

AIPLA

American Intellectual Property Law Association

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Andrew Hirshfeld

Performing the Functions and Duties of the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office

United States Patent and Trademark Office

c/o Office of Policy and International Affairs, Comment Request; State Sovereign Immunity

Mail Stop OPIA, P.O. Box 1450

Alexandria, Virginia 22314

PTO-T-2020-0043

<http://www.regulations.gov>

Re: Comments Submitted Pursuant to Sovereign Immunity Study: Notice and Request for Public Comment, 85 Fed. Reg. 70,589 (November 5, 2020) (Docket Number: PTO-T-2020-0043)

Dear Commissioner Hirshfeld,

The American Intellectual Property Law Association (“AIPLA”) is pleased to offer comments in response to the above-referenced U.S. Patent and Trademark 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.

With respect to *patent* and *trademark* infringement, AIPLA believes that the record of reported cases provides support for abrogation of state immunity. With respect to *trademark* infringement, however, there are critical differences between those cases and patent and copyright infringement actions. Significantly, unlike patent and copyright infringement actions, which must be filed in federal court, trademark infringement actions can be filed in state courts. While some states appear to have waived immunity to trademark infringement suits in state court, other states appear to provide no remedies whatsoever for trademark infringement by a state actor. Accordingly, AIPLA believes the record supports limited abrogation of state immunity for trademark infringement in specific situations where state law fails to provide an adequate remedy. AIPLA provides more details supporting these comments below.

Furthermore, AIPLA suggests that a longer and more comprehensive study may be needed to determine (a) the extent and number of patent infringement and trademark infringement claims against states that are not reflected in publicly available documents and (b) the extent of commercial harm caused by immunity or unremedied trademark infringement by state actors.¹

Introduction

Thirty years ago, Congress made a concerted effort to abrogate sovereign immunity in patent, copyright, and trademark cases. In 1992, Congress passed the Patent and Plant Variety Protection Remedy Clarification Act (“PPVPRCA”) and the Trademark Remedy Clarification Act (“TRCA”) to abrogate the states’ immunity under the Eleventh Amendment and place states on equal footing with commercial competitors in an effort to promote fairness and uniformity in the law. The PPVPRCA’s and TRCA’s abrogation of states’ immunity closely paralleled the provisions created in the Copyright Remedy Clarification Act (“CRCA”), passed in 1990.

With its decision in *Allen v. Cooper*, 140 S. Ct. 994 (2020), holding that the CRCA was unconstitutional in trying to abrogate state immunity from copyright infringement suits, the Supreme Court has now rejected each of Congress’ attempts to abrogate state immunity for violations of intellectual property rights. In 1999, the Court had reached a similar conclusion regarding Congress’ attempt to abrogate state immunity from suits for patent infringement or trademark infringement under the PPVPRCA and TRCA, respectively. *See Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank* (“*Florida Prepaid*”), 527 U.S. 627 (1999) (PPVPRCA did not validly abrogate state immunity from patent infringement suits); *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board* (“*College Savings*”), 527 U.S. 666 (1999) (TRCA did not validly abrogate state immunity from false advertising suits under the Lanham Act).

The majority in *Allen v. Cooper* 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, would empower Congress to abrogate state sovereign immunity for patent and trademark infringement.

Information Regarding Extent of Asserted Patent and Trademark Infringement by State Actors and Assertion and Handling of Sovereign Immunity Defenses (Questions 3 and 4)²

AIPLA has surveyed the reported case law regarding patent and trademark infringement actions against state actors. In this section, AIPLA reports the results of its survey and addresses some of the questions raised in Question 3 of the Office’s Request for Comment.

¹ On September 2, 2020, AIPLA submitted comments in response to the U.S. Copyright Office’s Notice and Request for Public Comment, 85 Fed. Reg. 34,252 (Jun. 3, 2020). As “[t]here is a ‘historic kinship between patent law and copyright law,’” *Impression Prods., Inc. v. Lexmark Int’l, Inc.*, 137 S. Ct. 1523, 1536 (2017) (quotation omitted), many of AIPLA’s comments in response to the U.S. Copyright Office’s Notice and Request for Public Comment are equally applicable to the current Notice and Request. AIPLA refers the USPTO to that response, attached as Exhibit A.

² For this response, AIPLA limited its survey to publicly available decisions from which certain information in response to Question 2 may be derived, such as the parties involved, the name of the court, how the sovereign immunity issues were addressed, and citations to reported opinions, if any.

Under federal law, a state agency is entitled to immunity if it is an arm of the state. *See, e.g., Mt. Healthy City Sch. Dist. Bd. of Educ. v. Doyle*, 429 U.S. 274, 280 (1977) (superseded by statute on other grounds) (“The issue here thus turns on whether the Mt. Healthy Board of Education is to be treated as an arm of the State partaking of the State’s Eleventh Amendment immunity . . .”). Whether a state agency is an arm of the state presents a question of federal law that can be answered only after considering the provisions of the particular state law that defines the character of the entity in question. *Regents of Univ. of California v. Doe*, 519 U.S. 425, 430 n.5 (1997); *see also Mt. Healthy*, 429 U.S. at 280 (stating that whether entity was an arm of state “depends, at least in part, upon the nature of the entity created by state law”). For example, the Ninth Circuit has laid out certain factors to be considered: (1) whether a money judgment would be satisfied out of state funds; (2) whether the entity performs central governmental functions; (3) whether the entity may sue or be sued; (4) whether the entity has the power to take property in its own name or only in the name of the state; and (5) the corporate status of the entity. *Del Campo v. Kennedy*, 517 F.3d 1070, 1077 (9th Cir. 2008)(quotations omitted).³

³ *See also Mt. Healthy*, 429 U.S. at 280 (evaluating factors in determining whether a local school board was an arm of the state); *George R. Whitten, Junior, Inc. v. State Univ. Constr. Fund*, 493 F.2d 177, 180 (1st Cir. 1974) (listing factors); *Daniel v. Univ. of Tex. Sw. Med. Ctr.*, 960 F.3d 253, 257 (5th Cir. 2020) (“To determine whether a unit qualifies as an arm of the state as a matter of law, we employ the six-factor test developed in *Clark v. Tarrant County, Tex.*, 798 F.2d 736 (5th Cir. 1986) . . . : (1) Whether the state statutes and case law view the agency as an arm of the state; (2) The source of the entity’s funding; (3) The entity’s degree of local autonomy; (4) Whether the entity is concerned primarily with local as opposed to statewide, problems; (5) Whether the entity has the authority to sue and be sued in its own name; and (6) Whether the entity has the right to hold and use property. An underlying goal of this six-factor test is to protect state funding; in turn, the second factor is the most important. Each factor need not be present for state immunity to be extended.”); *Karns v. Shanahan*, 879 F.3d 504, 513 (3d Cir. 2018) (stating that the following factors are to be balanced: “(1) whether the payment of the judgment would come from the state; (2) what status the entity has under state law; and (3) what degree of autonomy the entity has”); *Gollomp v. Spitzer*, 568 F.3d 355, 366 (2d Cir. 2009)(recognizing factors stated in other circuits and stating that “the ultimate inquiry involves an overall assessment of ‘the relationship between the State and the entity in question.’”); *Burrus v. State Lottery Commission of Ind.*, 546 F.3d 417, 420 (7th Cir. 2008) (“To determine if a particular entity is an arm of the state, courts look primarily at two factors: (1) the extent of the entity’s financial autonomy from the state; and (2) the ‘general legal status’ of the entity. Of the two, the entity’s financial autonomy is the ‘most important factor.’”); *Nichols v. Ala. State Bar*, 815 F.3d 726, 732, 2016 BL 72843, 4 (11th Cir. 2016) (“Whether an entity is an ‘arm of the state’ is determined by considering four factors: (1) how the state law defines the entity; (2) the degree of state control over the entity; (3) where the entity derives its funds; and (4) who is responsible for judgments against the entity.”); *S.J. v. Hamilton Cnty., Ohio*, 374 F.3d 416, 420 (6th Cir. 2004) (evaluating “(1) whether the state would be responsible for a judgment against the entity in question; (2) how state law defines the entity; (3) what degree of control the state maintains over the entity; and (4) the source of the entity’s funding” and noting “the factor of responsibility for a judgment as the most important (albeit not exclusive) determinant of arm-of-the-state status”); *United States ex rel. Oberg v. Ky. Higher Educ. Student Loan Corp.*, 681 F.3d 575, 580 (4th Cir. 2012) (listing “four nonexclusive factors: (1) whether any judgment against the entity as defendant will be paid by the State or whether any recovery by the entity as plaintiff will inure to the benefit of the State; (2) the degree of autonomy exercised by the entity, including such circumstances as who appoints the entity’s directors or officers, who funds the entity, and whether the State retains a veto over the entity’s actions; (3) whether the entity is involved with state concerns as distinct from non-state concerns, including local concerns; and (4) how the entity is treated under state law, such as whether the entity’s relationship with the State is sufficiently close to make the entity an arm of the State” and noting that *Fed. Maritime Comm’n v. S.C. Ports Auth.*, 535 U.S. 743, 765 (2002) “suggests that the first factor does not deserve . . . preeminence [as the most important consideration].”)

Patent Infringement Actions

The following citations demonstrate a portion of the public-record case law since 1999 in which the Eleventh Amendment or sovereign immunity was deemed a defense to a claim of patent infringement against a state actor.

- *Progressive Games, Inc. v. Shuffle Master, Inc.*, 69 F. Supp. 2d 1274 (D. Nev. 1999) (finding that claims under 271(b) against the state agencies must fail following *College Savings* [sic, *Florida Prepaid*]);
- *State Contracting & Eng'g Corp. v. Florida*, 258 F.3d 1329, 59 U.S.P.Q.2d 1498 (Fed. Cir. 2001) (affirming dismissal of state of Florida under Eleventh Amendment sovereign immunity);
- *Syrrx Inc. v. Oculus Pharmaceuticals Inc.*, 64 U.S.P.Q.2d 1222 (D. Del. 2002) (recognizing that while a non-party state may not be sued for direct infringement, defendant may still be liable for indirect infringement based on the state's actions);
- *Pennington Seed, Inc. v. Produce Exch. No. 299*, 457 F.3d 1334 (Fed. Cir. 2006) (affirming dismissal based on Eleventh Amendment immunity);
- *Biomedical Patent Mgmt. Corp. v. Calif., Dep't of Health Servs.*, No. C 06-00737 MHP, 2006 US Dist Lexis 36452, 2006 WL 1530177 (N.D. Cal. June 5, 2006), *aff'd*, 505 F.3d 1328 (Fed. Cir. 2007) (dismissing patent infringement case under Eleventh Amendment sovereign immunity);
- *Sharafabadi v. Univ. of Idaho et al.*, No. 2:09-01043-JLR (Dkt No. 71) (W.D. Wash. Nov. 27, 2009) (dismissing patent infringement case against state universities under Eleventh Amendment sovereign immunity);
- *Peralta v. Cal. Franchise Tax Bd.*, 124 F. Supp. 3d 993 (N.D. Cal. 2015) (dismissing patent infringement claims based on Eleventh Amendment immunity); and
- *LBH Eng'rs, LLC v. Archer Western Contractors, LLC*, No. 1:19-CV-4477-LMM (N.D. Ga. Mar. 31, 2020) (dismissing patent infringement claims against Georgia Department of Transportation and State Road and Tollway Authority because they were arms of the state).

Trademark Infringement Actions

For purposes of AIPLA's response to the Office's Request for Comment, it is important to distinguish cases in which sovereign immunity was asserted by a state actor as a defense to a claim of *infringement* of a registered mark under the Lanham Act from cases involving *other* claims under the Lanham Act.

The Lanham Act provides causes of action for infringement and dilution of a *registered* trademark. *See* 15 U.S.C. §§ 1114, 1125(c). The Lanham Act, however, *also* provides a federal cause of action for false designation of origin, which includes infringement of unregistered marks, and false description and false advertising. *See* 15 U.S.C. § 1125(a). The distinction between these provisions is important to the question of whether Congress is empowered to abrogate Eleventh Amendment immunity for trademark actions.

With respect to patent and copyright infringement, and applying similar reasoning in each case, the Supreme Court held in *Florida Prepaid* and *Allen v. Cooper* that the PPVRC and CRCA failed to validly abrogate state sovereign immunity. In each case, the Court acknowledged that

patents and copyrights are a form of property protected by Section 1 of the Fourteenth Amendment, but held that Congress' waiver of immunity was not "appropriately tailored" to remedy or prevent unconstitutional deprivations of patent and copyright rights.

In *College Savings*, the case concerning the TRCA, by contrast, the Court did not reach the "appropriately tailored" question because it held that the false-advertising claims at issue did not implicate constitutionally cognizable property interests. The Court suggested, however, that the Lanham Act's remedies for *infringement* of trademarks "may well protect a constitutionally cognizable property interest" because a trademark owner can exclude others from using the mark. *College Savings*, 527 U.S. at 673-75.⁴

Accordingly, AIPLA's survey of case law for evidence of state infringement of trademark rights focuses only on cases in which claims of trademark *infringement*, as opposed to false advertising or other causes of action under the Lanham Act, are asserted against the state actor.⁵ For the benefit of the Office, the attached Exhibit B includes a listing of reported opinions in which sovereign immunity was found applicable to false advertising or other non-infringement trademark claims asserted against a state actor.

The following citations demonstrate a portion of the public-record case law since 1999 in which Eleventh Amendment or sovereign immunity was deemed a defense to a claim of trademark infringement against a state actor.

- *Utah Republican Party v. Herbert*, 141 F. Supp. 3d 1195 (D. Utah 2015) (claims for monetary relief for trademark infringement against state officials dismissed under Eleventh Amendment, but claims limited to prospective injunctive relief under *Ex parte Young* were considered and dismissed on the merits);
- *Board of Regents of the University of Wisconsin System v. Phoenix Instructional Software, Inc.*, 653 F.3d 448 (7th Cir. 2011) (assuming without deciding that TRCA failed to validly abrogate state university's Eleventh Amendment immunity, court held that university waived its immunity to counterclaim for Lanham Act infringement by filing a lawsuit in district court to challenge adverse TTAB cancellation decision);
- *Springboards to Education v. Region One Educational Service Center*, Case No. 7:16-cv-544, Docket Entry 8/16/2017 (S.D. Tex. 2017) (court granted motion for summary judgment dismissing Texas company's Lanham Act claims for infringement, dilution, and unfair competition against arm of state on sovereign immunity grounds); *See* Exhibit C.
- *Arkansas Lottery Commission v. Alpha Marketing*, 428 S.W.3d 415 (Ark. 2013) (state law infringement claims by in-state trademark holder against state lottery commission dismissed on sovereign immunity grounds);
- *Kyle v. Georgia Lottery Corp.*, 718 S.E.2d 801 (2011) (state law infringement claims by in-state trademark holder against state lottery commission dismissed on sovereign immunity grounds; same claims against non-immune vendor dismissed on the merits); and

⁴ Although lower courts have assumed that the Court would extend the reasoning of *College Savings* and find that the TRCA did not validly waive Eleventh Amendment immunity for infringement claims, the Court has not reached that issue.

⁵ The Court's logic, in *College Savings*, suggests that a trademark dilution claim under the Lanham Act, 15 U.S.C. § 1125(c), might also protect a constitutionally protected property interest. AIPLA has found no reported case, however, in which sovereign immunity was asserted as a defense to a dilution claim.

- *Rodriguez v. Casa Salsa Restaurant*, 260 F. Supp. 2d 413 (D.P.R. 2003)(in opinion dismissing Lanham Act trade dress infringement claims under Fed. R. Civ. P. 12(b)(6), court notes that it had previously dismissed the claims against co-defendant Commonwealth of Puerto Rico based on Eleventh Amendment Immunity).

Other Observations Regarding the Record of Reported Opinions

AIPLA believes that the number of published sovereign immunity cases involving infringement claims does not accurately reflect the extent or seriousness of actual patent or trademark infringement by state actors.⁶ Indeed, the existence of even this relatively small number of cases, in the face of Supreme Court precedent denying these causes of action, is telling. It indicates a potentially much larger problem that has surfaced in spite of being suppressed by this adverse mandatory authority.

Further, published opinions on the merits will not account for matters settled confidentially out of court or situations where the state actor voluntarily stopped the allegedly infringing activity. And reported cases almost certainly do not account for situations where the owners of patent or trademark rights chose not to pursue enforcement due to the expense and perceived futility of suing state actors for infringement. The holders of patent or trademark rights may also attempt to remedy the commercial harm caused by patent and trademark infringement without resorting to litigation. Even in cases where suit was filed, the reported opinion may not reflect the weakness of the plaintiff's infringement case or the strength of the state actor's defenses. Typically, when a defense of sovereign immunity is asserted, it is addressed and resolved at the earliest stages of the case, and the written opinion may devote little if any attention to the merits of the plaintiff's claims or other defenses available to the state actor.

While *Allen* only recently confirmed that the CRCA did not abrogate state immunity, the PPVPRCA and TRCA have long been known to be unconstitutional after the *Florida Prepaid* and *College Savings* decisions.⁷ Accordingly, AIPLA does not believe the *Allen* decision will result in a rise in the number of instances in which states and state entities will engage in, or be accused of engaging in, patent and/or trademark infringement.

For the most part, AIPLA is unaware of instances where states do not allege sovereign immunity in response to infringement claims.

⁶ AIPLA's observations echoes that of the GAO Report provided to Congress in September 2001. *State Immunity in Infringement Actions*, Report to the Honorable Orrin G. Hatch, Ranking Minority Member, Committee on the Judiciary, U.S. Senate 2001, GAO-01-811, pp 7-13 (Sept. 2001) ("GAO 2001 Report").

⁷ See, e.g. *Progressive Games, Inc. v. Shuffle Master, Inc.*, 69 F. Supp. 2d 1274 (D. Nev. 1999) ("The U.S. Supreme Court . . . has recently declared these provisions [35 U.S.C. 271(h) and 296(a)] to be unconstitutional."); *LBH Eng'rs, LLC v. Archer Western Contractors, LLC*, No. 1:19-CV-4477-LMM (N.D. Ga. Mar. 31, 2020) ("Patent Remedy Act is not an effective abrogation of state sovereign immunity.").

Alternative Remedies to Patent and Trademark Owners When States Infringe (Question 5)

There are two primary sources of alternate remedies against an infringing state actor: 1) federal law remedies for violation of federal or constitutional law, such as a suit against state officials for prospective relief under *Ex parte Young*, and 2) possible state law remedies.⁸

***Ex Parte Young* and other Federal Law Remedies**

The Supreme Court has long recognized, in *Ex parte Young*, 209 U.S. 123 (1908), an exception to state Eleventh Amendment immunity for actions against state officials to enjoin official actions that violate federal law. A state officer acting in violation of federal law is considered “stripped of his official or representative character” and, consequently, is not shielded from suit by the state’s sovereign immunity. The court can award prospective injunctive relief but not retroactive relief that requires payment of funds from the state treasury.

Some courts have recognized that *patent* infringement can be addressed or remedied by an *Ex parte Young* action. *See, e.g., Applera Corp. v. MJ Research Inc.*, 311 F. Supp. 2d 293 (D. Conn. 2004) (“It seems clear that a patentee may still restrain a state’s patent infringement by suing the responsible state officer for injunctive relief in federal court pursuant to the *Ex Parte Young* doctrine and, depending on the state, pursue damage remedies for infringement in state court.”) (citations omitted).⁹ Courts have similarly recognized that an *Ex parte Young* action may be available to enjoin a state official against ongoing acts of trademark infringement.¹⁰

Patentees, however, have not often used this avenue. AIPLA has found a limited number of cases addressing *Ex parte Young* claims to prevent infringement by a state official. This may be due to differing standards among the judicial circuits, such as, for example, in determining when a state official is sufficiently connected to the infringement to be liable.¹¹ AIPLA believes that Congress might consider whether it could improve the efficacy of this alternative remedy for preventing infringement by standardizing federal court adjudication of *Ex parte Young* claims or by clarifying when the actions of an officer or employee of a corporate entity or state

⁸ The GAO 2001 Report also discussed available alternatives in federal or state courts. *See* GAO 2001 Report at p. 17-24.

⁹ Note that at least one commentator has questioned whether the *Ex parte Young* doctrine applies in patent infringement contexts. *See* Gary Pulsinelli, *Freedom to Explore: Using the Eleventh Amendment to Liberate Researchers at Universities from Liability for Intellectual Property Infringements*, 82 Wash. L. Rev. 275, 303-04 (2007) (stating that “the Supreme Court in *Seminole Tribe [of Florida v. Florida]*, 517 U.S. 44 (1996) held that proceedings under *Ex parte Young* may be precluded where the statutory scheme itself contains a detailed remedial scheme against the states”).

¹⁰ *See, e.g. Sofamor Danek Group, Inc. v. Brown*, 124 F.3d 1179 (9th Cir. 1997) (Court holds that state official is subject to suit in federal court for alleged violations of Lanham Act); *Utah Republican Party v. Herbert*, 141 F.Supp.3d 1195 (D.Utah 2015) (infringement and trademark claims for prospective injunctive relief against state official held not barred under Eleventh Amendment); *Woeffler v. Happy States of America, Inc.*, 626 F.Supp. 499 (1985) (trademark claim for injunctive relief against state official not barred by sovereign immunity). *See also Chavez v. Arte Publico Press*, 157 F.3d 282 (5th Cir. 1998) (“The *Ex Parte Young* doctrine permits suits for prospective injunctive relief, a valuable remedy against Copyright and Lanham Act violations and a remedy specifically contemplated by the clarification acts”), *judgment vacated on other grounds*, 178 F.3d 281 (1998).

¹¹ *See, e.g., Note, Ex Parte Young Remedy for State Infringement of Intellectual Property*, 12 Lewis & Clark L. Rev. 793 (2008).

or state instrumentality are sufficiently connected to the infringement to expose the individual to personal liability.

Another reason why patentees may not have used *Ex parte Young* actions as a tool to combat infringement by state actors is the limited nature of the relief. Because the remedy in an *Ex parte Young* action is limited to prospective injunctive relief, it is not well-suited for remedying the effect of past infringements through an award of monetary damages. In theory, a Section 1983 action (42 U.S.C. § 1983) may provide a monetary damages remedy against a state official in his or her personal capacity for depriving another, under color of state law, of rights protected by the Constitution or federal law. In practice, however, the qualified immunity of state officials may diminish the value of this remedy.¹² In any event, AIPLA has not located any authoritative case law in which Section 1983 was successfully used to obtain an award of damages for past patent or trademark infringement by a state actor.

State Law Remedies for Patent Infringement

As an alternative to an action for patent infringement, some courts have recognized the possibility that state-tort claims, such as taking of property or conversion, may provide relief similar to a claim for patent infringement. See e.g. *Xechem Int'l, Inc. v. Univ. of Tex. M.D. Anderson Cancer Ctr.*, 382 F.3d 1324 (Fed. Cir. 2004) (Newman, J., concurring) (discussing *Florida Prepaid*); see also *Pennington Seed, Inc. v. Produce Exch. No. 299*, 457 F.3d 1334 (Fed. Cir. 2006) (“[Patentee’s complaint] inherently recognize[d] the sufficient state remedies acknowledged in *Florida Prepaid*. Namely, the complaint notes that the State legislature may consider claims and appropriate monetary awards greater than \$10,000 (a legislative remedy), and it alleges that the state remedy for conversion (a judicial remedy) may be available.”).

The availability of state remedies, however, such as conversion, is uncertain at best and varies from state to state. There are conflicting rulings, for example, on the question whether a state court has jurisdiction over a case involving a patent. Compare *Jacobs Wind Elec. Co. v. Fla. Dep't. of Transp.*, 626 So. 2d 1333 (Fla. 1993) (“[A] patent holder not preempted under federal law may assert takings and conversion claims in state court.”) with *Thimgan v. State*, 125 Neb. 696, 251 N.W. 837 (1933) (state court was barred from entertaining a cause of action for conversion without furnishing compensation for the property taken, or a remedy for its adjudication where the claim arose from patent infringement, since such actions were “within the exclusive jurisdiction of the federal courts”). Some states, moreover, do not recognize a civil cause of action for conversion of intangible personal property, such as intellectual property. See, e.g., *Corporate Catering Inc. v. Corporate Catering Etc. LLC*, 63 U.S.P.Q.2d 1913, 1917 (Tenn. Ct. App. 2001) (“Although many jurisdictions hold otherwise, Tennessee is among the jurisdictions that have declined to recognize a civil cause of action for conversion of intangible personal property.”). AIPLA’s review of state laws and legal remedies indicates that state law generally does not provide a judicial remedy comparable or equivalent to an action for patent infringement against a state actor.

¹² See, e.g. *Allen v. Cooper*, 895 F.3d 337 (4th Cir. 2018) (state officials enjoyed qualified immunity against copyright claims).

State Law Remedies for Trademark Infringement

With respect to the availability of state law remedies for infringement by a state actor, there are critical differences between patent and copyright law, on the one hand, and trademark law, on the other hand. Patent and copyright rights are governed exclusively by federal law, and the Patent Act and Copyright Act preempt inconsistent state laws.¹³ Congress has provided that state courts do not have jurisdiction over claims “arising under” the Patent Act and Copyright Act. 28 U.S.C. § 1338. By contrast, trademark rights are created by state law and trademark claims can be asserted in state courts. The common-law tort of trademark infringement has been recognized in the states since colonial times. Most states statutorily prohibit trademark infringement. Almost every state has adopted a version of the Model State Trademark Bill. Trademark owners can register and enforce their marks in all fifty states. And state courts have concurrent jurisdiction with federal courts for infringement claims under the Lanham Act.

Despite the availability of state trademark schemes, sovereign immunity sometimes is an impediment to an action against a state actor in state court. While AIPLA has not performed an in-depth survey of state law on this topic, AIPLA’s preliminary research indicates that there is significant variation among the states with respect to waiver of immunity to suit of the state and other state actors. Some states—e.g., Alabama, Arizona, Colorado, Texas—appear not to have waived sovereign immunity for tort claims such as trademark infringement.¹⁴ Other states—e.g., Alaska, Arkansas, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Louisiana, Maryland, Massachusetts, Mississippi, New Hampshire, New York, Ohio, Rhode Island, and Washington—appear to have waived immunity to suit in state court for torts that do not arise out of the performance of discretionary duties or functions or that include trademark infringement,¹⁵ or to have provided an alternative process (such as a court of claims or claims commission) for handling tort claims against the state.¹⁶ Typically the state waiver of immunity is coupled with jurisdictional notice requirements and a statutory cap on the amount of damages that may be awarded against the state. Pertinent to the Office’s request for comment regarding

¹³ *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989) (Florida statute preempted by Patent Act because states may not offer patent-like protection to intellectual creations that would otherwise remain unprotected as a matter of federal law); 17 U.S.C. §301 (Copyright Act preempts state laws).

¹⁴ *See* Ala. Const. Art. I, Section 14 (Alabama); A.R.S. §§ 12-820.01, 820.002 (Arizona); C.R.S. § 25-10-106 (Colorado); Tex. Civ. Pract. & Rem. Code § 101.021 (Texas Tort Claims Act waiver of immunity limited to injuries arising from operation or use of motor-driven vehicles and personal injury or death caused by a condition of use of tangible personal or real property. *See Schneider v. Northeast Hospital Authority*, 1998 WL 834346 (Tex.App.—Houston[1st Dist.] 1998, pet. denied) (not designated for publication) (trademark infringement claims asserted by Texas plaintiff against political subdivision of the state of Texas barred by sovereign immunity).

¹⁵ *See, e.g.*, Alaska State. §§ 09.50.250-300 (Alaska); F.S.A. 768.28 (Florida); O.C.G.A. §§ 50-21-23, 50-21-24 (Georgia); Haw. State. § 661-1 (state courts can hear claims against state founded upon any state statute); § 482-31 (statutory claim for infringement of state trademark) (Hawaii); Idaho Code § 6-903 (Idaho); I.C.A. § 669.4 (Iowa); La. R.S. 13:5101-5113 (Louisiana); Md. Code Ann., State Gov’t §§12-101-12-110 (Maryland); M.G.L.A. 258 § 2 (Massachusetts); M.C.A. § 11-46-5 (Mississippi); N.H. Rev. Stat. § 541-B:9 (New Hampshire); R.I.G.I. § 9-31-1 (Rhode Island); R.C.W.A. §4.92.090 (Washington).

¹⁶ *See, e.g.*, A.C.A. 19-10-204, 19-10-215 (Arkansas) (awards over \$15,000 referred to Legislature for an appropriation); C.G.S.A. 4-158 (Claims Commissioner can pay claims up to \$20,000 or refer claim to State Legislature) (Connecticut); 705 ILCS 505 § 8 (Illinois); N.H. Rev. Stat. § 541-B:9 (New Hampshire); N.Y. Ct. Cl. Act §§8-12 (New York); Ohio Rev. Code §§ 2743.01 – 03 (Ohio).

the availability of a remedy for intentional or reckless infringement, some of these statutes provide that the state does not waive its immunity for intentional torts.¹⁷

AIPLA believes that the state-law origin of trademark rights bears on the scrutiny that should be applied to state laws that provide a limited waiver of sovereign immunity or a non-judicial remedy for trademark infringement by state actors. It is reasonable to infer that a state's decision to provide a limited or non-judicial remedy for trademark infringement claims reflects the state's measured weighing of the competing interests of protecting the state's treasury versus protecting the rights of trademark holders.

On the other hand, our research shows that some states either provide no remedy at all for trademark infringement by a state actor, or provide unusually low caps on the amount of damages that can be awarded without a legislative appropriation. To the trademark owner that is powerless to prevent or remedy infringement by a specific state actor, it is irrelevant whether there would be an adequate remedy in another state. AIPLA therefore believes that there is a sufficient basis to consider means of abrogating state sovereign immunity that are narrowly tailored to those states that fail to offer, at the time of infringement, an adequate remedy. For example, Congress could explore amending the Lanham Act to require that, in any claim for trademark infringement against a state, state instrumentality, or state official, the trademark owner must show that the controlling state law fails to provide an adequate alternative remedy for the infringement by the state actor.

Other Pertinent Issues Not Referenced Above (Question 6)

AIPLA takes this opportunity to bring several issues to the Office's attention to ensure the development of a robust and complete congressional record on the topics on which the Office has requested comment.

First, AIPLA asks the Office to consider the intentionality required by a state actor for patent or trademark infringement to rise to the level of unconstitutional deprivation of property without due process of law. In *Allen v. Cooper*, the Court observed that a merely negligent act does not deprive a person of property, and "an infringement must be intentional, or at least reckless, to come within the reach of the Due Process Clause." 140 S.Ct. at 1004. The Court has not explained, however, how that standard relates to *mens rea* requirements in current patent and trademark jurisprudence.

"Direct infringement is a strict-liability offense," consequently "a defendant's mental state is irrelevant." *Commil USA, LLC v. Cisco Sys., Inc.*, 575 U.S. 632 (2015). Where a state directly infringes under 35 U.S.C. § 271(a), the deprivation of property would constitute a violation of the Due Process clause regardless of whether it was intentional or reckless. And although a showing of willfulness might establish sufficient *mens rea*, there is no court opinion or other authority (to AIPLA's knowledge) that specifically compares the standards for willful patent infringement and an unconstitutional deprivation of the patent owner's rights.

¹⁷ See, e.g., Md. Code, Cts. & Jud. Proc. § 5-522 (Maryland); M.G.L.A. 258 § 10 (Massachusetts); N.H. Rev. Stat. § 541-B:19 (New Hampshire).

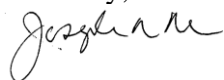
Likewise, trademark infringement is a “no fault business tort,” according to Professor McCarthy.¹⁸ Although an “intent to infringe” is a relevant factor, it is not a requirement, nor even the best evidence,¹⁹ of likelihood of confusion. To hold a state liable for infringement only when it intends to infringe would expose state actors to a different test for likelihood of confusion than that faced by private parties. Another important *mens rea* requirement, the concept of “willfulness,” permeates the remedies for infringement under the Lanham Act. Proof of “willful” infringement is highly relevant to recovery of the defendant’s profits, to an award of enhanced damages, and to a finding of an “exceptional case,” the prerequisite for an award of attorneys’ fees. *See generally Romag Fasteners, Inc. v. Fossil, Inc.*, 140 S.Ct. 1492 (2020) (surveying *mens rea* requirements in Lanham Act). Yet, there is no court opinion or other authority (to AIPLA’s knowledge) that specifically compares the standards for willful infringement and for an unconstitutional deprivation of the trademark owner’s rights.

Moreover, AIPLA believes that the number of lawsuits (or lack thereof) in which willful infringement has been alleged or found against a state actor is not a reliable metric for evaluating the extent of willful infringement by state actors. Because of the benefits of a willfulness finding, it is common for plaintiffs to allege willful trademark or patent infringement. However, only a small percentage of cases result in a finding of willful infringement, which is especially true with respect to actions where sovereign immunity is raised as a defense. Because if sovereign immunity applies, it will be determined at an early stage in the case, and there will be no finding on whether the state acted willfully.

Finally, to the extent that a state’s failure to name an inventor on a patent application is a deprivation of that inventor’s property right, AIPLA would also like to bring to the Office’s attention one federal case where a state successfully invoked its Eleventh Amendment sovereign immunity to defeat an inventor’s claim to be named as an inventor. *See, e.g., Xechem Int’l, Inc. v. Univ. of Tex. M.D. Anderson Cancer Ctr.*, 382 F.3d 1324 (Fed. Cir. 2004) (affirming dismissal under Eleventh Amendment because inventor failed to first show that state law remedies were not available or inadequate).

AIPLA appreciates the opportunity to provide these comments and would be happy to answer questions that our comments may raise.

Sincerely,



Joseph R. Re

President

American Intellectual Property Law Association

¹⁸ McCarthy on Trademarks and Unfair Competition, Fifth Edition, §23:107 (2020).

¹⁹ *See, e.g., Board of Supervisors of Louisiana State University for Agricultural and Mechanical v. Smack Apparel*, 550 F.3d 465 (5th Cir. 2008) (“Evidence that consumers have been actually confused in identifying the defendant’s use of a mark as that of the plaintiff may be the best evidence of a likelihood of confusion.”).

EXHIBIT A

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).

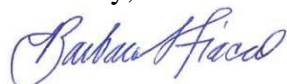
infringement (even if such a finding remains in the discretion of the court) bears a greater burden than simply “something beyond negligence,” and thus a burden which is greater than that required to establish a state’s intentional deprivation of property. A circumstance in which a state has committed 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.

* * *

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?”)

EXHIBIT B

In the cases below, sovereign immunity was asserted with respect to a claim of false advertising or other non-infringement claims against a state actors:

- *Kentucky Mist Moonshine v. University of Kentucky*, 192 F.Supp.3d 772 (E.D.Ky. 2016) (private party's claims against state university for cancellation of university's trademark registration and for declarations of non-infringement and non-dilution dismissed on Eleventh Amendment grounds)
- *Brown v. Texas A&M University School of Law*, 2016 WL 206465 (N.D.Tex. 2016) (claim for declaratory relief regarding right to use state university's trademarks dismissed on multiple grounds, including sovereign immunity).
- *Virginia Polytechnic Institute and State University v. Hokie Real Estate*, 813 F.Supp.2d 745 (W.D.Va. 2011) (In trademark infringement suit brought by state university plaintiff, counterclaims to cancel plaintiff's trademark registrations held to be non-compulsory and dismissed on Eleventh Amendment immunity grounds)
- *State Contracting and Engineering Corp. v. State of Florida, et al.*, 258 F.3d 1329 (Fed. Cir. 2001) (contractor's Lanham Act unfair competition claim against state dismissed on sovereign immunity grounds)
- *Idaho Potato Commission v. M&M Produce Farms & Sales et al.*, 95 F.Supp.2d 150(S.D.N.Y. 2000), *aff'd sub nom Hapco Farms v. Idaho Potato Commission*, 238 F.3d 468 (2d Cir. 2001) (lawsuit against state agency seeking cancellation of agency's federally-registered certification marks properly dismissed on Eleventh Amendment grounds)
- *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board*, 527 U.S. 666 (1999) (Lanham Act false advertising claims against arm of state barred by Eleventh Amendment)
- *Chavez v. Arte Public Press, et al.*, 157 F.3d 282 (5th Cir. 1998) (Eleventh Amendment required dismissal of author's Lanham Act unfair competition claims against state university)
- *Unix System Laboratories v. Berkeley Software Design, Inc.*, 832 F.Supp. 790 (1993) (court dismisses Lanham Act unfair competition claims against state university under Eleventh Amendment for alleged violations arising before 1992 passage of TRCA)
- *The Ansel Adams Publishing Rights Trust v. PRS Media Partners, LLC, et al.*, 2011 WL 1585069 (N.D.Cal. 2011) (in trademark infringement action, district court relies on Eleventh Amendment immunity to dismiss counterclaim against 3rd-party state university for state law unfair competition, civil conspiracy to interfere with prospective economic advantage, and aiding and abetting tortious interference with economic advantage)
- *Mihalek Corp. v. State of Michigan*, 814 F.2d 290 (6th Cir. 1987) (court of appeals affirmed district court summary judgment of non-infringement by state and did not need to consider whether district court also properly dismissed trademark infringement claim on immunity grounds)
- *Seaboard Finance Co. v. Martin*, 244 F.2d 329 (5th Cir. 1957 (in suit by out-of-state corporation asserting trademark claims against in-state corporation and claims against Secretary of State to compel issuance of a certificate of qualification to do business to

the foreign corporation, district court properly dismissed the claim against the Secretary of State under Eleventh Amendment immunity)

EXHIBIT C

Additional Information regarding *Springboards to Education v. Region One Education Service Center*

This attachment provides context and additional information relating to the dismissal of the plaintiff's federal Lanham Act claims for trademark infringement, unfair competition, counterfeiting, and dilution on the grounds of sovereign immunity in *Springboards to Education v. Region One Educational Service Center, et al.*, U.S. District Court for the Southern District of Texas, Case No. 7:16-cv-544, and *Springboards to Education, Inc. v. Region One Education Service Center, Brenda Huston, J. Ann Vega, Laura Sheneman, Nora Galvan, Sylvia Ibarra* ; Case No, 7:17-cv-82 in the U.S. District Court for the Southern District of Texas.

These additional details are provided in response to the Office's Request No. 2 to illustrate the types of allegations that may be included in a Plaintiff's suit against a state or state entity.

1. The plaintiff, Springboard to Education, Inc., ("Springboards"), a Texas corporation in Edinburg, Texas, holds or held federal trademark registrations for READ A MILLION WORDS, MILLION DOLLAR READER, MILLIONAIRE READER, FEEL LIKE A MILLION BUCKS, and MILLIONAIRE'S READING CLUB for use with paper goods and printed matter, including instructional and educational materials.
2. Springboards filed several suits against Texas school districts and other governmental entities in the United States District Courts in Texas. In the cases against Region One Education Service Center, the Court granted summary judgment dismissing the federal claims on the grounds of sovereign immunity. These cases, and their current status, are as follows:
 - a. *Springboards to Education, Inc. v. Region One Education Service Center, Brenda Huston, J. Ann Vega, Laura Sheneman, Nora Galvan*; Case 7:16-cv-544 in the U.S. District Court for the Southern District of Texas, McAllen Division. State law claims dismissed on governmental immunity grounds on January 6, 2017; federal claims dismissed on summary judgment on grounds of sovereign immunity on August 16, 2017. See Docket Entry 64, filed on March 28, 2018 ("As to Defendant Region One Education Service Center's request for judgment, the Court determined that, as an arm of the State of Texas, Defendant Region One Education Service Center was immune from the claims asserted by Plaintiff in this action.").
 - b. *Springboards to Education, Inc. v. Region One Education Service Center, Brenda Huston, J. Ann Vega, Laura Sheneman, Nora Galvan, Sylvia Ibarra* ; Case 7:17-cv-82 in the U.S. District Court for the Southern District of Texas, McAllen Division (transferred from Northern District of Texas). Summary judgment granted on grounds of governmental and sovereign immunity on August 16, 2017. See Docket Entry 81, filed on March 28, 2018 ("As to Defendant Region One Education Service Center's request for judgment, the Court determined that, as an arm of the State of Texas, Defendant Region One Education Service Center was immune from the claims asserted by Plaintiff in this action.").
3. In the other Springboards cases in the Southern District of Texas, the Court dismissed the state law claims against the school districts on the grounds of Texas state law governmental

immunity. In some cases, the Court has granted summary judgment on the merits against the plaintiff, and the other cases remain pending.

- a. *Springboards to Education, Inc. v. McAllen ISD, Brenda Huston, J. Ann Vega*; Case 7:16-cv-523 in the U.S. District Court for the Southern District of Texas, McAllen Division. State law claims dismissed on governmental immunity grounds on January 6, 2017; case is still pending, awaiting ruling on dispositive motions for summary judgment.
 - b. *Springboards to Education, Inc. v. Mission CISD (2802.002)*; Case 7:16-cv-527 in the U.S. District Court for the Southern District of Texas, McAllen Division. State law claims dismissed on governmental immunity grounds on January 6, 2017; case is still pending, awaiting ruling on dispositive motions for summary judgment.
 - c. *Springboards to Education, Inc. v. Nora Galvan, Pharr-San Juan-Alamo ISD*; Case 7:16-cv-524 in the U.S. District Court for the Southern District of Texas, McAllen Division. State law claims dismissed on governmental immunity grounds on January 6, 2017; case is still pending, awaiting ruling on dispositive motions for summary judgment.
 - d. *Springboards to Education, Inc. v. IDEA Public Schools, et al.*; Case 7:16-cv-00617 in the U.S. District Court for the Southern District of Texas, McAllen Division. State law claims dismissed on governmental immunity grounds on January 6, 2017; case is still pending, awaiting ruling on dispositive motions for summary judgment.
 - e. *Springboards to Education, Inc. v. La Joya ISD*; Case 7:16-cv-00526 in the U.S. District Court for the Southern District of Texas, McAllen Division. State law claims dismissed on governmental immunity grounds on January 6, 2017; federal claims dismissed on summary judgment on March 6, 2018.
 - f. *Springboards to Education, Inc. v. Houston ISD*; Case 4:16-cv-2625 in the U.S. District Court for the Southern District of Texas, Houston Division. Case dismissed on summary judgment, *Springboards to Education v. Houston ISD*, 285 F.Supp.3d 989 (S.D.Tex. 2018), *aff'd*, 912 F.3d 805 (5th Cir. 2019).
4. In the cases against Region One Education Service Center, the complaint included allegations of intentional or reckless infringement. There were no findings on these allegations of intentional or reckless infringement because the cases were dismissed on summary judgment on immunity grounds early in the case. The specific allegations of intentional or reckless infringement, and the factual basis for the allegations, include:
- a. An employee of Region One Education Service Center “is directly, willfully and in bad faith infringing and inducing others to infringe Springboard’s Trademarks.”
 - b. “Defendants are engaged in the above-described illegal counterfeiting knowingly and intentionally or at least with reckless disregard of willful blindness to Springboard’s rights.”
 - c. “Defendants have and continue to attempt to hide evidence of their past infringement in order to avoid allegations of intentional and willful infringement against state and federal law, and the previous orders of this Court.” The complaint alleges that the

Defendant removed from its web site Board Meeting minutes showing “that there was a district and schoolwide reading campaign.”

- d. “The foregoing acts of Defendants are intended to cause, have caused, and are likely to continue to cause confusion and to deceive consumers, the public, and the trade into believing that Defendants’ Counterfeit Products are genuine or authorized products of Springboard.
- e. “Upon information and belief, Defendants have acted with knowledge of Springboard’s ownership of the Springboard brand and Trademarks and with deliberate intention or reckless disregard to unfairly benefit from the incalculable goodwill inherent in the Springboard brand and Trademarks.”
- f. “Defendants’ use of the Springboard brand and Trademarks is without Springboard’s permission or authority and is in total and willful disregard of Springboard’s rights to control its trademarks.”
- g. “Upon information and belief, Defendants’ acts are deliberate and intended to confuse the public as to the source of Defendants’ goods or services and to injure Springboard and reap the benefit of Springboard’s goodwill associated with the Springboard brand and Trademarks.”
- h. “The Individual Defendants and ESC knowingly engaged in a scheme to intentionally defraud Plaintiff out of sales and profits through Defendants’ distribution, production, and sales of its inferior knock-off(s). The Individual Defendants and ESC knowingly engaged in a scheme to intentionally defraud consumers. All Defendants knowingly engaged in a scheme to intentionally defraud Plaintiff out of sales and profits through Defendants’ participation in wrongful and unlawful distribution, production, and sales of inferior knock-off(s). All Defendants knowingly engaged in a scheme to intentionally defraud consumers.”
- i. “The Individual Defendants and ESC knowingly engaged in a scheme to intentionally defraud consumers and the public through unauthorized use of the Trademark, effectively claiming the quality, characteristics, and/or content of their counterfeited material are the Trademark products and/or the same as the Trademark products”

“The Individual Defendants and ESC knowingly engaged in a scheme to intentionally defraud Plaintiff out of sales and profits through Defendants’ use and sales of inferior knock-off(s).”