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IN THE SUPREME COURT OF TEXAS

No. 19-0605

JIM OLIVE PHOTOGRAPHY D/B/A/ PHOTOLIVE, INC.,
PETITIONER

v.

UNIVERSITY OF HOUSTON SYSTEM, RESPONDENT

ON PETITION FOR REVIEW FROM THE
COURT OF APPEALS FOR THE FIRST DISTRICT OF TEXAS

Argued February 25, 2021

(Filed Jun. 18, 2021)

JUSTICE DEVINE delivered the opinion of the Court.

JUSTICE BUSBY filed a concurring opinion in which JUSTICE LEHRMANN joined and in which JUSTICE BLACKLOCK joined as to part II.

The issue in this interlocutory appeal from the denial of a plea to the jurisdiction is whether a copyright infringement claim against a governmental entity may be maintained as a constitutional takings claim. The court of appeals concluded “that a governmental unit’s copyright infringement is not a taking and that the trial court therefore erred in denying the plea to the jurisdiction.” 580 S.W.3d 360, 363 (Tex. App.—Houston [1st Dist.] 2019). Because we agree that the violation of a copyright, without more, is not a taking of the copyright, we affirm.

I

Jim Olive Photography d/b/a Photolive, Inc. (Olive) is a professional photographer in Houston, Texas. Olive took a series of aerial photographs of the City of Houston in 2005 and displayed them on his website for purchase. Included in the series was a digital photograph identified as SKDT1082—“The Cityscape.” Before displaying these photographs, Olive registered them with the United States Copyright Office. Olive’s website describes the applicable copyright protections and states that “[t]he unauthorized use of these images is strictly prohibited.”

Olive alleges that sometime in June of 2012, the University of Houston downloaded a copy of The Cityscape photograph from Olive’s website, removed all identifying copyright and attribution material, and began displaying the photographic image on several webpages promoting the University’s C.T. Bauer College of Business. The University did not seek Olive’s permission to use The Cityscape photograph, and Olive did not discover that a copy was being displayed on the University’s webpages until years later. After the discovery, Olive demanded that the University cease and desist its unauthorized use, and the University immediately removed the photograph from its website. The University, however, did not pay Olive for its use of the digital copy on its website.

Olive sued the University of Houston, alleging that the University’s publication of his photograph was an unlawful taking and sought compensation under

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Article I, Section 17 of the Texas Constitution and under the Fifth Amendment of the United States Constitution. The University answered and filed a plea to the jurisdiction, asserting its immunity from suit under the doctrine of sovereign immunity. The trial court denied the University's plea, prompting it to pursue an interlocutory appeal. *See* TEX. CIV. PRAC. & REM. CODE § 51.014(a)(8) (authorizing an interlocutory appeal from an order on the government's jurisdictional plea).

The University argued in the court of appeals that (1) a copyright is not property under the federal and state takings clauses, and (2) even if a copyright is property within the meaning of the Takings Clause, Olive's allegations of infringement do not state a cognizable taking. In response, Olive argued that (1) the takings clauses protect all types of property, and (2) the University's appropriation and display of his copyrighted work was a *per se* taking that should not be analyzed under the multi-factor test for regulatory takings. Agreeing with the University "that a governmental unit's copyright infringement is not a taking," the court of appeals vacated the trial court's order denying the plea and dismissed the "cause for lack of subject-matter jurisdiction." 580 S.W.3d at 363, 377.

The court reasoned that the University's single act of copyright infringement was not a taking because it did not take away Olive's right to use, license, or dispose of the underlying creative work. *Id.* at 375–77. And while the University's infringement may have cost Olive a licensing fee, it did not rise to the level of a

viable takings claim. *Id.* Olive appeals the court's decision.

II

Olive's petition for review begins with the proposition that the Takings Clause protects copyrights, as it does other types of intellectual property, from appropriation by the State and that the court of appeals erred in determining otherwise. Quoting Black's Law Dictionary, Olive submits that "the court's determination that copyrights are not protected by the Takings Clause ignores the core property interest protected by a copyright: the 'exclusive right to reproduce, adapt, distribute, perform, and display the work.'" *Copyright*, BLACK'S LAW DICTIONARY (10th ed. 2014).

We, however, do not read the court of appeals' opinion to determine whether a copyright is, or is not, a property interest protected by the Takings Clause. Although the court discusses the case law and legal scholarship on the issue in some detail, it ultimately finds the cases inconclusive on whether a copyright is a constitutionally protected property right, and the scholars divided on whether it should be.¹ 580 S.W.3d

¹ We have received amicus briefs from Adam Mossoff, a professor of law at George Mason University, and J. Glynn Lunney, a professor of law at Texas A&M School of Law, expressing contrary views on the property rights that attach to a copyright. We have also received an amicus brief from the National Press Photographers Association and the American Society of Media Photographers, joined by several similar organizations, in support of the petition for review.

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at 366–75. And although the court describes a copyright as a “protected property interest” for due process purposes, *id.* at 366, and as “property with value to its owner” protected by a federal statutory cause of action for infringement, *id.* at 375 (citing 17 U.S.C. §§ 501(a), 504), it never decides whether a copyright is also property protected by the Takings Clause. Instead, the court holds that the University’s single act of copyright infringement—the governmental interference with property rights alleged here—does not state a viable takings claim, but rather is akin to a transitory common law trespass for which the state has not waived its immunity. *Id.* at 376.

A copyright² is a form of intellectual property that subsists in works of authorship that are original and are fixed in a tangible medium of expression. 17 U.S.C. § 102. Olive’s photograph is such a work. So too are books, paintings, sculptures, and musical compositions to name a few. *Id.* § 102(a). For a term consisting of the author’s life plus seventy years, the owner of a copyright enjoys the five exclusive rights³ of reproduction,

² The copyright clause of the United States Constitution authorizes Congress to grant authors a limited intangible property right in their creative works. *See* U.S. CONST. art. I, § 8, cl. 8. Pursuant to this authority, Congress enacted the Copyright Acts of 1909 and 1976. The Copyright Act of 1976 governs works fixed in tangible medium after 1977. *See* 17 U.S.C. §§ 101–1511.

³ The author’s exclusive rights in the work, however, are subject to certain defenses, such as fair use. *See* 17 U.S.C. § 107 (providing limited defense for purposes such as criticism, comment, news reporting, teaching, scholarship, or research, in light of various specified factors); *see also id.* §§ 108–121 (setting forth additional limitations on exclusive rights).

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adaptation, distribution, and public performance and display. *Id.* §§ 302(a), 106. Infringement occurs when a person or entity exercises any of the owner’s exclusive rights in a creative work without authorization or other legal defense. *Id.* §§ 501, 106.

It seems reasonably clear to some legal scholars “that the exclusive rights that federal copyright law provides to authors and copyright owners qualify as a form of property for purposes of takings law.”⁴ Others disagree.⁵ In *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986 (1984), the only recent Supreme Court case to deal with an alleged taking of intellectual property, the Court extended the Fifth Amendment guarantee to trade secrets, evoking this comment: “If trade secrets,

⁴ John T. Cross, *Suing the States for Copyright Infringement*, 39 BRANDEIS L.J. 337, 390 (2001); see also Adam Mossoff, *Patents as Constitutional Private Property: The Historical Protection of Patents Under the Takings Clause*, 87 B.U. L. REV. 689, 693 (2007); Paul J. Heald & Michael L. Wells, *Remedies for the Misappropriation of Intellectual Property by State and Municipal Governments Before and After Seminole Tribe: The Eleventh Amendment and Other Immunity Doctrines*, 55 WASH. & LEE L. REV. 849, 855–57 (1998).

⁵ See, e.g., Tom W. Bell, *Copyright As Intellectual Property Privilege*, 58 SYRACUSE L. REV. 523, 538 (2008) (“The right to receive just compensation for governmental takings has long represented a hallmark of property. Does copyright afford such a right? The exact question remains as yet unlitigated and, thus, still subject to dispute.”); Davida H. Isaacs, *Not All Property Is Created Equal: Why Modern Courts Resist Applying the Takings Clause to Patents, and Why They Are Right to Do So*, 15 GEO. MASON L. REV. 1, 28–29 (2007) (“Forms of ‘property’ established solely as a matter of governmental discretion, such as patents, may be entitled to procedural due process protection, but are not automatically entitled to Takings Clause protection.”).

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one of the weakest forms of intellectual property, are protected by the Fifth Amendment, then patents, copyrights, and trademarks must logically be protected as well.”⁶

Assuming for our purposes that a copyright is property entitled to such protection, this appeal questions whether pleading a copyright infringement claim against a state actor also encompasses a per se takings claim under the federal and state constitutions.

III

Olive contends that it does. He argues that copyright infringement by a state actor is a taking for which just compensation is owed under both the federal and state constitutions. He maintains that his copyrighted work, although intangible, is a species of personal property, which is entitled to the same protection from direct governmental appropriation as other types of tangible property. Olive’s pleadings allege that the University

without any independent verification of the rights to The Cityscape photograph, placed [Olive’s] copyrighted image into circulation with no attribution or other protections whatsoever. Indeed, upon information and belief, [the University] intentionally or knowingly removed identifying material from The Cityscape before uploading it onto its webpages.

⁶ Heald & Wells, *supra* note 4, at 856.

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Olive further alleges that the University's publication of his photograph on its webpages, without his permission, constitutes a taking of his property for public use in violation of the federal and state constitutions. He argues that the University's unauthorized use of his copyrighted work amounts to a per se taking of his private property and that the multi-factor test for regulatory takings is the wrong analytical framework to apply.

The University, which as movant has the burden of establishing the lack of subject-matter jurisdiction,⁷ responds that copyright infringement is not a taking. Moreover, it is not a per se taking, which the University contends arises under very narrow circumstances, such as when the government acts to physically confiscate or occupy tangible property. The University submits that, under the Copyright Act, an infringer violates the copyright owner's rights, but it does not confiscate or appropriate those rights. To the contrary, even during the infringement, the copyright owner retains its right to possess, use, and dispose of the copyrighted work and to exclude others from doing so, including officials of an infringing state entity. *See Ex parte Young*, 209 U.S. 123 (1908) (providing for injunctive relief against government officials). The University concludes that Olive's retention of those rights

⁷ *See Tex. Dep't of Parks & Wildlife v. Miranda*, 133 S.W.3d 217, 228 (Tex. 2004) (requiring the state to meet the summary judgment standard of proof); *Dallas County v. Wadley*, 168 S.W.3d 373, 377 (Tex. App.—Dallas 2005, pet. denied) (same).

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during the alleged infringement negates the existence of a taking, much less one that is per se.

A

The unlawful taking here is alleged under both the federal and state constitutions. “The Just Compensation Clause of the Fifth Amendment provides that ‘private property [shall not] be taken for public use, without just compensation.’” *Mayhew v. Town of Sunnyvale*, 964 S.W.2d 922, 933 (Tex. 1998) (quoting U.S. CONST. amend. V). The Texas Constitution’s takings clause similarly provides that “[n]o person’s property shall be taken, damaged, or destroyed for or applied to public use without adequate compensation being made, unless by the consent of such person, . . .” TEX. CONST. art. I, § 17. Although our state takings provision is worded differently, we have described it as “comparable” to the Fifth Amendment’s Just Compensation Clause. *Hallco Tex., Inc. v. McMullen County*, 221 S.W.3d 50, 56 (Tex. 2006). And, Texas “case law on takings under the Texas Constitution is consistent with federal jurisprudence.” *Hearts Bluff Game Ranch, Inc. v. State*, 381 S.W.3d 468, 477 (Tex. 2012). Indeed, the parties draw no distinction between the two clauses and primarily rely on federal case law.⁸

⁸ Regarding the Texas Constitution, we note that Olive alleges only that the University’s publication of his work “resulted in a taking . . . in violation of Article I, Section 17.” He has not alleged that the University violated any other part of that section.

A compensable taking does not arise whenever state action adversely affects private property interests. Governments interfere with private property rights every day. Some of those intrusions are compensable; most are not. The plaintiff asserting a taking must allege and ultimately prove not only that the intrusion has affected property, but also that the government's conduct constitutes a compensable taking of private property for public use without just or adequate compensation.

Other than formal condemnation proceedings, the government can generally “take” property in two different ways. First, the government can physically appropriate or invade property. *Horne v. Dep’t of Agric.*, 576 U.S. 350, 359 (2015) (“physical appropriation”); *Ark. Game & Fish Comm’n v. United States*, 568 U.S. 23, 38 (2012) (“physical invasion”). Second, the government can regulate property so restrictively, or intrude on property rights so extensively, that it effectively “takes” the property. *Murr v. Wisconsin*, 137 S. Ct. 1933, 1942 (2017). In either situation, the owner may seek compensation through an inverse-condemnation action against the government. *United States v. Clarke*, 445 U.S. 253, 257 (1980).

“It is well settled that the Texas Constitution waives government immunity with respect to inverse-condemnation claims.” *City of Houston v. Carlson*, 451 S.W.3d 828, 830 (Tex. 2014). But “[t]o plead inverse condemnation, a plaintiff must allege an intentional government act that resulted in the uncompensated taking of private property.” *Id.* at 831. “A taking is the

acquisition, damage, or destruction of property via physical or regulatory means.” *Id.* “In the absence of a properly pled takings claim, the state retains immunity” and “a court must sustain a properly raised plea to the jurisdiction.” *Id.* at 830.

To determine whether a physical or regulatory interference with property constitutes a taking, a court ordinarily undertakes a “situation-specific factual inquiry[.]” *Ark. Game*, 568 U.S. at 32. For regulatory takings, this “‘ad hoc’” inquiry involves weighing multiple factors, including the “economic impact of the regulation,” the “interference with reasonable investment-backed expectations,” and the “character of the government action.” *Horne*, 576 U.S. at 360. Each factor “focuses directly upon the severity of the burden that government imposes upon private property rights.” *Lingle v. Chevron U.S.A. Inc.*, 544 U.S. 528, 539 (2005). A similar multi-factor balancing applies to some physical takings. *Ark. Game*, 568 U.S. at 38–39 (holding that courts consider multiple factors in deciding whether a “temporary physical invasion” constitutes a taking); *Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 419, 432 (1982) (cautioning that “physical invasion” takings are “subject to a balancing process”). A “permanent physical occupation,” on the other hand, “is a government action of such a unique character that it is a taking without regard to other factors that a court might ordinarily examine.” *Loretto*, 458 U.S. at 432. This type of taking is termed “per se” because the government’s action constitutes a taking without regard to other factors. A per se taking

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presents the strongest claim for compensation and is an exception to the usual multi-factor takings analysis. *Ark. Game*, 568 U.S. at 31–32.

B

Olive contends that copyright infringement fits the per se exception because it is analogous to other confiscatory takings to which the rule applies. Olive maintains that the University's infringement deprived him of the exclusive right to control his work and that this loss of control amounts to a taking that is comparable to a physical appropriation of tangible property. For example, in *Horne v. Department of Agriculture*, the U.S. Supreme Court held that the government's appropriation of a percentage of a farmer's raisin crop as part of a market stabilization program constituted a taking per se, requiring compensation at fair market value. 576 U.S. at 361–62. Olive submits that just as each raisin in *Horne* was the Hornes' personal property, each reproduction of The Cityscape photograph is his. As such, the government's virtual appropriation and display of Olive's copyrighted work is an "actual taking of possession and control" of that reproduction that is just as complete as the physical appropriation of the farmer's raisins in *Horne*. *See id.* at 362.

The court of appeals found this analogy inapposite, noting that *Horne* involved the taking of "tangible personal property, not intangible intellectual property." 580 S.W.3d at 369. But Olive claims that this distinction is immaterial. He points to *Horne's* observation

that the Takings Clause “protects ‘private property’ without any distinction between different types.” 576 U.S. at 358.

But *Horne* was concerned with the physical taking of tangible things. The first question posed in the case was whether the government’s “‘categorical duty’ under the Fifth Amendment to pay just compensation when it ‘physically takes possession of an interest in property’ . . . applies only to real property and not to personal property.” *Id.* at 357 (quoting *Ark. Game*, 568 U.S. at 31). The Court answered no, holding that the government’s appropriation of raisins should be treated no differently than real property under the per se rule. *Id.* at 357–58. Tangible property, both real and personal, were plainly the “different types” of private property referenced in Olive’s quote from the case. The court of appeals’ statement that *Horne* makes “no attempt to address intellectual property” is therefore correct. 580 S.W.3d at 369.

But this is not to say that intellectual property is not personal property or that it is not entitled to protection. Clearly, in some circumstances it is. *See, e.g., Ruckelshaus*, 467 U.S. at 1003–04 (extending Fifth Amendment guarantee to trade secrets). What is less clear is whether, or to what extent, state action may be asserted as a per se taking of an intellectual property right. In *Ruckelshaus*, the U.S. Supreme Court applied a multi-factor regulatory taking analysis to determine that a federal statute operated to effect a taking with respect to some, but not all, trade secret information submitted to the government. *See id.* at 1005–16.

C

“Copyright, like other forms of intellectual property, challenges our common understanding of property as it relates to tangible resources.” Pascale Chapdelaine, *The Property Attributes of Copyright*, 10 *BUFF. INTELL. PROP. L.J.* 34, 51 (2014). When considering allegations that such property has been taken, a court must be mindful of what the word “property” means in the context of the Takings Clause.

Property refers not to a physical thing, but to “the group of rights inhering in the citizen’s relation to the physical thing, as the right to possess, use and dispose of it.” *United States v. Gen. Motors Corp.*, 323 U.S. 373, 378 (1945). Property, then, is the bundle of rights that describe one’s relationship to a thing and not the thing itself. *See Lightning Oil Co. v. Anadarko E&P Onshore, LLC*, 520 S.W.3d 39, 48 (Tex. 2017) (describing property “as a bundle of rights, or a bundle of sticks”); *cf.* 17 U.S.C. § 202 (distinguishing between ownership of a copyright and ownership of any material object in which the work is embodied). This distinction has added significance in intellectual property cases. Professor Cross explains:

Things themselves are not property. Although we typically refer to land, chattels, accounts, and various other things as our “property,” what we are actually referring to is the bundle of rights that we have in those things. At some point, a person’s rights in a thing will reach a level where the law concludes that his interest in that thing is a property interest. . . .

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This distinction between things and property is often of little consequence in the typical takings case. If the State seizes my automobile, it has also by definition interfered with my “property”: my right to possess and use that automobile. In a takings claim involving intellectual property, however, the distinction between things and property becomes more important. Because the “thing” is intangible, use of or damage to that thing need not have any significant impact on the owner’s legal rights in the thing.

John T. Cross, *Suing the States for Copyright Infringement*, 39 BRANDEIS L.J. 337, 395 (2001).

As Olive has pleaded and presented this case, the property at issue is the copyright, which is the bundle of rights Olive has in The Cityscape photograph; it is not Olive’s original photograph or the unauthorized copy displayed on the University’s website. And the question is whether the University’s unauthorized use of a copy amounts to a taking of the copyright itself.

Copyright infringement occurs when “[a]nyone . . . violates any of the exclusive rights of the copyright owner,”⁹ and Olive equates infringement by the State

⁹ 17 U.S.C. § 501(a). This section defines “anyone” to “include[] any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity.” *Id.* The Supreme Court, however, has recently ruled that the inclusion of the States here is an invalid abrogation of the States’ Eleventh Amendment immunity. *See Allen v. Cooper*, 140 S. Ct. 994 (2020) (holding that neither Congress’s power under the Intellectual Property Clause to provide

to a per se taking of the copyright. Olive submits that the unauthorized posting of a copy of The Cityscape photograph on University websites was “akin to a physical invasion” that deprived it of “the core right guaranteed by [its] copyright: the right to exclude everyone from use of [its] copyrighted materials and its exclusive right to reproduce and display the work.” Olive thus perceives infringement not as a mere violation of his copyright but as a loss of control over his copyrighted material, similar to the loss that a private property owner bears when the government physically occupies real property or physically appropriates tangible personal property.

Infringement of a copyright, however, is different than a typical appropriation of tangible property where rights are more closely bound to the physical thing. In a per se taking, the government’s “appropriation of property” means the property was “actually occupied or taken away” from the owner. *Horne*, 576 U.S. at 360, 361. It is an “actual taking of possession and control” by the government. *Id.* at 362 (quoting *Loretto*, 458 U.S. at 431). But an act of copyright infringement by the government does not take possession or control of, or occupy, the copyright.

A copyright is a “bundle of exclusive rights” conferred and governed by the Copyright Act. *Harper &*

copyright protection nor Congress’s authority to enforce the commands of the Fourteenth Amendment’s Due Process Clause authorized Congress to abrogate the States’ Eleventh Amendment immunity from copyright infringement suits in the Copyright Remedy Clarification Act).

Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 546–47 (1985). Under the Act, the government’s violation of those rights does not destroy them. The Act provides that “no action by any governmental body or other official or organization purporting to seize, expropriate, transfer, or exercise rights of ownership with respect to the copyright, or any of the exclusive rights under a copyright, shall be given effect under this title.” 17 U.S.C. § 201(e). The copyright owner thus retains the key legal rights that constitute property for purposes of a per se takings analysis, despite the government’s interference.¹⁰

Similarly, the government’s unauthorized use of a copy of the copyrighted work is not an “actual taking of possession and control” of the copyright. *Horne*, 576 U.S. at 362. While an infringer “invades a statutorily defined province guaranteed to the copyright holder alone,” it “does not assume physical control over the copyright.” *Dowling v. United States*, 473 U.S. 207, 217 (1985); see also John T. Cross, *Intellectual Property and the Eleventh Amendment After Seminole Tribe*, 47 DEPAUL L. REV. 519, 548 (1998) (explaining that the

¹⁰ We express no view regarding whether a government’s exercise of rights in violation of this statute could rise to the level of a regulatory taking. Professor Cross, however, recognizes that some copyright infringements can have a significant impact on the value of a copyright, and he argues that the copyright owner should recover for a regulatory taking if most of the copyright’s value is lost. Cross, *supra* note 4 at 396–97. But he also observes that “most state infringements do not destroy the lion’s share of a work’s value,” and therefore “most will not rise to the level of a constitutional taking.” *Id.* at 399.

government does not “take over” the copyright when it infringes).

Finally, the government’s copyright infringement does not result in the “physical occupation” of property required for a per se taking. *Loretto*, 458 U.S. at 441. “[A] copyright [is] in and of itself an intangible thing.” *Penguin Grp. (USA) Inc. v. Am. Buddha*, 609 F.3d 30, 36 n.4 (2d Cir. 2010). Thus, while an infringer violates the owner’s rights, it “does not assume physical control over the copyright.” *Dowling*, 473 U.S. at 217; *see also Alimanestianu v. United States*, 888 F.3d 1374, 1382–83 (Fed. Cir. 2018) (holding that government action impairing the intangible right in a cause of action “is not a physical invasion of property” required for a per se taking).

Copyright infringement not only lacks the key features of a per se taking; it also does not implicate the reasons for creating a per se rule in the first place. It is the physical appropriation of property that justifies the per se rule because it is “perhaps the most serious form of invasion of an owner’s property interests.” *Loretto*, 458 U.S. at 435. What makes it so serious is the effect on the owner’s bundle of property rights. *Id.* “[W]here an owner possesses a full ‘bundle’ of property rights, the destruction of one ‘strand’ of the bundle is not a taking, because the aggregate must be viewed in its entirety.” *Andrus v. Allard*, 444 U.S. 51, 65–66 (1979). But with a physical appropriation of property, the government “does not simply take a single ‘strand’ from the ‘bundle’ of property rights: it chops through

the bundle, taking a slice of every strand.” *Loretto*, 458 U.S. at 435 (citing *Andrus*, 444 U.S. at 65–66).

Specifically, that sort of appropriation “effectively destroys each” strand in the bundle—the rights “to possess, use and dispose of” the appropriated property. *Id.* (quoting *Gen. Motors Corp.*, 323 U.S. at 378). The owner loses the right not only to possess the appropriated property, but also “to exclude the occupier from possession and use” of it. *Id.* And the appropriation “forever denies the owner any power to control the use of the property; he not only cannot exclude others, but can make no nonpossessory use of the property.” *Id.* at 436. Finally, even if the owner retains the right to dispose of the appropriated property, the government’s occupation “will ordinarily empty the right of any value, since the purchaser will also be unable to make any use of the property.” *Id.*

This justification for the per se rule “is equally applicable to a physical appropriation of personal property.” *Horne*, 576 U.S. at 360. Thus, the federal agriculture marketing program in *Horne*, which required raisin growers to reserve a portion of their crop for the government without compensation was a taking. *Id.* at 361–64. Moreover, the “reserve requirement” was a per se taking, the Court held, because those growers “lose the entire ‘bundle’ of property rights in the appropriated raisins—‘the rights to possess, use and dispose of’ them.” *Id.* at 361–62 (quoting *Loretto*, 458 U.S. at 435). Again, the per se rule applies when the entire bundle of rights in the appropriated

property, not just a strand, is impaired by government action.

But Olive argues that “exclusivity” is the core component of each specific right granted under the Copyright Act. And, by reproducing and displaying Olive’s photograph, without permission, the University deprived Olive of his exclusive right to control his work, thus depriving Olive of the most important stick in his bundle of rights. Olive contends that even if the University “did not take Olive’s entire bundle of rights [that] does not mean that a taking has not occurred.” Perhaps not, but neither does it indicate the existence of a per se taking.

As already discussed, infringement by the government does not necessarily destroy any of the copyright owner’s rights in the copyright. It does not deprive the copyright owner of the right to possess and use the copyrighted work. *See Dowling*, 473 U.S. at 217 (“The infringer invades a statutorily defined province guaranteed to the copyright holder alone. But he does not assume physical control over the copyright; nor does he wholly deprive its owner of its use.”). Rather, copyright is “nonrivalrous,” meaning that “another person can use it without simultaneously depriving anyone else of its use.” Thomas F. Cotter, *Do Federal Uses of Intellectual Property Implicate the Fifth Amendment?*, 50 FLA. L. REV. 529, 562–63 (1998).

Nor does the government’s infringement deny the copyright owner the right to exclude third parties. Because the owner retains the copyright in the original

work, it “may still turn to the copyright laws to prevent third parties from using or copying that original.” *Cross*, *supra* note 4, at 396. Specifically, the owner may seek injunctive relief “to prevent or restrain infringement of a copyright.” 17 U.S.C. § 502(a). And, injunctive relief is available against the infringing government itself for violating the owner’s rights. *See Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 72 n.16 (1996) (explaining that “an individual may obtain injunctive relief under *Ex parte Young* in order to remedy a state officer’s ongoing violation of federal law,” including “copyright” law).¹¹

The government’s infringement also does not deprive the copyright owner of the right to dispose of the copyrighted work. Because copyright is nonrivalrous, the government’s use of the work “does not prevent the [copyright] owner . . . from licensing others to use it.” *Cotter*, *supra*, at 563. And the owner’s retained rights in the copyright include the right to transfer ownership of the copyright. 17 U.S.C. § 201(d). That right remains valuable if the government’s infringement does not frustrate the copyright owner’s reasonable investment-backed expectations. *See Ruckelshaus*, 467 U.S. at 1011–14.

* * * * *

¹¹ We do not suggest, however, that the availability of a non-monetary remedy or the temporary nature of a taking necessarily negates a takings claim. *See, e.g., Ruckelshaus*, 467 U.S. at 1010–14 (discussing remedies available for taking); *Tarrant Reg’l Water Dist. v. Gragg*, 151 S.W.3d 546, 551–54 (Tex. 2004) (discussing damages available for temporary taking).

We accordingly agree with the court of appeals that Olive's allegations of copyright infringement by the government do not constitute a per se taking. Under the Copyright Act, a "violat[ion]" of "any of the exclusive rights of the copyright owner" is an infringement of the copyright. 17 U.S.C. § 501(a). Such infringement "trespasses into [the owner's] exclusive domain." *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 433 (1984). But infringement does not equate to the "theft" or "conversion" of the copyright owner's exclusive rights. *Dowling*, 473 U.S. at 217. Nor does the act of infringement necessarily destroy those rights because the copyright owner retains them even after the infringement, including the right to exclude the infringer and everyone else from using the copyrighted work.

Although the Texas Constitution waives governmental immunity with respect to inverse condemnation claims, still such a claim must be "predicated on a viable allegation of taking." *Carlson*, 451 S.W.3d at 830. Allegations of copyright infringement assert a violation of the owner's copyright, but not its confiscation, and therefore factual allegations of an infringement do not alone allege a taking. Because the State retains its immunity in the absence of a properly pled takings claim, the court of appeals did not err in sustaining the jurisdictional plea and dismissing the case.

The court of appeals' judgment is accordingly affirmed.

John P. Devine
Justice

Opinion Delivered: June 18, 2021

JUSTICE BUSBY, joined by JUSTICE LEHRMANN, and joined by JUSTICE BLACKLOCK as to Part II, concurring.

I agree with the Court's conclusion that Jim Olive Photography has not alleged a per se taking of its copyright under either the United States or Texas Constitution. But it is important to acknowledge the expansive nature of the property our Constitutions protect and the need to adapt takings doctrines developed for tangible property so that we have clear rules for applying this constitutional protection to intangible property. In addition, the Texas Constitution requires compensation for more types of government action than its federal counterpart: it also protects citizens whose property has been "damaged" by the government or "applied to public use." TEX. CONST. art. I, § 17(a). Olive has not alleged a violation of these prongs of section 17(a), however, and existing federal and state court precedent does not support its claim under the doctrine of takings per se. I therefore join the Court's opinion.

I

The Takings Clause of the United States Constitution¹ provides protection for a wide variety of private property, both real and personal, “without any distinction between different types.” *Horne v. Dep’t of Agric.*, 576 U.S. 350, 358 (2015); *see id.* at 361–62 (extending the physical appropriation analysis of *Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 419, 426–35 (1982), to personal property). Intellectual property is considered intangible personal property,² and some of its basic characteristics—such as alienability and excludability—indicate that it falls within the scope of the Takings Clause. *See* 17 U.S.C. § 201(d)(1) (providing for the transfer of copyright ownership by “any means of conveyance or by operation of law”); *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1002–03 (1984) (observing that trade secret is assignable and that treatment of owner’s proprietary interest as property is “consonant with a notion of ‘property’ that extends beyond land and tangible goods and includes the products of an individual’s ‘labour and invention’” (quoting 2 WILLIAM BLACKSTONE, COMMENTARIES *405)).

¹ The Takings Clause of the Fifth Amendment to the United States Constitution is “made applicable to the states through the Fourteenth Amendment.” *Sheffield Dev. Co. v. City of Glenn Heights*, 140 S.W.3d 660, 669 (Tex. 2004) (citing *Tahoe-Sierra Pres. Council, Inc. v. Tahoe Reg’l Plan. Agency*, 535 U.S. 302, 306 n.1 (2002)).

² *See Stewart v. Abend*, 495 U.S. 207, 219 (1990); *Chavez v. Arte Publico Press*, 157 F.3d 282, 288 (5th Cir. 1998), *vacated*, 180 F.3d 674 (5th Cir. 1999).

Though few cases have expressly addressed the application of the Takings Clause to copyrights, the United States Supreme Court has observed that “[c]opyrights are a form of property.” *Allen v. Cooper*, 140 S. Ct. 994, 1004 (2020).³ And it has held that other types of intellectual property are protected by the Takings Clause. In *Ruckelshaus*, for example, the Supreme Court concluded that trade secrets fall within the scope of the Takings Clause. 467 U.S. at 1003–04. The Court has also recognized that the government cannot appropriate patents without providing compensation. *See Horne*, 576 U.S. at 359–60.⁴

³ The Court went on to hold in *Allen* that Congress had not validly abrogated states’ Eleventh Amendment immunity from suit in federal court for copyright infringement. 140 S. Ct. at 1007. But *Allen* says nothing about whether a state government entity can be sued in either state or federal court for taking rights in a copyrighted work.

⁴ *See also Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1379 (2018) (“[O]ur decision should not be misconstrued as suggesting that patents are not property for purposes of the Due Process Clause or the Takings Clause.”); *Fla. Prepaid Postsecondary Ed. Expense Bd. v. College Sav. Bank*, 527 U.S. 627, 642 (1999) (“[Patents] are surely included within the ‘property’ of which no person may be deprived by a State without due process of law.”); *Wm. Cramp & Sons Ship & Engine Bldg. Co. v. Int’l Curtis Marine Turbine Co.*, 246 U.S. 28, 39–40 (1918); *Hollister v. Benedict & Burnham Mfg. Co.*, 113 U.S. 59, 67 (1885); *James v. Campbell*, 104 U.S. 356, 357–58 (1881) (“That [the grant of a patent] confers upon the patentee an exclusive property in the patented invention which cannot be appropriated or used by the government itself, without just compensation, any more than it can appropriate or use without compensation land which has been patented to a private purchaser, we have no doubt.”); *McKeever v. U.S.*, 14 Ct. Cl. 396, 422 (1878), *aff’d without op.*, 18 Ct. Cl. 757 (1883). While some have read *Schillinger v. United*

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The test for determining whether protected intellectual property has been taken is less clear. Early federal cases focused on physical takings of land by direct appropriation or ouster. *Lucas v. S.C. Coastal Council*, 505 U.S. 1003, 1014 (1992) (collecting cases). And the categories of regulations that amount to takings per se were developed with tangible property—and, more specifically, real property—in mind.⁵ As a result, these per se rules do not translate readily to intangible property. For example, if the government appropriates intellectual property, the *Loretto* physical-invasion analysis is not especially helpful.⁶ And the “functional basis” for allowing the government to impose generally applicable regulations affecting property values without categorically requiring compensation does not

States to suggest otherwise, that case addressed the scope of the Tucker Act’s grant of jurisdiction to the U.S. Court of Claims, not the ability of a patent owner to bring a takings claim generally. 155 U.S. 163, 169–72 (1894) (holding that Tucker Act did not waive sovereign immunity for suits against the government sounding in tort); see Adam Mossoff, *Patents as Constitutional Private Property: The Historical Protection of Patents under the Takings Clause*, 87 B.U. L. Rev. 689, 711–14 (2007).

⁵ See *Lucas*, 505 U.S. at 1027–28 (explaining that personal property receives less protection under the per se rule for deprivation of all economically beneficial use because an owner of personal property “ought to be aware of the possibility that new regulation might even render his property economically worthless” (citing *Andrus v. Allard*, 444 U.S. 51, 66–67 (1979))).

⁶ 458 U.S. at 435–38; Note, *Copyright Reform and the Takings Clause*, 128 HARV. L. REV. 973, 985 (2015) (“The mere fact that the government has ‘occupied’ the creative work (whatever that might mean) would not necessarily deprive the owner of the ability to use the work or exclude third parties.”).

apply where the government has effectively “singled out” intellectual property for appropriation.⁷

Rather than applying these categorical rules, the Court in *Ruckelshaus* employed a modified version of the multi-factor *Penn Central* regulatory takings analysis to determine whether a trade secret had been taken. *Ruckelshaus*, 467 U.S. at 1005, 104 S.Ct. 2862 (citing *Penn Cent. Transp. Co. v. New York City*, 438 U.S. 104, 124 (1978)). Ultimately, “interference with reasonable investment-backed expectations” proved the decisive factor. *Id.* at 1005, 1011 & n.15. But as the Court observes, Olive has expressly disavowed a regulatory takings claim.

Accordingly, I agree with the Court’s disposition of this case. As federal takings jurisprudence currently stands, Olive has not alleged a per se takings claim. Nor does Olive argue for a different result under the Takings Clause of the Texas Constitution. But that is not to say that the United States and Texas Constitutions provide identical protection against government actions affecting private property. As explained below,

⁷ *Cf. Lucas*, 505 U.S. at 1018 (explaining that functional basis for limiting categorical compensation for regulatory takings is that “[g]overnment hardly could go on if to some extent values incident to property could not be diminished without paying for every such change in the general law” (quoting *Penn. Coal Co. v. Mahon*, 260 U.S. 393, 413 (1922))); *Nollan v. Cal. Coastal Comm’n*, 483 U.S. 825, 835 n.4 (1987) (noting that a principal purpose of the Takings Clause is to bar government from singling out individuals to bear burdens that should be borne by the public as a whole).

both the text of the Constitutions and our decisions applying them indicate otherwise.

II

Although we have described Article I, Section 17 of the Texas Constitution as “comparable” to the Takings Clause of the United States Constitution, *Hallco Tex., Inc. v. McMullen County*, 221 S.W.3d 50, 56 (Tex. 2006), and cases applying Article I, Section 17 as “consistent with federal jurisprudence,” *Hearts Bluff Game Ranch, Inc. v. State*, 381 S.W.3d 468, 477 (Tex. 2012), we have also recognized that the Texas Takings Clause provides broader protection in certain areas. *See Steele v. City of Houston*, 603 S.W.2d 786, 789–91 (Tex. 1980) (“The underlying basis for compensating one whose property is taken or damaged or destroyed for public use may . . . be the same But the terms have a scope of operation that is different.”).

That recognition is hardly surprising given the obvious textual differences between the clauses. The Fifth Amendment to the United States Constitution provides in pertinent part: “nor shall private property be *taken* for public use, without just compensation.” (emphasis added). In contrast, the Texas Constitution provides that “[n]o person’s property shall be *taken, damaged, or destroyed* for or *applied* to public use without adequate compensation.” TEX. CONST. art. I, § 17(a) (emphasis added). The Texas Takings Clause

contains three additional verbs.⁸ The first two, “damaged” and “destroyed,” are, like “taken,” prepositionally connected to “public use” by “for.” The third, “applied,” is connected by “to.” Under the principles we use to interpret the Texas Constitution, each term should be given meaning.⁹

Looking to the terms’ historical origins, “damaged” and “destroyed” have been treated as distinct from “taken.” Before the 1876 Constitution was adopted, the government had an express duty to compensate owners for taking property, but not necessarily for damaging or destroying it. *See* TEX. CONST. of 1869, art. I, § 14 (“[N]o person’s property shall be taken or applied to public use, without adequate compensation being made. . . .”); *State v. Hale*, 146 S.W.2d 731, 737 (Tex. 1941) (noting that Article I, Section 14 of the Texas Constitutions of 1845, 1861, 1866, and 1869 did not contain the damage or destruction language). The

⁸ In *City of Dallas v. Jennings*, we noted that “taking” has become a shorthand for “taking,” “damaging,” and “destroying,” but that each verb creates a separate and distinct claim under Article I, Section 17. 142 S.W.3d 310, 313 n.2 (Tex. 2004) (citing *Steele*, 603 S.W.2d at 789–91).

⁹ When construing constitutional text, we rely on the plain language, give effect to each word to avoid surplusage, and avoid constructions that would render provisions meaningless. *Spradlin v. Jim Walter Homes, Inc.*, 34 S.W.3d 578, 580 (Tex. 2000). We also rely on the traditional canon of statutory construction *noscitur a sociis*—“it is known by its associates”—to construe individual words in lists, so as not to ascribe to listed words “meaning so broad that [they are] incommensurate with the statutory context.” *Greater Hous. P’ship v. Paxton*, 468 S.W.3d 51, 61 (Tex. 2015).

addition of the terms damaged and destroyed provided Texas courts in the late nineteenth and early twentieth centuries with a textual basis for requiring compensation when the value of property was diminished without physical appropriation. See *McCammon & Lang Lumber Co. v. Trinity & B.V. Ry. Co.*, 133 S.W. 247, 250 (Tex. 1911) (“The words ‘damaged or destroyed’ show the purpose to secure compensation for losses not within the language previously used, and evidently were intended to include effects upon private property of public enterprises which might be held not to constitute takings.”). Federal takings jurisprudence later expanded to cover some of the same ground, requiring compensation for even minimal permanent physical occupations (*Loretto*) and for regulatory takings.

Turning to cases, we have applied the “damaged” and “destroyed” prongs to require compensation in cases that do not fit neatly into the categories used to analyze claims under the narrower federal Takings Clause. One line of cases applying the “damaged” prong has required compensation when the government impairs access to private property by constructing or operating public works.¹⁰ These cases have also

¹⁰ See *DuPuy v. City of Waco*, 396 S.W.2d 103, 108 (Tex. 1965) (recognizing settled rules that “an abutting property owner possesses an easement of access which is a property right; that this easement is not limited to a right of access to the system of public roads; and that diminishment in the value of property resulting from a loss of access constitutes damage”); see also *State v. Heal*, 917 S.W.2d 6, 9–10 (Tex. 1996) (applying *DuPuy* to residential property); *City of Austin v. Ave. Corp.*, 704 S.W.2d 11, 13 (Tex. 1986) (recognizing that both partial and temporary restrictions of access may be compensable); *City of Waco v. Texland Corp.*, 446

informed our regulatory takings analysis under the “taken” prong, which requires compensation when government actions “constitute an unreasonable interference with the landowner’s right to use and enjoy the property.”¹¹

Other cases applying the “damaged” and “destroyed” prongs indicate that the Texas Takings Clause requires compensation for a broad range of harm to property. *See Steele*, 603 S.W.2d at 791 (concluding that a claim against police officers for destroying a house was made “under the authority of the Constitution” and “not grounded upon proof of either tort or nuisance”); *Austin v. Teague*, 570 S.W.2d 389, 393 (Tex. 1978) (referring to the “damaged” prong as “expand[ing] the owner’s right to compensation”).¹² For example, our cases recognize that physical damage to property can be compensable if the government acted with at least substantial certainty that the specific

S.W.2d 1, 2 (Tex. 1969) (requiring “material and substantial” impairment of access).

¹¹ *Taub v. City of Deer Park*, 882 S.W.2d 824, 826 (Tex. 1994) (citing *City of Austin v. Teague*, 570 S.W.2d 389, 393 (Tex. 1978)); see *Mayhew v. Town of Sunnyvale*, 964 S.W.2d 922, 935 (Tex. 1998) (holding that compensation is required when regulations (1) do not substantially advance a legitimate governmental interest, or (2) either deny owner all economically viable use of its property or unreasonably interfere with its rights to use and enjoy property).

¹² See also *Tarrant Reg’l Water Dist. v. Gragg*, 151 S.W.3d 546, 558 (Tex. 2004) (discussing distinction between takings claim and damage claim when property is flooded).

damage would result and the damage was inflicted for public benefit.¹³

We have also distinguished between the remedies available for “taken” and “damaged” claims. Because government takings that are threatened or attempted without consent, compensation, or for non-public purposes constitute unlawful actions, property owners may obtain injunctive relief to prevent such takings. *McCammon*, 133 S.W. at 248. Conversely, if an attempted government action would only result in damage to private property, it would not necessarily be unlawful “merely because compensation is not made in advance.” *Id.*

¹³ See *City of Dallas v. Jennings*, 142 S.W.3d 310, 315 (Tex. 2004) (“[W]hen [the government] physically damages private property in order to confer a public benefit, [it] may be liable under Article I, Section 17 if it (1) knows that a specific act is causing identifiable harm; or (2) knows that the specific property damage is substantially certain to result. . . .”); *Gragg*, 151 S.W.3d at 554–55 (“[Public use] is the factor which distinguishes a negligence action from one under the constitution for destruction.” (quoting *Steele*, 603 S.W.2d at 792)); *Hale*, 146 S.W.2d at 736–37 (holding that damaging of property for public use applies only if it is done in the exercise of lawful authority); see also *City of Keller v. Wilson*, 168 S.W.3d 802, 808 n.3 (Tex. 2005); *City of Tyler v. Likes*, 962 S.W.2d 489, 505 (Tex. 1997); *Steele*, 603 S.W.2d at 790–92; *Tex. Highway Dep’t v. Weber*, 219 S.W.2d 70, 71 (Tex. 1949). The *Jennings* substantial-certainty test is also part of our takings analysis for temporary physical occupations, see *Harris Cnty. Flood Control Dist. v. Kerr*, 499 S.W.3d 793, 800 (Tex. 2016), which one scholar recognized as a potential solution to the “murk[y]” federal standard. See Sandra B. Zellmer, *Takings, Torts, and Background Principles*, 52 WAKE FOREST L. REV. 193, 217–20 (2017).

The final verb in the Texas Takings Clause, “applied,” has not previously been addressed by this Court. Unlike “damaged” and “destroyed,” “applied” has been included as an alternative to “taken” in each iteration of the Texas Constitution. *See, e.g.,* Tex. Const. of 1869 (including the phrase “taken or applied to public use”). Because takings jurisprudence has developed primarily with tangible property interests in mind, it is understandable that claims of private property being “applied to public use” have been infrequent. After all, applying and taking are functionally equivalent when the possession and ownership of physical things are at issue; for example, applying land to public use would almost always involve total appropriation or permanent physical occupation. *Cf. Loretto*, 458 U.S. at 441.

Given the plain language of the “applied to public use” prong and our cases interpreting the “damaged for public use” prong, it is possible that a government entity’s violation of a private author’s rights in a copyrighted work could in some circumstances require compensation under Article I, Section 17 of the Texas Constitution. For example, would compensation be required if a state university allowed its employees and students to stream copyrighted movies without the owners’ permission, or if it gave an unauthorized license to a printer to make copies of a copyrighted textbook and then distributed them to its students (or to students across Texas) for free? Nothing in the Court’s opinion should be understood to indicate a view on such questions because Olive has alleged no claim

under the “damaged” or “applied” prongs of the Texas Takings Clause.

Rather, Olive alleges only that the University’s publication of his photograph “resulted in a taking . . . in violation of Article I, section 17.” In addition, as the Court points out, Olive argues only that the University’s actions constitute a per se taking, and he does not contend that the analysis should be any different under the Texas Constitution. Therefore, with these additional observations, I join the Court’s opinion concluding that Olive has not alleged a per se taking under either the United States or Texas Constitution and affirming the dismissal of this suit based on sovereign immunity.

J. Brett Busby
Justice

Opinion delivered: June 18, 2021

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[SEAL]

**In The
Court of Appeals
For The
First District of Texas**

NO. 01-18-00534-CV

**UNIVERSITY OF HOUSTON SYSTEM,
Appellant**

v.

**JIM OLIVE PHOTOGRAPHY, D/B/A
PHOTOLIVE, Appellee**

**On Appeal from the 295th District Court
Harris County, Texas
Trial Court Case No. 2017-84942**

OPINION

(Filed Jun. 11, 2019)

In this interlocutory appeal from the trial court's denial of a plea to the jurisdiction, we must determine if a viable constitutional takings claim can be asserted when the State commits copyright infringement. We conclude that a governmental unit's copyright infringement is not a taking and that the trial court therefore erred in denying the plea to the jurisdiction.

Background

Jim Olive Photography d/b/a Photolive, Inc. (Olive) sued the University of Houston System, alleging an unlawful taking and seeking just compensation under Article I, Section 17 of the Texas Constitution and under the Fifth Amendment of the United States Constitution. Olive, a professional photographer, alleges that he took a series of aerial photographs of the City of Houston at dusk in 2005. To take these photographs, Olive rented a helicopter, hired a pilot, and, utilizing special photography equipment, suspended himself from the helicopter with a harness. While suspended in the harness, Olive took photograph SKDT1082—“The Cityscape”—the subject of this litigation.

Olive registered The Cityscape with the United States Copyright Office on November 18, 2005 and displayed it for purchase on his website. Olive owned all rights associated with The Cityscape, and his website had numerous references to licensing the website’s photographs, including an entire page labeled “Copyrights and Usage,” which described the applicable copyright protections held in the photographs and explicitly stated that “[t]he unauthorized use of these images is strictly prohibited.”

Olive alleges that sometime around June of 2012, the University of Houston downloaded The Cityscape from Olive’s website, removed all identifying copyright and attribution material, and displayed it on several webpages to promote the University’s C.T. Bauer College of Business. The University never contacted Olive

about using his photograph and never compensated him for its use.

Over three years later, Olive discovered that his photograph was being displayed on the University's Bauer College of Business webpages. Olive informed the University of its unauthorized use of the photograph and demanded that it cease and desist this use. The University immediately removed the photograph from the College's website. Olive further alleges that the University's display of the photograph without attribution allowed private actors such as Forbes Magazine to republish and display The Cityscape without Olive's permission and without compensation.

Upon being sued by Olive, the University filed a plea to the jurisdiction, asserting, among other things, that because Olive failed to plead a viable takings claim, the University retains governmental immunity and the trial court lacks subject-matter jurisdiction. The trial court denied the plea, and this interlocutory appeal followed.

The University argues in four issues that the trial court erred in denying its plea. The University first argues that a copyright is not property under the federal or state takings clauses. The University then argues that, if a copyright is property under the federal or state takings clauses, its copyright infringement of Olive's photograph is not a taking, that it lacked capacity to take Olive's copyright property, and that Olive did not sufficiently plead an intentional taking.

Standard of Review

The standard of review of a trial court's ruling on a plea to the jurisdiction based on governmental immunity is *de novo*. See *Tex. Dep't of Parks & Wildlife v. Miranda*, 133 S.W.3d 217, 225–26 (Tex. 2004); *Tex. So. Univ. v. Gilford*, 277 S.W.3d 65, 68 (Tex. App.—Houston [1st Dist.] 2009, pet. denied). The plaintiff has the burden to allege facts that affirmatively demonstrate the trial court's subject-matter jurisdiction. *Gilford*, 277 S.W.3d at 68 (citing *Tex. Ass'n of Bus. v. Tex. Air Control Bd.*, 852 S.W.2d 440, 446 (Tex. 1993)). We construe the pleadings liberally and accept the plaintiff's factual allegations as true. See *Miranda*, 133 S.W.3d at 226–27; *Gilford*, 277 S.W.3d at 68.

An inverse-condemnation action is a constitutional claim in which the property owner asserts that a governmental entity intentionally performed acts that resulted in a “taking” of the property for public use, without formally condemning the property. See, e.g., *Tarrant Reg'l Water Dist. v. Gragg*, 151 S.W.3d 546, 554 (Tex. 2004). The Texas Constitution's takings clause (Article I, Section 17) includes personal property. *Renault, Inc. v. City of Houston*, 415 S.W.2d 948, 952 (Tex. Civ. App.—Waco 1967), *rev'd on other grounds*, 431 S.W.2d 322 (Tex. 1968). It is well settled that the Texas Constitution waives governmental immunity for an inverse-condemnation (a takings) claim, but in the absence of a properly pleaded takings claim, the governmental entity retains immunity. *City of Houston v. Carlson*, 451 S.W.3d 828, 830 (Tex. 2014).

Whether the pleaded facts constitute a viable takings claim is a question of law. *See Tex. Parks & Wildlife Dep't v. Sawyer Trust*, 354 S.W.3d 384, 390 (Tex. 2011); *Mayhew v. Town of Sunnyvale*, 964 S.W.2d 922, 932–33 (Tex. 1998); *City of Friendswood v. Horn*, 489 S.W.3d 515, 525 (Tex. App.—Houston [1st Dist.] 2016, no pet.). When the plaintiff cannot establish a viable takings claim, the trial court lacks subject-matter jurisdiction and should grant a plea to the jurisdiction. *Tex. Dep't of Transp. v. A.P.I. Pipe & Supply, LLC*, 397 S.W.3d 162, 166 (Tex. 2013).

Analysis

Copyright generally

Federal copyright law provides that “[c]opyright protection subsists . . . in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.” 17 U.S.C. § 102(a).

Copyright has been defined as:

The right to copy; specifically, a property right in an original work of authorship (including literary, musical, dramatic, choreographic, pictorial, graphic, sculptural, and architectural works; motion pictures and other audiovisual works; and sound recordings) fixed in any tangible medium of expression, giving the

holder the exclusive right to reproduce, adapt, distribute, perform, and display the work.

Copyright, BLACK'S LAW DICTIONARY (10th ed. 2014); *see also* 17 U.S.C. § 102(a) (1–8) (providing categories of works of authorship to include literary works; musical works, including any accompanying words; dramatic works, including any accompanying music; pantomimes and choreographic works; pictorial, graphic, and sculptural works; motion pictures and other audiovisual works; sound recordings; and architectural works).

A copyright in a work subsists from its creation and generally endures for the life of the author and 70 years after the author's death. *See* 17 U.S.C. § 302(a). Civil remedies for copyright infringement include injunctive relief. 17 U.S.C. § 502(a). A copyright owner can also seek money damages from an infringer: either (1) his actual damages and any additional profits of the infringer, or (2) statutory damages, including a sum of not more than \$150,000 for willful infringement.¹ *See*

¹ Olive's petition seeks monetary relief over \$100,000 but not more than \$200,000. The record does not reflect the basis of this claim for damages or whether it is related to the statutory damages of not more than \$150,000 for willful infringement under 17 U.S.C. § 504(c)(2). *See generally* Thomas F. Cotter, *Do Federal Uses of Intellectual Property Implicate the Fifth Amendment?*, 50 Fla. L. Rev. 529, 562–63 (1998) (asserting that, because copyright is “nonrivalrous,” “[a]ll that the intellectual property owner loses” from the government's use of a copyright, “except in those rare circumstances in which government use destroys virtually all of the property's value, is some licensing revenue.”). “Nonrivalrous means that another person can use it without simultaneously depriving anyone else of its use.” *Id.* at 563.

17 U.S.C. § 504. Federal courts have original and exclusive jurisdiction of copyright claims, 28 U.S.C. § 1338(a), and all state-law claims arising under federal law relating to copyrights are preempted by federal law. 17 U.S.C. § 301(a); see *Butler v. Cont'l Airlines, Inc.*, 31 S.W.3d 642, 648–52 (Tex. App.—Houston [1st Dist.] 2000, pet. denied).

In the case of copyright infringement by a state actor, states have Eleventh Amendment immunity from a suit for money damages in federal court. See *Chavez v. Arte Publico Press*, 204 F.3d 601, 607–08 (5th Cir. 2000) (*Chavez III*) (discussed below) (in copyright-infringement action against University of Houston, holding that Copyright Remedy Clarification Act (CRCA), 17 U.S.C. § 511, which purported to abrogate Eleventh Amendment immunity and to provide for state liability for copyright infringement, was unconstitutional); see also *Allen v. Cooper*, 895 F.3d 337, 347–54 (4th Cir. 2018) (same), *pet. for cert. filed*, (U.S. Jan. 4, 2019) (No. 18-877); *Nat'l Ass'n of Bds. of Pharmacy v. Bd. of Regents of Univ. Sys. of Ga.*, 633 F.3d 1297, 1312–19 (11th Cir. 2011) (same); *Richard Anderson Photography v. Brown*, 852 F.2d 114, 120 (4th Cir. 1988) (holding that state university had Eleventh Amendment immunity against photographer's copyright-infringement action). See generally 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 12.01[E][2] (Rev. Ed. 2019); 6 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 21.88 (Mar. 2019). But a copyright owner can obtain prospective injunctive relief for copyright infringement by a state actor under the *Ex*

parte Young doctrine.² See, e.g., *Nat'l Ass'n of Bds. of Pharmacy*, 633 F.3d at 1307–12 (addressing claim for injunctive relief under *Ex parte Young* doctrine against state university for ongoing copyright infringement); *Hairston v. N.C. Agric. & Tech. State Univ.*, No. 1:04 CV 1203, 2005 WL 2136923, at *8 (M.D.N.C. Aug. 5, 2005) (“[T]he court finds that Plaintiff sufficiently alleges an ongoing violation of federal copyright law by Defendants, and the *Ex parte Young* doctrine therefore applies to his copyright infringement claim seeking prospective injunctive relief from Defendants.”).

Copyright infringement, whether common law or statutory, is a tort. *Porter v. United States*, 473 F.2d 1329, 1337 (5th Cir. 1973); *Ted Browne Music Co. v. Fowler*, 290 F. 751, 754 (2d Cir. 1923) (stating courts “have long recognized that infringement of a copyright is a tort”). Texas has not waived sovereign (governmental) immunity in the Texas Tort Claims Act for copyright infringement by a governmental unit. See TEX. CIV. PRAC. & REM. CODE § 101.021(1) (providing for limited waiver of governmental immunity for claims of property damage, personal injury, or death proximately caused by wrongful or negligent conduct of governmental employee arising out of (1) use of publicly owned motor-driven equipment or motor vehicle, (2) premises defects, and (3) conditions or uses of certain property); see also *Schneider v. Ne. Hosp. Auth.*, No. 01-96-01098-CV, 1998 WL 834346, at *2 (Tex. App.—Houston [1st Dist.] 1998, pet. denied) (not designated for

² *Ex parte Young*, 209 U.S. 123 (1908).

publication) (“It is up to the legislature to add the tort of trademark infringement to those torts for which immunity is statutorily waived.”). Nor has Texas waived its Eleventh Amendment immunity by consenting to suit in federal court for copyright infringement. *See generally Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 54–55, 67–72 & n.14 (1996)

Intellectual Property and Takings

In apparent recognition of the above legal landscape that forecloses a copyright owner’s claim for copyright infringement against a state actor, Olive has asserted his constitutional takings claims against the University. The Texas Constitution’s Takings Clause provides: “No person’s property shall be taken, damaged, or destroyed for or applied to public use without adequate compensation being made.” Tex. Const. art. I, § 17(a).³

The federal takings clause protects both real property and personal property. *Horne v. Dep’t of Agric.*, 135 S.Ct. 2419, 2425–26 (2015) (holding that raisins were subject of government taking: “The Government has a categorical duty to pay just compensation when it

³ The Fifth Amendment prohibits the taking of “private property [] for public use, without just compensation.” U.S. CONST. AMEND. V. Texas courts look to federal takings jurisprudence for guidance. *Sheffield Dev. Co. v. City of Glenn Heights*, 140 S.W.3d 660, 669 (Tex. 2004). The protections of the Texas Constitution’s Takings Clause are presumed to be coextensive with the federal protections, absent a showing that the Texas provision was intended to apply more broadly. *See Mayhew*, 964 S.W.2d at 932.

takes your car, just as when it takes your home.”). A copyright, which is intellectual property,⁴ is a protected property interest.⁵ *Nat’l Ass’n of Bds. of Pharmacy*, 633 F.3d at 1317; *see also* 17 U.S.C. § 201(d) (“The ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.”). *See generally* Pascale Chapdelaine, *The Property Attributes of Copyright*, 10 BUFF. INTELL. PROP. L.J. 34 (2014). But while a copyright is “property” or a protected “property interest” for due-process purposes, that does not necessarily mean that it is property for purposes of the takings clause. *See, e.g.*, Davida H. Isaacs, *Not All Property Is Created Equal: Why Modern*

⁴ Intellectual property is a “category of intangible rights protecting commercially valuable products of the human intellect,” and the “category comprises primarily trademark, copyright, and patent rights, but also includes trade-secret rights, publicity rights, moral rights, and rights against unfair competition.” *Intellectual property*, BLACK’S LAW DICTIONARY (10th ed. 2014).

⁵ Other types of intellectual property—patents, trademarks, and trade secrets—are recognized as “property” or a protected “property interest” for due-process purposes. *See Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Savs. Bank*, 527 U.S. 627, 642 (1999) (“Patents, however, have long been considered a species of property.”); *Coll. Savs. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 673 (1999) (“trademarks” are a “constitutionally cognizable property interest[.]” and “are the ‘property’ of the owner because he can exclude others from using them”); *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1002 (1984) (holding that trade secrets are property under applicable state law and subject to federal takings clause); *see also Schneider*, 1998 WL 834346, at *2 (“Clearly, a trademark is property.”).

Courts Resist Applying the Takings Clause to Patents, and Why They Are Right to Do So, 15 GEO. MASON L. REV. 1, 36 (2007) (“Being property is a necessary requirement for Takings Clause protection, but it is not a sufficient one.”).

In 2008, it was noted that whether copyright is property under the takings clause is “as yet unlitigated.”⁶ Tom W. Bell, *Copyright as Intellectual Property Privilege*, 58 SYRACUSE L. REV. 523, 538 (2008). *But see Porter*, 473 F.2d at 1337 (copyright “infringement is not a ‘taking’ as the term is constitutionally understood”) (discussed below). Relying on *Zoltek Corp. v. United States*, 442 F.3d 1345, 1350–53 (Fed. Cir. 2006) (holding that patent infringement by federal government does not constitute taking under Fifth Amendment), *cert. denied*, 551 U.S. 1113 (2007), *vacated on other grounds on reh’g en banc*, 672 F.3d 1309 (Fed. Cir. 2012), and the Supreme Court’s denial of certiorari in *Zoltek*, the

⁶ The Fifth Circuit has also pointed out this dearth of authority:

Copyrights are indeed a species of property, but the extent to which they are protectable against the states raises troubling issues. In *Seminole*, the Supreme Court noted the absence of caselaw authority over the past 200 years dealing with enforcement of copyrights in federal courts against the states. Surely this dearth implies that there has been no claim against states in the federal courts.

Chavez v. Arte Publico Press, 157 F.3d 282, 288 (5th Cir.) (*Chavez II*) (citing *Seminole Tribe*, 517 U.S. at 71 & n.16), *reh’g en banc granted and opinion vacated*, 178 F.3d 281 (5th Cir. 1998), *remanded to panel for reconsideration*, 180 F.3d 674 (5th Cir. 1999), *panel op. on reconsideration*, *Chavez III*, 204 F.3d 601.

author asserts that *Zoltek* “strongly suggests that the same outcome would obtain for copyrights.” Bell, 58 SYRACUSE L. REV. at 538; *see also* Isaacs, 15 GEO. MASON. L. REV. at 1–2, 6–17 (discussing *Zoltek*). *But see* Note, *Copyright Reform and the Takings Clause*, 128 HARV. L. REV. 973 (2015) (arguing that copyright should be protected by takings clause).⁷ The author further argues that the Supreme Court’s “definition of ‘property’ appears not to shelter copyright” because of its description of the sources of property interests protected from takings⁸

⁷ This Note collects, in addition to Cotter and Isaacs, other scholars’ articles on the subject of intellectual property and takings. Note, 128 HARV. L. REV. at 974 nn.12-13 (citing Christina Bohannon, *Reclaiming Copyright*, 23 CARDOZO ARTS & ENT. L.J. 567 (2006); Shubha Ghosh, *Toward a Theory of Regulatory Takings for Intellectual Property: The Path Left Open After College Savings v. Florida Prepaid*, 37 SAN DIEGO L. REV. 637 (2000); Roberta Rosenthal Kwall, *Governmental Use of Copyrighted Property: The Sovereign’s Prerogative*, 67 TEX. L. REV. 685, 755 (1989); Adam Mossoff, *Patents as Constitutional Private Property: The Historical Protection of Patents Under the Takings Clause*, 87 B.U. L. REV. 689 (2007); and John C. O’Quinn, *Protecting Private Intellectual Property from Government Intrusion: Revisiting SmithKline and the Case for Just Compensation*, 29 PEPP. L. REV. 435 (2002)).

⁸ “[P]roperty interests . . . are not created by the Constitution. Rather, they are created and their dimensions are defined by existing rules or understandings that stem from an independent source such as state law.” *Ruckelshaus*, 467 U.S. at 1001 (quoting *Webb’s Fabulous Pharmacies, Inc. v. Beckwith*, 449 U.S. 155, 161 (1980)) (quoting *Bd. of Regents v. Roth*, 408 U.S. 564, 577 (1972)).

and “copyrights exist only by the grace of the Constitution.”⁹ *Id.*

No Texas case appears to have addressed whether a copyright is property for purposes of the takings clause and whether copyright infringement by a state actor is a taking. The case closest on point is our unpublished 1998 decision in *Schneider*, 1998 WL 834346. There, after recognizing that a trademark is property, this court squarely held that a governmental entity’s (a hospital authority’s) “trademark infringement is not a compensable taking; thus, sovereign immunity is not waived on the basis of an unconstitutional taking.”¹⁰ *Id.* at *2. After noting that no authority classified trademarks as property for purposes of the takings clause, this court stated that, to the contrary, “there is authority that refutes such a classification” and cited *Porter* for the proposition that copyright infringement is not a taking.¹¹ *Id.* at *2 (citing *Porter*,

⁹ U.S. CONST. art. 1, § 8, cl. 8 (“The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries”).

¹⁰ A “trademark” is a “word, phrase, logo, or other sensory symbol used by a manufacturer or seller to distinguish its products or services from those of others.” *Trademark*, BLACK’S LAW DICTIONARY (10th ed. 2014).

¹¹ This court also cited *Garcia v. Peeples*, 734 S.W.2d 343 (Tex. 1987) (orig. proceeding) as supporting authority. *Schneider*, 1998 WL 834346, at *2. In *Garcia*, a product-liability suit, our supreme court rejected an automaker’s claim that a plaintiff’s shared discovery of the automaker’s trade secrets (which the court recognized as property) with only similarly situated litigants under a properly tailored protective order would be “an

473 F.2d at 1337). We therefore turn to *Porter* and the other federal cases relied on by the parties for their respective positions.

Porter v. United States

Porter involved in part a claim by Lee Harvey Oswald's widow for the diminution in the copyright value of Oswald's writings because of their publication in the Warren Commission report. *Porter*, 473 F.2d at 1336.

We turn finally to the question whether Mrs. Porter can recover for the diminution in value of Oswald's writings attributable to their publication in the Warren Commission Report. It is, of course, quite plain that the recovery sought here is for infringement by the government of Mrs. Porter's common law copyright interest in Oswald's writings. *Such infringement is not a "taking" as the term is constitutionally understood.* Rather, it has always been held that infringement of copyright, whether common law, *Twentieth Century Fox Film Corp. v. Dieckhaus*, 153 F.2d 893 (CA 8, 1948), or statutory, *Turton v. United States*, 212 F.2d 354 (CA 6, 1954) constitutes a tort.

Id. at 1337 (emphasis added). *But see Roth v. Pritikin*, 710 F.2d 934, 939 (2d Cir. 1983) ("An interest in a

unconstitutional deprivation of property" that "rises to the level of a constitutional taking." *Garcia*, 734 S.W.2d at 348 n.4.

copyright is a property right protected by the due process and just compensation clauses of the Constitution.”).

Olive characterizes *Porter* as anomalous¹² and as superseded by both the Supreme Court in *Horne* and the Fifth Circuit in *Chavez*. Because *Horne* involved the taking of raisins—which are tangible personal property, not intangible intellectual property—it is inapposite; further, it made no attempt to address intellectual property.

As noted above, *Chavez*, in part a copyright-infringement action against the University of Houston, held that Congress, by enacting the CRCA, could not subject states to suit in federal court for copyright infringement because of Eleventh Amendment immunity. *Chavez III*, 204 F.3d at 607–08. In passing on the constitutionality of the CRCA—*Chavez* was *not* a takings case—the court addressed copyright as property for due-process purposes and considered whether Congress could abrogate state Eleventh Amendment immunity under section 5 of the Fourteenth Amendment “to prevent states from depriving copyright holders of their property without due process of law.” *Id.* at 604; *see id.* at 605–07. In its analysis, the court stated that the “underlying conduct at issue here is state infringement of copyrights, rather than patents, and the ‘constitutional injury’ consists of possibly unremedied,

¹² We disagree that *Porter* is an anomaly, but because of its subject matter, it is undoubtedly *sui generis*.

or uncompensated, violation of copyrights by states.”
Id. at 605. The court then noted:

In *Chavez II*, we said that whether copyrights were a form of property protectable against the states raised troubling issues. The Supreme Court held in *Florida Prepaid* that patents are considered property within the meaning of the due process clause. *See Florida Prepaid*, 119 S.Ct. at 2208. Since patent and copyright are of a similar nature, and patent is a form of property protectable against the states, copyright would seem to be so too.

Id. at 605 & n.6.

We do not view *Chavez III* as superseding *Porter*; instead, these comments concerned due-process protection of property from deprivation, rather than from a taking, as did the Supreme Court’s due-process description of patents as property in *Florida Prepaid*. *See Fla. Prepaid*, 527 U.S. at 642 (“patents may be considered ‘property’ for purposes of our analysis”); *see also* Carlos Manuel Vazquez, *What is Eleventh Amendment Immunity?*, 106 Yale L.J. 1683, 1745 n.281 (1997) (“the Court has interpreted the term “property” in the Takings Clause more narrowly than the same term in the Due Process Clause”).

Chavez II touches on copyright as property for takings purposes, citing and discussing *Roth* (which we address below). *Chavez II*, 157 F.3d at 288. In dicta, and after distinguishing *Roth* because it was not a copyright-infringement action against a state and

after highlighting *Roth*'s statement as dicta,¹³ *Chavez II* noted—“[o]nly slightly more apropos of [*Roth*'s] discussion”—that the Supreme Court held that trade secrets are property protected by the Fifth Amendment takings clause in *Ruckelshaus v. Monsanto Co.* and that, “[b]y analogy, copyrights constitute intangible property that, for some purposes at least, receives constitutional protection.” *Chavez II*, 157 F.3d at 288 (citing *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1002 (1984) (holding that trade secrets are property under applicable state law and subject to federal takings clause). *Chavez II* thus stops short of stating that copyright is property protected by the takings clause and does not purport to supersede *Porter*'s contrary statement.

Roth v. Pritikin

Roth is Olive's principal authority for his contention that copyright is property protected by the takings clause, but on close examination, we find *Roth*'s statement to be both unsupported and dicta. Moreover, *Roth* did not involve a copyright-infringement claim against a state; it involved a dispute over *Roth*'s recipes that were used in a bestselling diet book. The 1977 oral contract to use *Roth*'s recipes provided for only a flat fee to *Roth* as a “writer for hire,” with her having no interest in the book's copyright and royalties, as found by the district court. *Roth*, 710 F.2d at 936. *Roth* argued

¹³ See *Chavez II*, 157 F.3d at 288 (“In *Roth*, the Second Circuit was speculating on the entirely different issue of. . .”).

that if an oral contract for payment for her recipes had been made in 1977, it was invalidated by the subsequent enactment of the Copyright Act of 1978, which she contended applied retroactively and which required a work-for-hire agreement with no ownership interest in a copyright to be expressly agreed to in a signed and written agreement.¹⁴ *Id.* at 938. The parties and the Second Circuit agreed that if the oral contract was governed by the law in effect in 1977, it properly divested Roth of any rights to a share of the book’s royalties that she might otherwise have possessed. *Id.* at 937 & n.3.

After affirming the district court’s finding of an enforceable oral contract, the Second Circuit rejected Roth’s contention that the Copyright Act of 1978 applied retroactively. *Id.* at 938–39. The court then ventured into admitted dicta,¹⁵ stating that “the language

¹⁴ See 17 U.S.C. § 201(b) (“In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright.”); 17 U.S.C. § 101 (defining “work made for hire” in part as “a work specially ordered or commissioned for use as a contribution to a collective work, . . . if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire”).

¹⁵ Dictum is “[a]n opinion expressed by a court, but which, not being necessarily involved in the case, lacks the force of an adjudication. . . .” *Seeger v. Yorkshire Ins. Co.*, 503 S.W.3d 388, 399 (Tex. 2016) (quoting *Grigsby v. Reib*, 153 S.W. 1124, 1126 (Tex. 1913)). “Obiter dictum [literally, “something said in passing”. *Obiter dictum*, BLACK’S LAW DICTIONARY (10th ed. 2014).] is not binding as precedent.” *Seeger*, 503 S.W.3d at 399. Judicial dictum

of the Act, its legislative history and rules of statutory interpretation are sufficient answers to Roth’s [retroactivity] claim,” but then noting “*en passant*,”¹⁶ that

adoption of her interpretation. . . . *would*, in addition, raise a serious issue concerning the Act’s constitutionality. See 1 *Nimmer on Copyright, supra*, at § 1.11. An interest in a copyright is a property right protected by the due process and just compensation clauses of the Constitution. See *Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 419, 102 S.Ct. 314 [3164], 73 L.Ed.2d [868] (1982); *Pruneyard Shopping Center v. Robins*, 447 U.S. 74, 82 n.6, 100 S.Ct. 2035, 2041 n.6, 64 L.Ed.2d 741 (1980). The agreement between Roth and the appellees, pursuant to which Roth surrendered any rights she might otherwise have obtained in the copyright, was valid

is “a statement made deliberately after careful consideration and for future guidance in the conduct of litigation,” and “[i]t is at least persuasive and should be followed unless found to be erroneous.” *Id.* (citations omitted).

¹⁶ Literally, “in passing.” *En passant*, Webster’s New Collegiate Dictionary (1981). In *Chavez II*, the Fifth Circuit pointed out Roth’s dicta, noting that “the Second Circuit was *speculating* on the entirely different issue of Congress’s inability to retroactively invalidate by statute certain pre-existing copyright contracts between private parties.” *Chavez II*, 157 F.3d at 288 (emphasis added). Also, we disagree with *Chavez II*’s likely inadvertent characterization of Roth’s copyright-takings statement as a *holding* because Roth’s statement is obiter dictum. See *Chavez II*, 157 F.3d at 288 (“one court of appeals has *held* that an interest in a copyright is protected by the Due Process and Just Compensation Clauses of the Constitution”) (emphasis added) (citing *Roth*, 710 F.2d at 939).

when it was entered into, and a subsequently enacted statute which purported to divest Pritikin and McGrady of their interest in the copyright by invalidating the 1977 agreement *could be viewed* as an unconstitutional taking. *See, e.g., Pennsylvania Coal Co. v. Mahon*, 260 U.S. 393, 43 S.Ct. 158, 67 L.Ed. 322 (1922); *Penn Central Transportation Co. v. New York City*, 438 U.S. 104, 98 S.Ct. 2646, 57 L.Ed.2d 631 (1978) [1978]; *see also* Michelman, *Property, Utility, And Fairness: Comments On The Ethical Foundations of “Just Compensation” Law*, 80 HARV. L. REV. 1165 (1967). *Resolution of this issue is not required for our holding, and will have to wait for an appropriate case.*¹⁷

Id. at 939 (emphases added).

As support for its statement that copyright is a property right protected by the just compensation clause, *Roth* cited two Supreme Court cases, neither of which involved intellectual property and copyright in particular and therefore do not support *Roth*'s proposition. *See id.* (citing *Loretto* and *PruneYard*). *Loretto* held that a New York law requiring a landlord to permit a cable television company to install its cable facilities on his property—a permanent physical occupation—was a “taking.” *Loretto*, 458 U.S. at 421, 441.

PruneYard upheld a state constitutional requirement that shopping center owners permit individuals to exercise free speech and petition rights on their

¹⁷ Neither *Pennsylvania Coal* nor *Penn Central* concern intellectual property and takings.

property, rejecting the owner's contention that it amounted to an unconstitutional infringement of property rights under the Fifth Amendment's Takings Clause. *PruneYard*, 447 U.S. at 82–84. Because “one of the essential sticks in the bundle of property rights is the right to exclude others,” the Court stated that there has literally been a “taking” of that right to the extent that the California Supreme Court has interpreted its state constitution to entitle its citizens to exercise free-expression and petition rights on shopping center property. *Id.* at 82. *Roth* cited footnote six in *PruneYard*, which discusses “property” as used in the Takings Clause to denote “the group of rights inhering in the citizen's relation to the physical thing, as the right to possess, use and dispose of it. . . . The constitutional provision is addressed to every sort of interest the citizen may possess.” *Id.* at 82 n.6 (quoting *United States v. Gen. Motors Corp.*, 323 U.S. 373, 377–78 (1945)).¹⁸ This weighty quotation also appears in *Ruckelshaus*, with the Court ascribing it to intangible property rights, 467 U.S. at 1003, but it does not suffice to compel takings protection to copyright. *See, e.g., PruneYard*, 447 U.S. at 82 (“not every destruction or injury to property by governmental action has been held to be a ‘taking’ in the constitutional sense”) (quoting *Armstrong v. United States*, 364 U.S. 40, 48 (1960)).

¹⁸ Like *PruneYard*, *General Motors* did not involve intellectual property. It concerned the Government's temporary condemnation of a warehouse held under a long-term lease during World War II. *See Gen. Motors*, 323 U.S. at 375.

Zoltek v. United States

As mentioned, in *Zoltek*, the Federal Circuit¹⁹ held that a patent holder could not allege patent infringement as a Fifth Amendment taking against the federal government under the Tucker Act.²⁰ *Zoltek*, 442 F.3d at 1350–53. The Federal Circuit relied on *Schillinger v. United States*, 155 U.S. 163 (1894), in which the Supreme Court rejected an argument that a patent holder could sue the government for patent infringement as a Fifth Amendment taking. *Zoltek*, 442 F.3d at 1350 (citing *Schillinger*, 155 U.S. at 169); *see id.* at 1351–52 (explaining that Congress enacted the Tucker Act in response to *Schillinger*).

Zoltek, a post-*Ruckelshaus* decision, stated unequivocally: “*Schillinger* remains the law.” *Id.* at 1350. The court noted that in *Ruckelshaus* (discussed below), the Supreme Court concluded that government interference with interests “cognizable as trade-secret property right[s]” could constitute a taking depending on the circumstances, but that *Ruckelshaus* did not

¹⁹ The Federal Circuit is a specialized appellate court that has exclusive nationwide jurisdiction of patent appeals and also takes appeals from the United States Court of Federal Claims. *See* 28 U.S.C. §§ 1292(c), 1295(a)(1), (3).

²⁰ 28 U.S.C. § 1491(a)(1) (providing limited waiver of sovereign immunity by the United States for certain claims in Court of Federal Claims), § 1498 (providing statutory remedy in Court of Federal Claims for federal government’s unlicensed use of patent or copyright). “Generally, compensation for a taking may be obtained under the Tucker Act, which confers jurisdiction on the United States Court of Claims.” *Gordon v. Norton*, 322 F.3d 1213, 1216 (10th Cir. 2003) (citing *Preseault v. Interstate Commerce Comm’n*, 494 U.S. 1, 11–12 (1990)).

overrule *Schillinger* and that *Schillinger* must be followed until it is overruled by the Supreme Court. *Zoltek*, 442 F.3d at 1352 & n.3 (citing and quoting *Ruckelshaus*, 467 U.S. at 1003–04). The Federal Circuit vacated its original decision on other grounds years later, see *Zoltek Corp. v. United States*, 672 F.3d 1309, 1322, 1327 (Fed. Cir. 2012), but its original decision remains persuasive and has been subsequently cited with approval and applied by the Federal Circuit. See *Gal-Or v. United States*, 470 F. App'x 879, 881–83 (Fed. Cir. 2012) (holding Court of Federal Claims correctly concluded that patent-infringement claim against federal government was not cognizable Fifth Amendment takings claim) (citing *Zoltek*, 442 F.3d at 1352–53); see also Bell, 58 SYRACUSE L. REV. at 538 (noting that Supreme Court's denial of certiorari in *Zoltek* “strongly suggests that the same outcome would obtain for copyrights”).

Zoltek also provides a segue to Olive's reliance on *James v. Campbell*, 104 U.S. 356, 26 L.Ed. 786 (1881), which he contends is Supreme Court precedent for his copyright-takings claim because it purports to protect patents from a government taking without just compensation. Olive points out that *Horne*, the raisin-takings case, states:

Nothing in this [Takings Clause] history suggests that personal property was any less protected against physical appropriation than real property. As this Court summed up in *James v. Campbell*, 104 U.S. 356, 358, 26 L.Ed.

786 (188[1]), a case concerning the alleged appropriation of a patent by the Government:

“[A patent] confers upon the patentee an exclusive property in the patented invention which cannot be appropriated or used by the government itself, without just compensation, any more than it can appropriate or use without compensation land which has been patented to a private purchaser.”

Horne, 135 S.Ct. at 2427. Olive further notes that subsequent Supreme Court cases have repeated the point in *James: Hollister v. Benedict & Burnham Mfg. Co.*, 113 U.S. 59, 67 (1885); *Wm. Cramp & Sons Ship & Engine Bldg. Co. v. Int’l Curtis Marine Turbine Co.*, 246 U.S. 28, 39–40 (1918); and *Hartford-Empire Co. v. United States*, 323 U.S. 386, 415 (1945). But we agree with the University that the Supreme Court has never definitively held that a patent holder’s recourse against the government for infringement is a *constitutional* takings claim.²¹ *Zoltek* noted as much, for it

²¹ The University asserts that *Horne*’s quotation from *James* is dicta, as *Horne* involved raisins, not patents, and that *Horne* makes no pretense of deciding any intellectual-property issue. See *Horne*, 135 S.Ct. at 2427. The University argues persuasively that, had the Court in *Horne* fully considered the issue, it would have realized that *James*’s dicta must be discounted because it came from a time when the federal takings clause was not understood to be self-executing and therefore routinely conflated a takings analysis with an implied contract with the government to pay the value of the property. See, e.g., *United States v. N. Am. Transp. & Trading Co.*, 253 U.S. 330, 335 (1920) (“The right to bring this suit against the United States in the Court of Claims

addressed *James* in addition to applying *Schillinger* to conclude that a patent-infringement claim against the federal government is not a cognizable Fifth Amendment takings claim:

²As the Supreme Court recognized at least as long ago as 1881, the patentee's recourse for infringement by the government is limited by the scope of the waiver of sovereign immunity established by the Congressional consent to be sued. "If the jurisdiction of the Court of Claims should not be finally sustained [to hear an infringement action against the government], the only remedy against the United States, unless Congress enlarges the jurisdiction of that court, would be to apply to Congress itself." *James v. Campbell*, 104 U.S. 356, 359, 26 L.Ed. 786 (1881).

....

In response to *Schillinger*, Congress provided a specific sovereign immunity waiver for a patentee to recover for infringement by the government. Had Congress intended to clarify the dimensions of the patent rights as property interests under the Fifth Amendment, there would have been no need for the new and limited sovereign immunity waiver. The

is not founded upon the Fifth Amendment, but upon the existence of an implied contract entered into by the United States; and the contract which is implied is to pay the value of property as of the date of the taking.") (citations omitted); *see also James*, 104 U.S. at 358–59 (noting that Court of Claims had been entertaining jurisdiction of claims for unauthorized use of patented inventions "upon the footing of an implied contract").

manner in which Congress responded to *Schillinger* is significant.

....

In sum, the trial court erred in finding that Zoltek could allege patent infringement as a Fifth Amendment taking under the Tucker Act, and we reverse.

Zoltek, 442 F.3d at 1349 & n.2, 1352–53; *see id.* at 1349–50 (“A patentee’s judicial recourse against the federal government, or its contractors, for patent infringement, is set forth and limited by the terms of 28 U.S.C. § 1498.”).

The University correctly asserts that the above quote from *James* is dicta—at least as to the existence of a viable Fifth Amendment takings claim—and that the subsequent cases introduced new dicta by parroting *James*’s dicta. *James*’s dicta about patents as property under the federal takings clause is divorced from its holding that the government was not liable for infringement because there was no valid patent. *See James*, 104 U.S. at 383. *Hollister* cited this dicta from *James* in an opinion that also found no valid patent and that specifically declined to dispose of the case on takings grounds.²² *Hollister*, 113 U.S. at 67, 71–73.

²² *Hartford-Empire* likewise quoted *James* in dicta because it did not concern the Fifth Amendment and held only that Congress had chosen not to make forfeitable patents that were involved in an antitrust violation. *Hartford-Empire*, 323 U.S. at 413–16. Olive also contends that the Supreme Court has held that trademark is protected by the federal takings clause, but that contention not only also relies on dicta but is incorrect. *See K Mart*

In *Zoltek*, the Federal Circuit noted that the Supreme Court in *Wm. Cramp* acknowledged that the Tucker Act was the sole remedy for the government's patent infringement. *Zoltek*, 442 F.3d at 1351 (stating that the 1910 [Tucker] Act "was intended alone to provide for the discrepancy resulting from the right in one case to sue on the implied contract and the non-existence of a right to sue" for infringement) (quoting *Wm. Cramp*, 246 U.S. at 41). *Zoltek* further noted that in *Wm. Cramp* and *Crozier v. Fried. Krupp Aktiengesellschaft*, 224 U.S. 290, 304 (1912), the Supreme Court "acknowledged Congressional recognition that the Court of Claims lacked Tucker Act jurisdiction over infringement under a takings theory." *Zoltek*, 442 F.3d at 1351 ("Moreover, discussing the state of the law before the 1910 [Tucker] Act, the *Crozier* court expressly noted that no patent infringement action could be brought against the government unless in the Court of Claims under a contract or implied contract theory.") (citing *Crozier*, 224 U.S. at 304).

In conclusion, and as partially explained by the Federal Circuit in *Zoltek*, the litany of Supreme Court decisions relied on by Olive did not recognize a *constitutional* takings claim for patent infringement. See *Zoltek*, 442 F.3d at 1350–53 & nn.2–3.

Corp. v. Cartier, Inc., 485 U.S. 176, 185–86 (1988) (stating that trademarks provide trademark owner with certain bundle of rights in context of decision not involving Fifth or Fourteenth Amendments); *Coll. Savs. Bank*, 527 U.S. at 673, 119 S.Ct. 2219 (quoting *Cartier* dicta to note that trademark may constitute property for purposes of due-process clause).

Ruckelshaus v. Monsanto Co.

Ruckelshaus, which held that trade secrets²³ are property under applicable state law and can be subject to the federal takings clause, is the only Supreme Court decision that has afforded takings protection to a form of intellectual property. *See Ruckelshaus*, 467 U.S. at 1002. At issue were EPA regulations requiring applicants for pesticide registration to disclose the applicant's health, safety, and environmental data that were trade-secret property rights under state law, with the disclosure potentially becoming available to the applicant's competitors. *Id.* at 992–98, 1001. The principal basis for this decision was the economic impact on the trade-secret owner and the impact's effect on the owner's investment-backed expectations. *See id.* at 1005, 1011–12.

Because of the intangible nature of a trade secret, the extent of the property right therein is defined by the extent to which the owner of the secret protects his interest from disclosure to others.

. . . .

With respect to a trade secret, the right to exclude others is central to the very definition of the property interest. Once the data that

²³ A trade secret is defined as “any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it.” *Ruckelshaus*, 467 U.S. at 1001 (quoting RESTATEMENT (FIRST) OF TORTS § 757 cmt. b (AM. LAW INST. 1939)).

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constitute a trade secret are disclosed to others, or others are allowed to use those data, the holder of the trade secret has lost his property interest in the data.^[15]

^[15] We emphasize that the value of a trade secret lies in the competitive advantage it gives its owner over competitors. Thus, it is the fact that operation of the data-consideration or data-disclosure provisions will allow a competitor to register more easily its product or to use the disclosed data to improve its own technology that may constitute a taking.

. . . .

The economic value of that property right lies in the competitive advantage over others that Monsanto enjoys by virtue of its exclusive access to the data, and disclosure or use by others of the data would destroy that competitive edge.

Id. at 1002, 1011–12 & n.15.

* * *

It is not in dispute that a copyright is property with value to its owner. As we stated, federal law protects this property interest by providing a statutory infringement cause of action and the recovery of substantial damages. *See* 17 U.S.C. §§ 501(a), 504.

Copyright protection “subsists . . . in original works of authorship fixed in any tangible medium of expression.” 17 U.S.C. § 102(a). This protection has never accorded the copyright owner complete control over all possible uses

of his work. Rather, the Copyright Act grants the copyright holder “exclusive” rights to use and to authorize the use of his work in five qualified ways, including reproduction of the copyrighted work in copies. *Id.*, § 106. All reproductions of the work, however, are not within the exclusive domain of the copyright owner; some are in the public domain. Any individual may reproduce a copyrighted work for a “fair use;” the copyright owner does not possess the exclusive right to such a use. Compare *id.*, § 106 with *id.*, § 107.^[24]

“Anyone who violates any of the exclusive rights of the copyright owner,” that is, anyone who trespasses into his exclusive domain by using or authorizing the use of the copyrighted work in one of the five ways set forth in the statute, “is an infringer of the copyright.” *Id.*, § 501(a).

Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 432–33 (1984). (footnotes omitted).

Olive does not allege that the University took his copyright interest; the only reasonable construction of Olive’s claim is that the University committed

²⁴ Under current law, the Copyright Act defines fair use as follows:

the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright.

17 U.S.C. § 107.

infringement. *See id.* Because copyright is nonrivalrous,²⁵ Olive never lost his right to use or license his photograph; the University’s infringement cost Olive a licensing fee. *See* Cotter, 50 FLA. L. REV. at 562–63; *see also* Note, 128 HARV. L. REV. at 985 n.109 (“As Professor Thomas Cotter has insightfully pointed out, the consequences of government use are very different for intellectual property because of its non-rivalrous nature: although the government’s use of physical property excludes the owner, government copyright infringement costs the owner no more than a licensing fee.”) (citing Cotter, 50 FLA. L. REV. at 562–63.). In these respects, copyright is distinguishable from a trade secret, which, if disclosed to others, results in a loss of the property interest and the economic value of the competitive advantage inherent in the trade secret. *See Ruckelshaus*, 467 U.S. at 1010.

Copyright infringement as alleged by Olive is “akin to a transitory common law trespass—a government interference with real property that may not amount to a taking at all.”²⁶ Note, 128 HARV. L. REV. at

²⁵ See n.1 *supra*.

²⁶ Similarly, property rights, including copyright, have been described as ownership of a bundle of rights or interests. *See Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 546 (1985) (“Section 106 of the Copyright Act confers a bundle of exclusive rights to the owner of the copyright.”); *see also Ruckelshaus*, 467 U.S. at 1011; Note, 128 HARV. L. REV. at 980; Chapdelaine, 10 BUFF. INTELL. PROP. L.J. at 51–61. “But the denial of one traditional property right does not always amount to a taking. At least where an owner possesses a full ‘bundle’ of property rights, the destruction of one ‘strand’ of the bundle is not a

985 n.109; *see id.* at 977 n.41 (“[N]ot every physical invasion amounts to a taking: a merely transitory invasion, akin to a common law trespass, may not amount to a taking at all.”) (citing *Hendler v. United States*, 952 F.2d 1364, 1377 (Fed. Cir. 1991)); *see Sony*, 464 U.S. at 433 (“anyone who trespasses into his exclusive domain by using or authorizing the use of the copyrighted work in one of the five ways set forth in the statute, “is an infringer of the copyright’”); *see also Dowling v. United States*, 473 U.S. 207, 217 (1985) (“The infringer invades a statutorily defined province guaranteed to the copyright holder alone. But he does not assume physical control over the copyright; nor does he wholly deprive its owner of its use.”).

Suppose, for example, that ten copies of a government manual take from a textbook an excerpt that is just too long to be a fair use. The act is an infringement but seems hardly more serious than a “truckdriver parking on someone’s vacant land to eat lunch.” *Hendler v. United States*, 952 F.2d 1364, 1377 (Fed. Cir. 1991).

Even if the government sets itself up as a competitor by producing a copyrighted work, there probably is not good reason to conclude automatically that the copyright has been “taken.” The copyright holder can still exclude all private competitors even as the government pirates the entirety of his work.

taking, because the aggregate must be viewed in its entirety.” *Andrus v. Allard*, 444 U.S. 51, 65–66 (1979).

Note, 128 HARV. L. REV. at 985 n.109 (citing Cotter, 50 FLA. L. REV. at 562–63.); cf. Vazquez, 106 Yale L.J. at 1745 n.281 (“the Court’s takings cases would appear to require the conclusion that a state’s infringement of a patent is not a ‘taking,’ as it does not ‘virtually destroy’ the property’s value”) (citing LAURENCE H. TRIBE, AMERICAN CONSTITUTIONAL LAW § 9-3, at 593 (2d ed. 1988)).

To summarize, legal scholars are divided on whether copyright should be protected from government takings, and legal authority is scant. This court’s unpublished opinion in *Schneider* held that trademark infringement is not a taking. *Schneider*, 1998 WL 834346, at *2. In the unique *Porter* case, the Fifth Circuit stated that infringement of a common law copyright was not a taking. *Porter*, 473 F.2d at 1337. In *Ruckelshaus*, the Supreme Court held that trade secrets can be subject to the federal takings clause. *Ruckelshaus*, 467 U.S. at 1002. But in the Federal Circuit’s vacated, post-*Ruckelshaus* *Zoltek* decision on which the Supreme Court denied certiorari, it held that patent infringement by the federal government does not constitute a taking. *Zoltek*, 442 F.3d at 1350–53. Patents and trademarks, as species of intellectual property, are more similar to copyrights than trade secrets.

Based on this authority, we hold that the Olive’s takings claim, which is based on a single act of copyright infringement by the University, is not viable. We sustain in part the University’s first and second issues, and we conclude that the trial court erred in denying

the University’s plea to the jurisdiction. This opinion should not be construed as an endorsement of the University’s alleged copyright infringement,²⁷ and as discussed, copyright owners can seek injunctive relief against a state actor for ongoing and prospective infringement. Instead, in the absence of authority that copyright infringement by a state actor presents a viable takings claim, and based on the contrary persuasive authority cited above, we decline to so hold.

Conclusion

Because Olive has not pleaded a viable takings claim, the trial court should have granted the University’s plea to the jurisdiction and dismissed Olive’s takings claims for lack of subject-matter jurisdiction. We vacate the trial court’s order denying the University’s

²⁷ See *Harris Cty. Flood Control Dist. v. Kerr*, 499 S.W.3d 793, 804-05 (Tex. 2016) (noting that where government action harms an individual, “[o]ne’s normal reaction is that he should be compensated therefor. [But,] [o]n the other hand, the doctrine of the non-suability of the state is grounded upon sound public policy. If the State were suable and liable for every tortious act of its agents, servants, and employees committed in the performance of their official duties, there would result a serious impairment of the public service and the necessary administrative functions of government would be hampered.”) (quoting *Tex. Highway Dep’t v. Weber*, 219 S.W.2d 70, 71–72 (Tex. 1949)); see also *Hillman v. Nueces Cty.*, ___ S.W.3d ___, ___, 2019 WL 1231341, at *6 (Tex. Mar. 15, 2019) (quoting truism that, “just as immunity is inherent to sovereignty, unfairness is inherent to immunity.”) (quoting *City of Galveston v. State*, 217 S.W.3d 466, 480 n.38 (Tex. 2007) (Willett, J., dissenting)).

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plea to the jurisdiction and dismiss this cause for lack of subject-matter jurisdiction.

Richard Hightower
Justice

Panel consists of Chief Justice Radack and Justices Higley and Hightower.

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[SEAL]

JUDGMENT

**Court of Appeals
First District of Texas**

NO. 01-18-00534-CV

UNIVERSITY OF HOUSTON SYSTEM,
Appellant

V.

JIM OLIVE PHOTOGRAPHY, D/B/A
PHOTOLIVE, Appellee

Appeal from the 295th District Court of
Harris County. (Tr. Ct. No. 2017-84942).

(Filed Jun. 11, 2019)

This case is an interlocutory appeal from the order signed by the trial court on May 30, 2018. After submitting the case on the appellate record and the arguments properly raised by the parties, the Court holds that there was reversible error in the trial court's order that denied the appellant's plea to the jurisdiction. Accordingly, the Court **reverses** the trial court's order. The Court further **renders** judgment dismissing the appellee's case.

The Court **orders** that the appellee, Jim Olive Photography, D/B/A Photolive, pay all appellate costs.

The Court orders that this decision be certified below for observance.

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Judgment rendered June 11, 2019.

Panel consists of Chief Justice Radack and Justices Higley and Hightower. Opinion delivered by Justice Hightower.

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NO. 2017-84942

Jim Olive Photography,	§	IN THE DISTRICT
d/b/a Photolive, Inc.,	§	COURT OF
Plaintiff,	§	
v.	§	HARRIS COUNTY,
The University of	§	TEXAS
Houston System,	§	
Defendant.	§	295TH JUDICIAL
	§	DISTRICT

**ORDER DENYING DEFENDANT'S
PLEA TO THE JURISDICTION**

(Filed Apr. 9, 2018)

[~~On this day eC~~]ame on to be heard Defendant The University of Houston System's ("Defendant") Plea to the Jurisdiction. After having considered the Plea, Plaintiff's Response, [the Reply,] the applicable law, and arguments of counsel, the Court is of the opinion that Defendant's Plea to the Jurisdiction should be DENIED.

IT IS THEREFORE ORDERED that Defendant's Plea to the Jurisdiction is DENIED.

SIGNED on this the 30th day of May, 2018.

/s/ Caroline Baker
The Hon. Caroline E. Baker
