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9 Attorneys for Defendant The Board of Trustees  
 10 of the California State University

11 UNITED STATES DISTRICT COURT  
 12 SOUTHERN DISTRICT OF CALIFORNIA

13 MARKETING INFORMATION  
 14 MASTERS, INC., a California  
 15 corporation,

16 Plaintiff,

17 v.

18 THE BOARD OF TRUSTEES OF THE  
 19 CALIFORNIA STATE UNIVERSITY,  
 20 WHICH IS THE STATE OF  
 21 CALIFORNIA ACTING IN ITS  
 22 HIGHER EDUCATION CAPACITY  
 23 (erroneously sued herein as THE  
 24 BOARD OF TRUSTEES OF THE  
 25 CALIFORNIA STATE UNIVERSITY  
 26 SYSTEM, A PUBLIC ENTITY  
 27 ACTING THROUGH ITS  
 28 SUBDIVISION SAN DIEGO STATE  
 UNIVERSITY); and ROBERT A.  
 RAUCH, an individual,

Defendants.

CASE NO. 06CV 1682 JAH JMA

**REPLY IN SUPPORT OF  
 DEFENDANTS' MOTION TO  
 DISMISS THE SECOND AMENDED  
 COMPLAINT**

ACTION FILED: August 18, 2006

Hearing Date: June 9, 2008  
 Time: 2:30 p.m.  
 Dept: 11

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 In its February 5, 2008 Order, (“February 5 Order”), this Court dismissed with  
4 prejudice all claims asserted against The Board of Trustees of the California State  
5 University System (“The Trustees”) and Robert A. Rauch (“Rauch”) in his official  
6 capacity. Despite that Order, Plaintiff reasserted the same claims against these same  
7 defendants (“Defendants”) in its Second Amended Complaint (“SAC”).

8 In its Opposition to Defendants’ Motion to Dismiss the SAC, however,  
9 Plaintiff asserts that it fully understands and does not dispute that the Court has  
10 decided that SDSU and Professor Rauch in his official capacity enjoy immunity from  
11 MIMI’s copyright infringement and state law claims . . . [and] that issue does not  
12 need to be addressed or decided again by this motion.” Opposition, Page 5.  
13 Defendants accept this acknowledgment – better late than never – and will not  
14 address this point further other than to say that Plaintiff’s operative pleading must  
15 now reflect this undisputed reality.<sup>1/</sup> In light of this, the issues remaining in  
16 Defendants’ Motion to Dismiss are fairly limited.

17 **II. LEGAL ARGUMENT**

18 **A. Plaintiff Must Amend Its Complaint to Provide Defendants With**  
19 **"Fair" and Intelligible Notice Pursuant to Fed. R. Civ. P. 8**

20 Defendants’ right to an intelligible complaint that provides “fair notice” is not  
21 a question of “form over substance.” It is supported by the strong public policy  
22 underpinning Fed. R. Civ. P. 8. Plaintiff’s ill fated attempt to reallege dismissed  
23 claims, especially where it now acknowledges that it has no intention to pursuing  
24 those claims, has led to a hopelessly muddled SAC that hampers Defendants’ ability  
25 to draft a cogent answer. Accordingly, this Court should dismiss Plaintiff’s SAC in  
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27 \_\_\_\_\_  
28 <sup>1/</sup>Plaintiff’s steadfast refusal to amend its pleading to reflect this reality (for reasons that lacked legal support) is precisely why Defendants were forced to file a Rule 11 sanctions motion that is also scheduled for hearing on June 9, 2008.

1 its entirety, and order Plaintiff to provide “fair notice” pursuant to Rule 8 by setting  
2 forth only those claims that remain in this lawsuit.

3 **B. Plaintiff’s State Law Claims Against Professor Rauch are**  
4 **Preempted by Federal Copyright Law**

5 Section 301(a) of the Copyright Act establishes a two-prong test for  
6 preemption of state law claims. The test asks: (1) whether the subject matter of the  
7 claim comes within the subject matter of the Copyright Act, and (2) whether the  
8 rights protected by the state law claims are the equivalent to any of the exclusive  
9 rights protected by the Copyright Act. *Kodadek v. MTV Networks, Inc.*, 152 F.3d at  
10 1212. To survive a Federal Copyright Act preemption challenge, a state law claim  
11 must contain an “extra element” that “materially changes the cause of action.”  
12 *Balboa v. Trans Global*, 218 Cal.App.3d 1327, 1340 (1990).

13 This Court previously dismissed without prejudice Plaintiff’s claims for  
14 conversion and misappropriation of trade secrets because, as pled, they were  
15 preempted by the Copyright Act. In the SAC, Plaintiff again fails to allege any  
16 “extra elements” that removes those claims from the purview of §301.<sup>2/</sup> Thus, those  
17 claims remain preempted by the Copyright Act.

18 **1. Plaintiff’s Conversion Claim falls within the purview of the**  
19 **Copyright Act and must be dismissed**

20 Plaintiff’s conversion claim is premised on the allegation that Plaintiff owns  
21 certain “tangible materials and intangible ideas,” which Defendants interfered with  
22 when conducting their own “economic impact studies and surveys.” (SAC, ¶¶61, 62-  
23 63). That claim falls squarely within the purview of 17 U.S.C. §106(1) and (2),  
24 which provide that a copyright owner has the right to reproduce its copyrighted work  
25 and prepare derivative works based it.

26  
27  
28 <sup>2/</sup>As discussed in subsection B3 below, the same is true with respect to  
Plaintiff’s claim for unfair business practices.

1 Plaintiff attempts to resuscitate this claim with a citation to *G.S. Rasmussen &*  
2 *Assoc. v. Kalita Flying Service, Inc.*, 958 F.2d 896 (9th Cir. 1992). But that case  
3 does not resurrect this cause of action. In *Rasmussen*, the Ninth Circuit held, under  
4 very specific facts, that a conversion claim was not preempted where the defendant  
5 converted a specific government privilege. 958 F.2d 899-900. Conversely, the court  
6 held that had the plaintiff merely claimed an exclusive right to copy the manuals,  
7 drawings, and plans involved in implementing the certificate, or the right to copy the  
8 certificate itself, his claim would have been preempted by the Copyright Act. *Id.* at  
9 904.

10 The facts here are readily distinguishable from those *G.S. Rasmussen*.  
11 Plaintiff here seeks conversion damages for Defendants' alleged copying of its  
12 "tangible materials and intangible ideas." This is precisely what the *G.S. Rasmussen*  
13 court explained *is* subject to preemption. Moreover, this Court has already ruled that  
14 "conversion actions seeking only damages for reproduction of the property-not return  
15 of the tangible property-are preempted by the Copyright Act." (Order, Page 12  
16 (citing *Firoozye v. Earthlink Network*, 153 F.Supp.2d 115, 1130 (N.D. Cal. 2001)).  
17 Accordingly, unlike the facts in *G.S. Rasmussen*, Plaintiff here fails to assert any  
18 "extra element" that would remove this claim from the ambit of § 301. Thus this  
19 claim must be dismissed.<sup>3/</sup>

20 **2. Plaintiff's Misappropriation of Trade Secrets Claim falls**  
21 **within the Purview of the Copyright Act and Must be**  
22 **dismissed**

23 Plaintiff's misappropriation claim is also preempted by the Copyright Act. It  
24 rests on the assertion that Plaintiff owns property that consists of "confidential,  
25 proprietary, and trade secret information" that "Defendants used . . . to conduct  
26

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27 <sup>3/</sup>Given that Plaintiff has now plead this claim three times, Defendants submit  
28 that this Court should now dismiss Plaintiff's state law conversion claim with  
prejudice.

1 multiple economic impact studies and surveys.” (SAC ¶ 68). Again, these  
2 allegations fall squarely within the ambit of Section 106.

3 Plaintiff’s argument to the contrary rests on its assertion that the claim  
4 “expressly alleges” that Professor Rauch “disclosed [Plaintiff’s] confidential and  
5 proprietary information to multiple third persons and entities, and in doing so  
6 violated the confidentiality and secrecy that protected [Plaintiff’s] materials.” (SAC,  
7 ¶72). This allegation, however, does not provide the “extra element” necessary to  
8 save this claim from preemption. Plaintiff must have pled that Professor Rauch  
9 communicated such information in contravention of a *duty* he owed to Plaintiff to  
10 maintain its secrecy. Plaintiff has not made such an assertion nor, in good faith,  
11 could it. Without a duty owed by Professor Rauch to the Plaintiff, Plaintiff’s  
12 misappropriation claim is preempted and must be dismissed.<sup>4/</sup>

13 **3. Plaintiff’s Unfair Business Practices Claim falls within the**  
14 **Purview of the Copyright Act and Must be dismissed**

15 Plaintiff’s state unfair competition claim is also preempted by the Copyright  
16 Act. While Plaintiff’s Opposition does a fine job explaining the coverage afforded  
17 by Section 17200, it completely fails to provide any argument as to why – or how –  
18 Plaintiff’s unfair competition claim includes the “extra element” required to survive  
19 preemption. (SAC, ¶¶ 78-87; Opposition, Page 11-12).

20 Indeed, Plaintiff’s unfair competition claim is subject to preemption under  
21 established California law. *See Del Madera Properties v. Rhodes and Gardner, Inc.*,  
22 820 F.2d 973, 977 (9th Cir. 1987). In *Del Madera*, the 9th Circuit held that an unfair  
23 competition claim premised on misappropriation of copyrighted materials lacks the  
24 “extra element” required to survive a preemption challenge. *Id.* at 977. In that case,  
25 the plaintiff alleged that the defendants had misappropriated materials for the  
26 purpose of developing certain real property. *Id.* The court reasoned that because the

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28 <sup>4/</sup>Again, Plaintiff has had three opportunities to plead this claim. It should not  
be given a fourth. This Court should dismiss this claim with prejudice.

1 claim was premised on the plaintiff's alleged ownership of such material, and  
2 defendants' misappropriation of the same, the unfair competition claim was "part and  
3 parcel of the [plaintiff's] copyright claim." *Id.* As such, it preempted that claim  
4 under §301 of the Copyright Act.

5 The facts here are analogous to *Del Madera*. Plaintiff bases its unfair  
6 competition claim on the theory that "Defendants have received and continues [sic]  
7 to receive unearned commercial benefits" stemming from their alleged copying of  
8 Plaintiff's copyrighted materials. (SAC, ¶¶ 83, 87). Under the holding in *Del*  
9 *Madera*, however, such allegations lack the "extra element" required to survive a  
10 preemption challenge. As such, under the holding in that case, Plaintiff's unfair  
11 competition claim in this matter should be dismissed with prejudice.

### 12 **III. CONCLUSION**

13 For the reasons set forth above, Defendants respectfully submit that Plaintiff  
14 should be ordered to: (1) rewrite its complaint to provide "fair notice" as required by  
15 Fed. R. Civ. P. Rule 8; and (2) rewrite its complaint to remove all claims and  
16 allegations that have been dismissed with prejudice from this lawsuit. Defendants  
17 further submit that this Court should dismiss Plaintiff's state law claims with  
18 prejudice as they are preempted pursuant to §301 of the Copyright Act.

19  
20 DATED: May 16, 2008

Respectfully submitted,

**LEWIS BRISBOIS BISGAARD & SMITH LLP**

21  
22  
23  
24 By 

Jonathan Pink

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