

No. 16-1085

In the Supreme Court of the United States

ULTRAFLO CORPORATION,

Petitioner,

v.

PELICAN TANK PARTS, INCORPORATED;
THOMAS JOSEPH MUELLER;
PELICAN WORLDWIDE, INCORPORATED,

Respondents.

**On Petition for a Writ of Certiorari to
the United States Court of Appeals
for the Fifth Circuit**

REPLY BRIEF FOR PETITIONER

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REPLY BRIEF FOR PETITIONER

The petition presents a straightforward question: whether the Copyright Act's express preemption provision, Section 301(a), preempts state-law claims relating to ideas expressed in tangible media.

The courts of appeals are undeniably divided on that question. Pet. 7-10. The issue is important, both because it recurs with frequency (*id.* at 10-12), and because it addresses the proper balance between state and federal authority (*id.* at 12-13). And the decision below cannot be squared with the plain text of the Copyright Act. *Id.* at 13-18. Respondents do not appear to seriously contest *any* of these points. Review is thus warranted.

Respondents do not advance any valid reason to deny certiorari. In claiming that petitioner pleaded its state law claim in a way that triggers preemption (Opp. 12-19), respondents disregard the elementary principle that a litigant can advance multiple theories. Respondents' assertion that petitioner's state-law claim has the same elements as a copyright infringement claim (Opp. 19-21) is irrelevant to the question presented. And respondents' contention that Section 301(a) sweeps broadly to preempt ideas (Opp. 22-26) is a disguised merits argument, albeit one devoid of reasoning. Respondents are thus wrong to assert that the Eleventh Circuit would agree with the outcome reached below.

Respondents last argue that their position accords with Congress's policy preferences. Opp. 26-29. But congressional intent is best measured by the statutory language. And respondents do not attempt to rebut our demonstration that the Eleventh Circuit properly interpreted the statute's text. See Pet. 13-17.

A. The circuits are expressly divided on the question presented, which is outcome determinative here.

Petitioner's state-law misappropriation claim asserts, as the court of appeals recognized, that respondents "engaged in unfair competition by misappropriating its 'butterfly valves, valve features, and components.'" Pet. App. 3a. It is the "valve design" itself that "was allegedly misappropriated" and is thus "the work in which Ultraflo asserts a right." *Id.* at 7a.

The court of appeals acknowledged that petitioner's "valve design is not protected under the Copyright Act." Pet. App. 7a. Yet the Fifth Circuit nonetheless held petitioner's state-law claim preempted because the Copyright Act's preemption provision "sweeps more broadly." *Id.* at 8a. In particular, the court relied upon its prior holding "that state claims based on ideas fixed in tangible medium of expression fall within the subject matter of copyright even though copyright law does not protect the mere ideas." *Ibid.* Other courts have reached the same result. See Pet. 8-9.

The Eleventh Circuit, however, holds otherwise. It has firmly declared "that the subject matter of copyright, in terms of preemption, includes only those elements that are substantively qualified for copyright protection." *Dunlap v. G&L Holding Grp., Inc.*, 381 F.3d 1285, 1295 (11th Cir. 2004). Accordingly, "because ideas are substantively excluded from the protection of the Copyright Act, they do not fall within the subject matter of copyright." *Ibid.*

If *Dunlap* applied to this case, the Copyright Act would not preempt petitioner's state law claim for

unfair competition by misappropriation. Petitioner’s claim is for the idea of the valve design, which is *not* an “element” that is “substantively qualified for copyright protection.” *Dunlap*, 381 F.3d at 1295.

Decisions by district courts bound by *Dunlap* confirm this case would be resolved differently in the Eleventh Circuit. One court explained that “the Eleventh Circuit takes a minority view.” *Found. for Lost Boys & Girls of Sudan, Inc. v. Alcon Entm’t, LLC*, 2016 WL 4394486, at *11 (N.D. Ga. 2016). Under that view, “[b]ecause ideas are substantively ineligible for copyright protection, a claim for conversion of ideas is not preempted by the Copyright Act.” *Ibid.* The court thus held that the Copyright Act did not preempt a state law claim for conversion of an idea, where plaintiffs asserted “that their life stories and personal experiences are novel ideas.” *Ibid.* See also *White v. Alcon Film Fund, LLC*, 2013 WL 12067479, at *3 (N.D. Ga. 2013) (“[C]onversion claims based upon non-copyrightable ideas are not preempted by the Copyright Act.”); *Jaggon v. Rebel Rock Entm’t, Inc.*, 2010 WL 3468101, at *3 (S.D. Fla. 2010) (“Copyright law does not preempt a state law claim for conversion of an idea.”).

Against this backdrop, respondents’ arguments opposing certiorari are non-responsive and incorrect.

1. Respondents first contend that, because petitioner pressed a separate claim for copyright infringement, its state-law claim for unfair competition by means of misappropriation is preempted. Opp. 12-19. Respondents appear to offer three related arguments. All lack merit.

First, respondents broadly claim that “this case involved the subject matter of [c]opyright * * * is ob-

vious on its face” because “[p]etitioner brought a cause of action of copyright infringement for its copyrighted drawings.” Opp. 13 (emphasis omitted). This argument is difficult to follow. Parties are always permitted to plead multiple, independent claims. The fact that petitioner asserted a copyright interest in the drawings themselves says nothing at all about whether the Copyright Act preempts its separate state law claim for misappropriation of the underlying idea.¹

Second, respondents note that petitioner “insistently filed nearly identical amended complaints that referenced misappropriation of design drawings in a manner that was clearly preempted.” Opp. 15. That is our point: petitioner pleaded a misappropriation claim that was preempted *as the Fifth Circuit construes* copyright preemption. But the Eleventh Circuit does not hold such a claim preempted. That is why the issue is presented for this Court’s review.

Third, respondents observe that, in its original and amended complaints, petitioner asserted that its idea of the valve design was reflected in drawings depicting the valve. Opp. 15-18. See also Opp. 4-9.

¹ Respondents do not appear to suggest that, when Section 301 preemption applies, it preempts the whole action. See Opp. 14 (“If any of the [p]etitioner’s claims are within the scope of the Copyright Act, *those claims* are preempted.” (emphasis added)). Nor would that argument have merit. Nothing in the text of the statute supports such a sweeping proposition, and courts always conduct the analysis on a claim-by-claim basis. See, e.g., *Spear Mktg., Inc. v. BancorpSouth Bank*, 791 F.3d 586, 602 (5th Cir. 2015) (separately addressing the “remaining claims” that were not preempted); *Forest Park Pictures v. Universal Television Network, Inc.*, 683 F.3d 424, 433 (2d Cir. 2012) (separately addressing the implied contract claim).

Thus, respondents assert that petitioner’s misappropriation claim “center[s] on its drawings.” Opp. 16. But this just notes the obvious point, reflected by the question presented, that drawings—or other forms of tangible media—are often how ideas are expressed.

The central holding of *Dunlap* is that a court must make “the critical distinction between elements substantively *excluded* from copyright protection and those substantively *capable* of receiving protection.” *Dunlap*, 381 F.3d at 1295. In *Dunlap*, the parties reduced their ideas to writing; they created a “business plan” and “circulated the materials.” *Id.* at 1288. There is no doubt that this written material—like the drawings here—was tangible media subject to the Copyright Act as a general matter. But the “element” that was unprotectable by copyright was the underlying idea. The circumstances in *Dunlap* are thus indistinguishable from those here.

It is no surprise, therefore, that none of these arguments had any bearing on the decision below. Pet. App. 7a-10a. Rather, the court of appeals recognized that petitioner’s unfair competition claim turns on the idea of “valve design,” and it rejected that claim solely because the Copyright Act preempts “ideas fixed in a tangible medium of expression.” *Id.* at 8a. The Eleventh Circuit, however, holds otherwise.

2. Respondents next argue that, after finding that petitioner’s claim was “[c]opyright subject matter under the preemption test,” the Fifth Circuit was correct to conclude that “the Texas state law claim protects rights that are equivalent to any of the exclusive rights provided by the Copyright Act.” Opp. 19-21.

But this argument, about the second prong of the preemption analysis (see Pet. 4; Opp. 12), is irrelevant to this petition. While we disagreed with respondents' argument in the court of appeals and continues to do so, our current argument focuses on the *first* prong of the analysis—whether “the rights at issue fall within the subject matter of [c]opyright.” Opp. 12.

If, as the Eleventh Circuit holds, ideas reflected in tangible media *do not* “fall within the subject matter of [c]opyright” (Opp. 12), then petitioner's misappropriation claim provided by state law is not preempted. Courts reach the second prong of the preemption analysis only if the first is satisfied. See, e.g., *Dunlap*, 381 F.3d at 1292. Respondents do not contend otherwise. See Opp. 12.

3. Respondents effectively repeat their earlier, incorrect arguments in asserting that the circuits “all agree” about the scope of copyright preemption. Opp. 22-26.

Respondents contend that the Eleventh Circuit “agree[s] that the scope of copyright subject matter is broader than the scope of its protection because there are expressions that qualify for substantive threshold copyright eligibility, but are not ultimately protected.” Opp. 23. Thus, respondents explain, copyright preemption may apply to a literary work that is not itself protected by the Copyright Act, because, for example, it does not meet a statutory requirement like originality. *Ibid.*

We do not disagree with respondents to this point. So long as the claim relates to an element “within the subject matter of copyright as specified by sections 102 and 103,” preemption applies, even if

the work is non-protectable for some other statutory reason. 17 U.S.C. § 301(a). See Pet. 16-17.

But that says nothing about *this* case. Indeed, *Dunlap* is based on the Eleventh Circuit’s recognition of the distinction between “failure of the constitutional requirements of eligibility” (which does support preemption) and “substantive ineligibility” (which does not support preemption). 381 F.3d at 1297.

Respondents nonetheless offer what amounts to a merits argument to the contrary (Opp. 25-26)—that regardless “whether a valve design receives protection, the valve design is a useful article that is, at least, substantively capable of receiving copyright protection under the statute.” Opp. 25.

Respondents’ disagreement about how the Court should resolve the conflict among the circuits is no reason to deny review. Because this case implicates an express, recognized split among the circuits (Pet. 7-10), and because the issue is important (Pet. 10-13), this Court should resolve the question and bring nationwide uniformity to the application of the Copyright Act.

Respondents’ merits argument is, in any event, incorrect. *First*, respondents disregard the Eleventh Circuit’s focus on the “elements” of the work, which recognized that claims to some elements may be preempted, while claims to other elements are not. *Dunlap*, 381 F.3d at 1295. This focus on “elements” stems directly from Section 102(b), which “lists examples of *elements* that are substantively excluded from the Act’s protection.” 17 U.S.C. § 102(b) (emphasis added). The text of the statute thus makes clear that, in assessing copyright subject matter, the

proper analysis is element-by-element.² And an idea, regardless whether reflected in a “useful article” or not, is *never* an element within the subject matter scope of the Copyright Act. See 17 U.S.C. § 102(b).

Second, respondents’ reliance on the concept of a “useful article” confirms that its position is erroneous. As respondents explain, “the design of a useful article” can be within the subject-matter scope of copyright “if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.” 17 U.S.C. § 101. From this basic point, respondents jump to the exceedingly broad conclusion that any “useful article” is “at least, substantively capable of receiving copyright protection under the statute”—and thus within the ambit of the preemption provision. Opp. 25.

If respondents were correct, then the Copyright Act’s preemption provision would apply to state-law claims relating to or arising out of *every* tangible thing. That is because any object *could*, as theoretical matter, “incorporate[] pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.” 17 U.S.C. § 101. Respondent’s interpretation would create an unbound-

² To be sure, as respondents point out (see Opp. 25-26 & n.16), some circuits disagree. The Second Circuit holds that “[c]opyrightable material often contains uncopyrightable elements within it, but Section 301 preemption bars state law misappropriation claims with respect to uncopyrightable as well as copyrightable elements.” *Nat’l Basketball Ass’n v. Motorola, Inc.*, 105 F.3d 841, 849 (2d Cir. 1997). That holding exemplifies the very circuit conflict that warrants review.

ed preemption provision, applying the Copyright Act to virtually everything, regardless whether the Act provides any substantive protection to the item.

Congress, however, sensibly limited the scope of copyright preemption to only those rights that “come within the subject matter of copyright.” 17 U.S.C. § 301(a). This statutory language makes sense only if some state law claims relate to material that is *outside* the scope of copyright subject matter. Respondents’ contrary argument, if accepted, would nullify Congress’s express limitation on the breadth of copyright preemption.

The courts of appeals that have disagreed with *Dunlap* do not rest on the argument that respondents now advance. Those courts say nothing at all about the “useful article” doctrine. See, e.g., *Spear Mktg., Inc.*, 791 F.3d at 596; *Forest Park Pictures v. Universal Television Network, Inc.*, 683 F.3d 424, 429 (2d Cir. 2012); *United States ex rel. Berge v. Bd. of Trustees of Univ. of Ala.*, 104 F.3d 1453, 1463 (4th Cir. 1997). That is because the argument lacks all merit.

* * *

The question presented, which implicates a recognized split among the circuits, governed the outcome below. Review is thus warranted.

B. No policy considerations justify disregarding the statutory text.

Respondents’ contention that the decision below is correct “as a matter of policy” (Opp. 26) is, again, no reason to deny review. Regardless of which side in the circuit divide is correct, this Court should resolve it.

In any event, respondents' alleged policy considerations get it backwards. Construing the Copyright Act is "not a free-ranging search for the best copyright policy, but rather 'depends solely on statutory interpretation.'" *Star Athletica, L.L.C. v. Varsity Brands, Inc.*, 137 S. Ct. 1002, 1010 (2017). Thus, "[t]he controlling principle in this case is the basic and unexceptional rule that courts must give effect to the clear meaning of statutes as written." *Ibid.*

Here, in presenting a policy argument, respondents do not address our demonstration (Pet. 13-16) that the plain text of the Copyright Act compels the conclusion reached by the Eleventh Circuit in *Dunlap*. The language Congress enacted is, of course, the very best guide to Congress's policy intent.

Respondents point to a House Report, asserting that it reveals a congressional policy that "ideas contained in copyrighted works are free to the public unless otherwise protected by patent law." Opp. 28 n.19. Except the Report says nothing of the sort. Rather, it contains the cryptic statement that "Section 113(b) reflects there is no intention to change the present law with respect to the scope of protection in a work portraying a useful article as such." H.R. Rep. No. 94-1476, at 105, 1976 U.S.C.C.A.N. 5659, 5720.

In fact, the House Report's citation (*ibid.*) to *Mazer v. Stein*, 347 U.S. 201, 217 (1954), underscores our argument. There, the Court explained that, copyright "protection is given only to the expression of the idea—not the idea itself." *Ibid.* When Congress subsequently enacted Section 301(a), not only had *Mazer* declared ideas categorically outside the subject matter scope of copyright, but Congress also codified that principle in Section 102(b). As a result, because ideas are outside the subject-matter scope of

copyright, Section 301(a) preemption does not bar state-law claims asserting rights in ideas themselves.

Nor does Congress's intentions with respect to the Patent Act (Opp. 28-29 & nn.18 & 20) have bearing on how to resolve the scope of Copyright Act preemption. In the lower courts, respondents advanced solely a copyright preemption argument. As a result, the only issue decided below—and thus the only issue before the Court—is the proper interpretation of Section 301(a). Pet. App. 7a-10a. For all the reasons we have explained, that is a question that warrants review.

This Court should determine the scope of Section 301(a) preemption according to the language of the Copyright Act, and thus resolve an oft-acknowledged disagreement among the circuits.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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MAY 2017