

AIPLA

American Intellectual Property Law Association

September 2, 2020

Maria Strong
Acting Register of Copyrights
U.S. Copyright Office
101 Independence Avenue, SE
Washington, DC 20559-6000

Re: Comments Submitted Pursuant to Sovereign Immunity Study: Notice and Request for Public Comment, 85 Fed. Reg. 34,252 (Jun. 3, 2020)

Dear Acting Register Strong:

The American Intellectual Property Law Association (AIPLA) is pleased to offer comments in response to the above-referenced U.S. Copyright Office Notice and Request for Public Comment, in the wake of the U.S. Supreme Court's ruling in *Allen v. Cooper*, 140 S.Ct. 994.

AIPLA is a national bar association of approximately 8,500 members who are engaged in private or corporate practice, government service, and the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping to establish and maintain fair and effective laws and policies that stimulate and reward invention and authorship while balancing the public's interest in healthy competition, reasonable costs, and basic fairness.

In 1990, Congress passed the Copyright Remedy Clarification Act ("CRCA") to roll back state sovereign immunity for copyright infringement and promote fairness and uniformity in the law. On March 23, 2020, the U.S. Supreme Court found that the CRCA did not pass constitutional muster—either under Article I or the Fourteenth Amendment.

Even so, a majority of the Court provided guideposts for future legislation that, if adequately supported by a Congressional record detailing a pattern of unconstitutional infringement and the absence of adequate state law remedies, could achieve the CRCA's intent as a valid exercise of Congressional power pursuant to the Fourteenth Amendment. AIPLA believes there is adequate evidence to support abrogation of state sovereign immunity and offers the following comments in support of legislation that can succeed where the CRCA failed.

Information Regarding Specific Instances of Infringement by State Actors (Question 1)

The following citations demonstrate just a portion of the public-record case law supporting widespread, unremedied copyright infringement by state actors:

- *Allen v. Cooper*, 895 F.3d 337 (4th Cir. 2018), *aff'd*, 140 S. Ct. 994, 206 L. Ed. 2d 291 (2020) (photographs and video recordings of the shipwreck of the *Queen*

- Anne's Revenge* were copied and made available to the public; held the CRCA is unconstitutional and state sovereign immunity bars the claim);
- *Nat'l Ass'n of Bds. of Pharmacy v. Bd. of Regents*, 633 F.3d 1297 (11th Cir. 2011) (standardized pharmacy exam questions gathered by university professor without permission to be used in review class; held state sovereign immunity bars a claim under the CRCA);
 - *Chavez v. Arte Publico Press*, 204 F.3d 601 (5th Cir. 2000) (author agreed to a series of publishing contracts with a university which continued to print copies even after author refused to renew the contract; held state sovereign immunity bars the claim);
 - *Rodriguez v. Tex. Comm'n on the Arts*, 199 F.3d 279 (5th Cir. 2000) (registered license plate design allegedly infringed when Commission began selling its license plates; held Commission immune from suit under sovereign immunity);
 - *BV Eng'g v. UCLA*, 657 F. Supp. 1246 (C.D. Cal. 1987), *aff'd*, 858 F.2d 1394 (9th Cir. 1988) (suit alleging copying of software barred by sovereign immunity of the University as an arm of the state);
 - *Bynum v. Tex. A&M Univ. Athletic Dep't*, No. 4:17-cv-181 (S.D. Tex. 2019) (Texas A&M allegedly copied an unpublished chapter of author's book and posted it on their website without permission; held no liability because of sovereign immunity);
 - *Reiner v. Canale*, 301 F. Supp. 3d 727 (E.D. Mich. 2018) (professor distributed photographer's photograph to professor's class without permission; held the professor was entitled to sovereign immunity to the extent he was sued in his official capacity);
 - *Nettleman v. Fla. Atl. Univ. Bd. of Trs.*, 228 F. Supp. 3d 1303 (S.D. Fla. 2017) (University continued to use professor's teaching materials he developed before employment despite his express denial of permission; held professor's claim barred by sovereign immunity);
 - *Coyle v. Univ. of Ky.*, 2 F. Supp. 3d 1014 (E.D. Ky. 2014) (photographer contracted with University to take pictures of collegiate athletes and retained his copyrights under said contracts, University used the photos for commercial gain; held University was immune from suit);
 - *Issaenko v. Univ. of Minn.*, 57 F. Supp. 3d 985 (D. Minn. 2014) (Plaintiff was a research assistant at a university laboratory who authored "independent" research; held CRCA did not waive state immunity under the Eleventh Amendment and as a result did not reach ownership issue.);
 - *Jacobs v. Memphis Convention & Visitors Bureau*, 710 F. Supp. 2d 663 (W.D. Tenn. 2010) (Visitors Bureau had a limited license to use professional photographs of Memphis landmarks and reproduced, distributed, and publicly displayed the works outside the scope of that license; claim dismissed due to state sovereign immunity);
 - *Mktg. Info. Masters, Inc. v. Bd. of Trustees*, 552 F. Supp. 2d 1088 (S.D. Cal. 2008) (marketing research report allegedly misappropriated to create a subsequent report; held state actors were immune from suit);
 - *InfoMath, Inc. v. Univ. of Ark.*, 633 F. Supp. 2d 674 (E.D. Ark. 2007) (internet-based pre-calculus course created by plaintiff originally in connection with the

University; held the University was immune from suit and as a result did not reach ownership issues);

- *De Romero v. Inst. of Puerto Rican Culture*, 466 F. Supp. 2d 410 (D.P.R. 2006) (mural stored at museum destroyed during remodeling, in potential violation of VARA; claim barred because Institute had sovereign immunity as an arm of Puerto Rico);
- *Salerno v. City Univ. of N.Y.*, 191 F. Supp. 2d 352 (S.D.N.Y. 2001) (ownership dispute in documentary material barred against University and Institute by sovereign immunity; individual defendants not subject to qualified immunity);
- *Jehnsen v. N.Y. State Martin Luther King, Jr., Inst. for Nonviolence*, 13 F. Supp. 2d 306 (N.D.N.Y. 1998) (infringement suit for unauthorized use of leadership manual outlining the nonviolent methodology practiced by Dr. King; claim barred by sovereign immunity);
- *Lane v. First Nat'l Bank of Bos.*, 687 F. Supp. 11 (D. Mass. 1988), *aff'd*, 871 F.2d 166 (1st Cir. 1989) (bank created a printout of a database and devised a website and new database similar to the original database; held sovereign immunity barred all claims except those against the defendants sued in their personal capacity);
- *Mihalek Corp. v. Michigan*, 595 F. Supp. 903 (E.D. Mich. 1984), *aff'd*, 814 F.2d 290 (6th Cir. 1987), *on reh'g*, 821 F.2d 327 (6th Cir. 1987) (copyrighted materials integrated into promotional campaigns without credit or compensation; held state actors were immune from suit);
- *Univ. of Hous. Sys. v. Jim Olive Photography*, NO. 01-18-00534-CV (Tex. App. 2019) (holding that a state actor's copyright infringement is not a taking).

AIPLA believes that the number of filed copyright infringement claims does not reflect the extent of actual copyright infringement by state actors. For example, the number of filed claims does not account for matters settled confidentially out of court, or situations where owners that have not pursued enforcement due to the perceived futility of suing state actors for copyright infringement. While *Allen* only recently confirmed that the CRCA does not constitutionally abrogate state immunity, it has long been understood that the CRCA was likely, if not inevitably, unconstitutional following the Supreme Court's 1999 *Florida Prepaid* decision.¹

Impact of State Sovereign Immunity on Sale and Licensing of Works (Question 2)

A wide range of state actors use copyrighted works, including state universities, hospitals, tourism boards, and promotional organizations. The above cases reflect that, in many instances, state sovereign immunity prevents authors from determining threshold questions, e.g., copyright ownership, which has a grave impact on the sale and licensing of those works.²

¹ *Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627, 645 (1999). Even before *Florida Prepaid*, the Supreme Court vacated the Fifth Circuit's decision to uphold the CRCA and remanded the case "for further consideration in light of *Seminole Tribe*." *Univ. of Houston v. Chavez*, 116 S. Ct. 1667, 1667 (1996). On remand, the Fifth Circuit held the CRCA unconstitutional. *Chavez v. Arte Publico Press*, 204 F.3d 601, 607 (5th Cir. 2000). What followed were a slew of decisions across the circuits that acknowledged what *Allen* finally confirmed, i.e. that the CRCA was unconstitutional, and that damages claims against state actors would be futile. Accordingly, stakeholders have long been deterred from enforcing copyrights against states.

² See *Issaenko v. Univ. of Minn.*, 57 F. Supp. 3d 985 (D. Minn. 2014); *InfoMath, Inc. v. Univ. of Ark.*, 633 F. Supp. 2d 674 (E.D. Ark. 2007); *Salerno v. City Univ. of N.Y.*, 191 F. Supp. 2d 352 (S.D.N.Y. 2001).

Beyond ownership issues, state sovereign immunity detracts from content creators' bargaining power to license works to state entities. For example, a large percentage of U.S. educational institutions are public or at least partially state-funded and, collectively, such institutions have substantial market power to drive down licensing fees for scholastic works.

Moreover, public institutions that use these works often do so through individual employees that utilize discretionary budgets to acquire low-cost copies, which avoids formal school board ratification, statutory public bidding procedures for government contracts and/or procurement policies. In such cases, state actors that exceed the scope of a license can later disavow the license and claim that the content owner is "chargeable with notice" of government contracting procedures that were not followed.³ In some cases, appropriate procurement procedures simply may not exist for low-sum licensing contracts. But where sovereign immunity bars the application of ordinary contract rules, content owners cannot enforce their rights as licensors.

State universities also lack incentives to punish or safeguard against unauthorized reproduction of copyright-protected educational materials originally procured by public institutions. This leads to a significant devaluation of scholastic works, which become readily available through third-party websites and file-sharing services. Moreover, the value of scholastic works that rely on secrecy/confidentiality, e.g., scholastic test questions and examinations, are severely impacted by dissemination.

Remedies Available to Copyright Owners When States Infringe Copyright (Question 3)

Generally, copyright owners have no remedy against state infringers under state law.⁴ Nor do they have copyright remedies for damages against state infringers under federal law. Though *Allen v. Cooper* only recently confirmed the latter, even the *Allen* Court acknowledged that its 1999 *Florida Prepaid* decision "all but prewrote [the Court's] decision" in *Allen*.

As noted above, AIPLA believes that copyright enforcement actions against state infringers have been deterred not only by the recent *Allen* decision, but also by a rising tide of lower court rulings that have found the CRCA unconstitutional since 1999. Accordingly, the number of publicly filed copyright infringement cases against states over the last 20 years likely grossly underestimates the total number of unremedied acts of infringement by state actors. Nor do those cases accurately reflect the need for effective state immunity abrogation legislation.

³ See, e.g., *El Camino Community College Dist. v. Superior Court*, 173 Cal.App.3d 606, 613 (1985) (private actors contracting with the state "are chargeable with notice of limitations on its power to contract.")

⁴ 28 U.S.C. § 1338 provides for federal courts' original jurisdiction over copyright claims, and that "[n]o State court shall have jurisdiction over any claim for relief arising under any Act of Congress relating to patents, plant variety protection, or copyrights." In addition, state common-law copyright claims and infringements of "equivalent right[s]" are preempted by federal copyright law. 17 U.S.C. § 301(a). See, e.g., *Olive v. Univ. of Houston*, *supra*, where plaintiff filed a state court action filed for an unconstitutional "taking" under the Texas Constitution. The trial court denied U of H's plea of governmental immunity, but the court of appeals (580 S.W.3d 360) reversed, finding that intellectual property cannot be the subject of a "taking," and only remedy would be for copyright infringement. As the Court recognized, the 5th Circuit had long ago (*Chavez v. Arte Publico Press*, 204 F.3d 601 (5th Cir. 2000)) held that the CRCA was unconstitutional, so it recognized that plaintiff had no remedy at all.

a. To what extent did copyright owners file suits under the Copyright Act against state entities prior to the Supreme Court’s decision in Allen v. Cooper?

AIPLA does not have precise data in response to this question but calls the Office’s attention to its comments above. *See supra* note 1.

b. In your opinion, does the availability of injunctive relief against state officials provide an adequate remedy to address the needs of copyright owners in response to instances of state copyright infringement?

AIPLA acknowledges that rightsholders can obtain injunctive relief against state actors that infringe copyright. Yet injunctive relief is costly, and in many cases not pursued. State actors have significant resources to defend infringement claims, whereas copyright plaintiffs often do not have the financial resources or incentives to pursue infringement claims that will, at best, result in injunctive relief, with no immediate financial benefit to the copyright owner. This reality is even more stark in the case of non-profit copyright owners, e.g., scholastic test makers, that serve the common good but lack financial wherewithal to enjoin state infringers.

c. To what extent are there state law causes of action that may provide a remedy for copyright infringements by state entities? Are there state court cases in which a copyright owner has been awarded a judgment on such a claim?

State common-law copyright claims and infringements of “equivalent right[s]” are preempted by federal copyright law.⁵ Moreover, Copyright Act preemption applies broadly.⁶ Though some state law claims fall outside the scope of federal copyright law, the vast majority do not. Thus, few states’ laws provide remedies for copyright infringement by state entities.

Congressional Determination of Frequency of State Infringement (Question 4)

A Congressional determination of the frequency of state copyright infringement faces inherent challenges, e.g., information regarding confidential settlements and chilled enforcement actions would be difficult to obtain.

Other Pertinent Issues Not Referenced Above (Question 7)

AIPLA takes this opportunity to ask the Office to also consider the intentionality required for a state copyright infringement that unconstitutionally deprives another of property without due process of law.

In *Allen v. Cooper*, the Supreme Court based its decision in part on the Court’s *Florida Prepaid* ruling that, because the PRA was unsupported by a record of “widespread and persisting deprivation of constitutional rights’ of the sort Congress has faced in enacting proper

⁵ 17 U.S.C. § 301(a).

⁶ *Mourabit v. Klein*, No. 19-2142-CV, 2020 WL 3042131, at *2 (2d Cir. June 8, 2020) (“the scope of copyright preemption is broader than the scope of copyrightable materials.”); *see also* 1 Nimmer on Copyright § 1.16 (2019) (“As has often been observed, ‘the shadow actually cast by the Act’s preemption is notably broader than the wing of its protection.’”) (*quoting U.S. ex rel. Berge v. Bd. of Trustees of the Univ. of Alabama*, 104 F.3d 1453, 1463 (4th Cir. 1997)).

prophylactic § 5 legislation,” it did not pass constitutional muster under the Due Process Clause.⁷ Yet the *Florida Prepaid* decision did not consider the differences between the intentionality required to establish a state’s *intentional* deprivation of property without due process, on one hand, and the intentionality required to establish *willful* infringement, on the other hand.

AIPLA believes the intent required to establish due process deprivation is distinct from the types of conduct that could support a finding of *willful* copyright infringement.⁸ The Supreme Court described the intentionality required to establish a state’s intentional deprivation of property as essentially something beyond negligence.⁹ And, while the Supreme Court has recently ruled on the proper standards for the award of damages in trademark¹⁰ and patent infringement¹¹ disputes, it has not with respect to enhanced damages for willful copyright infringement. In both the trademark and patent contexts, the Court embraced a flexible and subjective approach, particularly given statutes that explicitly vest the district courts with discretion, as does section 504 of the copyright act.¹² As a result, the determination of willfulness for copyright infringement should also be flexible and subjective, but without a final ruling from the Supreme Court on the subject, no single standard has emerged.

Nimmer suggests that willfulness should require that the infringer had knowledge that the conduct amounted to copyright infringement,¹³ and most courts also account for other conduct under which willfulness may be inferred, such as constructive knowledge, willful blindness, or reckless and wanton behavior where the infringer is shown to have recklessly disregarded the legitimate rights of others.

Generally, in the Second¹⁴ Circuit, for example: “[W]illfulness in the context of statutory damages for copyright infringement means that the infringer either had actual knowledge that it was infringing the plaintiffs’ copyrights or else acted in reckless disregard of the high probability that it was infringing plaintiffs’ copyrights.” Similarly, the Fourth Circuit has held: “Although the Copyright Act does not define willful infringement, other circuits have held that infringement is willful if the defendant has knowledge, either actual or constructive, that its actions constitute an infringement or recklessly disregards a copyright holder’s rights.”¹⁵ We are therefore of the view that a plaintiff seeking to support a finding of willful copyright

⁷ *Florida Prepaid*, 527 U.S. at 645 (1999) (citing *City of Boerne v. Flores*, 521 U.S., at 526, 117 S.Ct. 2157).

The Court equated this “deprivation” with “intentional or reckless infringement on the part of the States.” *Id.*

⁸ Compare *Daniels v. Williams*, 474 U.S. 327, 330–31 (1986) with *Lyons P’ship, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789, 799 (4th Cir. 2001).

⁹ *Daniels v. Williams*, 474 U.S. 327, 330–31 (1986) (“mere lack of due care by a state official [cannot] ‘deprive’ an individual of life, liberty, or property under the Fourteenth Amendment.”)

¹⁰ *Romag Fasteners, Inc v. Fossil, Inc.*, 140 S. Ct. 1492, 206 L. Ed. 2d 672 (2020) (willfulness not required for damages as a remedy for trademark infringement).

¹¹ *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 195 L. Ed. 2d 278 (2016) (abrogating *In re Seagate Tech., LLC*, 497 F.3d 1360 (Fed. Cir. 2007)).

¹² 17 USC 504(c)(2) (“In a case where the copyright owner sustains the burden of proving, and the court finds, that infringement was committed willfully, *the court in its discretion* may increase the award of statutory damages to a sum of not more than \$150,000.”)(emphasis added).

¹³ Nimmer on Copyrights §14.04.

¹⁴ *Elsevier Inc. v. Siew Yee Chew*, No. 17CIV6225JGKGWG, 2019 WL 74606, at *7 (S.D.N.Y. Jan. 2, 2019), citing *Nat’l Football League v. PrimeTime 24 Joint Venture*, 131 F. Supp. 2d 458, 475–76 (S.D.N.Y. 2001) (internal quotation marks and citation omitted; alteration in original) (collecting cases).

¹⁵ *Lyons P’ship, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789, 799 (4th Cir. 2001).

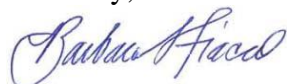
infringement (even if such a finding remains in the discretion of the court) bears a greater burden than simply “something beyond negligence,” and thus a burden which is greater than that required to establish a state’s intentional deprivation of property. A circumstance in which a state has committed willful copyright infringement would also constitute “something beyond negligence” and therefore also establish that a state intentionally deprived the copyright owner of property without due process.

AIPLA brings this distinction to the Office’s attention to ensure the development of a robust and complete Congressional record supporting the kind of “widespread and persisting deprivation of constitutional rights” that AIPLA believes now exists.¹⁶ Willful copyright infringement is difficult to prove,¹⁷ and may not be the only kind of infringement that constitutes a state due process deprivation of property. AIPLA encourages the Office to consider specifically whether some non-willful acts of infringement may also unconstitutionally deprive copyright owners of their property without due process of law.

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AIPLA appreciates the opportunity to provide these comments, appreciates in advance consideration of these views, and we would be happy to answer any questions that our comments may raise.

Sincerely,



Barbara A. Fiocco

President

American Intellectual Property Law Association

¹⁶ See *supra* note 7.

¹⁷ 15 Nimmer on Copyright COPYRIGHT LAW REVISION (2019) (testimony of Julian T. Abeles, Music Publishers’ Protective Association; “You can never prove that an infringement is ‘willful’. During my years of experience, in all the litigation I have prosecuted, if I had to prove the infringement was willful, my recovery would have been negative. You just cannot prove it was ‘willful’, and there is no reason why you should have to prove it. The courts have held over and over again that innocence is no defense. Why defy the courts?”)