

No. _____
In the
Supreme Court of the United States

SPRINGBOARDS TO EDUCATION, INC.,
Petitioner

v.

IDEA PUBLIC SCHOOLS, Respondent

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

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

This petition presents a case of trademark infringement dismissed by the District Court and upheld by the Fifth Circuit on unadvocated grounds. The questions presented are:

1. Whether the legal reasoning used to evaluate the issue of trademark infringement was subjective, incomplete, and failed to address the record and the legal standards.
2. Whether the Fifth Circuit used the incorrect legal standard for a consumer, which was overly narrow and inconsistent with judgments from other circuits. *See Springboards to Educ., Inc. v. IDEA Publ. Sch.*, No. 21-40334 (5th Cir. Mar. 8, 2023) at 17. In six other circuits, case law does not limit the definition of a consumer to whom the likelihood of confusion analysis is applied to although two circuits have misapplied limiting language in opinions, as detailed in the petition.

CORPORATE DISCLOSURE STATEMENT

Pursuant to Rule 29.6 of the Rules of the Supreme Court of the United States, effective January 1, 2023, no parent or publicly owned corporation owns 10% or more of the stock in Springboards to Education, Incorporated.

RELATED PROCEEDINGS

Springboards to Education, Inc. v. McAllen Independent School District, No. 1-40333, Fifth Circuit Court of Appeal, judgment entered March 8, 2023. Petition for writ of certiorari filed June 5, 2023.

Springboards to Education, Inc. v. Mission Independent School District, No. 21-40337, Fifth Circuit Court of Appeal, judgment entered April 26, 2023. Petition for certiorari in process, due July 25, 2023.

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I. PETITION FOR A WRIT OF CERTIORARI

Petitioner, Springboards to Education Inc. (Springboards), is an educational program developer, with federally-registered and common-law slogans identifying its reading program (the “Campaign”). IDEA Public Schools is a nonprofit corporation that operates charter schools and used, distributed, and marketed a reading program that copied Springboards’ Campaign and used their trademarks without permission, resulting in consumer confusion.

II. OPINIONS BELOW

The decision by the Fifth Circuit denying the rehearing is unreported as *Springboards to Educ., Inc. v. IDEA Public Sch.*, No. 21-40333, (5th Cir. April 4, 2023) attached at Appendix A.

The decision by the Fifth Circuit upholding the order to dismiss is unreported as *Springboards to Educ., Inc. v. IDEA Public Schools*, No. 21-40334, (5th Cir. Mar 8, 2023) attached at Appendix B.

The Southern District-McAllen order dismissing the case is unreported as *Springboards to Educ., Inc. v. IDEA Public Schools*, No. 7:16-cv-617, (S.D.Tx. Mar 30, 2021) attached at Appendix C.

III. JURISDICTION

The Fifth Circuit entered judgment on IDEA March 8, 2023. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

IV. CONSTITUTIONAL AND STATUTORY PROVISIONS

This case involves the unauthorized infringement of several registered trademarks, protected by the United States Constitution, Article I, Section 8, Clause 8, giving Congress the 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. U.S. Const. art. I, § 8, cl. 8. Registered trademark protections codified in 15 U.S.C. § 1114(1)(a)-(b), are attached in the Appendix, and referenced throughout this petition.

V. STATEMENT OF THE CASE

The basis for the federal jurisdiction in the court of first instance, the Southern District of Texas -McAllen (Southern District-McAllen), was federal trademark infringement. The Fifth Circuit Court of Appeals decision is in conflict with the record and six circuit courts.

Springboards holds three¹ registered trademarks for academic reading programs

¹ At the time the case was filed in 2016 the Petitioner held five registered trademarks, but only three federal mark registrations are currently active. Appellant missed the deadline to file its Sections 8 and 9

that were protected by the Lanham Act 15 U.S.C. § 1114 and infringed by the Respondent. The Respondent knowingly misappropriated the reading program for use in its schools without permission from the Springboards for years, even though Springboards told various educators and administrators working at IDEA Public Schools (IDEA) to stop their infringement. Springboards sued for trademark infringement. The District Court granted IDEA's Motion to Dismiss and the Appellate Court affirmed on "unadvocated grounds supported by the record". *Springboards to Educ., Inc. v. IDEA Publ. Sch.* No. 21-40334 (5th Cir. Mar 8, 2023) at 15.

The District Court found the Defendant entitled to sovereign immunity. Transcript of Record at 7:1-4, *Springboards to Edu., Inc. v. IDEA Publ. Sch.*, No. 7:16-cv-617 (S.D.Tx. Mar 30, 2021) Doc.# 196. The Fifth Circuit disagreed on immunity but affirmed the dismissal by relying on limitations on the word "consumer" used in the District Court's likelihood of confusion analysis in another case. The likelihood of confusion analysis used in trademark cases is "a mixed question of fact and law." *General Motors Corp. v. Lanard Toys, Inc.*, 468 F.3d 405, 412 (6th Cir. 2006). The factors involved are similar but not exactly the same across the Circuits. The

statements but still holds common-law rights in those marks.

analysis includes either 7, 8, or 6 factors used by the Fifth, Sixth, and the Eight Circuits respectively.²

This case presents two recurring questions of great importance. The Fifth Circuit referenced summary judgment motions on the record in their decision³ but failed to follow the correct summary judgment standard for trademark cases. In doing so it entered a decision in conflict with the United States Supreme Court and Appellate Courts in the Second, Fifth, Sixth, Seventh, Eighth, and Eleventh Circuits, respectively:

1. When is it appropriate to dismiss a trademark infringement case based on summary judgment arguments, but not applying the standard a reasonable jury could find for the nonmoving party and viewing all inferences in the light most favorable to the nonmoving party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986) and *Matsushita*

² *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 193 (5th Cir. 1988) references seven factors in the likelihood of confusion analysis: (1) type of trademark, (2) similarity between marks, (3) similarity of products or services, (4) identity of retail outlets and purchasers, (5) identity of advertising media, (6) defendant's intent, and (7) any evidence of actual confusion.

Old Detroit Burger references the Sixth Circuit's eight factors for analyzing the likelihood of confusion.

Star Buffet, Inc. Cites the Eighth Circuit's six factors in the likelihood of confusion analysis.

³ *Springboards to Educ., Inc. v. IDEA Publ. Sch.*, No. 21-40334, (5th Cir. Mar 8, 2023) n.9.

Elec. Indus. Co. v. Zenith Radio, 475 U.S. 574, 587 (1986). In trademark cases specifically, when is summary judgment is appropriate, if ever. *Society of Financial Examiners v. National Ass'n of Certified Fraud Examiners Inc.*, 41 F.3d 223, 224 (5th Cir. 1995) (“fact-intensive inquiries cannot be conducted properly without a trial. The district court’s [summary judgment dismissal was]... reversed”.)

2. Who is the proper target in a “likelihood of confusion” analysis used to determine whether a prima facie case of trademark infringement exists under the Lanham Act and case law.

The Fifth Circuit called this a case of “déjà vu all over again”. *IDEA*, No. 21-40334 at 18. Springboards agrees. Several cases have suffered the same fate of dismissal at the District and Appellate Court levels based on their use of an incorrect standard and incorrect rule of law that requires an exercise of the United States Supreme Court’s supervisory power.

District Courts in the Southern District of Texas-Houston (Southern District-Houston) and the Southern District-McAllen disposed five Springboards cases between 2018 and 2021, four cases at summary judgment, plus the present case. The “unadvocated grounds supported by the record” in the present case are consistent with the reasoning for the other related summary judgments supported by the Fifth Circuit. *Id.* at 15. The first case was

Springboards to Educ., Inc. v. Houston Indep. Sch. Dist., 912 F.3d 805 (5th Cir. 2019) (“*HISD*, 912”). The Fifth Circuit affirmed summary judgment on alternate grounds in 2019.

In three summary judgment orders issued at the same time and the in the same hearing as the present motion to dismiss, the District Court used *HISD*, 912 as precedent for the standard not used in other trademark cases in this, and other, circuits.⁴ *HISD*, 912 departed from other circuits in identifying who to include in the likelihood of confusion analysis.

Next, we must identify the class of consumers at risk of confusion and the point in the transaction at which the risk of confusion arises. See *Astra Pharm. Prods., Inc. v. Beckman Instruments, Inc.*, 718 F.2d 1201, 1206 (1st Cir. 1983) (“If likelihood of confusion exists, it must be based on the confusion of some relevant person; i.e. , a customer or purchaser.”); accord *Elec. Design & Sales, Inc. v. Elec. Data Sys. Corp.*, 954 F.2d 713, 716 (Fed. Cir. 1992). ... The relevant risk of confusion is not as clear in this case.

⁴ *Springboards to Edu., Inc. v. IDEA Publ. Sch.* No. 21-40334 (5th Cir. Mar. 8, 2023) at 16, 17, 18, 19, 20, n. 7, n.8 (referencing the reasoning in *HISD*, 912 for IDEAs likelihood of confusion analysis, “nothing material separates this case from its predecessors” at 18.). *Springboards to Edu., Inc. v. Mission Consolidated Ind. Sch. Dist.*, No. 21-40337 (5th Cir. Apr. 26, 2023) at 3. (“Consistent with our precedent, we affirm.”)

Springboards' business model is premised on marketing the Read a Million Words campaign to school districts and selling those districts the products and services needed to implement the campaign. But Springboards does not allege that HISD directly competed with it by marketing the Houston ISD Millionaire Club to outside school districts.

HISD, 912 at 812-814 (emphasis added). HISD created an unnecessary matrix of obstacles to survive summary judgment (1) the "class of consumers at risk", (2) the point in the transaction and (3) "some relevant person". This analysis was relied on by the Courts in the present case. Use of a relevant person is inconsistently applied between the circuits.

Springboards suggests HISD's students and their-parents might have been confused into thinking that HISD was using Springboards' program instead of its own. Regardless of whether that might have been the case, HISD's students and their parents are not the appropriate focus of the likelihood-of-confusion analysis.

HISD, 912 at 812-813 (emphasis added). HISD excluded students, parents, and other witnesses from their confusion analysis, and following their lead, so did the Southern District-McAllen and the Fifth Circuit in the

present case. Students are the end users, the most relevant and important consumer in the analysis, and literally the only people who “consume” the product. Parents and teachers have integral roles to the success of the programs. Excluding students from the consumer analysis in a reading program is balderdash. The Fifth Circuit analysis may be appropriate if the Defendants were producing and marketing accounting software or other goods and services that are not consumed by students, but it is inappropriate when evaluating the likelihood of confusion analysis for a product or service such as a reading program. In fact, it is the students and parents that provide the demand for the product and service itself. Other Circuits disagree on narrowly defining the consumer and focus on the defendant actions.

(T)here is some risk that if HISD’s literacy program were inferior to Springboards’ literacy program, then Springboards’ potential customers might be deterred from purchasing Springboards’ products and services by a mistaken association between HISD and Springboards. This would be actionable. We therefore focus our digits-of confusion analysis on whether there is a probability that HISD’s use of “Houston ISD Millionaire Club” would confuse third-party educators into believing that Springboards is affiliated with Houston’s summer-reading program.

HISD, 912 at 814 (emphasis added). *HISD* further limited the likelihood of confusion analysis to a hypothetical “third party educators” with a “probability of being potential consumers” and not already doing business with Springboards, excluding all other users and consumers directly impacted by the infringement. *Id.* There is no support for limiting this analysis—in fact, if those already purchasing Springboards’ program were to see *IDEA*’s inferior products and services and equate them with Springboards’, they may decide to find another vendor for such a reading program—thereby harming Springboards’ reputation and income. *HISD*’s analysis replaced actual confused consumers with hypothetical people, and the Southern District-McAllen and the Fifth Circuit used this narrow definition and dismissed the current case. This case is a superior vehicle for resolving an existing conflict in the Circuit and District Courts in trademark cases, when addressing the likelihood of confusion in the minds of potential consumers. This Court should grant certiorari, reverse, and remand to trial.

VI. REASONS FOR GRANTING THE WRIT

The Fifth Circuit upheld the Motion to Dismiss based on unadvocated grounds allegedly supported by the record and separate

summary judgment reasoning⁵ in error because first, the record does not support summary judgment in favor of the Defendant, second, the Court used a narrow definition departing from decisions by the Supreme Court, as well as seven circuits courts interjecting one crucial word in the analysis that confuses the analysis and sounds a death knell for most cases undergoing it.

A. The Appellate Court Burden is not met.

Even though the Fifth Circuit ruled on a Motion to Dismiss⁶, we urge the Court to use the summary judgment standard in reviewing the judgment, because in all fairness the Fifth Circuit went off-script and treated the Motion like a summary judgment, but failed to apply the summary judgment standard. The Fifth Circuit dismissed on “unadvocated grounds supported by the record” stating “the record shows no risk of confusion”, “for substantially the same reasons (as the other Defendant MISD),” and referenced “fully briefed motions

⁵ IDEA 21-40334 at 15 and n.9

⁶ The Southern District-McAllen “Order of Dismissal”, *IDEA* 7:16-CV-00617, docket #195, dated March 30, 2021 references IDEA’s docket #165. Docket #165 dated April 10, 2020 is the Defendant’s “Renewed Motion to Dismiss Pursuant to Federal Rule of Civil Procedure 12(b)(1)”, entirely arguing jurisdiction, with no summary judgment arguments on the merits of the trademarks. Fifth Circuit denied the jurisdiction argument in *IDEA* 21-40334 (Mar 8, 2023) and upheld on a basis not presented by the Defendant or the Court, and not related to sovereign immunity.

for summary judgment”. *IDEA* 21-40334 at 15, 20, n.9.

On March 30, 2021, the District Court issued judgments to four defendants, three summary judgments and one motion to dismiss to IDEA.⁷ The District Court granted IDEA’s Motion based solely on eleventh amendment sovereign immunity.⁸ The Fifth Circuit strongly disagreed with sovereign immunity⁹ finding. It is an unscrupulous farce for the Fifth Circuit to rule for Springboards on the only issue that IDEA argued, rule against Springboards on arguments not made by the Defendant or the Court, reach back into the record to summary judgment motions filed 13 months before the District Court Order¹⁰, but not use the summary judgment standard. We urge the Supreme Court to correctly apply

⁷ The other three cases were *Springboards to Educ., Inc. v. McAllen* 7:16-cv-523 (S.D.Tx. Mar. 30, 2021)(“MISD 523”), *Springboards to Educ., Inc. v. Mission* 7:16-cv-527 (S.D.Tx. Mar. 30, 2021) (“MCISD 527”), *Springboards to Educ., Inc. v. PSJA* 7:16-cv-524 (S.D.Tx. Mar. 30, 2021)(“PSJA 524”).

⁸ Hearing transcript of Court’s reasoning for granting the Motion to Dismiss provided in *Springboards to Educ., Inc. v. IDEA* 7:16-cv-617 (S.D.Tx. Mar. 30, 2021)(“IDEA 617”) Doc. #196, p. 7, ln.2-4, and *Ibid* Doc. #195 with the Order of Dismissal.

⁹ *IDEA* 21-40334 at 13.

¹⁰ Prior to the District Court order in March 2021, which was only based on the Motion to Dismiss, the Defendant’s Renewed Motion for Summary Judgment was filed in April 2020. The District Court did not rule on the Motion for Summary Judgment. The District Court only ruled on the Motion to Dismiss. *IDEA* 7:16-cv-617(S.D.Tx Mar 30, 2021).

the summary judgment standard and remand this case.

Departing from the Supreme Court and three Circuit Courts, the Fifth Circuit upheld the District Court judgment even though Springboards provided evidence of actual confusion. The Seventh Circuit confirmed that any evidence of confusion is substantial evidence of a likelihood of confusion. In *Tisch Hotels, Inc. v. Americana Inn, Inc.*, 350 F.2d 609 (7th Cir. 1965) and "likelihood of confusion can be proved without any evidence of actual confusion." *Id.* at 12.

Using Supreme Court standards, the evidence in the present case was sufficient to survive summary judgment and the summary judgment standard should apply. A dispute regarding a material fact is "genuine" if the evidence is such that a reasonable jury could return a verdict in favor of the nonmoving party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). The Fifth Circuit failed to weigh the evidence in the light most favorable to Springboards by restricting the consumer definition in the confusion analysis and disregarding evidence of actual confusion.

The Ninth Circuit overturned summary judgment based on the narrow definition of consumer, exactly like the present case. In *Rearden LLC v. Rearden Commerce, Inc.*, 683 F.3d 1190 (9th Cir. 2012) the Court of Appeals vacated judgment in a trademark violation case. "The District Court likewise concluded that it would be unreasonable for a finder of

fact to find that the relevant consuming public has experienced any real confusion. It explained, *inter alia*, that nearly every example of purported confusion in the record involved a vendor or an industry insider of some sort, while the critical determination is whether prospective purchasers are likely to be deceived, regardless of the experiences of vendors, industry insiders, and job-seekers. The District Court therefore went on to reject Appellants' argument that confusion on the part of investors, vendors, and suppliers can support a finding of infringement even in the absence of any evidence of actual consumer confusion." *Rearden LLC* at 1199. (emphasis added). This is the exact erroneous reasoning used in the present case and overturned by the Ninth Circuit which found "genuine issues of material fact with respect to both the 'use in commerce' and 'likelihood of confusion' elements of Appellants' Lanham Act trademark claim..." and reversed summary judgment. *Id.* at 1219.

The Ninth Circuit affirmed summary judgment "[I]n cases where the evidence is clear and tilts heavily in favor of a likelihood of confusion, we have not hesitated to affirm summary judgment on this point." *Reardon LLC* citing *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1075 (9th Cir.2006) ((citing *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1019 (9th Cir.2004)); *Survivor*, 406 F.3d at 630–35. On the other hand, "[w]e have cautioned that

district courts should grant summary judgment motions regarding the likelihood of confusion sparingly, as careful assessment of the pertinent factors ... determining likelihood of confusion usually requires a full record.” *Thane Int’l, Inc. v. Trek Bicycle Corp.*, F.3d, 894, 901–02 (9th Cir.2002) (emphasis added). In other words, “[b]ecause the likelihood of confusion is often a fact-intensive inquiry, courts are generally reluctant to decide this issue at the summary judgment stage.” *Automotive*, 457 F.3d at 1075 (citing *Thane*, 305 F.3d at 901–02)); see also, e.g., *Fortune*, 618 F.3d at 1039.

In *Kubota Corp. v. Shredderhotline.com Co.*, Case No. 12 C 6065 (N.D. Ill. Nov. 20, 2013) the Court denied the Plaintiff’s summary judgment motion in a trademark dispute claim. The Seventh Circuit states “that a question of fact may be resolved on summary judgment only ‘if the evidence is so one-sided that there can be no doubt about how the question should be answered.” *Kubota* 14 citing *AutozZone, Inc. v. Strick*, 543 F.3d 923, 929 (7th Cir. 2008). Unlike *Kubota*, Springboards provided confusion testimony from an abundance of witnesses, including parents, employees of the Respondent and other professionals in the industry. In *Kubota* the confusion witness’s “belief as to the likelihood of confusion among consumers is undercut by the fact that he is not a consumer, but an employee of (the Plaintiff). Equally important, Plaintiffs fail to point to any other

evidence or argument that consumers are likely to be confused about the origin of the parties' products, which is ultimately a question of fact for the jury.” *Id.* at 14. In Springboards’ cases the confusion witnesses included the Defendant’s employees and various end-users.

In *Star Buffet, Inc. v. TGB Glory, LLC*, Case No. 4:17CV00533 SWW (E.D. Ark. Mar. 29, 2019) the Defendant’s summary judgment was denied in a trademark case because the likelihood of confusion was determined to be a genuine issue of fact. *Id.* at 19. “In the light most favorable to (the Plaintiff), the Court finds questions for trial as to (intent)” *Id.* at 17. In *Star Buffet* the Defendant intent was not sufficient to dismiss the Plaintiff on summary judgment, it was a matter for trial. *Id.* at 17. (“given the stark similarities between the restaurants and viewing the evidence in a light most favorable to (Plaintiff), the Court finds questions for trial as to whether Defendants intended to have consumers associate their (business) with Plaintiffs”). *Id.* at 18. Unlike the present case, where the Court cited intent as a factor in favor of the Defendant (despite conflicting evidence in the record) after concocting an impossible standard for the Petitioner to achieve, the Eighth Circuit explained the factors of a likelihood of confusion analysis “do not operate in a mathematically precise formula; rather, we use them at the summary judgment stage as a guide to determine

whether a reasonable jury could find a likelihood of confusion.” *Id.* at 13 (emphasis added). The error in the decision below is clear – Springboards more than made its case that confusion was likely, and in fact, actually apparent.

B. Summary Judgment Evidence

The instant case is set apart from any of the Springboards cases that have come before the Fifth Circuit because within the record lies directly-conflicting, fully-briefed motions for summary judgment that show the multitude of fact issues. Springboards presented at least four witnesses who attested to actual consumer confusion. Loyda Espinoza, Monica Moreno, Maria Vega and Victor Saenz testified that they encountered IDEA’s infringing program that copied Springboards’ protected trademarks and trade dress and were confused as to their source. The Court made fact determinations and misapplied summary judgment and the likelihood of confusion standards.

Springboards filed Motion for Summary Judgment (“MSJ”) on December 6, 2019. *See* Springboards’ Motion for Summary Judgment *Springboards to Educ., Inc. v. IDEA* 7:16-617 (S.D.Tx Mar. 29, 2021)(Doc.# 136). IDEA filed Motion on December 7, 2019. IDEA’s MSJ was full of conclusory allegations regarding the strength of the mark. *See* IDEA’s Motion for Summary Judgment *Springboards to Educ., Inc. v. IDEA* 7:16-617 (S.D.Tx Mar. 29,

2021)(Doc.# 138 at 13.) Springboards included evidence of its celebrations attracting such talent as Dove Cameron and Eva Longoria and Sabrina Carpenter. See Springboards' MSJ *Springboards to Educ., Inc. v. IDEA* 7:16-617 (S.D.Tx Mar. 29, 2021) (Doc.# 136 at 207 and 209). Also included was evidence of Springboards' reach across the globe, including in Kenya. See *Id.* (Doc.# 136 at 245). IDEA focused on a collection of uses that predated Springboards' use. These uses were nominative or merely phrases that used the word "million"—but not in any trademark sense. See *Id.* (Doc.# 138 at 14-16). IDEA attempted to confuse *any* use of a phrase as a bar to a later claim of trademark protection. Further, Moreno testified as to the source-identifying quality of Springboards' marks:

Q. (BY MR. HOFFER:) So Millionaire Reader refer to the child or some company like Springboards?

A. (THROUGH THE INTERPRETER:) No. I know that Millionaire Reader, that Springboards created it. They created the program called Millionaire Reader. Then that is what motivates the children to do everything towards year-end towards all of the children.

Id. (Doc.# 136 at 96).

IDEA attempted to use self-serving testimony by its former CEO, Tom Torkelson (recently asked to resign from his position by

IDEA's board) to prove that it had independently produced the infringing programs. See IDEA's MSJ *Springboards to Educ., Inc. v. IDEA* 7:16-617 (S.D.Tx Mar. 29, 2021)(Doc.# 138 at 15.) However, a former IDEA employee testified by declaration that he worked for IDEA in 2015 when they distributed and used the Millionaire Reader program at the school, however it was not the one produced by Springboards. Vega, an educator at Edinburg ISD testified that she saw students from other schools that had not purchased the program showing up at events with knockoff Millionaire Reader certificates. Moreno testified that she saw posts by IDEA on Facebook touting a Millionaire Reader reading campaign that she believed was Springboards due to IDEA's copying of the trademark limo and red-carpet events that Springboards would hold for its Millionaire Readers. See *Id.* (Doc.# 136 at 91) and Appendix H. She also testified that Springboards' goods attracted parents and students due to their heightened level of quality. See *Id.* (Doc.# 136 at 96) and she believed IDEA had purchased—and was thus promoting— Springboards' Campaign because she knew that Springboards' Campaign was customizable. See *Id.* (Doc.# 136 at 101). This was because districts such as Edinburg ISD would purchase the Campaign and have it personalized with their school name. See Appendix E

Even employees for IDEA provided testimony that would give a reasonable jury sufficient grounds to find intent. Loyda Espinoza, a teacher for IDEA, testified that IDEA changed the name from “Millionaire Reader” to “Royal Reader” after IDEA received notice of the instant lawsuit. *See Id.* (Doc.# 136, App. E at 64).¹¹ She further testified that she had never heard of any other reading program using the word “millionaire” prior to IDEA starting its program in 2015. *See Id.* (Doc.# 136, App. E at 67). Torkelson, Gonzalez and Espinoza all testified to the fact that IDEA produced goods such as trophies, medals and book bags that used Springboards’ protected phrases *See Id.* (Doc.# 136, App. E at 119 (Torkelson), 46 (Gonzalez), 52 and 72 (Espinoza)) See also, Appendix G. They all testified that IDEA threw the red carpet and limo parties that mimicked those of Springboards’ Campaign *See Id.* (Doc.# 136, App. E at 49 (Gonzalez), 74 (Espinoza)). See Appendix H. This testimony coupled with the visual evidence showing the similarities between the programs would certainly provide sufficient evidence for a jury to find for

¹¹ IDEA later registered the phrase “ROYAL READER” as a trademark with the USPTO for providing reading materials. See Registration No. 6041075. Counsel for IDEA also filed for a federal registration on a combined design and word mark for “IDEA ROYAL READERS” (plus design) for “[p]roviding recognition and incentives by the way of awards to promote reading by middle school students” on September 14, 2022.

Springboards on many of the digits of confusion.¹²

Torkelson testified that IDEA paid for incentives for a reading program IDEA was currently using at its school. See Appendix I. A reasonable jury could find that, but-for IDEA's production of its own goods and services bearing Springboards' protected marks, it would have paid Springboards for the products that it made for a Millionaire Reader-themed celebration.

Much of IDEA's MSJ impermissibly attacked the sufficiency of Springboards' evidence—something that the District Court did as well. A trial court's finding on likelihood of confusion is one of fact, and “[a]ccordingly, a motion for summary judgment in trademark infringement cases must be approached with great caution.” *AHP Subsidiary Holding Co. v. Stuart Hale Co.*, 1 F.3d 611, 616 (7th Cir. 1993). Ironically, IDEA proffered a survey conducted to allegedly determine confusion and surveyed “of K-12 educators and asked them substantive questions designed to assess the likelihood of confusion between the Plaintiff's and Defendant's trademarks. The sample used for the surveys was made up of consumers and prospective consumers of educational products”. IDEA's MSJ *Springboards to Educ., Inc. v. IDEA* 7:16-617

¹² Compare Springboards' trophies with IDEA's trophies in Appendix G; Springboards' red carpet parties with IDEA's Appendix H

(S.D.Tx Mar. 29, 2021)(Doc.# 138 at 47.) IDEA surveyed the exact group of consumers on confusion that testified to confusion (Moreno, Vega and Saenz). These are also the class of consumers Springboards asserts are the proper class of consumers. The District and the Appellate Court should not have limited the group of consumers for the likelihood of confusion analysis to exclude the exact group of consumers that are the best class of consumers to show whether or not there is a likelihood of confusion.

C. Consumer Confusion Limitations Inconsistent with U.S. Code and Circuits Disagree.

Appellate Courts in the Second, Fifth, Sixth, Seventh, Eighth, and Eleventh Circuits used a definition of consumer in the confusion analysis that agrees with the United States Supreme Court, the U.S. Code, and disagrees with the narrow scope applied by the Fifth Circuit and Southern District-McAllen in the present case. The case law split emphasizes the importance of United States Supreme Court oversight in the definition of a consumer for the purposes of the likelihood of confusion analysis.

1. The U.S. Code Does Not Limit the Consumer Definition

Liability for infringement of registered trademarks codified by 15 U.S.C. § 1114(1) does not limit the definition of consumer. In fact, it does the opposite, the language

promotes an expansive definition of the consumer in the confusion analysis.

Any person who shall, without the consent of the registrant

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action by the registrant for the remedies

15 U.S.C. § 1114(1) (emphasis added). The code does not identify who must be confused and instead focuses on the offending action—which is the opposite of lower courts’ final reasoning in the present case. Confusingly, the District Court cited the above language in the

hearing¹³ and still reached the conclusion that a certain subset of consumers was not confused. However, in the Code, no limiting language is used in connection with the definition of consumer¹⁴. In sections (a) and (b) the Defendant's actions are the subject in the clause and "likely to cause confusion" is the object. There is no descriptor tied to who must be confused. The Fifth Circuit's interpretation in this case that the confusion is limited to a "relevant consumer" as defined by circumstances has no basis in the code.

2. Judgments that Do Not Limit the Consumer Definition

The Fifth Circuit states that the "threshold issue" in the present case is to "identifying the class of consumers at risk of confusion", and that "confusion of (parents, students, and teachers) is 'not the appropriate focus of the likelihood of confusion analysis' because they are not 'purchasers in the ordinary sense'", and that "third parties in other school districts" are "the relevant class of consumers". *Springboards to Educ., Inc. v. IDEA Public Sch.*, No. 21-40334, (5th Cir. March 8, 2023) at 16-18, *citing Springboards to Educ., Inc. v. Houston Indep. Sch. Dist.*, 912 F.3d 812 (5th Cir. 2019), as revised (Feb. 14, 2019).(emphasis added) "(O)ur likelihood of confusion analysis is limited to the question of

¹³ Transcript of Hearing, Doc.# 196 *Springboards v. IDEA Pub. Schools* 7:16-cv-617 (S.D.Tx, Mar. 29, 2021) at 8

¹⁴ *Id.* at 10.

whether other school districts would likely confuse MISD's¹⁵ use of "Million Dollar Reader" and similar phrases with Springboards' marks related to its Campaign. *Ibid*, at 17-18. (n.8 referencing *HISD* 912, likelihood of confusion analysis.) This may be due to the District Court's discussion in the above-referenced hearing wherein summary judgment was granted to MISD.

¹⁵ The Fifth Circuit's order addresses two cases, *Springboards to Educ., Inc. v. McAllen Indep. Sch. Dist.*, No. 21-40333 (5th Cir. Mar. 8, 2021) ("MISD 21-40333"), and *IDEA* 21-40334. The Appellate court order quoted here refers the other Defendant, MISD. The same reasoning applies to IDEA. See *IDEA* 21-40334, at 15 "We turn to Springboards' trademark claims and conclude that the district court properly granted summary judgment in MISD's favor. We also conclude that judgment for IDEA is proper, "exercise[ing] our discretion to affirm on unadvocated grounds supported by the record." *United States v. Sanchez*, 900 F.3d 678, 687 (5th Cir. 2018). From pages 15 to 19 the Court only refers to MISD in the trademark reasoning. *Id.* at 19 states "For substantially the same reasons, Springboards' identical Lanham Act claims against IDEA also fail. While the district court's ruling for IDEA was erroneously predicated on sovereign immunity, we may affirm on other ground "when the record contains an adequate and independent basis for that result." *Lauren C.*, 904 F.3d at 374 (quoting *Britt v. Grocers Supply Co.*, 978 F.2d 1441, 1449 (5th Cir. 1992)). (footnote 9 "Both parties fully briefed motions for summary judgment".) The record shows no risk of confusion.

The Fifth Circuit judgment misstates a crucial term on the threshold question. Springboards appellate brief, and indeed Springboard’s legal theory does not use the term or the definition “relevant consumer”. The Fifth Circuit incorrectly attributes that term to Springboards. In the likelihood of confusion analysis Springboards uses a consumer definition embraced by the Supreme Court, and the Appellate Courts in the Second, Fifth, Sixth, Seventh, Eighth, and Eleventh Circuits: **“consumers generally familiar with”, “the mind of the public”, “the viewer of an accused mark”, “consumers”, “ordinary prudent purchaser”, “perspective purchasers or viewers”, “consuming public”, “anonymous web posts”, “all potential customers including middlemen”, “ultimate consumers”, “mark holders customers and people in the (industry) trade”, “prospective customers”, “consumers” and “ordinary purchaser”.** *James Burrough Ltd. v. Sign of Beefeater, Inc.*, 540 F.2d 266, 274-275 (7th Cir. 1976), *Armstrong Paint Varnish Works Co. v. Nu Enamel Corp.*, 305 U.S. 315, 59 S.Ct. 191, 83 L.Ed. 195 (1938), *Scott Fetzer Co. v. House of Vacuums Inc.*, 381 F.3d 477, 483 (5th Cir. 2004), *Warner Bros., Inc. v. Amer. Broadcasting, Etc.*, 530 F. Supp. 1187, 1197 (S.D.N.Y. 1982), *World Market Center Venture, LLC v. Ritz*, 597 F. Supp. 2d 1186, 1189 (D. Nev. 2009), *You Fit, Inc. v. Pleasanton Fitness*,

LLC, Case No. 8:12-CV-1917-T-27EAJ (M.D. Fla. Feb. 8, 2013) at 9 and n.6, *Caliber Auto. Liquidators, Inc. v. Chrysler*, 605 F.3d 931, 937 and n.²² (11th Cir. 2010), *'other's Restaurants Inc. v. 'other's Bakery, Inc.*, 498 F. Supp. 847, 850 (W.D.N.Y. 1980, *Old Detroit Burger Bar of Clarkston, LLC v. G & J Am. Grill, Inc.*, No. 20-11952 (E.D. Mich. Jul. 15, 2022) at 10, *Star Buffet, Inc. v. TGB Glory, LLC*, Case No. 4:17CV00533 SWW (E.D. Ark. Mar. 29, 2019) at 18.

The Fifth Circuit's narrow definition of a relevant consumer - third party school districts, not already doing business with the Petitioner, excluding students, parents, and educators¹⁶ - misrepresents and misunderstands the trademarked product and service. To limit the consumer definition, fortifies the mistake the Fifth Circuit made and repeated references in *HISD*, 912, and other cases involving the Petitioner. The Fifth Circuit was unwilling to correct their prior mistake from *HISD*, 912, so they repeated in the present case.

The Seventh Circuit adopted a wider definition of the consumer determining "evidence must be evaluated on the basis of whether it disclosed a likelihood that consumers generally familiar with (Plaintiff's) marks would be likely, upon seeing only (Defendant)'s sign, to believe that (Defendant)'s enterprise was in some way

¹⁶ See IDEA 21-43004 at 16-17

related to, or connected or affiliated with, or sponsored by, (Plaintiff).” *James Burrough Ltd. V. Sign of Beefeater, Inc.*, 540 F.2d 266, 274 (7th Cir. 1976)(emphasis added) citing *G. LeBlanc Corporation v. H. A. Selmer, Inc.*, 310 F.2d 449, 135 USPQ 338 (CA 7 1962); *Jewel Tea Co., Inc. v. Kraus*, 187 F.2d 278, 88 USPQ 507 (CA 7 1951) (citing *Armstrong Paint Varnish Works Co. v. Nu Enamel Corp.*, 305 U.S. 315, 59 S.Ct. 191, 83 L.Ed. 195 (1938))(See Note 11 (b) “That trade-marksas to be likely to cause confusion or mistake in the mind of the public or to deceive purchasers shall not be registered.”(emphasis added).

The Seventh Circuit broadened the likelihood of confusion analysis from the public to a viewer “the test is not whether the public would confuse the marks, but whether the viewer of an accused mark would be likely to associate the product or service with which it is connected with the source of products or services with which an earlier mark is connected. *Burroughs*, 524 F.2d at 275. Though, as the district court recognized, trademark infringement must be considered in a marketplace context, the test, likelihood of confusion of consumers, does not require that the contending parties before the court be even in competition.” *Burroughs* at 275 citing *Safeway Stores, Inc. v. Rudner*, 246 F.2d 826 (9th Cir. 1957).

In *Scott Fetzer Co. v. House of Vacuums Inc.*, 381 F.3d 477 (5th Cir. 2004) the Fifth Circuit adopted the wider definition of the

consumer in the likelihood of confusion analysis to prove trademark infringement. “To prove trademark infringement and unfair competition under federal law, Scott Fetzer must show that the use of the KIRBY mark by House of Vacuums is likely to cause confusion among consumers as to the source, affiliation, or sponsorship of House of Vacuums’s products or services. *Scott Fetzer* at 483 citing 15 U.S.C. § 1114(1) (West 1997 Supp. 2004); *id.* § 1125(a) (West 1998); *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 663 (5th Cir. 2000). (emphasis added).

In *Cliff's Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*, 718 F. Supp. 1159, 1162 (S.D.N.Y. 1989) the Court defers to the Second Circuit in a trademark “likelihood of confusion” analysis using an ordinary prudent purchasers standard. “To establish the requisite level of confusion, plaintiff must show a “likelihood that an appreciable number of ordinary prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question.” *Cliff's Notes* at 1162 (emphasis added), citing *Andy Warhol Enterprises, Inc. v. Time Inc.*, 700 F. Supp. 760, 763 (S.D. N.Y. 1988)(quoting *Charles of the Ritz Group Ltd. V. Quality King Distr., Inc.*, 832 F.2d 1317, 1321 (2d Cir. 1987)).”

An even wider standard of confusion is applied in *Warner Bros., Inc. v. Amer. Broadcasting, Etc.*, 530 F. Supp. 1187 (S.D.N.Y. 1982). “Thus, “the touchstone of

both trademark infringement and unfair competition is the likelihood of confusion among prospective purchasers [or viewers].” *Warner Bros.* at 1197 (emphasis added)(citing *Menley James Laboratories, Ltd. V. Approved Pharmaceutical Corp.*, 438 F. Supp. 1061, 1066 (N.D.N.Y. 1977)). In *Warner Bros.* the S.D.N.Y. gives no further limitation to consumers.

In *World Market Center Venture, LLC v. Ritz*, 597 F. Supp. 2d 1186 (D. Nev. 2009) the Court states that “to succeed on the merits of trademark infringement claims under the Lanham Act, Plaintiff must establish that Defendant’s use of Plaintiff’s marks causes a likelihood of confusion among the consuming public. See 15 U.S.C. § 1114(a).” *World Market* at 1189. (emphasis added). In *World Market* the Plaintiff provides showrooms and tradeshowes exclusively to wholesale customers who purchase home and hospitality furnishings, not to the consuming public. *Id.* at 1188. Springboards’ business model is similar to a wholesaler, demonstrates confusion that meets the *World Market* standard.

In *You Fit, Inc. v. Pleasanton Fitness, LLC*, Case No. 8:12-CV-1917-T-27EAJ (M.D. Fla. Feb. 8, 2013) confusion expressed in an anonymous web post was considered appropriate for an injunction hearing because the District Court adopted the approach “All potential consumers of the relevant product or service, including middlemen, can inform the inquiry, and the ultimate consumers deserve

special attention.” *You Fit*, at 9 and n. 6 (emphasis added)(referencing *Caliber Auto. Liquidators, Inc. v. Chrysler*, 605 F.3d 931, 937 (11th Cir. 2010)). In Springboards’ case, because evidence of confusion was observed in teachers, administrators, parents, community members, students due to posting of the offending products on webpages and social media platforms. While such individuals may not be purchasing the product directly, they are in roles similar to middlemen informing the school district’s decision of what to buy, what works, what is popular. The M.D.Fla. recognized the importance of confusion with the “ultimate consumers”. In the instant case, the ultimate consumers are students and the Respondents are responsible for providing reading programs on their behalf. The 11th Circuit and M.D.Fla. recognize that confusion can exist at every level, while the Fifth Circuit in the instant case focuses only on the last step of the purchasing decision. Part of one of the reasons for trademark protection is the protection of a commercial entity’s reputation or goodwill—if any confusion is present, the reputation or goodwill of a producer of goods or services may be harmed.

In *Caliber Auto. Liquidators, Inc. v. Chrysler*, 605 F.3d 931, n.22 (11th Cir. 2010)(citing *Conagra, Inc. v. Singleton* 743 F.2d 1508 (11th Cir.1984)) The court focused on the type of people most likely to become confused-the mark holder’s “customers and people in the seafood trade.” *Id.* at 1515.

(emphasis added) In this question of the likelihood of confusion, confusion of the end user was not narrowly sharpened to define the consumer. In fact, because IDEA had a direct connection to the end-users of the products and services at issue, it was better-situated to infringe without detection by Springboards.

Mother's Restaurants Inc. v. Mother's Bakery, Inc., 498 F. Supp. 847, 850 (W.D.N.Y. 1980) declined to narrow the scope of the confusion analysis stating “the essence of a claim of trademark infringement or unfair competition is the likelihood of confusion caused by the infringement among prospective customers.” *Mothers* at 850 (emphasis added) citing *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. V. Steinway Sons*, 523 F.2d 1331 (2d Cir. 1975); *Maternally Yours, Inc. v. Your Maternity Ihop, Inc.*, 234 F.2d 538 (2d Cir. 1956).” Certainly students, teachers and parents are prospective customers should they wish to purchase more goods from Springboards after receiving them at school.

In *Old Detroit Burger Bar of Clarkston, LLC v. G & J Am. Grill, Inc.*, No. 20-11952 (E.D. Mich. Jul. 15, 2022) summary judgment and preliminary injunctions were denied in a case of two restaurants. The analysis made no distinction on consumers, drawing straight from the U.S. Code, “To show common law trademark infringement and unfair competition under 15 U.S.C. § 1114, a plaintiff must demonstrate that the use of the allegedly infringing trademark “is likely to cause

confusion among consumers regarding the origin of the goods offered by the parties.” *Old Detroit* at 10 (emphasis added) citing *General Motors Corp. v. Lanard Toys, Inc.*, 468 F.3d 405, 412 (6th Cir. 2006) (citations omitted); see also *Daddy’s Junky Music Stores, Inc. v. Big Daddy’s Family Music Center*, 109 F.3d 275, 280 (6th Cir. 1997) (noting that “[t]he touchstone of liability under § 1114 is whether the defendant’s use of the disputed mark is likely to cause confusion among consumers regarding the origin of the goods offered by the parties”).”

In *Star Buffet, Inc. v. TGB Glory, LLC*, Case No. 4:17CV00533 SWW (E.D. Ark. Mar. 29, 2019) the Court’s analysis of the factors of confusion referenced the Eighth circuit’s “ordinary purchaser” rather than a “relevant consumer” or other limiting definition. *Id.* at 18 citing *Techs. Corp. v. Sensory Effects Flavor Co.*, 613 F.3d 754, 769 (8th Cir. 2010)(quoting *Luigino’s Inc. v. Stouffer Corp.*, 170 F.3d 827, 831 (8th Cir. 1999)).

3. Judgments that Limit the Consumer Definition

Courts in the Second and Sixth Circuits used a definition of the relevant consumer, the same modifier used by Fifth Circuit in the present case, but not as strict as the present ruling.

a) Relevant Explained Rather Than Limited Consumers

In *Kaldy v. Urshow.TV, Inc.*, No. 2:16-CV-54 (E.D. Tenn. Jan. 10, 2017) Defendants’

motion to dismiss was denied because, even though the Plaintiff and Defendant are in two separate industries, apparel manufacturing and digital broadcasting respectively, the Court declined to rule on “factual issues that underlie the question of whether a likelihood of confusion exists among consumers” *Kaldy* at 6. In *Kaldy*’s “relevant” modifies consumers not, as in the present case, to exclude people. The Fifth Circuit use of “relevant consumer” has no precedent in *Kaldy*.

Coach, Inc v. Planet, Civil Action 2:09-cv-00241 (S.D. Ohio May. 7, 2010) used the term “relevant” customers without defining the term. The term “relevant consuming public” did not differentiate who was (and was not) relevant. *Coach* at 6. *Coach* was about a Defendant charged with counterfeiting trademarked handbags. In the discussion of consumer confusion related to use of the mark, the court asked if “Defendants used in commerce a reproduction, counterfeit, copy, or colorable imitation of Coach’s registered mark in a way that would likely cause confusion among the relevant consuming public” referencing *The Sports Authority, Inc. v. Prime Hospitality Corp.*, 89 F.3d 955, 960 (2d Cir. 1996). *Coach* did not define the term “relevant consuming public”. *Coach* at 117. In the *Sports Authority* likelihood of confusion analysis products were identified as inexpensive and customers were determined to be unlikely to be sophisticated purchasers. *Sports Authority* at 965. *Sports Authority* does

not use the *Coach* term “relevant consuming public” but uses “relevant purchaser” in their analysis to differentiate the Plaintiff and Defendant’s businesses, sporting goods and food, respectively. This illustrates a more appropriate use of the term “relevant” in connection to purchasers or consumers—that is, only when the parties at issue are engaged in different commercial areas, such as sporting goods and food. *Sports Authority* does not limit who is allowed to be considered a consumer when considering actual confusion, as the Fifth Circuit does in the present case.

b) Relevant Consumer Describing How and When Not Who

The handful of outlier cases using the word “relevant” in connection with consumers offer no connection to the reasoning that a portion of the consuming public needs to be confused. The more appropriate explanation is that it was merely used as dicta, perhaps in cases where trademark surveys were conducted for a dilution analysis. In a dilution analysis, the marks at issue must be famous. In order to show fame, a “relevant universe” must be ascertained. The word “relevant” seems to have been included in a few cases, unfortunately leading to the confusion in the courts below in the instant case. The *Coach* case referenced *Louis Vuitton Malletier v. Dooney Bourke, Inc.*, 454 F.3d 108, 114-15 (2nd Cir. 2006) in the analysis of use of a “registered mark in a way that would likely cause confusion among the relevant

consuming public.” This misquotes the *Louis Vuitton* case in its use of the word “relevant”. *Louis Vuitton* did not use the word “relevant consumer”. The *Louis Vuitton* use of the word “relevant” was in connection with whether or not a stylized letter was inherently distinctive. This is far from the precision the Fifth Circuit applied in the present case. There is no definition of the word “relevant consumer” in *Coach*, but the reference to *Sports Authority* and *Louis Vuitton* provide valuable insight on the term.

The consumer analysis in *Louis Vuitton*, puts no limits on who qualifies as a consumer, rather only when and how the confusion occurs. In *Louis Vuitton* a preliminary injunction was denied and the case remanded to the trial to resolve the issue of confusion between trademarks of the two luxury designers, which is the same relief Springboards requests.

c) Relevant Use is Vague and Not Defined

Another case, *Burberry Limited v. Designers Imports, Inc.*, 07 Civ. 3997 (PAC) (S.D.N.Y. Jan. 19, 2010) used the term “relevant consuming public” in the confusion analysis of a trademark infringement case. *Burberry Limited* at 14. No definition was provided on who was and was not relevant in *Burberry*, but there was a reference to *Cartier Int’l B.V. v. Ben-Menachem*, 2008 WL 64005, at *10 (S.D.N.Y. Jan. 3, 2008). *Burberry* at 14. In *Cartier Int’l. B.V.*, the Plaintiff’s summary

judgment was granted in a counterfeiting case. *Cartier Int'l. B.V.* used the term “relevant consuming public”, but again with no definition on how to interpret the word relevant. *Cartier Int'l. B.V.* at 30. Comparing *Burberry Limited* and *Cartier Int'l B.V.* there is no clear way to understand how the word relevant limits the consumers, and whether or not it is consistent with the present case. Tracing the cases back to the first use of the word “relevant” lands with *Star Industries, Inc. v. Bacardi & Co.*, 412 F.3d 373 (2d Cir. 2005), wherein the Court merely uses the word in dicta when determining whether a stylized word or letter is inherently distinctive. Following caselaw and reason, the most likely reason for the use of the word “relevant” is that it was not a modifier dissecting the normal class of consumers that would be exposed to the product or service, but something that excludes those consumers that would never be exposed to such product or service.

D. The Courts Below Erred in Jurisdiction, Fact-finding, and Making Credibility Determinations

a) Credibility Determinations

In dismissing the case at the District level, the Court acknowledged that there was indeed evidence of actual confusion. See Transcript of Hearing, *Springboards to Educ., Inc. v. IDEA Publ. Sch.*, 7:16-cv-617 (S.D.Tx. Mar. 29, 2021)

Doc.# 196 at 10. However, it summarily dismissed the evidence. *Id.* It is the duty of the jury to weigh the evidence and make credibility judgments. *Morales v. American Honda Motor Co.*, 71 F.3d 531, 535 (6th Cir. 1995). It is not the Court's place during summary judgment to make credibility determinations or weigh the evidence at hand. See *Russell v. McKinney Hosp. Venture*, 235 F.3d 219, 225 (5th Cir.2000) (citing *Reeves v. Sanderson Plumbing Prods., Inc.*, 120 S. Ct. 2097, 2110 (2000)). It is the job of a jury to choose among conflicting evidence and make credibility determinations. *Id.* It is incumbent on the trial judge to view the evidence in the light most favorable to the non-moving party. *Swearngin v. Sears, Roebuck Co.*, 376 F.2d 637, 639 (10th Cir. 1967). All of the evidence on both sides of the case ought to be considered in making this decision because eventually the court is going to have to pass on it and evaluate it. *Christopherson v. Humphrey*, 366 F.2d 323, 325 (10th Cir. 1966). The jury is entitled to weigh conflicting evidence and inferences and determine the credibility of witnesses. The court should accept as true the evidence of the non-moving party. *Anderson v. Hudspeth Pine, Inc.*, 299 F.2d 874 (10th Cir. 1962).

In determining that Springboards' witnesses that stated that they were actually confused because of IDEA's infringing

products were not credible¹⁷, the District Court took a liberty it was not allowed. Additionally, “federal registration constitutes prima facie evidence of the registrant’s exclusive right to use the registered mark in commerce.” 15 U.S.C. §§ 1057(b), 15 U.S.C. § 1115(a) (emphasis added).” *Checkers Drive-In Restaurants v. Commissioner*, 51 F.3d 1078, 1085 (D.C. Cir. 1995).

In determining that the registered marks were “descriptive and certainly no more than suggestive”¹⁸, the District Court further substituted its opinion in place of a credibility determination that was in the province of the jury.

b) Fact-finding Inappropriate

Only a likelihood of customer confusion, rather than evidence of actual confusion, is necessary to establish a probability of success on the merits in an infringement suit. *Volkswagenwerk Aktiengesellschaft v. Wheeler*, 814 F.2d 812, 816 (1st Cir. 1987); *E. Remy Martin Co., S.A. v. Shaw-Ross International Imports, Inc.*, 756 F.2d 1525, 1529 (11th Cir. 1985); *Baker v. Simmons Co.*, 307 F.2d 458, 461, 463 (1st Cir. 1962). Even excluding the witnesses that testified they were confused by the infringing articles disseminated by IDEA, the similarity between the marks and products

¹⁷ See Transcript of Hearing, Doc.# 196, *Springboards to Educ., Inc. v. IDEA Publ. Sch.*, 7:16-cv-617 (S.D.Tx. Mar. 29, 2021) at 10

¹⁸ *Id.*

and services at issue were enough to show that there was a high likelihood of confusion. *See* Appendix F-I for evidence of infringement.

The Fifth Circuit excused the Respondent's breach citing "no evidence that MISD¹⁹ intended to confuse other districts by attempting to 'derive benefits from [Springboards'] reputation by usings [its] mark.'" *IDEA*, 21-40334 at 19, at citing *Viacom Int'l v. IJR Capital Invs., L.L.C.*, 891 f.3d 178, 195 (5TH Cir. 2018). Fifth Circuit goes on to say that "mere awareness...does not establish bad intent." *Id.* citing *Streamline Prod. Sys., Inc.- v. Streamline Mfg., Inc.*, 851 F.3d 440, 456 (5th Cir. 2017)(cleaned up). The courts below said that because MISD²⁰ used its name "McAllen" before the protected phrases, it lessened the likelihood of confusion. This is nonsensical, because the reading program and campaign that Springboards licensed and sold included personalization for each school and district. For example, Springboards-licensed products that Edinburg ISD bought would bear the name "Edinburg CISD Millionaire Reader". *See* Appendix E. So, naturally, products stating "IDEA Millionaire Reader" that looked like the Springboards-licensed products would cause teachers, educators, administrators, students and anyone else familiar with the Springboards Campaign to

¹⁹ See footnote 16. The Court discusses other Defendant MISD and then applies the same logic to IDEA.

²⁰ See footnote 16.

think that they were in fact true, licensed goods from Springboards. Even where defendant clearly marks its product with its company name, similarity and thus, likelihood of confusion, may be found. *Boston Athletic Ass'n v. Sullivan*, 867 F.2d 22, 29 (1st. Cir. 1988); see also, *Astra Pharmaceutical Products v. Beckman Instruments, Inc.*, 718 F.2d 1201, 1205 (1st Cir. 1983). The fact that the company name is in the package does not excuse infringement and might increase confusion by linking a different house mark to plaintiff's good will, since consumers might think there is a relationship between the parties. *Banff, Ltd. v. Federated Dept. Stores, Inc.*, 638 F. Supp. 652 (S.D.N.Y. 1986). The argument that the addition of defendant's house mark prevents likely confusion has been labeled a "smoke screen" and a "poor excuse" for a blatant infringement because customers are likely to think that the plaintiff had licensed, approved or otherwise authorized the defendant's use of the mark. *International Kennel Club, of Chicago, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1088 (7th Cir. 1988).

The Southern District of Texas courts were the only District Courts that dismissed Springboards' cases on summary judgment. At least one case settled days before a jury was picked. Perhaps it is not ideal, or comfortable, to acknowledge that the institutions that train and educate our nation's children are capable of theft. At the same time as this case was docketed from 2016 to 2021, the Defendant

was also under public scrutiny for fraud allegations that resulted in the termination of the CEO and other high officers. *Springboards to Educ., Inc. v. IDEA Publ. Sch.*, 7:16-cv-617 (S.D.Tx. Mar. 29, 2021) Doc. #173 at 1-2. IDEA's staff and administration flagrantly disregarded Springboards intellectual property rights. The Fifth Circuit was wrong in its affirmation of the district court's wresting away from Springboards its right to a jury trial on certain factual issues like likelihood of confusion. What remains, however, is the misapplication of the likelihood of confusion analysis.

VII. CONCLUSION

Plaintiff respectfully requests that the Court issue a writ of certiorari.

Respectfully submitted,

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VIII. APPENDIX

Appendix A – 15 U.S.C. § 1114(1)(a)-(b)
Appendix B – Rehearing Denied
Appendix C – Court of Appeals Decision
Appendix D – District Court Decision

Appendix E –Evidence of Infringement –
Customization

Appendix F –Evidence of Infringement – IDEA
sample

Appendix G –Evidence of Infringement –
Trophies

Appendix H –Evidence of Infringement –
Celebrations

Appendix I – Evidence of Infringement – CEO
Testimony

15 U.S.C. § 1114(1)(a)-(b)

15 U.S. Code § 1114 - Remedies;
infringement; innocent infringement by
printers and publishers

(1) Any person who shall, without the
consent of the registrant—

(a) use in commerce any
reproduction, counterfeit, copy, or colorable
imitation of a registered mark in connection
with the sale, offering for sale, distribution, or
advertising of any goods or services on or in
connection with which such use is likely to
cause confusion, or to cause mistake, or to
deceive; or

(b) reproduce, counterfeit, copy, or
colorably imitate a registered mark and apply
such reproduction, counterfeit, copy,
or colorable imitation to labels, signs, prints,
packages, wrappers, receptacles or
advertisements intended to be used
in commerce upon or in connection with the
sale, offering for sale, distribution, or
advertising of goods or services on or in
connection with which such use is likely to
cause confusion, or to cause mistake, or to
deceive, shall be liable in a civil action by the
registrant for the remedies hereinafter
provided. Under subsection (b) hereof, the
registrant shall not be entitled to recover
profits or damages unless the acts have been

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committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive. As used in this paragraph, the term “any person” includes the United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, or other persons acting for the United States and with the authorization and consent of the United States, and 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. The United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, other persons acting for the United States and with the authorization and consent of the United States, and any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

**United States Court of Appeals for the
Fifth Circuit No. 21-40334**

Springboards to Education,
Incorporated, *Plaintiff – Appellant, versus*
IDEA Public Schools, *Defendant – Appellee*

Appeal from the United States District Court
for the Southern District of Texas USDC No.
7:16-CV-617

ON PETITION FOR REHEARING EN BANC

Before Smith, Duncan, and Oldham,
Circuit Judges. Per Curiam:

Treating the petition for rehearing en banc as a petition for panel rehearing (5th Cir. R. 35 I.O.P.), the petition for panel rehearing is DENIED. Because no member of the panel or judge in regular active service requested that the court be polled on rehearing en banc (Fed. R. App. P. 35 and 5th Cir. R. 35), the petition for rehearing en banc is DENIED.

**United States Court of Appeals for the
Fifth Circuit**

No. 21-40333

Springboards to Education, Incorporated,
Plaintiff—Appellant/Cross-Appellee, versus
McAllen Independent School District,
Defendant—Appellee/Cross-Appellant,

No. 21-40334

Springboards to Education, Incorporated,
Plaintiff—Appellant, versus
IDEA Public Schools, Defendant—Appellee.

Appeal from the United States District Court
for the Southern District of Texas

USDC No. 7:16-CV-523

USDC No. 7:16-CV-617

Before SMITH, DUNCAN, and OLDHAM,
Circuit Judges. STUART KYLE DUNCAN, *Circuit
Judge*:

Springboards for Education
 (“Springboards”) brought trademark
infringement claims against McAllen
Independent School District (“MISD”), a public
school district in Texas, and IDEA Public
Schools (“IDEA”), a nonprofit organization
operating charter schools in Texas. The district
court dismissed the suit against IDEA,
concluding it was an arm of the state and
therefore shared Texas’s sovereign immunity.
As for MISD, the court found that it did not
have sovereign immunity but ultimately

granted summary judgment in MISD's favor. Agreeing that MISD does not have sovereign immunity and that it was entitled to summary judgment on the merits, we affirm the district court's judgment for MISD. Although we disagree with the district court's conclusion that IDEA has sovereign immunity, we affirm the judgment for IDEA on alternate grounds.

I.

Springboards is a Texas corporation that sells educational materials designed to encourage schoolchildren to read. At issue in this case is Springboards' Read a Million Words Campaign ("Campaign"), which urges students to read one million words over the course of the schoolyear. Participating schools receive a customized kit with Springboards' educational materials, and students who successfully meet their reading goals become Millionaire Readers and are inducted, with much fanfare, into the Millionaire's Reading Club. Springboards has registered several trademarks in connection with the Campaign, including "Read a Million Words," "Million Dollar Reader," and "Millionaire Reader."

Springboards has been vigilant in combatting what it perceives as infringement of its trademarks by local schools that operate their own monetary-themed reading programs. Our court has affirmed dismissals of Springboards' trademark claims against two

Texas school districts.¹ This appeal concerns similar claims against MISD and IDEA² under the Lanham Act, 15 U.S.C. §§ 1051 *et. seq.*, alleging trademark infringement, trademark counterfeiting, and false designation of origins.³ MISD is a public school district in Hidalgo County, Texas, and IDEA is a nonprofit corporation that runs public charter schools throughout Texas.

Springboards alleges that MISD infringed Springboards' trademarks through its reading program. Many MISD schools track the number of words students read each year and present students who read a million words with faux million-dollar bills bearing the phrase "Million Dollar Reader." Various MISD schools have posts on their websites or social media celebrating their "Millionaire Reader[s]," "Millionaires," and referring to a "millionaire club."

Springboards alleges similar infringement by IDEA through its reading program. IDEA schools present awards to students who achieve "IDEA Millionaire Reader status" and host "IDEA Millionaire

¹ *Springboards to Educ., Inc. v. Houston Indep. Sch. Dist.*, 912 F.3d 805 (5th Cir. 2019), as revised (Feb. 14, 2019) (affirming dismissal of Lanham Act claims against a public school district); *Springboards to Educ., Inc. v. Pharr-San Juan-Alamo Indep. Sch. Dist.*, 33 F.4th 747 (5th Cir. 2022) (same).

² We address the two suits together, as did the district court.

³ Springboards also brought claims against MISD and IDEA for trademark dilution under the Lanham Act, the dismissals of which it does not appeal.

Reader's Celebration[s]" in recognition of their accomplishment. IDEA schools sometimes share information about these events and the millionaire reading program online.

In the district court, both MISD and IDEA moved to dismiss for lack of subject matter jurisdiction, arguing they were arms of the state and thus entitled to sovereign immunity. Both also moved for summary judgment. The district court disposed of these motions at the same time. It ruled that only IDEA enjoyed sovereign immunity and, accordingly, granted IDEA's motion to dismiss and denied MISD's. However, the court granted MISD summary judgment, concluding Springboards could not establish MISD's program was likely to cause confusion with respect to Springboards' trademarks.

Springboards now appeals the summary judgment in favor of MISD, while MISD cross-appeals its denial of sovereign immunity. Springboards also appeals the dismissal of its claims against IDEA on the basis of sovereign immunity.

II.

We review both the district court's determination of sovereign immunity and its summary judgment *de novo*. *Richardson v. Flores*, 28 F.4th 649, 653 (5th Cir. 2022); *All. for Good Gov't v. Coal. for Better Gov't*, 901 F.3d 498, 504 (5th Cir. 2018). We may affirm a judgment on grounds other than those relied upon by the district court if the record contains an adequate and independent basis

for that result. *Lauren C. by & through Tracey K. v. Lewisville Indep. Sch. Dist.*, 904 F.3d 363, 374 (5th Cir. 2018); *Chauvin v. Tandy Corp.*, 984 F.2d 695, 697 (5th Cir. 1993).

III.

We begin with the threshold jurisdictional issue of whether IDEA and MISD enjoy sovereign immunity. *Vogt v. Bd. of Comm'rs of Orleans Levee Dist.*, 294 F.3d 684, 688 (5th Cir. 2002) (“Federal court jurisdiction is limited by the Eleventh Amendment and the principle of sovereign immunity that it embodies.”). The Eleventh Amendment recognizes the background constitutional principle that states, as separate sovereigns, are inherently immune from suit without their consent. *Hess v. Port Auth. Trans-Hudson Corp.*, 513 U.S. 30, 39–40 (1994); *Seminole Tribe of Fla. v. Fla.*, 517 U.S. 44, 54 (1996); see also THE FEDERALIST No. 81, at 487 (Alexander Hamilton) (Clinton Rossiter ed., 1961) (“It is inherent in the nature of [a State’s] sovereignty not to be amenable to the suit of an individual *without its* consent.”). That immunity extends to so-called arms of the state, entities which are effectively the state itself because “the state is the real, substantial party in interest” to the lawsuit. *Hudson v. City of New Orleans*, 174 F.3d 677, 681 (5th Cir. 1999) (quoting *Pendergrass v. Greater New Orleans Expressway Comm’n*, 144 F.3d 342, 344 (5th Cir. 1998)); see also *Mt. Healthy City Sch. Dist. Bd. of Educ. v. Doyle*, 429 U.S. 274, 280 (1977).

In determining whether an entity is an arm of the state, we balance the so-called “*Clark* factors,” which our court first articulated decades ago in *Clark v. Tarrant County*, 798 F.2d 736 (5th Cir. 1986). Those factors are:

(1) whether state statutes and case law view the entity as an arm of the state;

(2) the source of the entity’s funding; (3) the entity’s degree of local autonomy; (4) whether the entity is concerned primarily with local, as opposed to statewide, problems; (5) whether the entity has the authority to sue and be sued in its own name; and (6) whether it has the right to hold and use property.

Clark, 798 F.2d at 744–45. The second factor carries the most weight, while factors five and six are of lesser importance. *Hudson*, 174 F.3d at 682; *Black v. N. Panola Sch. Dist.*, 461 F.3d 584, 596 (5th Cir. 2006). But “no single factor” is dispositive; courts consider the factors “as a whole.” *Clark*, 798 F.2d at 745. The burden of proof rests with the entity asserting immunity. *Skelton v. Camp*, 234 F.3d 292, 297 (5th Cir. 2000).

The *Clark* factors have not escaped criticism. Recently, they were fairly described as “hav[ing] all the precision of a blunderbuss.” *Cutrer v. Tarrant Cnty. Loc. Workforce Dev. Bd.*, 943 F.3d 265, 270 (5th Cir. 2019), as revised (Nov. 25, 2019). “No factor or combination of [the factors] is necessary. None is sufficient. And *Clark* says nothing about how to ‘balance’ them.” *Ibid.* That imprecision

is on display here. Making a good faith attempt to apply the factors, the district court concluded a public school district was not an arm of the state, but a public charter school *was*. That is puzzling, to put it mildly. *See, e.g., Black*, 461 F.3d at 596 (“Generally, school boards and districts are not arms of the state shielded by Eleventh Amendment immunity.”). As discussed below, our application of the factors differs meaningfully from the district court’s, particularly as to IDEA.

A.

We begin with IDEA. Examining each *Clark* factor, we conclude that, contrary to the district court’s ruling, IDEA is not an arm of the state.

1.

For the first *Clark* factor, we examine how the state perceives the entity through its constitution, laws, and other official pronouncements. *Hudson*, 174 F.3d at 683. IDEA points out that Texas considers public charter schools as arms of the state and directs us to the Texas Supreme Court’s decision in *El Paso Educ. Initiative, Inc. v. Amex Props., LLC*, 602 S.W.3d 521 (Tex. 2020). That case held that because “open-enrollment charter schools act as an arm of the State government,” they receive state sovereign immunity. *Id.* at 529–30. *See also HWY 3 MHP, LLC v. Elec. Reliability Council of Texas*, 462 S.W.3d 204, 210 (Tex. App. 2015) (noting that “open- enrollment charter schools

should be treated as governmental units”). While the Texas courts’ decisions on state sovereign immunity are not dispositive as to federal sovereign immunity, we agree with IDEA that this factor weighs in favor of immunity. Texas law “reflects the state’s view that suing [IDEA] is equivalent to suing the state of Texas itself.” *Perez v. Region 20 Educ. Serv. Ctr.*, 307 F.3d 318, 328 (5th Cir. 2002).

2.

Factor two, the funding inquiry, is more complex and ends up cutting against immunity. The inquiry has two parts. “[F]irst and most importantly,” we examine “the state’s liability in the event there is a judgment against the defendant, and second, [we consider] the state[s] liability for the defendant’s general debts and obligations.” *Vogt*, 294 F.3d at 693 (quoting *Hudson*, 174 F.3d at 687). Whether the state would be liable for a judgment depends primarily on whether it indemnifies the defendant, the degree that it funds the defendant, and the extent that it restricts the defendant’s use of state-provided funds. *See Perez*, 307 F.3d at 328; *Hudson*, 174 F.3d at 686–88. Factor two carries the most weight because one of the Eleventh Amendment’s central purposes is to protect state treasuries from involuntary liability. *Jacintoport Corp. v. Greater Baton Rouge Port Comm’n*, 762 F.2d 435, 440–41 (5th Cir. 1985); *see also Hess*, 513 U.S. at 48 (noting with approval that most circuits privilege this factor).

The district court found, and IDEA continues to argue, that the first part of the funding inquiry favors immunity because “94 percent of [IDEA’s] funding comes from State and federal sources.” We disagree. For several reasons, a hypothetical judgment against IDEA would likely not be paid with state funds. To begin with, IDEA’s argument improperly aggregates state and federal funds. *See Cutrer*, 943 F.3d at 271 (denying immunity where an entity claimed to depend on public funds but failed to demonstrate its reliance on “state funds”) (emphasis in original). The Eleventh Amendment is concerned only about the potential impact on the state treasury. *See Pendergrass*, 144 F.3d at 345 (explaining that the relevant rationale is “the protection of state treasuries”). Whether federal money is at stake is irrelevant.

Disaggregating the sources of IDEA’s funding shows that any risk of a judgment’s being paid from state funds is remote. IDEA draws its 94% figure from IDEA’s 2016–2018 financial reports. Those show that roughly a quarter of IDEA’s annual funding comes from local and federal sources. Those amounts run into the tens of millions. In 2018 alone, IDEA took in about \$27 million from local sources and \$71 million from the federal government, including almost \$17 million given directly to IDEA without any state processing. This cuts sharply against IDEA’s immunity, because the funding inquiry “concerns whether the state is ‘directly responsible for a judgment’ or

‘indemnifies the defendant.’” *Stratta v. Roe*, 961 F.3d 340, 354 (5th Cir. 2020) (quoting *U.S. ex rel. Barron v. Deloitte & Touche, L.L.P.*, 381 F.3d 438, 440 (5th Cir. 2004) (cleaned up)). IDEA’s ample funding from local and federal sources belies the assertion that Texas would be “directly responsible for a judgment.”⁴ And IDEA points to no evidence that Texas is obligated to indemnify it. *See Vogt*, 294 F.3d at 693 (weighing against immunity the fact that “the state has no duty to pay a judgment” against the entity).

Moreover, IDEA concedes that the “overwhelming majority” of its state funding is “earmarked”—meaning it comes with state-imposed restrictions on how the funds may be spent. Those restrictions also cut against immunity. Whether “funding is earmarked for any particular purpose” is relevant “to determine whether a judgment likely would be paid with state funds.” *Perez*, 307 F.3d at 328. When state funds are set aside for specific uses, that weighs against immunity because those funds are necessarily unavailable to satisfy legal liabilities. *Hudson*, 174 F.3d at 688 (“Importantly, either all or substantially all of the funds from the State are earmarked for specific purposes These funds cannot

⁴To be clear, as in past cases, “we do not draw a bright-line rule as to the amount of [non-state] funding necessary to hold an entity financially independent from the state.” *Daniel v. Univ. of Texas Sw. Med. Ctr.*, 960 F.3d 253, 258 (5th Cir. 2020).

be used to pay a . . . judgment.”); *Vogt*, 294 F.3d at 694 (“Because the state funds are already earmarked for other purposes, the state monies cannot be used to pay a judgment against [the entity].”); *Pendergrass*, 144 F.3d at 345–46. IDEA cannot concede that the bulk of its state funds is restricted while at the same time arguing it would have to use those same funds to pay a judgment.⁵

We turn to the second (and less important) part of factor two: whether Texas may be indirectly liable because it is “responsible for the defendant’s general debts and obligations.” *Hudson*, 174 F.3d at 688. Unlike its traditional public school counterparts, IDEA cannot generate its own revenue by levying taxes. TEX. EDUC. CODE § 12.102(4). It must instead issue bonds, which Texas guarantees. *Id.* § 45.05219; 19 TEX. ADMIN. CODE §33.67. IDEA’s inability to independently raise revenue counsels in favor of immunity. *Perez*, 307 F.3d at 329. And the fact that Texas guarantees its bonds is also relevant. *Williams v. Dallas Area Rapid Transit*, 242 F.3d 315, 320 (5th Cir. 2001).

⁵ Nor can IDEA argue that a judgment against it might lead Texas to provide additional unrestricted funds to satisfy the liability. We have rejected the argument that the “remote possibility that the state will elect to pay a judgment” constitutes a threat to the state treasury. *Hudson*, 174 F.3d at 689. Nor does IDEA provide any evidence that Texas regularly provides money to satisfy liabilities, despite having no obligation to do so. *Cf. Vogt*, 294 F.3d at 693.

However, these indirect indicators do not ultimately move the needle. We have suggested that “where the state’s only liability was in guaranteeing a state authority’s notes and bonds,” this “‘ancillary effect’ on the state treasury does not confer immunity under the Eleventh Amendment.” *Jacintoport*, 762 F.2d at 441 (citing *Blake v. Kline*, 612 F.2d 718, 726 (3d Cir. 1979)). Here, in light of the reasons discussed above, “[a]ny influence upon the state treasury by . . . a judgment would be too indirect and remote to characterize it as a potential liability of the state treasury or to make the state the real, substantial party in interest.” *Pendergrass*, 144 F.3d at 346. So, to sum up, factor two weighs against immunity because Texas is unlikely to have to pay for an adverse judgment and its indirect responsibility is limited to its “ancillary” backing of IDEA’s bonds.

3.

Factor three considers whether the entity is autonomous or controlled by the state. We look to the degree of independence enjoyed by the entity and its managers, as well as how its managers are appointed. *Vogt*, 294 F.3d at 694; *Stratta*, 961 F.3d at 354. “Frequent and broad oversight by the state suggests that the entity is an arm of the state.” *Perez*, 307 F.3d at 330. Texas pervasively regulates charter entities like IDEA. Texas courts have recognized that a charter school’s charter is “entirely contingent on State discretion.” *Texas Educ. Agency v. Am. Youth Works, Inc.*, 496 S.W.3d 244, 262 (Tex. App. 2016). Texas may unilaterally withhold

funding or suspend the charter school's authority to operate if the school violates its charter or state law. TEX. EDUC. CODE § 12.1162(b). Texas may even "reconstitute" the governing body of a charter school and appoint new members to the governing body. *Id.* § 12.115(a), (d). And charter schools must satisfy Texas's annual performance evaluations by meeting state-mandated benchmarks. *Id.* § 12.1181. Provisions like these show that Texas has broad oversight and control over IDEA, which counsels in favor of immunity.

4.

The fourth factor turns on "whether the entity acts for the benefit and welfare of the state as a whole or for the special advantage of local inhabitants." *Pendergrass*, 144 F.3d at 347. The district court found that IDEA "operates campuses statewide and with a statewide purpose of providing public education," and IDEA continues to press that argument here, contending "education is a statewide⁵ concern." But IDEA sets the inquiry at too high a level of generality. We have already rejected this argument in the context of a levee board's arguing that it combatted the "statewide problem" of flooding. *Vogt*, 294 F.3d at 695. The relevant inquiry, we explained, "focuses on the tasks undertaken by the particular defendant." *Ibid.* By contrast, we noted that "primary education and law enforcement are also statewide concerns, yet school boards and sheriffs are not arms of the state." *Ibid.* So too here.

Education may be a statewide concern in the abstract, but IDEA's day-to-day "tasks" consist in operating local schools. Just as the levee board in *Vogt* contributed to a statewide undertaking but was local in nature because its primary concern was the local levees, IDEA too is a local entity acting "for the special advantage of local inhabitants." *Pendergrass*, 144 F.3d at 347.

Nor can IDEA turn this factor to its advantage by pointing to the sheer number of schools it operates throughout Texas. To the contrary, our precedent teaches that an entity's limited scope of jurisdiction counsels against immunity. *See Vogt*, 294 F.3d at 695 ("[M]ost entities that are entitled to Eleventh Amendment immunity have statewide jurisdiction."). While IDEA may operate schools throughout Texas, that does not somehow give IDEA statewide jurisdiction. Rather, IDEA's schools each serve geographically limited communities. Properly understood, IDEA's "jurisdiction" is limited to particular areas where it has a school. Accordingly, factor four weighs against immunity.

5.

Factor five, which carries little weight, considers whether the entity can sue and be sued in its own name. That ability points against immunity. *Perez*, 307 F.3d. at 331. IDEA concedes it has previously sued and been sued under its own name. But it argues that this factor still favors immunity because

Texas specifically allows independent school districts to sue and be sued, while remaining silent as to charter schools. *See* TEX. EDUC. CODE §11.151(a) (allowing independent school districts to “sue and be sued” in the name of the district). IDEA points to our decision in *Perez*, which concluded that where state law is silent as to the entity’s power to sue but expressly allows analogous entities to do so, this factor “slightly favors” immunity. *Perez*, 307 F.3d. at 331. *Perez* is distinguishable, however. *Perez* made no finding about whether the entity in question had a history of suing in its own name—it based its conclusion merely on the silence in state law. Not so here. IDEA concedes it has a history of suing in its own name. This factor thus weighs against immunity.

6.

Finally, factor six asks whether the entity can hold and use property. If it can, that points away from immunity. Texas law is clear on this point: “[W]hile an open-enrollment charter school is in operation, the charter holder holds title to any property . . . and may exercise complete control over the property as permitted under the law.” TEX. EDUC. CODE § 12.128(b). As IDEA observes, though, Texas law also states that property purchased by a charter holder with state funding “is considered to be public property for all purposes under state law” and is “property of this state held in trust by the charter holder for the benefit of the students.” *Id.* § 12.128(a). If a charter school ceases operations,

Texas takes possession and control of the property. *Id.* § 12.128(c). IDEA argues that these restrictions show that it does not truly hold property.

We disagree. Our precedent rejects the argument that this factor points toward immunity where the entity held title but “all of [the entity’s] property ultimately belong[ed] to the state.” *Vogt*, 294 F.3d at 696. Because Texas law provides that the charter holder holds title to its property, this factor also weighs against immunity. *See also Pendergrass*, 144 F.3d at 347 (weighing this factor against immunity despite the fact that “at some time in the distant future” the entity’s property “may revert to the state”).

* * *

In sum, factors one and three favor sovereign immunity while factors two, four, five, and six do not. Balancing all the factors, and giving greater weight to factor two, we conclude that IDEA is not an arm of the state and does not share in Texas’s sovereign immunity.

B.

Because MISD cross-appeals the district court’s ruling that it is not entitled to sovereign immunity, we must also apply the *Clark* factors to it. Guided by our foregoing analysis, we easily conclude the district court was correct. *See Lopez v. Houston Indep. Sch. Dist.*, 817 F.2d 351, 353 (5th Cir. 1987) (finding a Texas independent school district was “sufficiently distinct from the state to be outside the [E]leventh [A]mendment”),

overruled on other grounds, Walton v. Alexander, 44 F.3d 1297, 1303 n.4 (5th Cir. 1995) (en banc); *San Antonio Indep. Sch. Dist. v. McKinney*, 936 S.W.2d 279, 284 (Tex. 1996) (holding that “an independent school district is more like a city or county than it is like an arm of the State of Texas and is amenable to suit in federal court under the Eleventh Amendment”); *Black*, 461 F.3d at 596 (“Generally, school boards and districts are not arms of the state shielded by Eleventh Amendment immunity.”).

As with IDEA, factor one weighs in favor of immunity. Texas courts have long recognized that independent school districts are part of the state itself and therefore enjoy state sovereign immunity. As far back as 1931, the Texas Supreme Court referred to them as “state agencies, erected and employed for the purpose of administering the state’s system of public schools.” *Love v. City of Dallas*, 40 S.W.2d 20, 26 (Tex. 1931). More recently, the supreme court stated it is “well settled in this state that an independent school district is an agency of the state” and thus enjoy immunity unless Texas waives it. *Barr v. Bernhard*, 562 S.W.2d 844, 846 (Tex. 1978).

The second and weightier factor cuts against immunity because a judgment against MISD would not fall upon Texas. In response, MISD contends that recent changes to state law make school districts somewhat more reliant on state funding. This argument fails for at least two reasons. First, MISD still receives

significant funding from non-state sources. The record shows that roughly half of MISD's annual revenue comes from sources other than the state. In 2019, for instance, MISD collected about \$90 million from local and intermediate sources, \$20 million from federal sources, and \$6 million from "Other Resources." There is little reason to think the state treasury would be implicated by a judgment against MISD. Second, while Texas law does impose some limits on school districts' taxing power,⁶ they still maintain the power to levy certain taxes and to issue bonds. *See* Tex. Educ. Code §§ 45.001, 45.002. The ability to self-finance weighs heavily against immunity. *See Pendergrass*, 144 F.3d at 346.

Factor three, the degree of local autonomy, weighs in favor of immunity because Texas exerts considerable oversight and control over its school districts. School districts are subject to state accreditation, as well as academic performance and financial accountability standards, and Texas can take corrective action for any failure to comply. *See* TEX. EDUC. CODE § 39A.001. Indeed, Texas can close a noncompliant district and annex it to an adjoining district. *Id.* § 39A.005. Texas also has significant influence over the day-to-day

⁶ See, e.g., TEX. EDUC. CODE § 45.0021 (preventing districts from levying maintenance taxes to create a surplus to pay the district's debt); *id.* § 45.0032 (placing limits on maintenance, operations, and enrichment taxes); *id.* § 45.003 (requiring some taxes to be authorized by a majority of the district's voters).

operations of school districts, as it controls to varying degrees matters like school curriculum and student transportation. *See, e.g., id.* § 28.002 (required curriculum); *Id.* § 34.002, 34.003 (statewide bus safety standards).

As with IDEA, factor four points away from immunity because school districts meet local rather than statewide needs. MISD serves students in Hidalgo County, not Texans generally. It thus operates “for the special advantage of local inhabitants.” *Pendergrass*, 144 F.3d at 347. This limited jurisdiction counsels against immunity. *Vogt*, 294 F.3d at 695.

Factors five and six likewise weigh against immunity. Texas law provides that the trustees of an independent school district “in the name of the district may acquire and hold real and personal property [and] sue and be sued.” TEX. EDUC. CODE § 11.151(a). While of lesser importance, this authority shows the district is separate from the state.

Altogether, only factors one and three weigh in favor of immunity and the marquee second factor points the other way. We therefore agree with the district court that MISD is not an arm of the state and is not entitled to sovereign immunity

IV.

We turn to Springboards’ trademark claims and conclude that the district court properly granted summary judgment in MISD’s favor. We also conclude that judgment for IDEA is proper, “exercis[ing] our discretion to affirm

on unadvocated grounds supported by the record.” *United States v. Sanchez*, 900 F.3d 678, 687 n.8 (5th Cir. 2018).

The Lanham Act imposes liability on anyone who, without consent, uses “in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion ” 15 U.S.C. § 1114(1)(a). The likelihood of confusion is our focus here, as it is a prerequisite to recovery for all of Springboards’ claims. *See Springboards to Educ., Inc. v. Pharr-San Juan-Alamo Indep. Sch. Dist.*, 33 F.4th 747, 750–51. (5th Cir. 2022). For Springboards to prevail, it must show that MISD’s use of Springboards’ marks “create[d] a likelihood of confusion in the minds of potential consumers as to the source, affiliation, or sponsorship” of MISD’s products or services. *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 193 (5th Cir. 1998). “Likelihood of confusion means more than a mere possibility; the plaintiff must demonstrate a probability of confusion.” *Xtreme Lashes, LLC v. Xtended Beauty, Inc.*, 576 F.3d 221, 226 (5th Cir. 2009) (internal citation omitted).

To assess whether confusion is likely, we consider a flexible list of factors called the digits of confusion. These include:

- (1) the type of mark allegedly infringed,
- (2) the similarity between the two

marks, (3) the similarity of the products or services, (4) the identity of the retail outlets and purchasers, (5) the identity of the advertising media used, (6) the defendant's intent, (7) any evidence of actual confusion . . . [and] (8) the degree of care exercised by potential purchasers.

Bd. of Supervisors for LSU v. Smack Apparel Co., 550 F.3d 465, 478 (5th Cir. 2008) (cleaned up) (citation omitted). No one factor is dispositive, and we may consider any other relevant factor. *Capece*, 141 F.3d at 194.

However, there is a threshold issue before we can reach the likelihood of confusion. First, “we must identify the class of consumers at risk of confusion.” *Springboards To Educ., Inc. v. Houston Indep. Sch. Dist.*, 912 F.3d 805, 812 (5th Cir. 2019), as revised (Feb. 14, 2019). That is a problem here because Springboards is neither clear nor consistent about whom it considers to be at risk of confusion.

Springboards represents that its business model involves selling its Campaign to schools as units, tailoring the contents and theme to each school. *Houston Indep. Sch. Dist.*, 912 F.3d at 813 (“Springboards’ business model is premised on marketing the Read a Million Words campaign to school districts and selling those districts the products and services needed to implement the campaign.”). Springboards does not allege that MISD marketed its own millionaire club to outside school districts, thus causing confusion among

other districts. Rather, Springboards repeatedly refers to the confusion of parents, students, and teachers. For instance, Springboards argues that its Campaign and MISD's were "directed to identical groups – students, parents, and educators in the school district[s]." As we explained in a materially identical case rejecting Springboards' claims, the confusion of those persons is "not the appropriate focus of the likelihood-of-confusion analysis" because they are not "purchasers in any ordinary sense." *Ibid.* They merely use a product that the school district buys.⁷

At times, Springboards suggests that third parties in other districts were misled into thinking that MISD's "inferior" program was affiliated with Springboards' Campaign. This is the relevant class of consumers. It is actionable if potential consumers confuse an infringing and inferior product with the authentic mark, as that mistaken association might result in a loss of sales or goodwill. *Id.* at 814. Accordingly, our likelihood of confusion analysis is limited to the question of whether other school districts would likely confuse MISD's use of "Million Dollar Reader"

⁷ As in *Houston Independent School District*, Springboards has put forward no evidence that these groups "exercise any influence over [MISD's] purchasing decisions," so there is no potential cause of action for user confusion. *Houston Indep. Sch. Dist.*, 912 F.3d at 813.

and similar phrases with Springboards' marks related to its Campaign.⁸

We see no risk of confusion. We follow our two prior cases affirming dismissal of Springboards' infringement claims against other Texas school districts. In *Springboards v. Houston Independent School District*, 912 F.3d 805 (5th Cir. 2019), and *Springboards v. Pharr-San Juan-Alamo Independent School District*, 33 F.4th 747 (5th Cir. 2022), we found no likelihood of confusion when Springboards brought identical Lanham Act claims against school districts for factually indistinguishable monetary-themed reading incentive programs. The more recent of those cases called Springboards' claims "déjà vu all over again" and recognized that the first case was "functionally identical." *Pharr-San Juan-Alamo Ind. Sch. Dist.*, 33 F.4th at 748, 749. The déjà vu continues here. Springboards points to no material distinction between the instant case and our ruling in *Houston Independent School District*. And the district court saw so little difference between MISD and the school district in *Pharr-San Juan-Alamo Independent School District* (also located in Hidalgo County) that it granted both summary judgment at the same time without making any distinction between the two. Nothing material separates this case from its predecessors. Nevertheless, we briefly

⁸ Because we find there is no likelihood of confusion, we need not decide the open question of whether Springboards must first produce evidence that MISD's program is, in fact, inferior. See *Houston Indep. Sch. Dist.*, 912 F.3d at 814 n.5

recite some of the reasons that Springboards fails to demonstrate any likelihood of confusion. “We need not parse the individual digits [of confusion]” because any possibility of confusion is “exceedingly remote.” *Pharr-San Juan-Alamo Ind. Sch. Dist.*, 33 F.4th at 750. To begin with, monetary-themed literacy programs using nearly identical language to Springboards’ marks abound and predate Springboards’ Campaign by years. *Houston Indep. Sch. Dist.*, 912 F.3d at 815. Indeed, MISD purchased many of its “Million Dollar Reader” products from a company that began selling similar products in 2010, while Springboards’ earliest mark dates only to 2011. Plus, Springboards’ sales appear to be overwhelmingly concentrated in one school district, so it is unlikely that other school districts would confuse MISD’s program as an inferior knockoff of Springboards’. *Ibid.*

Additionally, there is no evidence that MISD intended to confuse other districts by attempting to “derive benefits from [Springboards’] reputation by using [its] mark.” *Viacom Int’l v. IJR Capital Invs., L.L.C.*, 891 F.3d 178, 195 (5th Cir. 2018). Springboards argues that MISD had knowledge of Springboards’ Campaign, but “mere awareness . . . does not establish bad intent.” *Streamline Prod. Sys., Inc. v. Streamline Mfg., Inc.*, 851 F.3d 440, 456 (5th Cir. 2017) (cleaned up). Springboards does not offer any evidence that MISD ever ventured beyond mere awareness. In fact, MISD did not

sell or market its program to other school districts at all.

Finally, we note that school districts typically exercise great care as consumers, which makes them unlikely candidates for confusion. “[P]rofessional and institutional” purchasers “are virtually certain to be informed, deliberative buyers.” *Oreck Corp. v. U.S. Floor Sys., Inc.*, 803 F.2d 166, 173 (5th Cir. 1986). Public school districts searching for comprehensive literacy programs are a far cry from an individual consumer’s grabbing an item off the shelf. They are sophisticated institutions unlikely to be led astray by passing similarities between services. *Houston Indep. Sch. Dist.*, 912 F.3d at 817. In short, there is no risk that other school districts would confuse MISD’s program with Springboards’ Campaign-related marks.

For substantially the same reasons, Springboards’ identical Lanham Act claims against IDEA also fail. While the district court’s ruling for IDEA was erroneously predicated on sovereign immunity, we may affirm on other ground “when the record contains an adequate and independent basis for that result.” *Lauren C.*, 904 F.3d at 374 (quoting *Britt v. Grocers Supply Co.*, 978 F.2d 1441, 1449 (5th Cir. 1992)).⁹ The record shows no risk of confusion.

⁹ Both parties fully briefed motions for summary judgment.

As noted, Springboards' sales are concentrated in one school district, indicating a relatively weak standing in the market. And school districts commonly use other millionaire-themed reading programs, many of which predate Springboards' marks. *See Sun Banks of Fla., Inc. v. Sun Fed. Sav. & Loan Ass'n*, 651 F.2d 311, 317 (5th Cir. 1981) (widespread third-party use weighs heavily against a likelihood of confusion). Nor is there any evidence that IDEA deliberately used Springboards' marks. While Springboards alleges deliberate misappropriation, its "evidence" is that it and IDEA both use the same balloon vendor for some of their millionaire reader celebrations and that IDEA schools are required to solicit multiple bids for projects rather than engage in "sole source" procurement with a single supplier.

Additionally, IDEA consistently takes steps to signal that its reading program bears no relation to Springboards' Campaign. For instance, IDEA's program refers to "IDEA Millionaire Reader[s]," "IDEA Millionaires," and "IDEA Millionaire Reader's Celebration[s]." Where a user of a mark clearly identifies itself, there is little risk that third parties will be confused about the origin of the mark. *See Oreck*, 803 F.2d at 171 (finding little chance of confusion where a company's advertisements "clearly indicate[d]" that it was "the maker of the product"); *Houston Indep. Sch. Dist.*, 912 F.3d at 816 (concluding a school district's use of its name in connection with the mark "especially mitigates the likelihood of confusion"). Here, since IDEA clearly and

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consistently connects its reading program to its own name, there is no genuine possibility that other school districts would be confused.

Without a likelihood of confusion, Springboards' Lanham Act claims fail. Judgment is proper for both MISD and IDEA.

V.

The district court's judgments in favor of MISD and IDEA are AFFIRMED.

ANDREW S. OLDHAM, *Circuit Judge*,

concurring:

In this case, we were asked to hold that a *private* charter school enjoys state sovereign immunity while a *public* school district does not. The fact that our precedents allow this question to be asked is reason enough to grant en banc rehearing.

The line of cases that make possible such an absurd QP is called the “arm of the State” doctrine. It’s cumbersome. It provides nonsensical results. And worst of all, it doesn’t even ask the right question. It turns on a multi-part balancing test, comprised of a non-exhaustive list of “*Clark* factors”—none of which is necessary or sufficient to show an entity is an “arm of the State” and thus entitled to state sovereign immunity.¹

I propose a new single-factor test: Was the entity asserting state sovereign immunity considered “the State” in 1789? If yes, then sovereign immunity. If no, then none.

¹ Under *Clark v. Tarrant County*, 798 F.2d 736 (5th Cir. 1986), the potentially relevant factors—none of which is necessary and none of which is sufficient—include: (1) “whether the state statutes and case law view the entity as an arm of the state”; (2) “the source of the entity’s funding”; (3) “the entity’s degree of local autonomy”; (4) “whether the entity is concerned primarily with local, as opposed to statewide, problems”; (5) “whether the entity has the authority to sue and be sued in its own name”; and (6) “whether it has the right to hold and use property.” *Id.* at 744–45. “Such ‘tests’ have all the precision of a blunderbuss.” *Cutrer v. Tarrant Cnty. Loc. Workforce Dev. Bd.*, 943 F.3d 265, 270 (5th Cir. 2019).

Part I describes the original public meaning of sovereign immunity in 1789. Part II then discusses what constituted “the State” at the Founding. Part III connects those two concepts and proposes a rule for “arms of the State” to replace our current doctrine. Part IV concludes by applying that rule to this case.

I.

The doctrine of sovereign immunity was firmly established in the English common law by the thirteenth century. CLYDE E. JACOBS, *THE ELEVENTH AMENDMENT AND SOVEREIGN IMMUNITY* 5 (1925) (“At least as early as the thirteenth century . . . it was recognized that the king could not be sued in his own courts”); Louis L. Jaffe, *Suits Against Governments and Officers: Sovereign Immunity*, 77 Harv. L. Rev. 1, 2 (1963) (“By the time of Bracton (1268) it was settled doctrine that the King could not be sued *eo nomine* in his own courts.”). All sovereign power was “vested by [law] in a single person, the king or queen.” 1 WILLIAM BLACKSTONE, *COMMENTARIES* *183; *see also Chisholm v. Georgia*, 2 U.S. (2 Dall.) 419, 446 (1793) (Iredell, J., dissenting) (determining that the Crown alone was “the sovereign of the Kingdom”). This meant that the Crown was “immediately invested [with] all the ensigns, rights, and prerogatives of sovereign power.” 1 BLACKSTONE, *supra*, at *183. One such royal prerogative the Crown enjoyed was immunity from suit. *Id.* at *235 (“[N]o suit or action can be brought against the king, even in civil matters, because no court can have jurisdiction over

him.”); 3 BLACKSTONE, *supra*, at *255 (“[N]o action will lie against the sovereign, (for who shall command the king?) ”); *see also Chisholm*, 2 U.S. (2 Dall.) at 437 (Iredell, J., dissenting) (compiling sources).

The historical record contains competing justifications for the doctrine of sovereign immunity. Part of the justification was that the Crown was above everyone, so it could be amenable to suit by no one. *See, e.g.*, 1 BLACKSTONE, *supra*, at *242. Part of the justification was that the King was the font of all law, so he could not by definition violate it. *Kawananakoa v. Polyblank*, 205 U.S. 349, 353 (1907) (“A sovereign is exempt from suit, not because of any formal conception or obsolete theory, but on the logical and practical ground that there can be no legal right as against the authority that makes the law on which the right depends.”). And part of the justification was the courts belonged to the King, so he had the right to refuse consent to suit in his own courts. Interestingly, this last rationale was not limited to the Crown; it extended to feudal lords who also were not amenable to suit in their own courts. 1 F. POLLOCK & F. MAITLAND, *HISTORY OF ENGLISH LAW* 518 (2d ed. 1899) (“He can not be compelled to answer in his own court, but this is true of every petty lord of every petty manor; that there happens to be in this world no court above his court is, we may say, an accident”); 3 W. HOLDSWORTH, *A HISTORY OF ENGLISH LAW* 465 (3d ed. 1927)

("[N]o feudal lord could be sued in his own court").

At the Founding, sovereign immunity became a part of the American common law. *See Chisholm*, 2 U.S. (2 Dall.) at 437 (Iredell, J., dissenting) (concluding that state sovereign immunity comes from "the common law," which "is the ground-work of the laws in every State in the Union," and which is, "where no special act of Legislation controls it, to be in force in each State, as it existed in England, (unaltered by any statute) at the time of the first settlement of the country"); *Alden v. Maine*, 527 U.S. 706, 715–16 (1999); William Baude & Stephen E. Sachs, *The Misunderstood Eleventh Amendment*, 169 U. Pa. L. Rev. 609, 614 (2021). Of course, English conceptions of the doctrine did not map neatly onto the American Republic where sovereignty resides in the People and where we've never had a king or feudal lord.

The most important American innovation to the doctrine was that our Founders left "to the several states, a residuary and inviolable sovereignty." THE FEDERALIST NO. 39, at 198 (James Madison) (George W. Carey & James McClellan eds., 2001); *see also Gamble v. United States*, 139 S. Ct. 1960, 1968 (2019) (discussing the well-established principle of "dual sovereignty" at the founding (quotation omitted)). As part of their residual sovereignty, all States retained immunity from suits without their consent—in state courts and in federal ones. *See* THE FEDERALIST NO. 81, at 422 (Alexander Hamilton) (George W. Carey & James McClellan eds., 2001) ("It is

inherent in the nature of sovereignty not to be amenable to the suit of an individual *without its consent*. . . . [T]he exemption, as one of the attributes of sovereignty, is now enjoyed by the government of every state in the union.”); *Alden*, 527 U.S. at 730–754 (holding state sovereign immunity applies in state courts as in federal ones).

For example, the Articles of Confederation provided: “Each State retains its *sovereignty*, freedom, and independence, and every Power, Jurisdiction, and right, which is not by this confederation expressly delegated to the United States, in Congress assembled.” ARTICLES OF CONFEDERATION art. II (U.S. 1781) (emphasis added). Likewise, courts commonly held that States were immune from suit. For example, in *Nathan v. Virginia*, 1 U.S. (1 Dall.) 77 (C.C.P. Phila., Phila. Cnty., 1781), the court agreed with the attorney general that each State “was a sovereign” so that “every kind of process” issued against a State was “null and void.” *Ibid.*; see also *Nelson*, *supra*, at 1579. Likewise, in *Moitez v. The South Carolina*, 17 F. Cas. 574 (No. 9697) (1781), a Pennsylvania Admiralty Court dismissed a suit against a South Carolina warship on the grounds that it was owned by a “sovereign independent state.” *Ibid.* Other pre-constitutional sources confirmed. See, e.g., THE FEDERALIST No. 81, at 422 (Alexander Hamilton) (George W. Carey & James McClellan eds., 2001) (claiming that sovereign immunity “is *now* enjoyed” by each State,

referring to a time before ratification (emphasis added)); THE FEDERALIST NO. 39, at 198 (James Madison) (George W. Carey & James McClellan eds., 2001) (discussing the “inviolable sovereignty” of States); *McIlvaine v. Coxe’s Lessee*, 8 U.S. (4 Cranch) 209, 212 (1808) (“This opinion is predicated upon a principle which is believed to be undeniable, that the several states which composed this union . . . became entitled, from the time when they declared themselves independent, to all the rights and powers of sovereign states. . . .”); see also *Franchise Tax Bd. of Cal. v. Hyatt*, 139 S. Ct. 1485, 1493–94 (2019); *Alden*, 527 U.S. at 726–27; *Gamble*, 139 S. Ct. at 1968 (“When the original States declared their independence, they claimed the powers inherent in sovereignty. The Constitution limited but did not abolish the sovereign powers of the States” (quotation omitted)).

As many have argued, the Constitution didn’t override common-law sovereign immunity. See, e.g., *Gamble*, 139 S. Ct. at 1968; *Franchise Tax Bd. of Cal.*, 139 S. Ct. at 1495–96; William Baude, *Sovereign Immunity and the Constitutional Text*, 103 Va. L. Rev. 1, 8–9 (2017); Caleb Nelson, *Sovereign Immunity as a Doctrine of Personal Jurisdiction*, 115 Harv. L. Rev. 1559, 1580–1601 (2002); Stephen E. Sachs, *Constitutional Backdrops*, 80 Geo. Wash. L. Rev. 1813, 1816–18, 1828–34 (2012); Bradford R. Clark, *The Eleventh Amendment and the Nature of the Union*, 123 Harv. L. Rev. 1817, 1862–75 (2010); Kurt T. Lash, *Leaving*

the Chisholm Trail: The Eleventh Amendment and the Background Principle of Strict Construction, 50 Wm. & Mary L. Rev. 1577, 1599–1603, 1618–27, 1649–50, 1653–76 (2009); Steven Menashi, *Article III as a Constitutional Compromise: Modern Textualism and State Sovereign Immunity*, 84 Notre Dame L. Rev. 1135, 1155–75 (2009). The ratification debates, negative public reactions to *Chisholm v. Georgia* (holding that there was no common-law sovereign immunity for States from out-of-state citizen suits under the Constitution), and Congress’s swift passage of the Eleventh Amendment in response to *Chisholm* all indicate as much.

Common-law sovereign immunity is different from Eleventh Amendment sovereign immunity. The latter only prohibits suits brought by out-of-state plaintiffs in federal court: “The Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of *another* State, or by Citizens of any Foreign State.” U.S. CONST. amend. XI (emphasis added). The former is broader in a sense²

² In another sense common-law sovereign immunity is narrower than the immunity recognized by the Eleventh Amendment: Common-law sovereign immunity can be waived by the sovereign, whereas the Eleventh Amendment (at least by its plain text) speaks in subject-matter-jurisdiction terms that presumably cannot be waived. Baude & Sachs, *supra*, at 623–24.

because it applies even a citizen sues his home State. *Coolbaugh v. Commonwealth*, 4 Yeates 493 (Pa. 1808) (finding it “a settled principle, that no sovereign power [is] amenable to suits either in its own courts, or those of a foreign country, unless by its own consent”); *Beers v. Arkansas*, 61 U.S. (20 How.) 527, 529 (1857) (applying the “established principle of jurisprudence in all civilized nations that the sovereign cannot be sued in its own courts, or in any other, without its consent and permission” in a suit against a State in its own court); *The Siren*, 74 U.S. (7 Wall.) 152, 153–54 (1868) (“It is a familiar doctrine of the common law, that the sovereign cannot be sued in his own courts without his consent.”); *Cunningham v. Macon & B.R. Co.*, 109 U.S. 446, 451 (1883) (“It may be accepted as a point of departure unquestioned, that neither a state nor the United States can be sued as defendant in any court in this country without their consent . . .”). This practice culminated most famously in *Hans v. Louisiana*, 134 U.S. 1 (1890), which held that a State cannot be sued by its own citizen. *See id.* at 14–15. And the Court continues to “uph[o]ld States’ assertions of sovereign immunity in various contexts outside the literal text of the Eleventh Amendment” today. *Alden*, 527 U.S. at 727; *see also PennEast Pipeline Co., LLC v. New Jersey*, 141 S. Ct. 2244, 2264 (2021) (Gorsuch, J., dissenting); Baude & Sachs, *supra*, at 612–14.

This case implicates common-law sovereign immunity, not the Eleventh

Amendment. Plaintiff Springboards to Education, Inc. is a citizen of Texas, and defendants McAllen Independent School District and IDEA Public Schools both claim to be the State of Texas. So we're necessarily discussing the common law of sovereign immunity that predated the Eleventh Amendment and survived its ratification.

II.

The next question is what (or who) qualified as the "State" under the common law of sovereign immunity in 1789? As with so many historical inquiries, this one has points of clarity and points of ambiguity. I (A) begin with what we know for sure: Corporations were *not* considered the State under the common law. They had no sovereign immunity. Then I (B) cautiously waded into territory with limited historical evidence: whether unincorporated state agencies, boards, and departments were considered the State. It appears that the immunity of these entities in federal court was left in the hands of the States.

A.

First, corporations. It's evident that at common law, both in England and the early American Republic, incorporated entities were not entitled to sovereign immunity. This rule applied regardless of whether the corporations were private or public and regardless of whether they exercised governmental functions.

As Chief Justice Marshall said, "[a]s our ideas of a corporation, its privileges and its disabilities, are derived entirely from the English

books, we resort to them for aid, in ascertaining its character.” *Bank of U.S. v. Deveaux*, 9 U.S. (5 Cranch) 61, 88 (1809). In his *Commentaries on the Laws of England*, Blackstone identified many types of corporations at common law, including civil corporations, churches, colleges and universities, hospitals, manufacturing or commercial organizations, the royal society, and notably, corporations “erected for the good government of a town or particular district.” 1 BLACKSTONE, *supra*, at *458–59. These corporations could only be created with the consent of the sovereign. *Id.* at *460. Once they were created, they could “sue or be sued, implead or be impleaded, grant or receive, . . . and do all other acts as natural persons may.” *Id.* at *463. And for that reason, a corporation could not assert the sovereign’s immunity from suit. *See, e.g., Moodalay v. Morton*, (1785) 28 Eng. Rep. 1245 (Ch.).

At the Founding, America embraced the English conception of corporations. This theme was pervasive throughout the constitutional debates and early American court cases. *See Lash, supra*, at 1657.

First, the constitutional debates. For all that the Federalists and Anti-Federalists disagreed about, they agreed that corporations were not sovereigns. Both drew sharp distinctions between corporations, which weren’t immune from suits, and sovereigns, which were, to advance their arguments.

The Federalists began this debate by contending that States were akin to

corporations. See 1 M. FARRAND, RECORDS OF THE FEDERAL CONVENTION OF 1787, at 323, 328 (1907) (Alexander Hamilton: discussing how the States were “Corporations” with mere “corporate rights”); *id.* at 357–58 (James Madison); *id.* at 471 (James Madison: “There is a gradation of power in all societies, from the lowest corporation to the highest sovereign. The states never possessed the essential rights of sovereignty The states, at present, are only great corporations ”); *id.* at 552 (Gouverneur Morris: “[The States] were originally nothing more than colonial corporations.”).

The Anti-Federalists responded strongly and persuasively. They argued that the Federalists sought to reduce sovereign States to “mere corporation[s].” *The Address of the Seceding Assemblymen* (Oct. 2, 1787), *reprinted in* 13 THE DOCUMENTARY HISTORY OF THE RATIFICATION OF THE CONSTITUTION 295, 296 (John P. Kaminski & Gaspare J. Saladino eds., 1981); *see also* 2 THE DEBATES IN THE SEVERAL STATE CONVENTIONS ON THE ADOPTION OF THE FEDERAL CONSTITUTION 403 (Jonathan Elliot ed., 1836) [hereinafter ELLIOT’S DEBATES] (Thomas Tredwell in the New York convention: “The sole difference between a state government under this Constitution, and a corporation under a state government, is, that a state being more extensive than a town, its powers are likewise proportionably extended, but neither of them enjoys the least share of sovereignty”);

Democrat, MASS. MERCURY (Bos.), July 23, 1793, *reprinted in* 5 THE DOCUMENTARY HISTORY OF THE SUPREME COURT, 1789–1800, at 393, 393 (Maeva Marcus ed., 1994) [hereinafter DHSC] (noting that some feared the Constitution as written “destroy[ed] the SOVEREIGNTY of the states, and render[ed] them no more than corporate towns”); *Cato II* (Oct. 11, 1787), *reprinted in* 13 THE DOCUMENTARY HISTORY OF THE RATIFICATION OF THE CONSTITUTION, *supra*, at 369, 371 (arguing that “the different states do not retain separately their sovereignty and independency” under the Constitution); 3 ELLIOT’S DEBATES, *supra*, at 527 (George Mason: “Is this state to be brought to the bar of justice like a delinquent individual? Is the sovereignty of the state to be arraigned like a culprit, or private offender?”).

And the Anti-Federalists proved triumphant. The Federalists eventually conceded that States were not corporations and hence would retain sovereign immunity. *See* 3 ELLIOT’S DEBATES, *supra*, at 533 (James Madison); THE FEDERALIST NO. 81 (Alexander Hamilton); 3 ELLIOT’S DEBATES, *supra*, at 555 (John Marshall); *Brutus*, INDEP. CHRON. (Bos.), July 18, 1793, *reprinted in* 5 DHSC, *supra*, at 392, 392 (Rufus King); *Democrat*, *supra*, at 393–94, 394 nn.3–4 (Rufus King). The Federalists insisted, however, that no one would be so silly as to sue a sovereign State in federal court. *See* THE FEDERALIST NO. 81, at 422 (Alexander Hamilton)(George W. Carey & James McClellan

eds., 2001) (stressing that “the danger intimated must be merely ideal”).

Second, this sharp line between corporations and sovereigns is also clear in early American court cases. The very first case entered on the Supreme Court docket, *Van Staphorst v. Maryland*, 2 U.S. (2 Dall.) 401 (1791), involved a suit against a State. See 5 DHSC, *supra*, at 7, 16. While the Court didn’t reach the question of immunity, many members of the public raised red flags, and the sovereign/corporation distinction animated their objections. For example, one anonymously published letter heralded the danger that “[s]hould this action be maintained,” it would mean “the several States, have relinquished all their SOVEREIGNTIES, and have become mere corporations.” *Letter from an Anonymous Correspondent*, INDEP. CHRON. (Phila.), Feb. 13 & 19, 1791, *reprinted in* 5 DHSC, *supra*, at 20, 21. The letter went on: “For a Sovereign State, can never be sued, or coerced, by the authority of another government.” *Ibid.* To be sued, States would have to become “mere corporations.” *Ibid.* Massachusetts Attorney General James Sullivan also published his concern that this suit reduced the States from “an assemblage of republics” under the federal government to “divers corporations.” James Sullivan, *Observations upon the Government of the United States of America* (BOS.), July 7, 1791, *reprinted in* 5 DHSC, *supra*, at 21, 21. He concluded that without immunity, States were

“mere corporation[s]” devoid of sovereignty. *Id.* at 29.

The Court confronted this problem again in *Oswald v. New York*, 2 U.S. (2 Dall.) 401 (1792). And again, the Court didn’t have a chance to decide the issue. *Ibid.* But Justice Iredell, who would pen the lone dissent in *Chisholm v. Georgia* one year later, began to explore the differences between a State and a “mere Corporation” in a draft opinion. See *James Iredell’s Observations on State Suability* (Phila.), Feb. 11–14, 1792, reprinted in 5 DHSC, *supra*, at 76, 87–88.

By the time the Court heard CHISHOLM V. GEORGIA, it knew the question of State suability boiled down to whether States were more akin to sovereigns or corporations. The majority and dissent *agreed* that sovereigns were entitled to immunity while corporations were not. They merely disagreed on whether States were sovereigns or corporations. Compare *Chisholm*, 2 U.S. (2 Dall.) at 468 (Cushing, J.) (“As to corporations, all States whatever are corporations or bodies politic.”), and *id.* at 472 (Jay, C.J.) (arguing there’s no difference between suing a municipal corporation and suing a State), with *id.* at 448 (Iredell, J., dissenting) (discussing the “differences between such corporations, and the several States in the Union”).

Justice Iredell’s lone *Chisholm* dissent is particularly instructive. That’s in part because his interpretation ultimately won the day—both in the short-term with the passage of the Eleventh

Amendment, and in the long-term with the Court's endorsement of his view of common-law sovereign immunity. *See Hans*, 134 U.S. at 16. But of greater relevance for present purposes, Justice Iredell discussed at length the "common law" of corporations and sovereigns. *Chisholm*, 2 U.S. (2 Dall.) at 447 (Iredell, J., dissenting). He first argued that under the common law, a "corporation is a mere creature" of the sovereign and "owes its existence . . . to the authority which create[d] it." *Id.* at 448. Conversely, a "State does not owe its origin to the Government of the United States" but rather "derives its authority from the same pure and sacred source as itself: The voluntary and deliberate choice of the people." *Ibid.* Similarly, a corporation "is altogether depend[er]nt on that Government to which it owes its existence." *Ibid.* Its "charter may be forfeited," and its "authority may be annihilated." *Ibid.* But a State is "totally independent" of the federal government. *Ibid.* Because of these differences, Justice Iredell concluded that while corporations are not immune from suits, States are "altogether exempt from the jurisdiction of the Courts of the United States" except for "the special instances where the general Government has power derived from the Constitution itself." *Ibid.*

The public response to *Chisholm* echoed this categorization. For example, one newspaper said that while the Constitution provided that "Congress should guarantee to every State in the Union a Republican form of

government[,] ‘[a] *form of government*’ was never a mode of expression applied to the police of a town, parish, city or other corporation.” “*The True Federalist*” to *Edmund Randolph*, *Number II*, INDEP. CHRON. (Bos.), Jan. 23 & 27, 1794, reprinted in 5 DHSC, *supra*, at 243, 245 [hereinafter *The True Federalist*].

A few months later, Justice Iredell’s outcry reverberated through the halls of the Massachusetts General Assembly. In opposition to a suit against the Commonwealth, *Vassall v. Massachusetts*, Massachusetts Governor Hancock delivered a rousing speech. See *John Hancock’s Address to the Massachusetts General Court*, INDEP. CHRON. (Bos.), Sept. 18, 1793, reprinted in 5 DHSC, *supra*, at 416, 416. He argued that the rights of State as sovereigns could not be reduced to those of “mere Corporations.” *Id.* at 418. Others echoed his sentiments. See, e.g., *William Widgery’s Speech in the Massachusetts House of Representatives*, INDEP. CHRON. (Bos.), Sept. 23, 1793, reprinted in 5 DHSC, *supra*, at 427, 428 (distinguishing between the State and “mere dependent corporations”); *Brutus*, *supra*, at 392 (urging the Massachusetts General Assembly to respond or risk becoming “an unimportant subordinate corporation”). The General Assembly rallied to its Governor’s side. It refused to answer Vassall’s suit, and the Court eventually dismissed it. See *Reply of the Massachusetts General Court to John Hancock*,

INDEP. CHRON. (Bos.), Sept. 27, 1793, *reprinted in* 5 DHSC, *supra*, at 441, 441.

In the early nineteenth century, the Court relied even more on this formal division between corporations and sovereigns. In *Trustees of Dartmouth College v. Woodward*, 17 U.S. (4 Wheat.) 518 (1819), the Court examined the nature of the Dartmouth College corporate charter with New Hampshire. *Id.* at 626–27. In doing so, the Court again considered the common law of corporations. It determined that a corporation was “a collection of individuals, united into one collective body, under a special name, and possessing certain immunities, privileges and capacities, in its collective character.” *Id.* at 667. Notably, as “artificial person[s],” corporations were not immune from lawsuits; they could “sue and be sued.” *Ibid.*

This sovereign-corporate distinction is best illustrated by a series of suits against State-created banks. In those cases, the Court repeatedly held that even “a bank created by the government for its own uses, whose stock [was] *exclusively owned* by the government, [was a] public corporation,” and thereby unprotected by sovereign immunity. *Id.* at 669 (emphasis added); *see also Bank of Commonwealth of Ky. v. Wister*, 27 U.S. (2 Pet.) 318, 319 (1829) (holding that even though Kentucky “was the sole proprietor of the stock of the bank,” the bank was not the Commonwealth and therefore was not entitled to sovereign immunity); *Bank of U.S. v.*

Planters' Bank of Ga., 22 U.S. (9 Wheat.) 904, 908 (1824) (holding that even where Georgia was a proprietor and corporator of the Bank, the “Planters’ Bank of Georgia [was] not exempted from being sued in the federal courts”); *Briscoe v. Bank of Commonwealth of Ky.*, 36 U.S. (11 Pet.) 257, 327 (1837) (holding that even though Kentucky was the sole stockholder of the bank, the bank was not entitled to sovereign immunity); *Darrington v. Bank of Ala.*, 54 U.S. (13 How.) 12, 16–17 (1851) (same); *Curran v. Arkansas*, 56 U.S. (15 How.) 304, 309 (1853) (“[A] State . . . by owning all the capital stock [in a bank], does not impart to that corporation any of its privileges or prerogatives ”). The mere fact that the State held all the financial interest in a bank did not make the bank an arm of the State.³ Rather, the State’s incorporation of the bank severed any connection between the State and the bank for purposes of sovereign immunity. See *Planters’ Bank of Ga.*, 22 U.S. (9 Wheat.) at 907 (“The suit is against a corporation, and the judgment is to be satisfied by the property of the corporation, not by that of the individual corporators. The State does not, by becoming a corporator, identify itself with the corporation.

³ This fact alone suggests the *Clark* factors must be overturned. *Clark’s* emphasis on the financial ties between an entity and the State to determine if the entity is an arm of the State has no foundation in our legal history and tradition.

The Planters' Bank of Georgia is not the State of Georgia, although the State holds an interest in it.”).

And while the Court highlighted the differences between corporations and the States, it minimized any differences between types of corporations. For example, the Court held that there was no distinction between public and private corporations—neither was entitled to sovereign immunity. *See, e.g., Trustees of Dartmouth College*, 17 U.S. (4 Wheat.) at 668. The Court allowed suits to proceed against corporations with “public political purposes only, such as towns, cities, parishes and counties.” *Ibid.* The Court concluded that even corporations “founded by the government, for public purposes, where the whole interests belong also to the government,” were not “the State” for purposes of sovereign immunity. *Id.* at 669; *see also Osborn v. Bank of U.S.*, 22U.S. (9 Wheat.) 738, 772 (1824) (The State’s “mere creation of a corporation, does not confer political power or political character” even where the corporation is given “public employments” normally reserved to the State.); *cf. Cohens v. Virginia*, 19 U.S. (6 Wheat.) 264, 442 (1821) (discussing how Congress’s incorporation of the City of Washington created a “*separate* body for the management of the internal affairs of the City, for its internal government, for its police” (emphasis added)).

Other examples of corporations included “hospital[s] created and endowed by the

government for general charity,” “insurance, canal, bridge, and turnpike companies,” “college[s],” and other “eleemosynary corporations.” *Trustees of Dartmouth College*, 17 U.S. (4 Wheat.) at 668. Even when a college “acquire[d] the character of a public institution,” it retained its corporate status. *Id.* at 669. It didn’t miraculously become the State. Regardless of the types of corporations or the State’s involvement in them, the Court consistently found corporations weren’t entitled to sovereign immunity.

The Court continued to abide by this formalistic rule throughout the nineteenth century—even as corporations grew in number and took on more public functions. For example, when confronted with a suit against a school board, the Court looked exclusively to the text of the State’s statute and concluded that “the language of the Nebraska statute makes school districts corporations in the fullest sense of the word.” *School Dist. No. 56 v. St. Joseph Fire & Marine Ins. Co.*, 103 U.S. (13 Otto) 707, 708 (1880). The Court concluded its inquiry with the text, finding “no warrant for [a] distinction” between private and public corporations and concluding that both could be sued. *Id.* at 709. This principle was so well-established by the time the Court decided *Lincoln County v. Luning*, 133 U.S. 529 (1890), that the Court held it was “beyond question” that the county could be sued. *Id.* at 530; see also *P.R. Ports Auth. v. Fed. Mar. Comm’n*, 531 F.3d 868, 881–82 (D.C. Cir. 2008)

(Williams, J., concurring). On the same day that the Court decided *Hans v. Louisiana*, it held in *Lincoln County* that an incorporated county was not the State for purposes of sovereign immunity. *Lincoln County*, 133 U.S. at 530 (“[W]hile the county is territorially a part of the state, yet politically it is also a corporation created by, and with such powers as are given to it by, the state. In this respect, it is a part of the state only in that remote sense in which any city, town, or other municipal corporation may be said to be a part of the state.”).

In sum, it’s clear that incorporated entities or entities with sue-and- be-sued clauses did not qualify as “the State” for purposes of sovereign immunity at the Founding. Any “arm of the State” rule must account for this history to properly reflect the common-law immunity that predated and survived the Constitution.

B.

It’s less clear whether unincorporated, State-created entities were entitled to sovereign immunity. The English common law isn’t helpful since the American notion of “dual sovereignty” had no counterpart across the Atlantic. The constitutional ratification debates don’t have much to contribute because the Federalists and Anti-Federalists primarily debated whether the States would have immunity *at all*. *See supra* at 8–9. But as far as I can tell, neither side devoted much time to discussing *which* state entities might be immune from suit. And the law reports don’t

provide much help either. While some state constitutions created agencies, boards, or departments in the late eighteenth or early nineteenth centuries, these entities were not nearly as powerful or as numerous as they are today. And when plaintiffs sought damages or injunctive relief against the State in federal court, they sued “the State” or a State officer by name.⁴ It isn’t clear how federal courts

⁴ The early Supreme Court’s record on officer suits also isn’t especially enlightening. That’s because most of these cases post-dated *Chisholm* and were decided under the rubric of the Eleventh Amendment. *See, e.g., Osborn*, 22 U.S. at 857. And it’s also because Marshall’s Court wasn’t consistent. In one breath it said sovereign immunity only barred suits naming “the State” as the defendant. *See ibid.* (“[T]he jurisdiction of the Court depends . . . upon the actual party on the record [T]he 11th amendment, which restrains the jurisdiction granted by the constitution over suits against States, is, of necessity, limited to those suits in which a State is a party on the record.”); *see also Davis v. Gray*, 83 U.S. (16 Wall.) 203, 220 (1872) (reading *Osborn* to hold that “[m]aking a State officer a party does not make the State a party, although her law may have prompted his action, and the State may stand behind him as the real party in interest” and a “State can be made a party only by shaping the bill expressly with that view”). And in the next breath it said that officers may be “the State” for purposes of sovereign immunity, especially where the suit sought to recover the State’s property. *See Governor of Ga. v. Madrazo*, 26 U.S. (1 Pet.) 110, 123–24 (1828) (“[W]here the chief magistrate of a state is sued, not by his name, but by his style of office, and the claim made upon him is entirely in his official character, we think the state itself may be considered as a party on the record.”); *United States v. Peters*, 9 U.S. (5 Cranch) 115, 139 (1809) (allowing a suit against the Pennsylvania treasurer in his personal capacity but stipulating that “[i]f these proceeds had been the actual

would've treated a defendant such as the Texas Department of Public Safety if it existed at the time. But we have some data points. We know that the Constitution explicitly provided that "[t]he powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." U.S. CONST. amend. X. Under this division of power, federal "jurisdiction extend[ed] to certain enumerated objects only," leaving "to the several states, a residuary and inviolable sovereignty over all other objects." THE FEDERALIST NO. 39, at 198 (James Madison) (George W. Carey & James McClellan eds., 2001). Among the well- established powers reserved to the States was the power to structure their governments as they saw fit. *See, e.g.*, Roger Sherman, *A Citizen of New Haven, II*, NEW HAVEN GAZETTE (Dec. 25, 1788), *reprinted in* Essays on the Constitution of the United States: Published During its Discussion by the People 1787–1788, at 237, 238 (Paul Leceister Ford ed., 1892) ("The powers vested in the federal government are clearly defined, so that each state still retain its sovereignty in what concerns its own internal government, and a right to exercise every power of a sovereign state not particularly delegated to the government of

property of Pennsylvania" it "would have presented a case on which it was unnecessary to give an opinion").

the United States.”). That’s why, for example, Texas can have a bicameral legislature and Nebraska can have a unicameral one. There’s no mandated, one-size- fits-all structure for “the State.”

We also know from various discussions of sovereign immunity at the Founding that it didn’t just rest with abstract “States.” It belonged to “state governments.” *See, e.g.*, THE FEDERALIST NO. 81, at 422 (Alexander Hamilton) (George W. Carey & James McClellan eds., 2001) (Sovereignty belongs to the “*government* of every State in the Union.” (emphasis added)); THE FEDERALIST NO. 32, at 155 (Alexander Hamilton) (George W. Carey & James McClellan eds., 2001) (“[S]tate governments would clearly retain all the rights of sovereignty” (emphasis added)); *Brutus XIII* (Feb. 21, 1788), reprinted in 2 THE COMPLETE ANTI-FEDERALIST 428, 429 (Herbert Storing ed., 1981) (subjecting a State to suit “is humiliating and degrading to a [state] government” (emphasis added)); *Federal Farmer III* (Oct. 10, 1787), reprinted in 2 THE COMPLETE ANTI-FEDERALIST, *supra*, at 234, 245 (“How far it may be proper to admit a foreigner or the citizen of another state to bring actions against *state governments* . . . is doubtful ” (emphasis added)); *Martin v. Hunter’s Lessee*, 14 U.S. 304, 325 (1816) (“[S]overeign powers vested in the state governments, by their respective constitutions, remained unaltered and unimpaired, except so far as they were granted to the government of

the United States.” (emphasis added)); 2 ELLIOT’S DEBATES, *supra*, at 403 (Thomas Tredwell’s remarks in New York Ratifying Convention: referencing the sovereign power as belonging to “state governments” (emphasis added)); *The True Federalist*, *supra*, at 245 (“The word State in itself, signifies a sovereign government.” (emphasis added)); Sullivan, *supra*, at 29 (“sovereignty of the [state] governments” (emphasis added)); 1 ELLIOT’S DEBATES, *supra*, at 327 (New York Ratification Statement: “every power, jurisdiction, and right” not delegated to Congress “remains to the people of the several states, or to their respective state governments” (emphasis added)); 1 ELLIOT’S DEBATES, *supra*, at 334 (Rhode Island Ratification Statement: same); *Report of a Joint Committee of the Massachusetts General Court*, INDEP. CHRON. (Bos.), June 20, 1793, *reprinted in* 5 DHSC, *supra*, at 230, 230 (arguing that subjecting States to suits is “in its principle subversive of the State Governments” (emphasis added)); 4 ELLIOT’S DEBATES, *supra*, at 259–60 (Charles Pinckney speech before South Carolina House of Representatives: “The distinction which has been taken between the nature of a federal and state government appeared to be conclusive—that in the former, no powers could be executed, or assumed, but such as were expressly delegated; that in the latter, the indefinite power was given to the government, except on points that were by

express compact reserved to the people.” (emphases added)).

Thus, while the historical evidence doesn’t provide a clear answer to whether an unincorporated entity created by the State—like a state agency— enjoyed sovereign immunity at the Founding, any theory must account for these well-established principles: (1) sovereign immunity belonged to state governments, and (2) States retained the power to structure their governments as they saw fit after the Constitution. These two principles suggest that the State can imbue its constituent parts with sovereign immunity when creating them as unincorporated arms of the State. For example, Texas could choose not to have a Health and Human Services Commission or a Department of Public Safety or a Commission on Environmental Quality, and it could choose instead to perform its health, safety, and environmental functions under one undifferentiated state government that (obviously) enjoys common-law sovereign immunity. The fact that the State chose, in its sovereign prerogative, to create those unincorporated agencies of state government does not appear to change the conclusion that these agencies still constitute “the State” and enjoy the same sovereign immunity.

III.

From this historical evidence about incorporated and unincorporated state government entities we can distill a rule to

determine whether an entity is an immune “arm of the State.”

If an entity has a separate legal status from the State (*e.g.*, as a corporation, LLC, or § 501(c)(3) nonprofit organization) or the state statute designating the entity includes a “sue-and-be-sued” clause, the entity is not “the State” and hence is not entitled to sovereign immunity. That’s because the State has classified these entities as distinct legal persons, and a federal court cannot second-guess the State’s decision.⁵ All other State-created entities are presumably arms of the State and entitled to sovereign immunity.

This rule has several advantages over the *Clark* factors.

First, it aligns with the Supreme Court’s guidance. In *Regents of the University of California v. Doe*, 519 U.S. 425 (1997), the Court stressed that any arm-of-the-State inquiry hinges on state law:

Ultimately, of course, the question whether a particular state agency has the same kind of independent status as a county or is instead an arm of the State,

⁵ In *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank*, 527 U.S. 627 (1999), the Court accepted the district court’s determination that an incorporated entity with such a sue-and-be-sued clause was an arm of the State. *Id.* at 633 n.3 (1999). But the Court stipulated that this was “a conclusion the parties did not dispute before either the Federal Circuit or this Court.” *Ibid.*

and therefore “one of the United States” within the meaning of the Eleventh Amendment, is a question of federal law. But that federal question can be answered *only after* considering the provisions of state law that define the agency’s character.

Id. at 429 n.5 (emphasis added). Clark by contrast is a pre-Regents relic. And it minimizes the importance of state law as only one of many factors and less important than others. *See Clark*, 798 F.2d at 736, 744; *Hudson v. City of New Orleans*, 174 F.3d 677, 682 (5th Cir. 1999). All else being equal, if state law says the unincorporated entity is not the State, but the entity is funded by the state treasury, a court will conclude it’s “the State.” *See Hudson*, 174 F.3d at 682 (finding that the source of funding is the most important Clark factor). This result departs from *Regents* and accordingly must be overruled.

Second, the proposed bright-line rule is grounded in what sovereign immunity meant at the Founding. As previously discussed, early American courts expressly disavowed any connection between an entity’s entitlement to sovereign immunity and its connection to the state treasury. *See supra* at 13–14 & n.2. *Clark*, by contrast, pivots on the funding factor. *Ibid.* Thus, it abandons any tether to the common law (or the Eleventh Amendment for that matter).

Third, the proposed rule is workable. As the majority rightly notes, the *Clark* factors

are cumbersome and at times irreconcilable with one another. They don't provide clear answers and lead to nonsensical results.

Finally, the proposed rule respects the States' powers under the Tenth Amendment to structure their governments however they see fit. The *Clark* factors, by contrast, give federal judges the power to decide what qualifies as "the State." The result is a Pandora's box—there's no telling what will come out. States have no notice, and they cannot structure their governments in predictable ways and in accordance with their sovereign prerogatives. The proposed test enables state governments to order their affairs so they can foreseeably raise sovereign immunity.

IV.

Finally, it's time to apply this arm-of-the-State rule to the facts at hand.

The McAllen Independent School District concedes that the Texas Education Code gives it the power to "sue and be sued." The Code says: "The trustees of an independent school district constitute a body corporate and in the name of the district may . . . sue and be sued ." TEX. EDUC. CODE § 11.151(a). The district is a corporation that can be sued by name, so it's not entitled to sovereign immunity.

IDEA Public Schools is a § 501(c)(3) nonprofit organization. ROA.21- 40334.169, 2241. Thus, it's not entitled to sovereign immunity.

The *Clark* factors do not reflect the common law of sovereign immunity. They are cumbersome and indeterminate. And they prompt needless litigation, as this case illustrates. Our en banc court should revisit them.⁶

⁶ Lest there be any confusion, the question addressed in this opinion is what constitutes “the State”—and hence what enjoys the State’s sovereign immunity in *federal* court. The States are obviously free to cloak non-State entities with all manner of governmental immunities in *state* court, and as with almost everything in our federal system, the State need not follow federal standards in doing so. *See, e.g.*, TEX. EDUC. CODE 12.1056(a).

United States District Court Southern District
of Texas McAllen Division Civil Action 7:16-
CV-523

Springboards to Education, Incorporated,
Plaintiff, VS.
IDEA PUBLIC SCHOOLS, Defendant

ORDER OF DISMISSAL

On the 29th day of March, 2021,
came on to be considered “Defendant’s
Renewed Motion to Dismiss Pursuant to Rule
12(b)(1) of the Federal Rules of Civil
Procedure” (Docket Entry No. 165), and the
Court, after having considered said motion,
the prior and present arguments of counsel
and the entire record, was of the opinion, for
the reasons stated on the record, that said
motion should be granted. It is, therefore,

**ORDERED, ADJUDGED AND
DECREED** that Defendant’s Motion to
Dismiss is **GRANTED** and the action is
DISMISSED.

DONE on this 30th day of March, 2021,
at McAllen, Texas.

Ricardo H. Hinojosa
U.S. DISTRICT JUDGE

Appendix E –Evidence of Infringement - Customization

Example of legitimate Springboards to Education Product, customized with the name of the school.



**Appendix F –Evidence of Infringement –
IDEA sample**

Example of misuse of the Springboards to Education trademark. IDEA certificate of competition using the trademark “Millionaire Readr”, produced without Springboards permission.



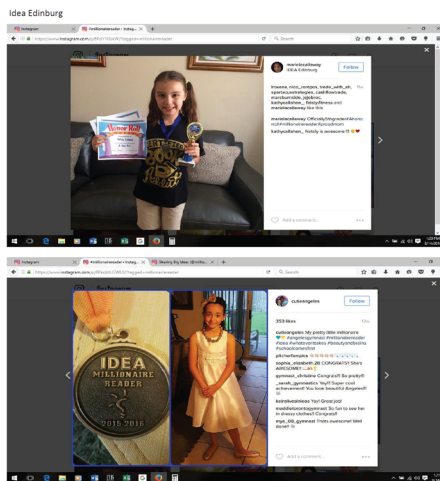
Appendix G –Evidence of Infringement – Trophies

Legitimate Springboards trophies



Counterfeit IDEA trophies

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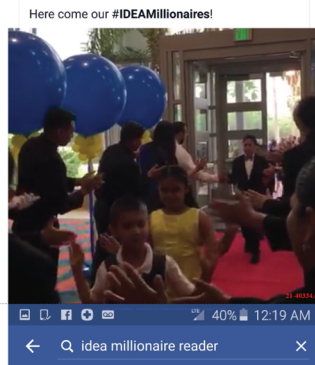
Appendix H –Evidence of Infringement – Celebrations

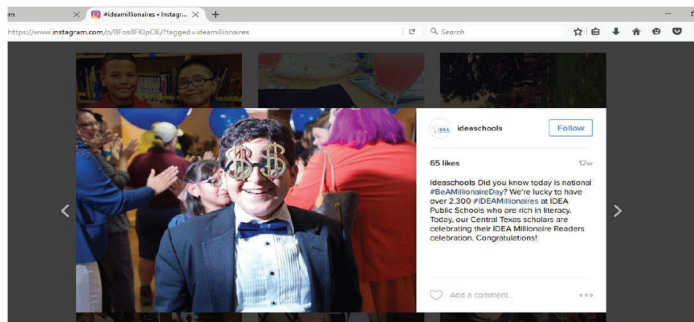
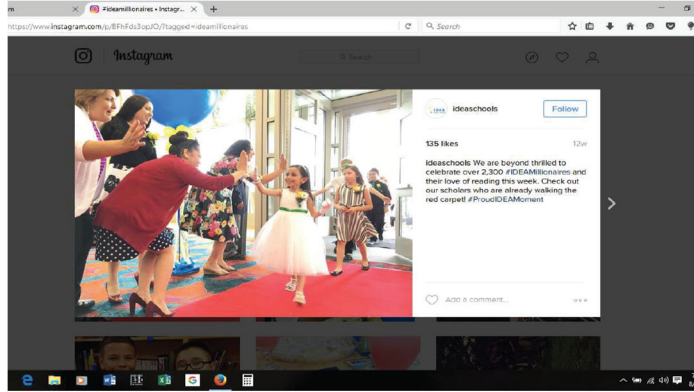
Springboards’ red carpet parties - Springboards employees and volunteers demonstrate the award ceremony at educational conferences, with a luxury car and fancy clothes.

(App. E 83, 200-01)



Counterfeit IDEA red carpet parties use the Springboards’ theme. (App. F 63, 65-66).





**Appendix I – Evidence of Infringement –
CEO Testimony**

IDEA CEO Torkelson testified that IDEA paid for incentives for a reading program IDEA was currently using at its school.

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1 Q. You were? Was that a conflict of
2 interest?

3 A. Well, I'm not a paid board member. It was
4 a nonprofit. I received no compensation for any of
5 my work with Reasoning Mind.

6 Q. Okay. And the Reasoning Mind was a
7 nonprofit or are you talking about IDEA?

8 A. Reasoning Mind was a nonprofit nonprofit.
9 It was a nonprofit board partnership. I got no share
10 of any of the profits because there were no profits
11 because it was a nonprofit.

12 Q. Okay. I want to focus now on the
13 instruction -- the reading instruction programs that
14 we just covered. Written Wisdom, do you know how
15 much IDEA spends on that license a year?

16 A. I don't know. Well, I don't know -- I
17 don't think we pay a license. I think we pay for
18 the materials.

19 Q. Okay. Okay.

20 A. The books.

21 Q. Okay. Is that the same for Direct
22 Instruction?

23 A. Direct Instruction is textbooks. And then
24 we pay consulting fees to train teachers.

25 Q. Okay. And for the AP program?