not  
22 grounded in fact either as Plaintiff offers no *facts* whatsoever to differentiate the  
23 Congressional record for the CRCA from the one at issue in *Florida Prepaid*.

24 In addition, despite Plaintiff's contention that Congress "determined that there  
25 were no state remedies for copyright infringement," the Supreme Court in *Seminole*  
26 *Tribe* addressed this very same concern in a series of footnotes contained in the  
27 majority opinion. Specifically, the Court concluded that the states' compliance with  
28 federal laws can be ensured by the Federal Government bringing suit in federal court

1 against a State. *Seminole Tribe*, 517 U.S. at 71, n. 14. Further, the Court stated that  
2 the doctrine of *Ex Parte Young* remained a viable remedy for addressing violations of  
3 federal law.<sup>1/</sup> *Id.* at 73, n. 16. In addition, the Court stated that States could always  
4 consent to suit. *Id.* at 71, n. 14.

5 Further, contrary to the *Borne* framework, the CRCA was not narrowly  
6 “tailored to the magnitude of the harm to be protected.” Congress’s § 5 power is  
7 purely remedial and does not contemplate expanding existing rights, or creating new  
8 ones. *Boerne*, 521 U.S. at 519. Thus, any law passed under § 5, must be narrowly  
9 tailored to prevent – or remedy – constitutional violations recognized by the courts.  
10 *Boerne*, 521 U.S. at 520. In enacting the CRCA, Congress identified no pervasive  
11 pattern of copyright infringement by the states. Therefore, because Congress  
12 identified no pervasive pattern of infringement by the states, and because other  
13 adequate remedies exist to address such infringement, the CRCA was not  
14 “proportionate and congruent,” and thus does not pass muster under *Boerne*. *See*  
15 *Chavez v. Arte Publico Press*, 204 F.3d 601, 605 (5th Cir. 2000).

16 Fourth, in each instance since *Boerne* that the Supreme Court has confronted a  
17 law attempting to abrogate sovereign immunity under § 5 of the Fourteenth  
18 Amendment, the Supreme Court has invalidated the law at issue. *See Florida*  
19 *Prepaid Postsecondary Education Expense Board v. College Savings Bank*, 527 U.S.  
20 507 (1999); *College Savings Bank v. Florida Prepaid Postsecondary Education*  
21 *Expense Fund*, 527 U.S. 666 (1999); *Kimel v. Florida Board of Regents*, 528 U.S. 62  
22 (2000); *Alabama v. Garret*, 531 U.S. 356 (2001). In other words, despite the “wide  
23 latitude” language that plaintiff continually refers to in *Boerne*, the reality is that the  
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27 <sup>1/</sup>*Ex Parte Young* stands for the proposition that the Eleventh Amendment does  
28 not preclude suits against state officers to enjoin violations of federal law. *Ex Parte*  
*Young*, 209 U.S. 123, 159-60 (1908).

1 scope of § 5 has been consistently limited in every instance since the Supreme  
2 Court's holding in that case.<sup>2/</sup>

3 **IV. AT ALL TIME RELEVANT TO THIS LAWSUIT, RAUCH ACTED IN**  
4 **OFFICIAL CAPACITY AND IS THUS, ENTITLED TO SOVEREIGN**  
5 **IMMUNITY.**

6 Under the Supreme Court's holding in *Pennhurst State School & Hosp. v.*  
7 *Halderman*, 465 U.S. 89 (1984), "the Eleventh Amendment bars a suit against state  
8 officials when the state is the real, substantial party interest." *Id.* at 101. Further, the  
9 general rule is that relief nominally sought against an officer is in fact against the  
10 sovereign if the decree would operate against the latter." *Id.* Here, because Rauch  
11 was, at all times relevant to this lawsuit, an officer of the Trustees and further  
12 because the Trustees commissioned the work at issue, any relief under this suit  
13 would come from the state coffers. In other words, the relief nominally sought  
14 against Rauch is in fact against the Trustees because any decree by this Court would  
15 operate against the latter. Therefore, under *Pennhurst*, Rauch is entitled to sovereign  
16 immunity for the claims asserted in this case.

17 Plaintiff attempts to buttress its argument to the contrary solely on the ground  
18 that it sued Rauch in both an individual and official capacity. This makes no  
19 difference because MIM has offered no factual support whatsoever for its position  
20 that Rauch committed any act that is the subject of this dispute in his individual  
21 capacity. Indeed, the FAC admits that "Plaintiff does not know whether Mr. Rauch  
22 was an employee of San Diego State University or an outside consultant with whom  
23 San Diego State University contracted to perform services" on its behalf.<sup>3/</sup> (FAC, ¶

24 \_\_\_\_\_  
25 <sup>2/</sup>Given the current lineup on the Supreme Court, there is every reason to  
expect this trend to continue.

26 <sup>3/</sup> "Judicial estoppel prevents a party from asserting a position in a legal  
27 proceeding that is contrary to a position previously taken in the same or some earlier  
28 proceeding." *Jackson v. County of Los Angeles*, 60 Cal.App. 4th 171, 181 (1997).  
"It seems patently wrong to allow a person to abuse the judicial process by first  
[advocating] one position, and later, if it becomes beneficial, to assert the opposite."

1 20). Plaintiff goes on to state in that same pleading that “Mr. Rauch engaged in the  
2 wrongful acts alleged herein both in his individual and in his capacity as a public  
3 employee.” (FAC, ¶ 21).

4 Plaintiff’s allegations in this regard run afoul of the requirements as set forth  
5 in Fed. R. Civ. P. 11(b)(3), which states that in “presenting to the court a pleading,  
6 written motion, or other paper, an attorney . . . is certifying to the best of that  
7 person’s knowledge, information, and *belief formed after an inquiry reasonable*  
8 *under the circumstances*, . . . the allegations and other factual contentions have  
9 evidentiary support. . . .” (Emphasis added). With respect to this same issue,  
10 Plaintiff’s claim that the declarations attached to the Motion to Dismiss must be  
11 stricken because they constitute “extrinsic evidence” misses the point. While in most  
12 circumstances, extrinsic evidence may not be considered on the ruling of a 12(b)(6)  
13 motion, the declarations at issue here are simply an attempt to clarify Rauch’s status  
14 with respect to the Trustees. In other words, they are offered to assist this Court in  
15 making its determination as to whether Rauch was acting in his official capacity at  
16 all times relevant to this lawsuit. Those declarations operate not as extrinsic  
17 evidence but as a substitute for the fact checking and background research that  
18 Plaintiff should have performed *itself* in light of the pleading requirements under  
19 Fed. R. Civ. P. 11(b).

20 Finally, MIM flippantly states that, for purposes of ruling on a 12(b)(6)  
21 motion, this Court must accept all of its allegations as true. The ruling standards on  
22 12(b)(6) motions are not so austere as Plaintiff would suppose.<sup>4/</sup> Certainly such  
23 standards do not provide a plaintiff with *carte blanche* to assert anything it wishes in  
24 a complaint. Indeed, “[t]he court need not accept as true conclusory allegations or  
25

26 *Id.* (quotations and citations omitted).

27 <sup>4/</sup>Essentially, Plaintiff’s argument is as follows: Plaintiff may state anything in  
28 its complaint and no matter how unreasonable or far from the truth, the Court must  
categorically accept same as true for purposes of ruling on a 12(b)(6) motion.

1 legal characterizations. Nor need it accept unreasonable inferences or unwarranted  
2 deductions of fact.” *Transphase Systems Inc., v. Southern California Edison Co.*,  
3 839 F. Supp. 711, 718 (C.D. Cal. 1993) (emphasis added). Here, Plaintiff has offered  
4 no facts whatsoever to support its unwarranted deduction that Rauch committed *any*  
5 act in his individual capacity. Plaintiff admits its ignorance of such facts in its own  
6 pleadings. Simply put, Plaintiff’s allegations – which are severely wanting of factual  
7 support – do not strip Rauch of his immunity in this case as a matter of law.

8 **V. THE STATE LAW CLAIMS AGAINST RAUCH MUST BE DISMISSED**  
9 **BECAUSE THEY FALL WITHIN THE PURVIEW OF THE**  
10 **COPYRIGHT ACT AND ARE THUS, PREEMPTED.**

11 A dismissal pursuant to Fed. R. Civ. P. 12(b)(6) is warranted when it is “based  
12 on the lack of a cognizable legal theory or the absence of sufficient facts alleged  
13 under a cognizable legal theory.” *Balistreri v. Pacifica Police Dept.*, 901 F.2d 696,  
14 699 (9th Cir. 1990). Here, Plaintiff’s FAC alleges three state law claims against  
15 Rauch. Not one of them states sufficient facts to remove them from the purview of  
16 the Copyright Act.

17 Specifically, despite, MIM’s reference in its Opposition to the “extra element”  
18 test, Plaintiff’s FAC states no state law claim that is not equivalent to the rights  
19 contemplated in the Copyright Act, *i.e.*, as pleaded these claims have no extra  
20 element. Further, Plaintiff’s attempts to bolster the FAC by providing in its  
21 Opposition additional information that is supposed to undergird its state law claims  
22 is unavailing. The FAC is the operative document, and thus the problem with  
23 Plaintiff’s approach is that a 12(b)(6) motion tests the sufficiency of a *complaint*, not  
24 of an Opposition to a motion to dismiss.

25 Equally problematic, the additional information Plaintiff provides in its  
26 Opposition does nothing to show how its state law claims are not preempted. Even  
27 after those additional facts, it is still unclear as to what Plaintiff claims the  
28 defendants took. Plaintiff mentions methodologies, but has taken care not to identify



1 any methodology that defendants wrongfully appropriated. Likewise, Plaintiff  
2 claims the defendants took “questionnaires . . . work papers . . . and other intangible  
3 property and ideas.” However, the value of the questionnaires and work papers is  
4 what appears on them, not the physical product itself. That is, these documents  
5 embody – and are only valuable to the extent they contain – intellectual property  
6 subject to copyright law. As to the “intangible property and other ideas” mentioned  
7 in the Opposition, these same intangible items clearly fall within the subject matter  
8 of copyright under the Fourth Circuit’s ruling in *U.S. Ex Re. Berge vs. Trustees of the*  
9 *University of Alabama*, 104 F.3d 1453 (4th Cir. 1997) (cited with approval in  
10 *Edamol Entertainment v. 20th Television*, 48 USPQ 2d. 1524, 1526 (C.D. Cal. 1998),  
11 and are thus preempted. In *Berge*, the Court held that “ideas,” which are specifically  
12 excluded from Copyright Act protection under 17 U.S.C. § 102(a), nonetheless fall  
13 under the scope of copyright subject matter and are therefore “clearly preempted by  
14 Federal Copyright Law.” *Id.*, 104 F.3d at 1463.

15 Finally, MIM asks this Court for leave to amend its First Amended Complaint  
16 to “provide more detailed allegations about the nature of the property addressed by  
17 the state law claims.” Plaintiff’s request should be denied as it has already filed an  
18 amended complaint, and thus has now had two opportunities to sufficiently state a  
19 claim. Plaintiff’s sloppy pleading should not inure to its own benefit. Simply put,  
20 Plaintiff has twice failed to state any cognizable state law claims against Rauch and  
21 thus those claims should now be dismissed without a third bite at the apple.

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**VI. CONCLUSION**

For the reasons set forth above Plaintiff's First Amended Complaint should be dismissed with prejudice in its entirety.

DATED: January 10, 2007      Respectfully submitted,

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By 

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Trustees of the California, which is the State of  
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