

No. 20-915

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IN THE  
**Supreme Court of the United States**

UNICOLORS, INC.,

*Petitioner,*

*v.*

H&M HENNES & MAURITZ, L.P., ET AL.,

*Respondents.*

ON WRIT OF CERTIORARI TO THE UNITED STATES  
COURT OF APPEALS FOR THE NINTH CIRCUIT

**JOINT APPENDIX**

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**PETITION FOR WRIT OF CERTIORARI FILED  
JANUARY 4, 2021  
CERTIORARI GRANTED JUNE 1, 2021**

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United States District Court Central District of California

*Unicolors, Inc. v. H & M Hennes & Mauritz, L.P. et al*

Case No. 2:16-cv-02322-AB-SK

<b>Date</b>	<b>Dkt.</b>	<b>Description</b>
04/05/2016	1	COMPLAINT
08/12/2016	21	MINUTES
08/26/2016	25	First AMENDED COMPLAINT
09/09/2016	27	ANSWER to Amended Complaint/Petition
11/15/2017	180	MINUTES (IN CHAMBERS)
11/30/2017	186	MINUTES (IN CHAMBERS)
12/05/2017	202	MINUTES OF Jury Trial
12/06/2017	204	MINUTES OF Jury Trial
12/07/2017	211	MINUTES OF Jury Trial
12/07/2017	228	REDACTED SPECIAL VERDICT FORM

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12/07/2017	229	UNREDACTED SPECIAL VERDICT FORM
08/01/2018	262	ORDER DENYING DEFENDANT'S MOTION FOR JUDGMENT AS A MATTER OF LAW AND GRANTING DEFENDANT'S MOTION FOR A NEW TRIAL IN PART
08/13/2018	263	NOTICE of Acceptance of Remittitur filed by plaintiff Unicolors, Inc.
08/14/2018	264	(IN CHAMBERS) ORDER
08/22/2018	267	JUDGMENT by Judge Andre Birotte Jr.
09/21/2018	275	NOTICE OF APPEAL to the 9th Circuit Court of Appeals filed by Defendant H & M Hennes & Mauritz, L.P.
09/25/2018	279	ORDER GRANTING PLAINTIFF'S MOTION FOR ATTORNEYS' FEES AND COSTS
10/22/2018	289	AMENDED JUDGMENT
11/16/2018	292	NOTICE OF APPEAL to the 9th Circuit Court of Appeals

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filed by Defendant H & M  
Hennes & Mauritz, L.P.

05/29/2020	297	OPINION from Ninth Circuit Court of Appeals filed re: Notice of Appeal to 9th Circuit Court of Appeals <u>275</u> filed by H & M Hennes & Mauritz, L.P., Notice of Appeal to 9th Circuit Court of Appeals <u>292</u> filed by H & M Hennes & Mauritz, L.P. CCA # 18-56253 and 18-56548.
08/17/2020	298	MANDATE of Ninth Circuit Court of Appeals filed re: Notice of Appeal to 9th Circuit Court of Appeals <u>275</u> , Notice of Appeal to 9th Circuit Court of Appeals, <u>292</u> , USCA Memorandum/Opinion/Order, <u>297</u> , CCA # 18-56253, 18-56548.
09/04/2020	303	MINUTES (IN CHAMBERS)
04/23/2021	305	MINUTE ORDER (IN CHAMBERS)

**Chronological List of Relevant Docket Entries**

United States Court of Appeals for the Ninth Circuit

*Unicolors, Inc. v. H&M Hennes & Mauritz, LP*

Case No. 18-56253

<b>Date</b>	<b>Dkt.</b>	<b>Description</b>
09/24/2018	1	DOCKETED CAUSE AND ENTERED APPEARANCES OF COUNSEL
03/27/2019	8	Submitted (ECF) excerpts of record. Submitted by Appellant H&M Hennes & Mauritz, L.P. in 18-56253, 18-56548
03/27/2019	9	Submitted (ECF) Opening Brief for review. Submitted by Appellant H&M Hennes & Mauritz, L.P. in 18-56253, 18-56548
06/14/2019	19	Submitted (ECF) Answering Brief for review. Submitted by Appellee Unicolors, Inc. in 18-56253, 18-56548
06/14/2019	20	Submitted (ECF) supplemental excerpts of record. Submitted by Appellee Unicolors, Inc. in 18-56253, 18-56548



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08/05/2019	26	Submitted (ECF) Reply Brief for review. Submitted by Appellant H&M Hennes & Mauritz, L.P. in 18-56253, 18-56548
08/05/2019	27	Submitted (ECF) further excerpts of record. Submitted by Appellant H&M Hennes & Mauritz, L.P. in 18-56253, 18-56548
03/30/2020	50	SUBMITTED ON THE BRIEFS TO CARLOS T. BEA, BRIDGET S. BADE and JON P. MCCALLA
05/29/2020	51	FILED OPINION (CARLOS T. BEA, BRIDGET S. BADE and JON P. MCCALLA)
08/07/2020	58	Filed order (CARLOS T. BEA, BRIDGET S. BADE and JON P. MCCALLA)
08/17/2020	59	MANDATE ISSUED (CARLOS T. BEA, BRIDGET S. BADE and JON P. MCCALLA)

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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

UNICOLORS, INC.,  
a California Corporation; Case No. 2:16-cv-2322-  
AB-SK

Plaintiff,

**ORDER RE:  
PLAINTIFF'S EX  
PARTE  
APPLICATION TO  
CONTINUE  
PRETRIAL AND  
TRIAL DATES**

vs.

H&M HENNES & MAURITZ L.P.,  
a New York limited partnership, and  
DOES 1-20, inclusive,

Defendants.

Honorable André  
Birotte Jr.

The Court is in Receipt of Plaintiff UNICOLORS, INC.'s ("Plaintiff") *ex parte* motion to continue the pretrial and trial dates to any other dates convenient to the court and sufficient to reach a decision as to summary judgment. (Dkt. No. 110). Defendant H&M HENNES & MAURITZ L.P. ("Defendant") filed an opposition to Plaintiff's *Ex Parte* Motion (Dkt. No 111).

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Based on the parties' submissions, and for good cause shown, the courts orders that the pretrial and trial dates be continued as follows:

	Current Deadline	New Deadline
Last day to hold Local Rule 16-2 Conference, and to disclose witness list and exhibit list	9/6/2017	9/20/2017
File Memorandum of Contentions of Fact and Law, Exhibit and Witness Lists, Status Report regarding Settlement, and all Motions in <i>Limine</i>	9/12/2017	9/26/2017
Lodge Pretrial Conference Order, file agreed set of Jury Instructions and Verdict forms, file statement regarding Disputed Instructions and Verdict Forms, and file oppositions to Motions in <i>Limine</i>	9/19/2017	10/3/2017
Final Pretrial Conference and Hearing on Motions in <i>Limine</i>	10/16/2017 at 11:00 AM	10/20/2017 at 11:00 AM

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Trial Date (Est. 4 Days)	11/14/2017 at 8:30 AM	11/14/2017 at 8:30 AM
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**IT IS SO ORDERED.**

Dated: September 1, 2017

[h/w signature]

The Honorable André Birotte Jr.  
United States District Court Judge

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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

UNICOLORS, INC.,  
a California Corporation,

Case No.: 2:16-cv-02322

Plaintiff,

Hon. André Birotte, Jr.

vs.

**[PROPOSED] OR-  
DER TO CONTINUE  
THE TRIAL DATE  
AND RELATED  
DEADLINES**

H & M HENNES & MAURITZ LP,  
a New York Limited Partnership,  
and DOES 1-20, inclusive,

Pretrial Conf.:  
August 7, 2017  
Trial Date: Au-  
gust 29, 2017

Defendants.

**ORDER**

For Good Cause Shown, the parties' stipulation to continue the trial scheduled to begin on August 29, 2017 to November 14, 2017, and to continue the Final Pretrial Conference scheduled for August 7, 2017 to October 16, 2017, and to continue the related deadlines to the dates listed below, is hereby GRANTED.

DEADLINES	CONTINUED TO
Last day to exchange proposed jury instructions (14 days before 16-2 conference)	8/23/2017
Last day to exchange objections to proposed jury instructions (10 days before 16-2 conference)	8/25/2017
Last day to hold Local Rule 16-2 Conference, and to disclose witness list and exhibit list	9/6/2017
File Memorandum of Contentions of Fact and Law, Exhibit and Witness Lists, Status Report regarding Settlement, and all Motions in <i>Limine</i>	9/12/2017
Lodge Pretrial Conference Order, file agreed set of Jury Instructions and	9/19/2017

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Staci Jennifer Riordan (SBN 232659)  
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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

UNICOLORS, INC., a California Corporation,

Plaintiff,

vs.

H & M HENNES & MAURITZ, L.P., a New York  
Limited Partnership,

Defendant.

Case No. 2:16-cv-02322-AB-SK

**JOINT WITNESS LIST**

Pre-Trial Conf. Date: October 20, 2017

Pre-Trial Conf. Time: 11:00 a.m.

Trial Date: November 14, 2017

Courtroom: 7B

Judge: Hon. André Birotte Jr.



The parties to this action herewith submit their joint witness list in accord with this Court's local rules:

**Plaintiff's Witnesses:**

**Witness's Name, Phone Number, Address:**

1. Nader Pazirandeh  
Reachable via Plaintiff's counsel.

**Summary of Testimony / Why Testimony Unique:**

Mr. Pazirandeh is the President of Unicolors. Mr. Pazirandeh will testify regarding the business practices of Unicolors, including the policies and procedures of the company; the company's copyright registrations and registration processes; the obtainment of source art; the sampling and sales by Unicolors of fabric featuring its proprietary artwork, including the design at issue in this case; the damages and lost profits of the company; the company's customer base and design library; the costs of operating the company, and the company's sampling and sales procedures. His testimony is unique because he is the president of the company and oversees the design and sales processes and has extensive knowledge as to operations.

**Time for Direct Exam:** 2 hours

**Time for Cross:**

**Dates of Testimony:**

**Witness's Name, Phone Number, Address:**

2. Hannah Lim  
Reachable via Plaintiff's counsel.

**Summary of Testimony / Why Testimony  
Unique:**

Ms. Lim is a designer at Unicolors and will testify regarding her conception, development, and creation of the artwork at issue, as well as the possibility of another artist independently creating a substantially similar artwork. She will testify as to the substantial similarity between the artworks. She will also testify in regard to the operation of Unicolors' design room and the impact of infringement on the company. Her testimony is unique because she created the artwork at issue.

**Time for Direct Exam:** 2 hours

**Time for Cross:**

**Dates of Testimony:**

**Witness's Name, Phone Number, Address:**

3. Jin Young Suh\*  
Reachable via Plaintiff's counsel.

**Summary of Testimony / Why Testimony  
Unique:**

Jin Young Suh is a Principal of Unicolors, and directly supervises Unicolors' design team. Suh will testify regarding the business practices of Unicolors,

including the policies and procedures of the company; the company's copyright registrations and registration processes; the obtainment of source art; the company's sampling and sales procedures; the creation and formatting of designs by Unicolors' design team, and the specific formatting of the design at issue in this action. His testimony is unique because he oversees the design room.

**Time for Direct Exam:** 1 hour

**Time for Cross:**

**Dates of Testimony:**

**Witness's Name, Phone Number, Address:**

4. Jonathan Rho\*  
655 S. Santa Fe Ave. #237  
Los Angeles, CA 90021

**Summary of Testimony / Why Testimony Unique:**

Mr. Rho will testify as to H&M's sales of the garments at issue and marketing research related to H&M's marketing and sale of the disputed product and likelihood of independent creation. His testimony is unique given his design experience and knowledge of H&M's sales of the disputed product

**Time for Direct Exam:**

**Time for Cross:**

**Dates of Testimony:**

**Witness's Name, Phone Number, Address:**

5. Xiaomin Qian\*  
Shaoxing County DOMO Apparel Co., Ltd.  
No. 797 North Jingshui Road Qixian, Shaoxing,  
Zhejiang, China  
+86 575 855 87799

**Summary of Testimony / Why Testimony  
Unique:**

Ms. Qian will testify in regard to her design process and the development of the artwork on the disputed product. Her testimony is unique because she developed the artwork on the disputed product.

**Time for Direct Exam:**

**Time for Cross:**

**Dates of Testimony:**

**Witness's Name, Phone Number, Address:**

6. Chelsea Wharton  
Reachable via Defendant's counsel.

**Summary of Testimony / Why Testimony  
Unique:**

Ms. Wharton will testify as to Defendant's development, manufacture, importation, marketing, distribution, and sale of the disputed product at issue, as well as the units sold and revenues realized as a result of said sales. Her testimony is unique because she is the 30(b)(6) designee for H&M and has

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knowledge of its development, marketing, and sales of the disputed product.

**Time for Direct Exam:**

**Time for Cross:**

**Dates of Testimony:**

**Defendant's Witnesses:**

**Witness's Name, Phone Number, Address:**

Chelsea Wharton  
c/o Nixon Peabody 300 S. Grand Ave.  
Los Angeles, CA 90071  
213-629-6000

**Summary of Testimony / Why Testimony  
Unique**

Ms. Wharton is the CFO of defendant H & M LP and was the Rule 30(b)(6) deposition witness for H & M LP in this matter. She will testify about H & M LP's business operations, business structure, and sales and profit data relevant to the accused garments. Her testimony is unique in that she is H & M LP's corporate representative and the only corporate witness on these topics.

**Time for Direct Exam:** 3 hours

**Time for Cross:** 1 hour

**Dates of Testimony:**

**Witness's Name, Phone Number, Address:**

Justin Lewis  
Ocean Tomo LLC  
101 Montgomery St. #2100  
San Francisco, CA 94104  
(415) 946-2600

**Summary of Testimony / Why Testimony  
Unique**

Mr. Lewis is H & M LP's expert witness on damages. He will testify regarding Unicolor's alleged damages assuming a finding of liability against H & M LP, including his calculation of potential damages based on disgorgement of H & M's profits attributable to the alleged infringement, in addition to other opinions stated in his expert report. His testimony is unique as he is the only expert witness that will discuss these topics.

**Time for Direct Exam:** 1.5 hours

**Time for Cross:**

**Dates of Testimony:**

**Witness's Name, Phone Number, Address:**

Robin Lake  
Santa Monica College  
1900 Pico Blvd.  
Santa Monica, CA 90405  
(310) 434-4000

**Summary of Testimony / Why Testimony  
Unique:**

Ms. Lake is H & M LP's expert on the originality and construction of the Xue Xu pattern, similarity between EH101 and public domain prints and what degree of similarity, if any, exists between Xue Xu and EH101, in addition to other opinions stated in her expert report. Her testimony is unique in that she is the only expert witness that will discuss these topics.

**Time for Direct Exam:** 2.0 hours

**Time for Cross:**

**Dates of Testimony:**

**Witness's Name, Phone Number, Address:**

Xiaomin Qian  
Shaoxing County DOMO Apparel Co., Ltd.  
No. 797 North Jingshui Road Qixian, Shaoxing,  
Zhejiang, China  
+86 575 855 87799

**Summary of Testimony / Why Testimony  
Unique:**

Ms. Qian is a designer for Shaoxing County DOMO Apparel Co., Ltd, located in Shaoxing, China. She designed the copyrighted Xue Xu design that was licensed for use by the manufacturer of the accused garments. She will testify about her design of Xue Xu, including her inspiration materials. She will also testify about the copyright registration DOMO ob-

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tained for Xue Xu from the Chinese government. Her testimony is unique in that is the only witness that has first-hand knowledge of the design of Xue Xu.

**Time for Direct Exam:** 1.5 hours

**Time for Cross:**

**Dates of Testimony:**

**Witness's Name, Phone Number, Address:**

Nadir Pazirandeh  
Unicolors Inc. 3251 E. 26th St.  
Vernon, CA 90058  
(323)-307-9878

**Summary of Testimony / Why Testimony Unique:**

Mr. Pazirandeh is the President and custodian of records for plaintiff Unicolors and was the Rule 30(b)(6) witness for plaintiff. He will testify about the business operations of Unicolors, the copyright registration that Unicolors obtained for EH101, and also about business records relevant to EH101. He will also testify about Unicolors' sales of EH101. He is the only witness that will testify about these topics.

**Time for Direct Exam:** 2.0 hours

**Time for Cross:**

**Dates of Testimony:**



**Witness's Name, Phone Number, Address:**

Hannah Lim  
Unicolors Inc. 3251 E. 26th St.  
Vernon, CA 90058  
(323) 307-9878

**Summary of Testimony / Why Testimony  
Unique:**

Ms. Lim is a designer for plaintiff and is the alleged designer of EH101. She will testify about her design of EH101, including her design process and inspiration. She is the only witness that has first-hand knowledge about the design of EH101.

**Time for Direct Exam:** 1.5 hours

**Time for Cross:**

**Dates of Testimony:**

Dated: September 26, 2017

NIXON PEABODY LLP

By: /s/ Staci Jennifer Riordan  
Staci Jennifer Riordan  
Jessica N. Walker  
Attorneys for Defendant  
H & M Hennes & Mauritz LP

Dated: September 26, 2017

DONIGER / BURROUGHS

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By: /s/ Scott Alan Burroughs  
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Unicolors, Inc.

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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

UNICOLORS, INC., a California Corporation,

Plaintiff,

vs.

H&M HENNES & MAURITZ, LP; et al.,

Defendants.

Case No.: CV-16-02322 AB (SKx)

*Honorable Andre Birotte, Jr. Presiding*

**PLAINTIFF'S OBJECTION TO DEFENDANT'S  
REQUEST FOR JUDICIAL NOTICE; REQUEST  
FOR LEAVE TO FILE MOTION FOR SANC-  
TIONS AND DEPOSE STACI RIORDAN, ESQ.**

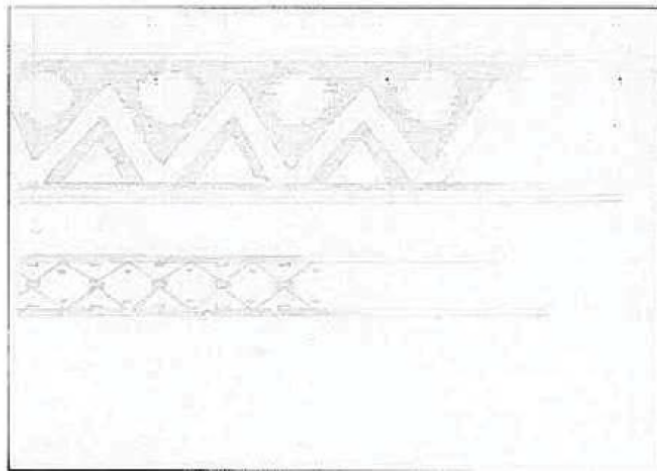
Final Pre-Trial Conf.: November 3, 2017

Time: 10:00 a.m.

Courtroom: 350 West First Street, Los Angeles, CA  
90012 - Courtroom 7B

Trial Date: November 14, 2017

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*Id.*, Ex. D.

These sketches were crucial to H&M's claim that Ms. Qian personally created the artwork on the H&M garments, as they bear resemblance to certain major elements of said artwork and were supposedly created without reference to Unicolors' artwork. And, they provide the basis for the other registrations and documents that H&M has produced as evidence of independent creation in this case.

But, Unicolors has now uncovered evidence, including film footage, that makes clear that Ms. Qian

not only had motive to fabricate evidence (and H&M had strong leverage to force Ms. Qian to commit perjury), but that she indeed committed perjury. Attached as **Exhibit A** are stills from a film that a Chinese company named Huiming Jacquard Weaving Co., Ltd., also doing business as Huiming Adornment Co. Ltd. (“Huiming”), posted three months ago to its official LinkedIn page, and on its official YouTube page, and on its official website. Notably, the Qian Declaration was submitted to the Court on May 1, 2017, five months ago, or only **a few months before** this film was posted by Huiming.

### **1. The Film Footage**

In the film, a number of shocking facts come to light, facts that completely eradicate the Qian creation defense that H&M is wholly relied on as the parties have prepared this case for trial:

#### **a. Ms. Qian’s Professional Role**

Ms. Qian’s primary job is not a “designer for Shaoxing County Domo Apparel,” as she testified to under penalty of perjury to this Court. Instead, she is the **CEO** of Huiming, a jacquard fabric company. The following footage makes that clear:

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The above footage also establishes that Ms. Qian’s statement that she was a “designer” with Shaoxing County Domo was a ruse. Instead, she is the Chief Executive Officer of Huiming, which may perhaps have some relationship with Shaoxing County Domo (to the extent this company even exists or is anything more than a shell company). Tellingly, Ms. Qian spends the entirety of the film extolling the virtues of Huiming’s jacquard fabric

work,<sup>1</sup> but she makes absolutely no mention of any role at Shiaxong County Domo or that she does any sketching or artwork creation for any company.

And at no time in Ms. Qian's declaration is the Huiming company or Ms. Qian's position as its CEO disclosed. And there is no reference to any relationship between Huiming, Shaoxing County Domo, or any of H&M's vendors for the product at issue. Put simply, her role as the "designer" for the H&M artwork was misrepresented and her true role was obfuscated.

#### **b. Ms. Qian's Perjury Motivation**

The motivation for the obfuscation is now clear. While H&M asserts in its Memorandum of Contentions that the offending product at issue came from "two companies in China, Real Hope International Limited and Hempel China Limited[,] the fabric for those garments came from another party, one left unnamed by H&M – **Huiming**. See U.S.D.C. *Dkt.* 123, 3:21-23; **Exhibit B**. As it was Huiming that provided the jacquard fabric and artwork at issue to H&M, Huiming (and the individual we now know to be its CEO, Ms. Qian) had ample reason to misrepresent the provenance of the artwork. Indeed, Ms. Qian states in the film, and Huiming details on its website, the importance of Huiming's relationship with H&M and that H&M has even awarded Huim-

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<sup>1</sup> Importantly, the H&M product at issue is made of jacquard fabric.



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ing a “certified silver status” designation. The following footage reflects just two of such examples:

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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.: CV 16-02322-AB (SKx)

Date: November 30, 2017

Title: *Unicolors, Inc. v. H & M Hennes & Mauritz L.P.*

Present: The Honorable **ANDRÉ BIROTTE JR.,  
United States District Judge**

Carla Badirian  
Deputy Clerk

N/A  
Court Reporter

Attorneys Present for Plaintiffs:

None Appearing

Attorneys Present for Defendants:

None Appearing

**Proceedings: [In Chambers] Order GRANT-  
ING Defendant's Request for  
Judicial Notice in Part and  
DENYING it in Part**

Pending before the Court is the Request for Judicial Notice ("RJN") (Dkt. No. 171) filed by Defendant H & M Hennes & Mauritz, L.P. ("Defendant"). Plain-

tiff Unicolors, Inc. (“Plaintiff”) filed an opposition<sup>1</sup> and Defendant filed a reply. For the following reasons, the Court **GRANTS** the RJN in part and **DENIES** it in part.

## I. BACKGROUND

In this matter, which is set for trial on December 5, 2017, Plaintiff accuses Defendant of infringing a copyright covering its “EH101” design. First Amended Complaint (“FAC”), ¶ 18 (Dkt. No. 25). Plaintiff registered the design with the United States Copyright Office on February 14, 2011. FAC, Ex. B. It claims Defendant copied the EH101 design and used it on garments sold at Defendant’s stores FAC, ¶ 18.

Defendant claims it did not copy Plaintiff’s design. Rather, it contends it acquired the design from a Chinese company that independently created the design and registered it as a Chinese copyright. Final Pretrial Conference Order, at pp. 20-23 (Dkt. No. 182). In support of that defense, Defendant asks the Court to take judicial notice of three documents:

- Exhibit A to the RJN is a Chinese copyright registration for the “Xue Xu” design, including an English translation of the registration. RJN, Ex. A.

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<sup>1</sup> Plaintiff requested leave to move for sanctions in its opposition to Defendant’s RJN. Opp’n, at p. 17 (Dkt. No. 174). The Court declines to issue sanctions and encourages counsel for both parties to focus on the substance of this case.

- Exhibit B to the RJN includes the Xue Xu copyright registration, but also adds a certification from Chinese copyright authorities and paperwork associated with the registration. RJN, Ex. B.
- Exhibit C to the RJN is a United States copyright registration, No. VA 2-070-265. RJN, Ex. C. The title of the registered work is “Xue Xu,” and the registration’s effective date is October 4, 2017. *Id.* The registration was obtained by Defendant’s trial counsel, Staci Riordan. *Id.*

## II. LEGAL STANDARD

Federal Rule of Evidence 201 allows a court to “judicially notice a fact that is not subject to reasonable dispute because it (1) is generally known within the trial court’s territorial jurisdiction or (2) can be accurately and readily determined from sources whose accuracy cannot reasonably be questioned.” Fed. R. Evid. 201(b). However, “judicial notice is inappropriate where the facts to be noticed are irrelevant.” *Meador v. Pleasant Valley State Prison*, 312 F. App’x 954, 956 (9th Cir. 2009) (citing *Ruiz v. City of Santa Maria*, 160 F.3d 543, 548 n. 13 (9th Cir.1998)).

## III. DISCUSSION

### A. Exhibit A – Chinese Xue Xu Copyright Registration

Exhibit A is the Chinese copyright registration for Xue Xu, which was obtained by Shaoxing County

DOMO Apparel Co., Ltd. on September 22, 2015. RJN, Ex. A. It indicates that the Xue Xu work was first published on June 18, 2014. *Id.*

Courts may take judicial notice of copyright registrations. *See Warren v. Fox Family Worldwide*, 171 F. Supp. 2d 1057, 1062 (C.D. Cal. 2001), *aff'd*, 328 F.3d 1136 (9th Cir. 2003). Foreign public records can be judicially noticeable. *See Mike's Train House, Inc. v. Lionel, L.L.C.*, 472 F.3d 398, 411-12 (6th Cir. 2006) (holding that the district court did not err by taking judicial notice of English translations of Korean court documents); *In re Ex Parte Application of Jommi*, No. C 13-80212 CRB (EDL), 2013 WL 6058201, at \*2, n.1 (N.D. Cal. Nov. 15, 2013) (taking judicial notice of foreign court documents).

The Court has already taken judicial notice of the Xue Xu copyright registration, and it sees no reason to depart from that decision. *See* Dkt. No. 21, at pp. 3-4. The Xue Xu registration is an official, public record of the Chinese government. Moreover, Exhibit A is relevant because it tends to show that Defendant may have obtained the design it used on its garments from an independent source. The Court therefore **GRANTS** Defendant's request for judicial notice as to Exhibit A.

**B. Exhibit B – Documents Accompanying the Chinese Xue Xu Copyright Registration**

Exhibit B includes the substance of the Xue Xu copyright registration, but adds a certification and paperwork associated with the registration. Like Ex-

hibit A, Exhibit B is an official government record and is relevant to Defendant's independent creation defense. The Court therefore **GRANTS** Defendant's request for judicial notice as to Exhibit B.

**C. Exhibit C – United States Xue Xu  
Copyright Registration**

Exhibit C is a United States copyright registration that Staci Riordan obtained on October 4, 2017. The registration seeks protection of the same Xue Xu design covered by the Chinese copyright registration. While United States copyright registrations are normally subject to judicial notice, judicial notice is not proper here because Exhibit C is both irrelevant and prejudicial.

Defendant's trial counsel obtained the registration on the eve of trial, less than a month before the pretrial conference. It would unfairly prejudice Plaintiff to force it to contend with a new copyright registration that was not part of the case throughout fact discovery, summary judgment, and pretrial briefing.

In addition, the United States copyright registration, acquired just before trial, has nothing to do with whether the design on Defendant's allegedly infringing garments was independently created years ago. As Defendant explains in its RJN, it only obtained the registration "after reviewing [] Plaintiff's Motion in *Limine* No[.] 3, which objected to consideration of the Chinese Copyright Registrations ..." RJN, at p. 3, n.2. In other words, Defendant sought a United States copyright registration as part of a litigation strategy

in defending this case. It appears to the Court that Defendant realized the Chinese copyright registration might not provide the same presumptions that a United States copyright registration would. *See Lahiri v. Universal Music & Video Distribution, Inc.*, 513 F. Supp. 2d 1172, 1178 (C.D. Cal. 2007) (holding that an Indian copyright registration did not create a presumption of ownership like an American registration would because “ownership is determined according to India’s copyright law”). Defendant therefore made a last-minute attempt to manufacture the presumptions a United States copyright registration would have conveyed. But whatever presumptions would normally arise from a United States copyright registration do not apply here. *See R.F.M.A.S. v. Mimi So*, 619 F. Supp. 2d 39, 56 (S.D.N.Y. 2009) (holding that it would be inequitable to grant a presumption based on a supplemental copyright registration filed after the close of fact discovery and obtained for the purpose of neutralizing unfavorable testimony). Because the United States Xue Xu copyright registration is both irrelevant and prejudicial, the Court **DENIES** Defendant’s request for judicial notice as to Exhibit C.

#### IV. CONCLUSION

For the foregoing reasons, the Court **GRANTS** Defendant’s Request for Judicial Notice in part and **DENIES** it in part. The Court **GRANTS** Defendant’s request to take judicial notice of Exhibits A and B. The Court **DENIES** Defendant’s request to take judicial notice of Exhibit C.

**IT IS SO ORDERED.**

JA-36

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

UNICOLORS, INC.,

Plaintiff,

vs.

H&M HENNES & MAURITZ L.P.; et al.,

Defendants.

Case No. 2:16-cv-02322-AB-SK

**FINAL PRE-TRIAL ORDER**

Pre-Trial Conf. Date: November 3, 2017

Pre-Trial Conf. Time: 11:00 a.m.

Trial Date: November 14, 2017

Courtroom: 7B

Judge: Hon. André Birotte Jr.

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F. Supp. 2d 1043, 1052 (C.D. Cal. 2010); *Three Boys Music Corp. v. Bolton*, 212 F.3d 477, 481 (9th Cir. 2000).

Access may be shown by proving the defendant had an “opportunity to view or copy” the design. *Kamar International v. Russ Berrie & Co.*, 657 F.2d 1059, 1062 (9th Cir. 1981). To satisfy this standard, a plaintiff must show more than that the defendant had a “bare possibility” of access; rather, the plaintiff must show that the defendant had a “reasonable possibility” to view the plaintiff’s work. *Meta-Film Assoc., Inc. v. MCA, Inc.*, 586 F.Supp. 1346, 1355 (C.D. Cal. 1984).

Plaintiff has presented no evidence of direct access, and must therefore rely on circumstantial evidence to show access. The circumstantial evidence, either via a chain of events or wide spread dissemination, does not show that H&M accessed EH101. *Three Boys*, 212 F.3d at 482; *Art Attacks Ink, LLC v. MGA Entertainment Inc.* (“*Art Attacks*”), 581 F. 3d 1138, 1143 (9th Cir. 2009); *L.A. Printex*, 676 F.3d at 847-48.

Here, there is no evidence of “access” and the infringement claim therefore fails as a matter of law. *Three Boys*, 212 F.3d at 481.

Although proving access is Unicolors’ burden, H&M may rely on the testimony of Nader Pazirandeh, Hannah Lim and Chelsea Wharton as well as written discovery responses, documents and the copyright

registration for Xue Xu to dispute Unicolors' evidence, if any, that H&M accessed EH101.<sup>1</sup>

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This image does not appear to be part of the copyright registration, and it is unclear for what purpose Unicolors is seeking its admission. The documents are misleading, not relevant and possible hearsay. FRE 401- 403, 802.

41. Images of exemplar of Unicolors Artwork fabric and attachments [HMU116-127]:

The pages contain multiple images of the same fabric sample, which is cumulative. FRE 403.

44. Unicolors design collection [UNICOLORS 130-145]:

Pages 131-141 are images of fabric designs other than EH101 and they are not relevant. FRE 401-402.

45. Design Books [HMU156-272]:

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<sup>1</sup> Unicolors may attempt to prove DOMO or another vendor in the supply chain had access to EH101, and thus H&M is liable as an innocent infringer even though it merely resold allegedly infringing goods. *See* Ninth Circuit Manual of Model Jury Instructions: Civil No. 17.36, and comments thereto (“An infringement is considered innocent when the defendant has proved both of the following elements by a preponderance of the evidence: (1) the defendant was not aware that [its] acts constituted infringement of the copyright; and (2) the defendant had no reason to believe that [its] acts constituted an infringement of the copyright.”). If it does,

Unicolors has no foundation to admit these documents, and it is not clear for what purpose they are being admitted so they are possible hearsay. FRE 802, 901.

46. Comparison of Unicolors Artwork and allegedly infringing jacket [UNICOLORS 128]:

This document is hearsay, there is no evidence of its creation, it amounts to improper expert testimony and is unduly prejudicial. FRE 402-403, 802, 901.

47. H&M Reference sheet and specifications (HMU 51-55, 92-102):

These business records are from a non-party. The documents are hearsay, un-authenticated and Unicolors lacks foundation to get the documents admitted. FRE 802, 901.

48. Lim Work for Hire [UNICOLORS 5-6]:

This work for hire agreement post-dates the alleged creation of EH101. It is not relevant. FRE 402.

49. Qian Declaration – Exhibit A:

JA-40

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION

THE HONORABLE ANDRÉ BIROTTE JR., JUDGE  
PRESIDING

UNICOLORS, INC.,     )  
                                  )  
                  Plaintiff,     )  
                                  )  
          vs.                     ) No. CV 16-02322-AB-SK  
                                  )  
H & M HENNES &     )  
MAURITZ, L.P., et al.,) )  
                                  )  
                  Defendants.    )  
\_\_\_\_\_ )

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Los Angeles, California

Tuesday, December 5, 2017, 1:25 P.M.

Day 1 of Jury Trial

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[103] indicated (*indicating*), these represent pebbles to me.

And on top it may not show fully but that is what I represented as waves in the river. So you could consider the whole picture as a landscape, a person is looking out into the nature and you can see the river and along the river there's pebbles.

And I recall this very well because I had story in my head when I created this pattern. And since I completed this design artwork the last day of the year on December 31<sup>st</sup>, at the very last hour, I designated the number of design as 101 which will be the commencement of the next year so I knew that this number would represent January 1<sup>st</sup>.

Since I had a story in my mind when I designed this artwork and therefore I considered this one of my precious babies.

Q. And you said that was in December of what year?

A. That was December 31<sup>st</sup>, year 2010.

Q. And at that point were you an employee of Unicolors?

A. Yes.

Q. Did you know how many other designers there were at Unicolors at that time?

A. I don't recall exactly how many.

Q. Can you give us an approximation?

A. Just in the office I was at alone had anywhere from eight to ten designers.

[104] Q. And what about now? How many other designers are there at Unicolors?

A. Thirteen.

Q. As you understand it, these are all people that are working full-time at Unicolors creating original artwork?

A. Yes.

Q. When you created EH101, did you use any source artwork?

A. No. This is based on my own doodling and, having landscape inspiration in my head, I came up with this.

Q. So just looking at the teepees or the representations of the people or the fish or the rocks, did any of those elements—did you take any of those elements from any other sources?

A. I did draw a lot of inspiration from different various things in my life and I also attended museums frequently and, as I told you, I was much interested in Aztec culture.

However, I did not refer to any other art when I came up with this. This was basically completed

based on my own hand-drawing and this is my original artwork.

Q. So each individual element in EH101 you drew by hand; is that correct?

A. Yes. Even if you look at this particular diamond (*indicating*), that's an irregular-shaped diamond.

Q. And when you drew each of these elements by hand, just to be completely clear, that was without any reference—

[105] any specific reference to any other work; correct?

A. That's correct.

Q. So what did you do with EH101 after you drew it?

Is there something you did to finish it or finalize it or to go into the library, Unicolors' design library?

A. As far as my work is concerned, once I complete the artwork, what I need to do is register it onto our Unicolors' server and give it a designation by having a number. And once I do that, my job is done.

Q. What did you do to register it onto the Unicolors' server? How is that accomplished?

A. At work I usually work on a desktop, a computer desktop; and then once I complete a particular design, I would connect to our company server.

So our network server is unique to our own company; and once I go there and assign my artwork a particular number, for example, like 101, that means no other person can overwrite the number which I designated to my artwork.

So if someone else has their own artwork, that will be one of two or one of three. And also particularly our company's server is such that I cannot connect to our company server from anywhere else but working at the company.

[106] So I have to be physically in the company in the company computer in order to connect to our company server; and at our company once I upload my artwork to company server and assign it a number, then my involvement is done.

Thereafter, I do not get involved in copyright registration or anything else. And at the time at our company we had someone who was in charge of copyright registration.

And after we have certain amount of work that's compiled, I believe that person took care of copyright registration on behalf of the company.

MR. DONIGER: Your Honor, I have probably about ten more minutes but I do know that you indicated you wanted to end court at 4:30. Shall I finish or shall we continue?

THE COURT: No. Why don't—well, actually, let's adjourn for today.



JA-45

Ladies and gentlemen of the jury, as I indicated we usually go until about 4:30 so we're going to wrap up for today. I'll ask you be here tomorrow at 9:00 a.m.

Tomorrow, at no fault of the parties, we're only going to be in session from 9:00 till 12:30. So we'll go to 12:30 and then you'll break for the day.

Unfortunately, I have a funeral that I have to attend and that's why I can't be here in the afternoon; and then we'll come back on Thursday and resume a normal day,

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[56] THE COURT: Overruled.

THE WITNESS: I apologize, but I really know nothing about copyright registration.

As I testified yesterday, my job ended when I created the design and assigned the number EH210. That was it.

BY MS. RIORDAN:

Q So by the time the copyright was filed with the first publication date of January 15, 2011, Design Number 210 was in existence; right?

A Yes.

Q So that means at least 109 designs were created between the time you created EH101 and the time EH210 were created and this registration was filed—I'm sorry—and these designs were published before January 15th, 2011; right?

MR. DONIGER: Objection. Compound and calls for speculation.

THE COURT: Sustained as to compound. Let's rephrase the question.

BY MS. RIORDAN:

Q By January 15th, 2011, at least 109 designs were created; right?

JA-48

A Your question seem unclear to me. I don't know if you are asking me whether or not I came up with 109 designs.

So what's represented here is not only my work but

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JA-49

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION

THE HONORABLE ANDRÉ BIROTTE JR., JUDGE  
PRESIDING

UNICOLORS, INC.,            )  
                                  )  
          Plaintiff,            )  
                                  )  
                                  )  
          vs.                    ) No. CV 16-02322-AB-SK  
                                  )  
H & M HENNES &            )  
MAURITZ, L.P., et            )  
al.,                            )  
                                  )  
          Defendants.            )  
\_\_\_\_\_ )

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Los Angeles, California

Wednesday, December 6, 2017, 11:22 A.M.

Day 2 of Jury Trial,

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[6] A. Yes.

Q. Now, is the design of original artwork important to your company?

A. Design is the heart of my company. That's the only advantage I have over other companies.

Q. What do you do in connection with your design and investing in your design?

A. We create our own designs in-house. Also, we buy artworks from studios. Some—mostly from Europe, Italy, and that's pretty much.

Q. Do you employ designers?

A. Yes.

Q. How many?

A. It varies. But she said yesterday I have 13. I always thought we had about 18 or 17 but she knows better. She's in that room.

Q. How much do you pay your designers per year on average?

A. I spend a lot of money for my designs. I do—my designers are very high-paid designers. It's not just designers. We buy artworks, the ink, paper.

We use really top of the line papers because the way we present it to our customers it has to be presented, and I would say close to more than two-thirds

of expenses of my company has to do with design which is about 20 million.

Q. So you spend about 20 million dollars on creating your [7] original designs; is that correct?

A. That's correct.

Q. And do you have expenses for things like design software and design materials?

A. Those are all included in that 20 million. I have very top-of-the-line software like Net Graphics. It's a French company.

They actually charge me at least 25 thousand a year just to maintain that. Without—with what I purchased at the beginning, it was expensive, about 800,000 dollars.

Q. Okay. And can you tell me why you made this large investment in original design work?

A. As I said, design is the heart of my company. If we don't have design, I cannot compete with the low price that they are offering from overseas.

They can offer because they're direct manufacturers. I have to have designs. Designs is the only thing that makes—separates between my company and some of my friends' company that went down.

Because of the Copyright Act, they cannot copy my designs and they have that advantage.

Q. Okay. So the company like H&M sells product with your artwork on it or modified versions of your artwork on it, does that damage your company?

[52] A. No, sir. I didn't say invoice. I said e-mails.

Q. Excuse me. We have no paperwork for any sales or purchases prior to October and you think it's because of a virus?

A. Yes. As I said, see, these invoices are generated by computer program called Mach 2. We paid very expensive high price to Mach 2 to come and retrieve all of my invoices, packing lists, everything because they were so important to us. But the e-mails they could be lost in that process.

Q. I want you to turn to Exhibit 32.

A. (Witness complies.) Okay.

Q. This is the copyright for EH101; correct?

A. That's correct.

Q. I believe this has already been admitted.

And that's your name at the bottom certifying the information in this document; correct?

A. Correct.

Q. What did you do to confirm that the date of first publication for the—for all of the designs that are listed under "Title of Work" were first published on January 15, 2011?



A. As a general policy, all of my people know that should be the case so basically I trust my people.

Q. So you don't make any independent investigation to determine whether or not January 15, 2011, is the correct [53] date of first publication for all of these artworks here?

A. I check with the responsible person usually; and when they tell me yes, it is, I trust them.

Q. Who's responsible for putting these designs on the same copyright application?

A. At definite times it's different people. I really don't know. But I have so many people. It could be my secretary or somebody in the design room. I really don't know. Nobody—it's very hard for us to know.

Q. And do you know why approximately ten floral designs and seven or eight ethnic designs were applied for copyright registration as one group?

A. I don't know exactly but I can have a guess if you want me to.

Q. Sure.

A. See, we registered the designs that we feel competent it's going to go to public. I guess, one of my designers or collectively they thought that these florals and this much of ethnics, those are the designs that are going to be successful, they put it up for registration. We create so many designs every day.

Q. Do you know why a group of floral designs and a group of ethnic designs were combined into the same copyright registration?

A. For saving money.

[54] Q. Is it less money to apply for a group registration?

A. Of course.

Q. And do you know how these designs were first published?

A. What do you mean?

Q. Well, it says the date of first publication is January 15, 2011. I'm asking how this group of designs were first published together.

A. Oh, that's when we present it to our salespeople.

Q. And you present these as a group, these floral designs and ethnic designs go to the public as a group?

A. That's always our practice.

Q. And how is that done?

A. In a sales meeting. In the sales meeting, my designers come. And my designers come, I come, and they present it to the salespeople that this is the group that we believe it's working with this colorations for that season or for that month.

Q. Who do the salespeople work for?

A. For Unicolors.

Q. Unicolors salespeople?

A. Yes.

Q. Okay. So you present these designs as a group to your salespeople and, according to this, that was done on January 15th, 2011; is that correct?

A. That's correct, yes.

[55] Q. And where does that meeting take place?

A. In my office.

Q. And is it normally held on a certain day of the week or does it just depend on when it makes sense to have one of those meetings?

A. Back in days anytime; but then now for the last, I would say ten months, every Monday at 1:00 p.m. we have sales meeting.

Q. And who – I'm sorry. You testified to this earlier and I -- the salespeople are there. Who else is at the meeting?

A. The designers and myself and some other staff, you know, like warehouse, if you have something to talk about. It's a meeting about the company meeting. We talk about everything.

Q. And is this done on a normal workday?

A. Monday at 1:00 p.m.

Q. Okay. Historically, has it been held on a workday?

A. No. Before I told you. Before we were little bit more unorganized. We were having meetings as we needed. But now in the last -- I'd say this year, 2017, we tried to keep it every Monday at 1:00 p.m.

Q. And would you bring all these people in on a Saturday to hold one of those meetings?

A. They have to come. My salespeople and few of my [56] designers, they have to come. But all of my salespeople they are available.

Q. Do you know when Unicolors stopped selling this fabric, this actual yardage?

A. Right off the top of my head, no, but I can tell you here it shows. The last sales was in 2-19-2015.

Q. And who was that to?

A. American Dream.

Q. And how much was sold?

A. Three yards.

Q. And prior to that, what was the last sale?

A. 2-26-2014

Q. And how much was sold?

A. Two yards.

Q. And prior to that, what as the last sale?

A. 2-4-2014, 4495 yards.

Q. And where was that sale—where was that customer located?

A. Dallas.

Q. And do you know what that customer did with the yardage you sold them?

A. Usually people buy my fabrics to make garments.

Q. Do you know what that customer did with the yardage that you sold them?

A. Usually buy to make garments, yes. I know them,

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[69] earlier, Ms. Lim, the repeat is 32 inches. So every 32 inches the design repeats itself and we have to do color separation. That means that every single color we have to separate it because something that they draw just by hand like this, feather design that he was showing me earlier, this cannot be print as is. We have to do a lot of work with this. Color separation, repeat, and then send it to our—yeah, color separation and repeat. You have to do those two.

Q. Understood. And I believe you testified that once the design is finished, you publish it by giving it to your salespeople to show your customers; is that right?

A. Yes.

Q. When you give the fabric to your customers, do they generally go out and start selling it that day or within a couple of days when you give it to them?

A. No. It takes time. They have to prepare it. As I said, some customers might have just solid bodies and they just hold the print.

But it's not every day they have shows that buyers come to their places and they—it's not just—art is different. We take the fabric. We go to our customers. But they have to make garments. It takes a process. Not immediately.

Q. Does Unicolors also have a showroom?

[70] A. Yes.

Q. When you give these design groups to your salespeople, do you also put them in your showroom?

A. Yes.

Q. Okay. And that generally happens the same day or around the same time that you give the designs to your salespeople; right?

A. Yes.

MR. BURROUGHS: Okay. I'm going to, with Your Honor's permission, publish plaintiff's demonstrative, the second to last, which is a comparison of Exhibit 37 and Exhibit 38 which are both in evidence.

THE COURT: Any objection?

MR. BRIAN: Let me see it.

MR. BURROUGHS: Just this one.

MR. BRIAN: Yes, we object to that, Your Honor.

THE COURT: All right. Then why don't we take a recess for today.

Ladies and gentlemen, I'll ask that you come back tomorrow at 9:30 a.m. and I appreciate your indulgence. As I indicated, I have a funeral I have to attend.

So please do not talk to anyone, don't allow anyone to talk to you about the case. Do not conduct any research of any kind on any subject matter connected with this trial.

[71] So we'll see you tomorrow at 9:30 a.m.

THE CLERK: All rise for the jury.

*(The jurors exited the courtroom.)*

*(The following was held outside the jury's presence:)*

THE COURT: You can step down.

THE CLERK: Please be seated.

THE COURT: All right, Mr. Burroughs, as it relates to the objection, that's not in evidence so I don't know how you're going to get that into evidence.

MR. BURROUGHS: I understand.

THE COURT: Or through another witness.

JA-60

But the fact that was a demonstrative during opening statement so they've objected. So my tentative—my inclination is to sustain it unless you plan to introduce it through some other means.

MR. BURROUGHS: Okay.

THE COURT: A couple housekeeping matters.

This document which was a photograph that was utilized as an exhibit today, it needs to be marked as a number because it's been used as evidence. I would suggest maybe 38A. I'll leave it up to you. But I need it done by tomorrow.

The copies that were utilized, Mr. Doniger, during the examination of the books, those need to be copied and made as exhibit numbers.





[50] Q. Okay. In your opinion, that process is one of the reasons why the garment looks less like the EH101; correct?

A. It doesn't—it has—it is the same when I look at it. But, yes, because the nature of the fabric is different, it shows—it doesn't have those details that you see in my print in here.

Q. Do you work with Jacquard fabrics?

A. Of course, yes.

Q. We were talking yesterday about customers. I think you said you had about 200 customers roughly.

A. Yeah.

Q. You have repeat customers, customers that come back to you over and over again?

A. Yes.

Q. Do you have customers that come to you and ask Unicolors to use one of its designers to come up with a custom design just for them?

A. One of their designers? What do you mean by “designer”?

Q. Do you have any customers that come to Unicolors and ask for you to create an original design just for that customer?

A. Always.

Q. And do you have specific designers in-house that work with those customers? Or is it just random, which designer [51] will come up with that design?

A. I think—I'm not running my design room, but I think my design—the head of my design room, she assign different people for different accounts.

Q. And can you think off the top of your head of any customers or accounts that come back regularly for custom designs?

A. No.

Q. Is that a regular occurrence? Is that irregular, rare, often?

A. It happens that customer wants—for example, they want tropical designs. They come and they ask me for tropical design, you know.

We look to our library, or we create fresh original for them. But usually what we represent to them as a line, as all of those designs that you see in the registration—my customers try to go with that. It's cheaper for them.

Q. Okay. So I think what I understand you saying is most of your customers go with what you offer for sale publicly because it's less expensive than having you create something original for them. Is that—

A. That's correct.

Q. And is it you that fields those phone calls or those requests from customers for a specific custom design?

[52] A. No.

Q. Do you ever field those kind of phone calls or requests?

A. I have—in the e-mails—I see 200 e-mails a 63. But, no, I don't answer them. My staff do—

Q. I think we all are overburdened with e-mails.

On those e-mails that you see copies of, how is the request made? Is it we want something in this design? We want something with these colors? We want something that will look good on a hat? How do the requests come in to you?

A. Usually they send us their color palettes. They're saying that this is Walmart color palettes for this season, and they ask for ethnic designs or tropical or geometric.

That's where we go—if we show—we usually try to show from our library with their designated color. But if that's not satisfactory to them, we go and we do it fresh from the start.

Q. They give you an idea what they want.

You say, "Here is what we already have that we think might fit the bill."

They say, "No, no, no. We want something a little more—X."

And you say, “Okay. We’ll just come up with something brand-new for you.”

[53] Is that accurate?

A. That’s fair, yes.

Q. Is there a manager of the design room that would take that request and pair it up with an appropriate designer?

A. I have a responsible person in my design room, that she’s overlook all of my designers. I really don’t talk to her that—how you manage this. I just see the result that it’s running well. So I’m trusting in her judgment.

Q. What does Unicolors do internally to make sure that designer knows this is a custom design for this customer only?

A. When the manager—or when the e-mail comes from the customer that I want tropical design with this color palettes, that’s indicating that it’s for that customer.

Q. And would the designer see that e-mail or be told that information, that this is just for Company A or Company B? Or do you know how the designer is made aware that this is a special request?

A. That, I don’t know. I’m not aware.

Q. And then, once the design is finished, how does Unicolors keep that design from going out into the

showroom or keep that design from being put in a salesperson's hands and sold to the public—or offered to the public?

A. The design belongs to us; so we can offer to the public. But out of the courtesy to my customers, when they [54] ask for privacy for that design, we try to hold it for few months.

But I have salespeople who are very sneaky. They go to my design room and they just take the designs and—but it belongs to us because we have the right for it. We don't sell the right to any of my customers.

Q. Okay. So you have an agreement with the customer that we're making this just for you, and you try to honor that agreement internally; but salespeople might get their hands on the design and run out with it and try to make sales? Is that accurate?

MR. BURROUGHS: Your Honor, objection. Compound. Cumulative and relevance.

THE COURT: Sustained.

THE WITNESS: I don't—

THE COURT: You don't answer.

Next question.

BY MR. BRIAN:

Q. Do the customers that request you make them a design know that your salespeople might be selling that design to other members of the public?

MR. BURROUGHS: Objection. Cumulative. Relevance. Calls for speculation.

THE COURT: Sustained.

[55] BY MR. BRIAN:

Q. Does Unicolors do anything internally to designate designs that are not supposed to be sold to the public? I mean a designation on that design.

A. We try our best to tell in every meeting that just an honor code to keep this privacy. And they're doing it. I haven't had any incident.

I had incidents before, that one of my customers called me and said, "Could you please take this out of your line for at least two, three months?" Which I did it. That was a problem I had.

But, no. We try—and most of—I mean, they're trying. I have so many designs. I mean, sometimes it happens, but usually we try our best to not—

Q. So you advise the salespeople and the rest of the staff not to sell publicly, but that's—you trust them?

MR. BURROUGHS: Objection. Relevance. Cumulative and nonsensical.

THE COURT: Overruled.

THE WITNESS: My design room manager—I have a manager for my design room. He—when we create a design for the specific customers, he's the one

who is holding those designs back, and he doesn't give it to the—he doesn't put it on the shelf.

If you come to my design room, I have—to my [56] office, I have almost 15,000 square feet of sampling room.

BY MR. BRIAN:

Q. Fifteen or 50?

A. One five.

Q. One five. That's still a lot.

A. 15,000. It's a huge place, three times than this place.

Q. I am going to ask you to look at Exhibit Number 32.

This has been offered into evidence, Your Honor.

THE WITNESS: Yes.

BY MR. BRIAN:

Q. We talked about this a little bit yesterday. This is the certificate of registration for a group of designs, including the design we're here about today, EH101.

We talked about the date of first publication, January 15th, 2011. We talked about the type of meeting you would have held to share this with your sales staff and other people.



I think Mr. Burroughs had you testify that this group of designs would have gone into your showroom and have been available for public viewing. Correct?

A. Yes.

Q. If you look at the fourth design under Floral, we have EH103, 105, 111, and then we have CEH113.

A. Yes.

[57] Q. What is CEH—what does the C mean in front of 113?

A. If I recall, you asked me in my deposition. I explained we try to come up with a coding system for my designs back in the 63—I don't know, seven, eight years ago.

And even you ask Hannah Lim if the first one was 101 and the last one is 201, 210, that means 109—that's not an accurate—see, that coding, it depends on what 63 of the month that designer finished that design.

So it could be a blank between 101 to 110 because for few days maybe their designers were so busy with just creating the designs.

And when you create the designs, sometimes it takes three or four days, sometimes in one 63, like Hannah Lim testified, but sometimes it may take more than that.

So I don't know. You have to—I can find out exactly what CEH113 representing because we still have that coding system. But we're not applying anymore because it wasn't successful.

Q. And if I were to represent to you that Mrs. Lim testified that EH in that coding system used at the time meant January 2011, that E was the month and the H was the year, would you have any reason to dispute—

A. She knows better than me that system.

Q. And then you would go 101, 102, 103, et cetera, as you [58] added designs to the collection; correct?

A. No, no. As I said, the 2 or 3 could be a skip because January 2 or January 3, maybe there was no designs. Then it goes 3 or 4.

I know one of the numbers, it representing the 63 of the month. That, I am sure.

Q. Okay. My question, to circle back, is actually what does the C mean? Because we see that there are a number of designs without a C and eight or nine or so that contain the C.

Do you know what the C means here?

A. No.

MR. BURROUGHS: Objection, Your Honor. Relevance. It's cumulative.

THE COURT: Sustained.

MR. BRIAN: Your Honor, this—

THE COURT: Let's have a sidebar, please. (The following proceedings were held at sidebar:)

THE COURT: So, Counsel, help me understand what the significance of the C is.

MR. BRIAN: Sure. C, according to Hannah Lim, means it is a confined design that should not be sold to the public.

Mr. Nader testified that all of these went to the public on the same 63, which would include eight confined [59] designs that should—either did not go to the public because they're confined to specific clients or they went to the public in violation of that agreement.

So it's relevance on both grounds.

MS. RIORDAN: If those designs did indeed not go to the public on the 15th as he represented they did, that fact invalidates the single work registration. So they would not—

THE COURT: For all of the copyright?

MS. RIORDAN: For the entire copyright. And we have law on that, Your Honor, if you want it.

THE COURT: All right.

Mr. Burroughs.

MR. BURROUGHS: I do not see why Unicolors' potential breach of contract with third parties has any relevance to this case.

And the law regarding validation is inappropriate. In the *L.A. Printex* case, in which I argued courts can't invalidate a copyright registration without showing fraud on the Copyright Office. There is no evidence of that here.

THE COURT: I will allow the question.

MS. RIORDAN: Thank you, Your Honor.

(The following was heard in open court in the presence of the jury:)

THE COURT: All right. You can ask the question.

[60] BY MR. BRIAN:

Q. Do you know what the C means in this designation, Mr. Pazirandeh?

A. No, I don't.

Q. Who would know what it means?

A. You might ask Miss Lim. Maybe she knows. But I'm sure somebody at my office knows because we have a code system. It's a very simple thing. It's a number, then letters.

Q. Are you finished?

A. Yes.

Q. You are not involved in either adding a C or taking a C away from any of these designations, are you?

A. No, I am not.

Q. And you don't know when a C may or may not be added to the design name, do you?

A. I have no idea.

Q. I am going to read to you testimony of your 30 (b) (6) witness, Hannah Lim.

A. Me or—

THE COURT: Call Miss Lim. He said he doesn't know what C is.

MR. BRIAN: Okay. We will call Miss Lim, Your Honor.

Q. Does Target come to you and ask for fabric?

A. Sometimes through our customers, yes.

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[78] purchase, the purchase price; and I gathered information from Hero and Fantomin from my colleagues to make sure the figures were a hundred percent accurate for H&M LP.

MR. DONIGER: Your Honor, at this time I would like to move to Exhibit 28 into evidence.

THE COURT: All right. Any objection?

MS: RIORDAN: No, Your Honor.

THE COURT: Twenty-eight will be received.  
(Trial Exhibit 28 was admitted into evidence.)

MR. DONIGER: I am going to continue with 81,  
13, through 84, 19.

Q. This is not your usual practice, H&M LP practice,  
to make this; right?

A. It is not a usual practice to make this, no.

Q. You made it for this case; right?

A. Yes.

Q. Who told you to make it?

A. Who told you to make it? I made it to be prepared  
for this discussion today so that I could share as much  
details regarding the financials as possible.

Q. Okay. So the first line on the front of—is that item  
number? There are a lot of numbers.

A. Yes. That's the item number, the year, and the  
season.

Q. So if you type it into the PBW [sic], you get some  
information about that.

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[84] Q. Cost of goods are paid to whom? That's my  
question.

A. Paid to the H&M organization.

Q. What does that mean, “H&M organization”? Is there a name of an entity?

A. What I can tell you is this, the cost of the goods for this particular article. So what I mean by that is—of course, I don’t have the specific details of what makes up that cost, but I can estimate that it’s the cost of production, any of the materials, et cetera.

Q. My question is about to whom this amount, the \$12.95 per piece, is being paid. You said H&M organization, and I am asking, what is it? What do you mean, “H&M organization”?

A. Yes. Again, it’s the cost of the garment.

Q. Again, to whom is it paid?

A. I don’t know who it’s paid to specifically because we’re not involved in production as an LP.

Q. H&M LP is paying; correct?

A. We take it at the cost.

Q. You don’t know that either?

A. No, I don’t know that the way you are phrasing the question.

Q. And you are the CFO; correct?

A. That’s correct.

Q. And do you know that money, 12.95, is really going out [85] of H&M LP's pocket?

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[110] THE WITNESS: I think I can handle maybe five minutes more.

THE COURT: All right.

Miss Riordan, let's see what we can do in five minutes. We'll reassess at that time.

MS. RIORDAN: Thank you, Your Honor.

Q. Miss Lim, if you need a break, please let us know. We don't want you to be uncomfortable.

A. Yes.

Q. Can you please turn to Plaintiff's Exhibit 32.

A. Okay. Found it.

Q. Do you recall seeing this exhibit before?

A. Yes.

Q. And it's a copyright registration that contains EH101; right?

A. Yes.

Q. And you explained to us, when you were up on the stand yesterday, just so we have a foundation, that E and H before the number was a code; right?



A. Yes.

Q. And what does EH mean?

A. My understanding is that EH stands for January 2011.

Q. And that code, once it's put into the computer, is never changed; right?

A. Yes.

[111] Q. And do you remember during your deposition we talked about—I'm sorry. What does CEH mean in front of—if you see here Number 113.

A. Well, EH is the same, 2011 January. C stand for confined, which means this particular design was given exclusivity to certain customer. And that exclusivity period isn't very long; it could be anywhere from two months to six months. Within those time period it's exclusive to that particular client.

Q. And you see in Exhibit 32 there is a lot of CEHs; right? There is CEH113.

A. Yes.

Q. There is CEH146?

A. Yes.

Q. There is CEH147.

A. Yes.

Q. There is CEH117—I'm sorry—175?

A. Yes.

Q. And there is CEH182?

A. Yes.

Q. There is CEH194?

A. Yes.

Q. There is CEH109?

A. Yes.

Q. There's CEH, confined EH116?

[112] A. Yes.

Q. So there's about nine designs as part of this copyright registration that are confined designs; right?

A. Yes.

MS. RIORDAN: No further questions, Your Honor.

THE COURT: Anything further, Mr. Burroughs or Mr. Doniger?

MR. DONIGER: Very briefly, Your Honor.

CROSS-EXAMINATION

BY MR. DONIGER:

Q. Miss Lim, you told the jury that a confined design, if I understood you correctly, won't be sold to another customer for—won't be produced for another customer for a limited period of time; correct?

A. That's correct. We don't sell it to other customer within that period, but we do still show it.

Q. What do you mean, you "still show it"?

A. Well, that is because after that limited confined time period, other customers could purchase that design.

Q. So looking at the registration certificate, does the fact that some of these designs are confined—let me ask it this way: Does the fact that some of the designs created in the first couple weeks of January of 2015—does the fact that some of those designs were confined and some were not confined—is that inconsistent to your understanding;

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JA-80

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION

THE HONORABLE ANDRÉ BIROTTE JR., JUDGE  
PRESIDING

UNICOLORS, INC.,            )  
                                  )  
                  Plaintiff,    )  
                                  )  
                  vs.            ) No. CV 16-02322-AB-SK  
                                  )  
H & M HENNES &            )  
MAURITZ, L.P., et al.,    )  
                                  )  
                  Defendants.   )  
\_\_\_\_\_                  )

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Los Angeles, California  
Thursday, December 7, 2017, 1:42 P.M.

Day 3 of Jury Trial

[120] THE COURT: All right. Let me just have one moment just because I want to pull up—I don't have the motion that was filed this afternoon so I just want to pull it up on the docket.

*(Pause in the proceedings.)*

THE COURT: All right. Let me hear from Mr. Burroughs. I want to hear your response to their motion.

MR. BURROUGHS: Okay. And I'll move in reverse order if that's okay with Your Honor starting with this new invalidity argument.

THE COURT: All right.

MR. BURROUGHS: This issue was decided by the Ninth Circuit in the case *United Fabrics v. C&J Wear*, it was decided by the Ninth Circuit in the case *L.A. Printex v. Aeropostale*, and it was recently decided in the case *Unicolors v. Urban Outfitters*.

I argued all those Ninth Circuit appeals. They all turned into opinions. Every single one of those stood for the proposition that the copyright registration is presumed valid. We've had a lot of back and forth about validity and presumptions.

THE COURT: Right.

MR. BURROUGHS: And a copyright holder does not have to prove the contents of that registration. It's [121] incumbent upon the challenging party to come

forward with evidence to disprove the material in that registration.

And in doing so, they have to prove two additional things per an amendment to the Copyright Act that requires two showings.

One, that whatever error in the copyright registration came to be because it's a product of fraud. It was a knowing misstatement to the Copyright Office. That's the first prong.

The second prong is that that knowing statement was as to something material. This is generally addressed in case law where someone may lie about owning artwork.

If I tried to register Mickey Mouse, that's a material misstatement.

Whatever statements are being made with regard to what may or may not have happened with some of these designs, it falls far short of that, Your Honor.

And just to clarify what was actually said on the record and I think Your Honor will remember this, there was never any statement or testimony from Ms. Lim or Mr. Pazirandeh that the designs were never shown to the customers.

If you recall, both Ms. Lim and Mr. Pazirandeh said, yes, it's true that we'll sometimes confine this artwork for a period of time; two months, three months, up [122] to six months.

So certainly after that time period expires, this artwork is shown to the public or can be shown to the public. It's not inconsistent.

THE COURT: All right.

MR. BURROUGHS: And even if it was, if there is an error in the registration, it doesn't invalidate the copyright. It's impossible to invalidate the copyright.

As Your Honor mentioned in the jury instructions, a copyright is created when a work is fixed in a tangible medium.

Should an alleged infringer successfully challenge the validity of a copyright registration, all that does is rebuts the presumption.

The presumption then shifts back to the copyright holder to prove the facts as stated. Right?

So if we have a copyright registration that says we own the artwork, we can rely on that presumption. If they rebut it, you need to put a witness on to say we own the artwork.

Here that's all been done. So unless Your Honor has anything more on that particular issue, I'll move on.

THE COURT: All right. I think we have a jury note. And I apologize for doing this but I think this is probably more important.

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[132] MR. BURROUGHS: Well, we had requested that we are seeking actual damages.

THE COURT: Okay. All right. Good luck with that.

*(Laughter.)*

THE COURT: All right. So I'm going to make that change. I'm going to draft up a note in response. I'm going to have my law clerk draft up a note in response while you continue the argument.

Once I get that note, I will give it to both sides to look at it before it goes back to the jury.

*(Pause in the proceedings.)*

THE COURT: All right. So I'm sorry. All right.

Let's get back to the matter at hand.

*(Pause in the proceedings.)*

DEFENSE MOTION RESUMED

THE COURT: All right. Okay. You rattled off all the cases that you'd argued before the Ninth Circuit -  
-

*(Laughter.)*

THE COURT: -- with respect to the mistakes and you were focused on the fact that it needed to be material.



MR. BURROUGHS: It needed to be material, it needed to be a product of fraud, and also I mentioned that there's simply no evidence that there was any mistake on this registration.

[133] As you heard Mr. Pazirandeh testify, he takes the designs, gives them to his salespeople and puts them in his salesroom. The simple act of putting them in the salesroom alone or the sample room alone where they're publicly displayed or open for public display would also be sufficient here; and there's no testimony that there was any sales of any.

THE COURT: All right.

MR. BURROUGHS: And in the *L.A. Printex* case that addressed this one of the publication mistake invalidation arguments, the Court there allowed the plaintiff to simply file a Form CA to amend a copyright registration which is a procedure the Copyright Office. So that we don't believe that there is any merit to that argument, Your Honor.

On the question of access, as Your Honor noted during a conversation with H&M's counsel, Mr. Pazirandeh testified that 85,000 yards of this particular design were distributed to his 200 clients, most of which are in the Los Angeles area.

You also heard H&M through Ms. Wharton testify that H&M has offices in the Los Angeles area so same marketplace, 85,000 yards. I can speak to the *L.A. Printex* case referenced. In that case there were only 50,000 yards --

JA-86

THE COURT: Right.

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JA-87

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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

UNICOLORS, INC., a  
California Corporation,

Case No.: 2:16-cv-  
02322 AB (SKx)

Plaintiff,

vs.

H & M HENNES &  
MAURITZ LP, a New  
York Limited Partner-  
ship, and DOES 1-20,  
inclusive,

Defendants.

**NOTICE OF DE-  
FENDANT H & M  
HENNES & MAU-  
RITZ LP'S MOTION  
FOR JUDGMENT  
AS A MATTER OF  
LAW, OR IN THE  
ALTERNATIVE, MO-  
TION FOR NEW  
TRIAL**

JA-88

Time: 10:00 a.m.

Ctrm.: 7B

Filed: April 5, 2016

Date: May 18, 2018

TO ALL PARTIES AND THEIR COUNSEL OF  
RECORD:

PLEASE TAKE NOTICE that on May 18, 2018 at 10:00 a.m., or as soon thereafter as counsel may be heard in the courtroom of the Honorable Andre Birotte Jr., United States District Judge, Central District of California, located at Courtroom 7B, First Street Federal Courthouse, 350 W. 1st Street, Los Angeles, California 90012, defendant H&M LP (“H&M” or defendant) will, and hereby does, move the Court for judgment as a matter of law (“JMOL”) or, in the alternative, for a new trial pursuant to Fed. R. Civ. P. 50 and 59 as to the jury’s December 7, 2017 verdict in favor of plaintiff Unicolors, Inc. (“Unicolors”).

These motions are made on the following grounds:

**1. The Damages Award Was Excessive.**

The jury awarded Unicolors “disgorgement” damages of \$817,920, when the evidence could support a figure of \$98,395, at the most. The jury also awarded Unicolors “lost profit” damages of \$28,800, when the admissible evidence was not sufficient to support any award.

The jury awarded excessive damages, in both regards, because it was misled into believing that H&M was responsible and therefore liable for alleged (but

unproven) sales of accused garments by other entities in other countries. There was no evidence to support this speculative leap. Nor was there any evidence to establish that any such sales were ever made or what revenue or profits (if any) were derived from such sales.

To remedy this miscarriage of justice, H&M makes the following motions:

- a. Pursuant to Rule 50(b) and relevant case law, H&M moves the Court to reduce the damages award from \$846,720 to \$98,395;
- b. In the alternative, pursuant to Rule 59(e), H&M moves the Court to amend the damages award from \$846,720 to \$98,395;
- c. In the alternative, pursuant to Rule 59(a), H&M moves the Court for a new trial on damages; or
- d. In the alternative, pursuant to Rule 50 and/or 59, H&M moves the Court to include with the order granting new trial an option for Unicolors to accept a remittitur of damages, reducing the amount to \$98,395, in lieu of proceeding with the new trial.

## **2. There Was Insufficient Evidence to Support the Claim for Vicarious Infringement**

Unicolors asserted a claim against H&M for vicarious infringement, attempting to hold H&M liable for alleged sales of the accused garments made by other entities in other countries. Unicolors failed to put on any evidence to establish that such international sales were actually made, that H&M had control over

the entities that made any such sales, or that H&M received a direct financial benefit from any such sales. The lack of that evidence is fatal to this claim. H&M moved for judgment as a matter of law in trial. Even though the evidence was lacking on this claim, the jury was instructed on vicarious infringement. However, the verdict form did not ask the jury any questions about this claim, either as it relates to liability for the alleged vicarious infringement, or the alleged resulting damages.

The jury's damages award indicates it believed the claim was live and, further, that it included damages from international sales that Unicolors could recover *only by way of* a claim for vicarious infringement. To remedy this prejudicial and unsupported outcome, H&M makes the following motions:

- a. Pursuant to Rule 50(b), H&M renews its motion for judgment as a matter of law; and
- b. In the alternative, and pursuant to Rule 59(a), H&M moves for a new trial on Unicolors' claim for vicarious infringement.

### **3. There was Insufficient Evidence to Support the Claim for Willfulness**

Unicolors alleged that H&M's infringement was willful. There was insufficient evidence to support this allegation. In fact, the evidence established the opposite. The design on the H&M garments was protected by a valid Chinese copyright, which is due equal treatment and respect in the U.S., the same as any copyright registration issued by the U.S. Copyright Office. This alone provided H&M a reasonable

basis to believe it was not infringing on Unicolors' copyright for a separate, and different, design. The issue of willfulness was also before the jury, unnecessarily. It was not relevant to any other question posed to the jury, and its only possible relevance vanished when Unicolors at the very last possible minute (even after the jury was instructed), chose to seek "actual damages" instead of "statutory damages." H&M moved for judgment as a matter of law on this claim in trial. H&M makes the following motions post-trial, to correct this prejudicial error and erroneous jury finding:

- a. Pursuant to Rule 50(b), H&M renews its motion for judgment as a matter of law; and
- b. In the alternative, and pursuant to Rule 59(a), H&M moves for a new trial on Unicolors' claim for willfulness.

#### **4. The Jury's Finding on Infringement Was Erroneous**

For a number of reasons, the jury's finding that H&M infringed on Unicolors' copyright for EH101, was erroneous and should be set aside. In the alternative, H&M should be given a new trial on this fundamental issue.

##### **A. Unicolors Did Not Possess a Valid Copyright**

The first pre-requisite to a civil action for copyright infringement is that the plaintiff have a valid copyright registration. 17 U.S.C. § 411. The evidence in trial established that Unicolors knowingly presented false information to the copyright office to se-

cure a group registration of 31 textile designs, which is possibly only if all designs are a “single unit” and were published for the first time on the same date. The evidence, from Unicolors itself, precluded any reasonable juror from finding that Unicolors “published” all 31 designs for the first time on the identified date.

H&M renews its motion for judgment as a matter of law, pursuant to Rule 50(b). H&M, in the alternative, moves for a new trial on this issue, pursuant to Rule 59(e).

#### **B. Unicolors Did Not Prove Access**

In order to prove copying, Unicolors had to prove that H&M (or the garment supplier/designer) had access to EH101 and that the designs are substantially similar. Unicolors did not present evidence sufficient to show that access was anything more than a “bare possibility”, which is not enough. There was no evidence that the Chinese designer or supplier had access to EH101. Nor was there evidence sufficient to assume that an executive at H&M, with relevant decision making authority, had access to EH101. Any finding of access was based on speculation and conjecture, not evidence.

H&M renews its motion for judgment as a matter of law, pursuant to Rule 50(b). H&M, in the alternative, moves for a new trial on this issue, pursuant to Rule 59(e).

#### **C. Unicolors Did Not Prove that the Designs Were Substantially Similar**



If access is established, the plaintiff must then prove that the designs are “substantially similar.” To do so, in this Circuit, plaintiff must show similarity under the intrinsic and extrinsic test. The extrinsic test requires the Court to filter out those elements that are not protectable, with assistance from expert witnesses. Unicolors refused to present actual expert testimony on this issue, although it did use its President to present expert testimony on other issues. And the Court granted Unicolors’ motion to exclude H&M’s expert on this issue, Robin Lake. Without performing the necessary filtering, and advising the jury which elements should be considered for the similarity analysis, the Court left the jury without the tools or guidance necessary to perform its function.

H&M renews its motion for judgment as a matter of law, pursuant to Rule 50(b). H&M, in the alternative, moves for a new trial on this issue, pursuant to Rule 59(e).

#### **D. Unicolors Did Not Prove that the Designs Were Strikingly Similar**

Another option for a copyright plaintiff to establish “access” is to prove that the two designs are so strikingly similar that there is no possibility the accused design was independently created. In other words, the design had to be accessed and copied because there is no other explanation. The evidence was insufficient to meet this very high bar. In fact, there was competent evidence of independent creation, which should prevent application of this alternative test.

H&M requested, but was not given, an instruction advising the jury of presumptions that should have flowed from the Chinese copyright registration for Xue Xu. The Court also denied H&M's request to judicially notice the copyright registration that the U.S. Copyright Office issued for Xue Xu. Those copyright registrations, in conjunction with the "design file" for Xue Xu from DOMO's business records was sufficient evidence to establish plausible independent creation. In that circumstance, striking similarity cannot be used to establish access, as a matter of law. Moreover, Unicolors was permitted to use a late-produced, and modified version of EH101 to support its claim of visual similarity. This was improper on several grounds, each addressed in H&M's motion.

H&M renews its motion for judgment as a matter of law on the claim of "striking similarity." In the alternative, H&M moves for a new trial on that claim. The motion for new trial is based on the grounds in the initial motion for judgment as a matter of law, as well as the following:

- a. Unicolors should not have been permitted to use the monochromatic version of EH101 for any purpose at trial; and
- b. The jury was not instructed properly on the presumptions that flow from the copyright registrations for Xue Xu.

These Motions are based on this Notice of Motion, the Memorandum of Points and Authorities filed concurrently herewith, the Declaration of Staci J. Riordan filed concurrently herewith, the [Proposed]

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Order lodged concurrently herewith, and any further evidence and argument as may be presented to the Court prior to or at the hearing on this Motion.

This motion is made following the conference of counsel pursuant to Local Rule 7-3 which took place by telephone on January 10, 2018, and by email on January 4 and April 3, 2018.

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Dated: April 10, 2018

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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

UNICOLORS, INC.,	Case No.: 2:16-cv-02322
	AB (SKx)
Plaintiff,	<u>Honorable André Birotte,</u>
	<u>Jr. Presiding</u>
vs.	<b>UNICOLORS, INC.'S</b>
	<b>OPPOSITION TO</b>
H&M HENNES &	<b>DEFENDANT'S</b>
MAURITZ LP; et al.,	<b>RENEWED MOTION</b>
	<b>FOR JUDGMENT AS A</b>
Defendants.	<b>MATTER OF LAW, OR</b>
	<b>IN THE ALTERNATIVE,</b>
	<b>MOTION FOR A NEW</b>
	<b>TRIAL</b>

[Declaration of Scott Alan  
Burroughs submitted  
concurrently herewith]

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Date: May 18, 2018

Time: 10:00 am

Courtroom: 350 West First  
Street, Los Angeles, CA

90012 - Courtroom 7B

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**THE MOTION MUST BE DENIED**

H&M Hennes & Mauritz LP's ("H&M") motion fails to meet the high threshold necessary to obtain the drastic relief sought. It should be denied, as follows:

**I. LEGAL STANDARDS**

**A. Renewed Motion for Judgment as a Matter of Law**

A Rule 50(b) motion succeeds only where the evidence, "construed in the light most favorable to the nonmoving party, permits only one reasonable conclusion, and that conclusion is contrary to the jury's." *Vollrath Co. v. Sammi Corp.*, 9 F.3d 1455, 1460 (9th Cir. 1993). Trial courts must uphold any jury's verdict that is supported by "substantial evidence," which is "any evidence that adequately supports a jury's conclusions and verdict even if it is also possible to draw a contrary conclusion from the same evidence." *Yowan Yang v. ActioNet, Inc.*, No. CV1400792ABPJWX, 2017 WL 2117028, at \*3 (C.D. Cal. Jan. 23, 2017)(internal quotations omitted), citing *S.E.C. v. Todd*, 642 F.3d 1207, 1215 (9th Cir. 2011), *Wallace v. City of San Diego*, 479 F.3d 616, 624 (9th Cir. 2007)). Stated differently, "where the non-moving party has presented any evidence sufficient to support the jury's conclusion, the Rule 50(b) motion should be denied." *Id.* (citation omitted).

## B. Motion for New Trial

The court “may not grant a new trial simply because it would have arrived at a different verdict.” *Silver Sage Partners, Ltd. v. City of Desert Hot Springs*, 251 F.3d 814, 819 (9th Cir. 2001). It “must disregard all evidence favorable to the moving party that the jury is not required to believe,” and “may not substitute its view of the evidence for that of the jury[.]” *Yowan Yang v. ActioNet, Inc.*, No. CV1400792ABPJWX, 2017 WL 2117028, at \*3 (C.D. Cal. Jan. 23, 2017)(citations omitted). “Indeed, the court “must attempt to reconcile the jury’s findings, by exegesis if necessary, ... before [it is] free to disregard the jury’s special verdict and [order] a new trial.” *Id.*, citing *Gallick v. Balt. & Ohio R.R. Co.*, 372 U.S. 108, 119 (1963) (citations omitted).

And it must “uphold the award unless it is clearly not supported by the evidence or only based on speculation or guesswork.” *Williams v. Gaye*, 885 F.3d 1150, 1172 (9th Cir. 2018) (copyright case, internal quotation marks omitted), citing *In re First All. Mortg. Co.*, 471 F.3d 977, 1001 (9th Cir. 2006), *L.A. Mem’l Coliseum Comm’n v. Nat’l Football League*, 791 F.2d 1356, 1360 (9th Cir. 1986).

A new trial is appropriate only where the jury’s verdict is “contrary to the clear weight of the evidence” or “based upon false or perjurious evidence,” or “to prevent a miscarriage of justice.” *Molski v. M.J. Cable, Inc.*, 481 F.3d 724, 729 (9th Cir. 2007) (quotations and citations omitted). A new trial should be granted only “[i]f, having given full respect to the

jury's findings, the judge ... is left with the definite and firm conviction that a mistake has been committed." *Landes Const. Co. v. Royal Bank of Canada*, 833 F.2d 1365, 1371-1372 (9th Cir. 1987). "[I]n most cases the judge should accept the findings of the jury, regardless of his own doubts in the matter." *Id.* at 1371.

And "courts are granted broad discretion in admitting evidence, and their rulings are reviewed only for an abuse of discretion." *Ruvalcaba v. City of Los Angeles*, 64 F.3d 1323, 1328 (9th Cir. 1995). A new trial is only warranted when an erroneous evidentiary ruling "substantially prejudiced" a party. *Id.* And, in the Ninth Circuit, "[t]he trial court may grant a new trial only if the verdict is contrary to the clear weight of the evidence, is based upon false or perjurious evidence, or to prevent a miscarriage of justice." *Pasantino v. Johnson & Johnson Consumer Prods.*, 212 F.3d 493, 510 n. 15 (9th Cir. 2000). The Motion fails to meet the above standards and requirements.

## **II. H&M'S MOTIONS SHOULD BE DENIED**

### **A. The jury's damages awards were proper.**

The jury had ample direct and circumstantial evidence on which to base its award. H&M's challenge fails for the following reasons.

#### **1. H&M failed to Move for JMOL on Damages**

H&M waived its right to challenge the damages award because it failed to move for JMOL on this issue. "Because it is a renewed motion, a proper post-

verdict Rule 50(b) motion is limited to the grounds asserted in the pre-deliberation Rule 50(a) motion.” *E.E.O.C. v. Go Daddy Software, Inc.*, 581 F.3d 951, 961 (9th Cir. 2009).

Indeed, a party cannot properly “raise arguments in its post-trial motion for judgment as a matter of law under Rule 50(b) that it did not raise in its preverdict Rule 50(a) motion.” *Freund v. Nycomed Amersham*, 347 F.3d 752, 761 (9th Cir.2003), citing Fed.R.Civ.P. 50 advisory committee’s notes to the 1991 amendments (“A post trial motion for judgment can be granted only on grounds advanced in the pre-verdict motion.”); *Murphy v. City of Long Beach*, 914 F.2d 183, 186 (9th Cir.1990) (“[Judgment notwithstanding the verdict] is improper if based upon grounds not alleged in a directed verdict [motion].” (brackets in original). “Without exception, the movant cannot raise arguments in its post-trial motion for judgment as a matter of law under Rule 50(b) that it did not raise in its preverdict Rule 50(a) motion.” *Yowan Yang*, 2017 WL 2117028, at \*3, citing *Freund v. Nycomed Amersham*, 347 F.3d 752, 761 (9th Cir. 2003) (other citations omitted). H&M at no times moved for a directed verdict on the calculation of damages or any other damages issues. It thus waived this argument.

Indeed, H&M concedes that it did not move for JMOL under Rule 50(a) on the issue of damages. But it attempts to evade the consequences of this failure by arguing that its JMOL on the issue of vicarious liability was actually a JMOL on the issue of damages. *See Motion*, pg. 3 fn. 1. This averment is meritless—the verdict form and the damages award made no ref-

erence to vicarious infringement. H&M was found liable for willful infringement. Because the pre-deliberation Rule 50(a) motion only addressed vicarious liability—which was ultimately not specifically addressed at trial—and not the issue of damages, this motion must be denied.

**2. H&M fails to credibly challenge the jury’s profit calculation.**

Even if H&M had not waived its challenge to the amount of damages, that challenge is without merit under both Fed.R.Civ.P. 50 and 59. The court “may reverse a jury’s finding of the amount of damages if the amount is grossly excessive or monstrous.” *Zhang v. Am. Gem Seafoods, Inc.*, 339 F.3d 1020, 1040 (9th Cir. 2003), citing *Lambert v. Ackerley*, 180 F.3d 997, 1011 (9th Cir.1999) (*en banc*), *cert. denied*, 528 U.S. 1116, 120 S.Ct. 936, 145 L.Ed.2d 814 (2000). However, such relief is “an invasion of the jury’s prerogative and the right of the plaintiff to its determination,” and thus “can be justified only in limited situations.” *Donovan v. Penn Shipping Co., Inc.*, 536 F.2d 536, 539 (2d Cir.1976); *see also Akermanis v. Sea-Land Serv., Inc.*, 688 F.2d 898, 902 (2d Cir.1982) (explaining that remittitur is “a limited exception to the sanctity of jury fact-finding”).<sup>1</sup> Here, all evidence in the record

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<sup>1</sup> *See also DSPT Int’l, Inc. v. Nahum*, 624 F.3d 1213, 1224 (9th Cir. 2010). Courts should defer to the jury’s “finding of the appropriate amount of damages unless the award is ‘grossly excessive or monstrous, clearly not supported by the evidence, or based only on speculation or guesswork.’” *McCullough v. Johnson, Rodenburg & Lauinger, LLC*, 637 F.3d 939, 957 (9th Cir. 2011) (citation omitted).

supports the jury's award. Unlike the cases cited by H&M in its brief, H&M failed to present any credible evidence at trial to even cast doubt on the damages verdict,<sup>2</sup> let alone render it unsupportable by the record. H&M's motion does not meet its burden.

**a. Unicolors established H&M's total revenues.**

At trial, Unicolors sought and recovered a reasonable accounting of H&M's profits per 17 U.S.C. § 504(b) by providing a basis for the jury to determine total revenues from the infringing sales and then allowing the burden to shift to H&M.<sup>3</sup>

Once Unicolors established liability, "§ 504(b) create[d] an initial presumption that the infringer's 'profits ... attributable to the infringement' are equal to its gross revenue." *Minx Int'l, Inc. v. Rue 21 Inc.*, No. 215CV05645CASPLAX, 2017 WL 2961546, at \*5 (C.D. Cal. July 10, 2017), citing *Nexon Am. Inc. v. Kumar*, 11-cv-06991-ODW, 2012 WL 1116382 at \*3 (C.D. Cal. Apr. 3, 2012) (other citation omitted). The

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<sup>2</sup> To the extent it proffered deposition testimony from Chelsea Wharton, the jury was entitled to reject "in whole or in part" that testimony. *United States v. Clevenger*, 733 F.2d 1356, 1359 (9th Cir. 1984) (as amended) ("The jury was free to accept or reject [the witness's] testimony in whole or in part.").

<sup>3</sup> "In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work." *Three Boys Music Corp.*, 212 F.3d 477, 487 (9th Cir.2000).

law does not require more. Indeed, “[t]he copyright holder cannot realistically be required to offer more proof than this since the facts and figures of the sales and markdowns is a subject exclusively within the infringers knowledge.” *Semerdjian v. McDougal Littell*, 641 F. Supp. 2d 233, 247 (S.D.N.Y. 2009) (citation omitted).<sup>4</sup>

Unicolors established H&M’s revenues by introducing (a) images and exemplars of the infringing garments showing their retail ticket prices and the fact that they were sold in the U.S. (*See Dkt.* No. 213, Exs. 34, 37); (b) H&M’s packing lists, sales summaries, and testimony as to H&M’s business, which established H&M’s inventory of infringing product (Exs. 28, 29, 30, 31(partial)); (c) H&M’s request for admissions responses, which established that H&M employed designers to create textile designs (RFA No. 5, read at trial); and (d) H&M’s deposition testimony and interrogatory responses, which conceded that H&M had sold its entire inventory of infringing product (Wharton Dep., 8:7-13, read at trial; Interrogatory No. 20, read at trial).

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<sup>4</sup> For this reason, “[a]ny doubts resulting from an infringer’s failure to present adequate proof of its costs are resolved in favor of the copyright holder.” *In Design v. K-Mart Apparel Corp.*, 13 F.3d 559, 564 (2d Cir.1994)564; *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505, 514 (9th Cir.1985); 4 Nimmer on Copyright, § 14.03[B] at 14–37. If the infringing defendant does not meet its burden, the *gross figure stands as the defendant’s profits*. *Cream Records, Inc. v. Joseph Schlitz Brewing Co.*, 864 F.2d 668, 669 (9th Cir.1989) (emphasis added); *Frank Music*, 772 F.2d at 514.



H&M's accumulated packing lists for its online and in-store retail operations show that roughly 48,000 units of each garment, or 96,000 total, were purchased and then shipped for sale. While H&M did not produce business records accounting for the sales of all 96,000 of those units, it did admit it had no unsold units in inventory. Wharton Dep., 8:7-13 (“[W]e know that we have none of this product left, first of all, and I can’t tell you specifically how we have these estimates.”) And H&M produced a spreadsheet (Ex. 28) accounting for a subset of those sales—approximately 12,000 of the 96,000 units which it admits were sold in the U.S.—which provided a basis to extrapolate what was more likely than not the total revenues and profits from the sales of all the infringing units. And this spreadsheet, a summary prepared by H&M for this litigation, failed to establish any facts about the remaining inventory.

From this evidence, the jury could reasonably conclude that (1) it was more likely than not that H&M had sold the entirety of the inventory that its business records showed were in its possession, and (2) that it sold those garments for no less revenue per unit than was shown on the garment receipts or in the H&M accounting for the smaller subset of infringing garments. Thus, Unicolors provided a sufficient basis for the jury to make a finding based on the preponderance of the evidence regarding H&M's revenues.

**b. H&M provided no substantial evidence to contradict the jury’s profit disgorgement findings.**

Once Unicolors proffered evidence of H&M’s inventory, that said inventory was depleted, and the actual per-garment profitability for the units, the burden then shifted to H&M, which had every opportunity to rebut the evidence yet *failed to present even a single witness* to present its response.

The evidence at trial showed that H&M took inventory of and into its chain of distribution nearly 84,000 infringing garments for which it failed to account or offer any evidence regarding. It failed to provide any evidence as to where any of these other units were sold, and specifically offered no evidence of sales anywhere outside the U.S. If there were any such sales, it was incumbent on H&M to provide that evidence given that this information was “within the knowledge of” H&M. *Adobe Sys. Inc. v. Christenson*, 809 F.3d 1071, 1079 (9th Cir. 2015) (it is an “established legal principle that the burden of proof should not be placed upon a litigant to establish facts particularly within the knowledge of his adversary.”), citing H.R. Rep. 94–1476, at 81 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5693; see *United States v. N.Y., New Haven & Hartford R.R. Co.*, 355 U.S. 253, 256 n. 5, 78 S.Ct. 212, 2 L.Ed.2d 247 (1957) (“The ordinary rule, based on considerations of fairness, does not place the burden upon a litigant of establishing facts peculiarly within the knowledge of his adversary.”); 2 McCormick on Evid. § 337 (7th ed.) (2013) (“A doctrine often repeated by the courts is that where the

facts with regard to an issue lie peculiarly in the knowledge of a party, that party has the burden of proving the issue.”).

Unicolors presented evidence that the infringing garments were sold in the United States; H&M provided no contrary evidence. The jury had a sufficient basis to draw inferences and to reach its ultimate conclusion.

H&M also failed to produce any evidence that sales outside the United States would have been through any other corporate entity, or that it had no control or interest in those sales. On the other hand, ample evidence was presented at trial to establish that H&M had control over its suppliers and vendors and that the H&M packing lists reflecting the 96,000 garments at issue were H&M business records. First, H&M admitted in response to Requests for Admissions that it employs graphic designers for purposes of creating graphics for garments, and the garments sold bore the H&M labels—from this a jury could conclude that Defendant designed the offending garments. Next, the packing lists were provided by H&M in this case bearing H&M’s name at the top and H&M’s Bates numbering at the bottom—thus establishing a basis for the jury to conclude that those documents were H&M’s business records. And finally, the evidence showed that H&M has not made any indemnification claims against its vendors—either its supplier in China or any other H&M entity involved in the buying and/or shipping of the garments—from which a jury could reasonably conclude that H&M is ultimately responsible for those sales.

H&M complains that its packing lists were introduced to establish H&M's *sales* of the infringing product. Not true. These documents established H&M's *inventory* of the infringing product, and H&M failed to present any evidence at trial that any other company sold any of that inventory. Indeed, there was no evidence of another company and no evidence of any H&M stores outside of the U.S. Yet, H&M confirmed—through admitted facts, interrogatories, and Wharton's testimony—that all of this inventory was gone. The jury could certainly conclude that H&M sold that inventory.

Notably, when H&M complains that Unicolors' "counsel falsely stated that H&M had [*]**purchased*[*]* 96,000 units of the offending garments, and that H&M had [*]**shipped*[*]* 96,000 garments," it does not (and cannot) aver that Unicolors' counsel indicated the documents reflected H&M's *sales* of said product. Motion, pg. 10, lns. 7-8 (emphasis added). This is because Unicolors counsel at all times accurately represented the documents as reflecting H&M's inventory of the infringing garments.

In addition, the jury heard testimony from Unicolors owner Nader Pazirandeh that established that an address on a packing list is generally not where the shipped product was ultimately sold to the end customer—which makes perfect sense as those locations are generally distribution centers that can ultimately fill orders for stores or online sales globally. Burroughs Decl. ¶ 1, Ex. 2, Dkt. No. 235, pages 46-47.

And while the jury heard ample evidence regarding the massive size and reach of H&M's U.S. operations, it heard *nothing about whether or to what extent H&M actually has stores overseas*. H&M failed to present evidence at trial that it or any affiliate has even a single store outside the U.S. This is terminal to its argument that any relevant sales were extraterritorial.

Given the evidence that the infringing product was sold in the U.S., the lack of any evidence that it was sold (as opposed to shipped) anywhere other than the U.S., and H&M's admission that it had no inventory of the infringing product, the jury's award was entirely reasonable.<sup>5</sup> In the absence of any evidence to contradict the proposition, it was reasonable for the jury to presume that H&M sold all the units it had designated for sale, and that those sales either occurred in the U.S. or were otherwise attributable to H&M. The jury then could have calculated H&M's profits from sale of the infringing garments by multiplying, for each garment, the number of units H&M placed into its retail pipeline by the profit per unit that H&M conceded in its spreadsheet. There is no basis to intrude on the jury's conclusions here.

**c. The evidence supports the conclusion that H&M was involved in any foreign sales.**

Assuming *arguendo* that H&M had proffered evidence from which a jury could only conclude that the

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<sup>5</sup> Indeed, H&M identifies—albeit prefaced with “apparently,” and making note of a \$480 discrepancy—this precise calculation in its brief.

unaccounted for 84,000 infringing garments were sold overseas, the verdict still must stand because the jury had an adequate basis to find that those sales were by or chargeable to H&M and subject to disgorgement.

The evidence presented supports the conclusion that H&M or its agents copied Unicolors' work in the U.S. and "disseminate[d] copies in another country." ORDER REGARDING MOTIONS IN LIMINE; Dkt. No. 181, pg. 11, lns. 1-6, citing *Los Angeles News Serv. v. Reuters Television Int'l, Ltd.*, 149 F.3d 987, 992 (9th Cir. 1998). Or that H&M in the U.S. authorized infringing acts abroad, which is also direct infringement. *Expeditors Int'l, Inc. v. Direct Line Cargo Mgt. Servs., Inc.*, 995 F.Supp. 468, 477 (D.N.J.1998)("[T]he mere authorization of infringing acts abroad constitutes direct infringement and is actionable under United States Copyright Law"); *see also Liberty Toy Co. v. Fred Silber Co.*, 149 F.3d 1183 (6th Cir. 1998)(acts inside and outside of the U.S. support award of entirety of damages).

The jury heard that Unicolors sold over 80,000 yards of its design to customers in the United States who in turn sold that fabric to H&M's retail store competitors including Target and Nordstrom. It also heard Wharton's testimony about H&M's multiple regional offices in California and its tremendous number of other offices and stores both in the State and across the country. It also heard H&M's admission that it employs designers for purposes of creating artwork for the garments it sells. It would have thus been entirely reasonable for a jury to conclude that H&M first infringed the design in the United States,

then disseminated copies abroad, and then authorized the distribution and sales overseas (although, again, there was no evidence of any such overseas sales).<sup>6</sup>

**d. Remittitur should not be for less than \$247,665.00.**

While it would be error to grant remittitur in this case, H&M suggestion that the amount of any such remittitur be anything less than the \$247,665.00 must be rejected, as this number reflects what H&M concedes it received in connection with its sales of the infringing garments. *See* Ex. No 28.

Where a court grants remittitur, it must be for the “maximum amount sustainable by the proof.” *Oracle Corp. v. SAP AG*, 765 F.3d 1081, 1094 (9th Cir. 2014) (citing *D & S Redi-Mix v. Sierra Redi-Mix & Contracting Co.*, 692 F.2d 1245, 1249 (9th Cir.1982)). This is to prevent the court’s substitution of its judgment

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<sup>6</sup> H&M’s motion ultimately relies on nothing more than speculation as to why the jury returned its the verdict, but that is insufficient to justify granting this motion. *Psyhoyos v. John Wiley & Sons, Inc.*, No. 11 CIV. 1416 JPO, 2012 WL 5506121, at \*4 (S.D.N.Y. Nov. 7, 2012), *aff’d*, 748 F.3d 120 (2d Cir. 2014) (“The problem with Defendant’s reasoning is that no one—with the exception of the jurors themselves—can say definitively why the jury assigned the damages it did, and Defendant’s assumption that the sole reason for the difference between the awards is the difference in the textbooks’ profitability is baseless.”), citing *United States v. Farina*, 184 F.2d 18, 21 (2d Cir.1950) (Franks, J., dissenting) (“What influences juries, courts seldom know”)

for that of the jury. *Id.* at 1085, citing *D & S Redi-Mix*, 692 F.2d at 1249.

Here, H&M failed to present competent evidence of *any* costs incurred related to the sales of the infringing garments. While it produced a spreadsheet prepared for purposes of this litigation which purported to state cost entries, it failed to present any underlying documents to support those costs and the sole testimony related to those expenses—Wharton—made clear that she was just given those numbers by a different company and that she could not in any way vouch for their accuracy. Moreover, Wharton admitted that a separate company paid for the manufacturing of the infringing product and that H&M did not pay that company for that cost of goods per se. So owing, a jury could have readily found that H&M failed to meet its burden to establish any cost of goods and thus awarded the total admitted revenue to Unicolors as H&M's profits—as indeed it was obligated to do upon H&M's complete failure of proof.

Limiting remittitur to H&M's revenues of \$247,665.00 is also justified by the willfulness finding in this case since the “deductions of defendant's expenses are denied where the defendant's infringement is willful or deliberate.” Commentary to 9th Circuit Model Jury Instruction No. 17.37 COPYRIGHT—DAMAGES—WILLFUL INFRINGEMENT (17 U.S.C. § 504(c)(2)) (2017), citing *Kamar Int'l, Inc. v. Russ Berrie & Co.*, 752 F.2d 1326, 1331-32 (9th Cir.1984). As such, “a finding of willfulness can also be made in connection with an assessment of defendant's profits, even though reference to willful infringe-



ment is made only in connection with statutory damages.” Id. citing, *Three Boys Music Corp. v. Bolton*, 212 F.3d 477, 487-88 (9th Cir.2000) (noting, in case involving allocation of defendant’s profits under 17 U.S.C. § 504(b), that “non-willful infringers” were entitled to deduct from damage assessment income taxes and management fees actually paid).

**3. The jury’s findings regarding Unicolors’ lost profits were sound.**

An infringer such as H&M is required to disgorge its profits from the infringing sales and recompense the copyright holder for lost profits. An award of damages under 17 U.S.C. § 504(b) has two components, consisting of “the actual damages suffered by [the copyright owner] as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages.” 17 U.S.C. § 504(b); *Polar Bear Prods., Inc. v. Timex Corp.*, 384 F.3d 700, 707–08 (9th Cir.2004) (explaining that these two monetary “remedies are two sides of the damages coin—the copyright holder’s losses and the infringer’s gains.”). For example, the copyright owner may recover the profits it would have earned but for the infringement. *Kenbrooke Fabrics, Inc. v. Holland Fabrics, Inc.*, 602 F.Supp. 151, 155 (S.D.N.Y.1984). That is exactly what happened here.

Pazirandeh testified that, based on Unicolors’ profits per-yard and the amount of fabric required to construct the infringing shirts and jackets, Unicolors would lost profits were approximately \$1 per skirt

and \$2 per jacket. Burroughs Decl. ¶ 2, Ex. 1., pgs. 6768. This straightforward calculation went basically unchallenged at trial.

Finally, to the extent that H&M now alleges that the verdict is inconsistent given the damages calculations, that objection is waived because H&M failed to raise it before the jury was discharged. *Williams*, 885 F.3d at 1175 (“A party “waive[s] its objection to the jury’s verdict ... by not objecting to the alleged inconsistency prior to the dismissal of the jury.”) (citations omitted).

**B. H&M is not entitled to a new trial on damages.**

A new trial is warranted only “if the verdict is contrary to the clear weight of the evidence, or is based upon evidence which is false, or to prevent, in the sound discretion of the trial court, a miscarriage of justice.” *Silver Sage Partners, Ltd.*, 251 F.3d at 819 (internal quotations and citation omitted). As H&M failed to present any evidence as to the damages issue, the verdict couldn’t possibly be contrary to the record’s clear weight.

**1. H&M’s Packing Slips Were Properly Admitted.**

H&M objects to the introduction at trial of the very documents that it produced in this case as evidence of its acquisition of the infringing product at issue. The H&M documents were authenticated by a declaration from Wharton and there is no reason to

believe that they are anything other than authentic. H&M does not argue as much; it can't.

Instead, it argues that the H&M packing list documents do not reflect H&M *sales* of the H&M infringing product. But as set forth above, this is irrelevant, as those documents reflect H&M's *inventory* of the infringing product. And given H&M's admission that it had no remaining inventory, the jury could properly conclude that H&M sold all of the infringing product—since that was the reason they were purchased and H&M provided no contrary evidence.

Importantly, the Court admitted the packing slips as the adopted statement of an opposing party under Federal Rule of Evidence 801(d)(2)(b), and not as a business record under 803(6). *See* Trial Trans. Dec. 6, 2017 (morning), 5:17-6:10. A statement by an opposing party, its representative, or its agent is not hearsay. *See* 801(d)(2); *see also Architectural Iron Workers Local No. 63 Welfare Fund v. United Contractors, Inc.*, 46 F. Supp. 2d 769, 772 (N.D. Ill. 1999) (“the documents produced by Defendants contain Defendants’ own statements and are admissions, not hearsay [because] admissions by party opponents are not hearsay. A statement or document is an admission under the Federal Rules of Evidence if it is offered against a party and is the party’s own statement in either an individual or a representative capacity or a statement by a person authorized by the party to make a statement concerning the subject. Statements under the Federal Rules of Evidence included both oral and written assertions. F.R.Evid. 801(a).”). It is therefore

irrelevant whether the packing slips were admitted to prove the truth of the matter asserted.

And, the Court correctly admitted the shipping labels under Rule 801(d)(2)(b), which renders admissible an opposing party's written assertion where offered against opposing party who manifested that it adopted it or believed it to be true. Wharton, H&M's Chief Financial Officer, both adopted and authenticated the packing lists when she declared them to be "true and correct copies" of the shipments of garment at issue. *See* Wharton decl. ¶¶ 23-24. The Court relied on Wharton's declaration only to rule on the admissibility of the packing slips. *See* Id. at ¶¶ 23-24.) And, the portions of Wharton's deposition testimony cited by H&M in its motion are inapposite, since the packing slips were not expressly admitted as business records.<sup>7</sup>

Nor were the shipping records unduly prejudicial under Rule 403. Authenticated shipping records, adopted by H&M as "true and correct," are evidence that H&M had possession, custody, or control of the infringing garments that it packed for shipment. H&M, which did not provide any evidence at trial to refute this assertion, now argues that its packing slips were prejudicial, because it believes "that the packing slips represented shipments by H&M to foreign countries and that they constituted evidence that H&M purchased and sold 96,000 units" to be untrue.

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<sup>7</sup> The portion of Wharton's testimony relied on by H&M for this argument is inconsistent with her later deposition testimony, in which she expounded on the contents of the packing slips, as well as her declaration.

See Mot. at 8. H&M repeatedly contends that these packing slips were from a separate entity, despite the fact that H&M offered no such evidence at trial, and its CFO's adoption and authentication.<sup>8</sup>

H&M wrongly argues that the declaration relied on by the Court to admit the packing slips should have been provided to the jury in full. First, Rule 106—which provides that the party against who a writing is offered may require the introduction of the entire writing—is inapplicable. Unicolors did not offer Wharton's declaration into evidence, nor was it admitted. And second, H&M never moved the court to admit the remainder of Wharton's declaration. Moreover, since Wharton's deposition testimony was read at trial, the declaration was fully admissible as a Declarant-Witness's prior statement under Rule 801(d)(1).

In sum, the H&M documents—which bear H&M's name and were produced by H&M during discovery—are not hearsay because they are party (or party agent) admissions. *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 454 F. Supp. 2d 966, 974 (C.D. Cal. 2006) (rejecting hearsay challenge: “Documents

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<sup>8</sup> H&M makes the meritless argument that the Court's reliance on the Wharton declaration to authenticate the H&M documents “was the functional equivalent of reading those portions to the jury[]” and that the court should have for some reason read the rest of the Wharton declaration to the jury. First, it is unclear what a “functional equivalent of reading a document” is in this context. Second, H&M did not request such a reading at trial and cannot raise this issue now. Third, H&M cites no authority that would allow for the reading of the Wharton declaration to the jury.

that bear [objector's] trade names, logos, and trademarks are statements by [objector] itself, and are admissible as admissions by a party-opponent under Rule 801(d)(2)[.]”). Under Fed.R.Evid. 801(d)(2)(D), “a statement made by the party’s agent or servant concerning a matter within the scope of the agency or employment, made during the existence of the relationship,” is non-hearsay. “Even if the document is originally created by another entity, its creator need not testify when the document has been incorporated into the business records of the testifying entity.” *United States v. Jakobetz*, 955 F.2d 786, 800–01 (2d Cir.1992) (citation omitted); *see also Architectural Iron Workers Local No. 63 Welfare Fund*, 46 F. Supp. 2d at 772 (“there is no error to admit as evidence documents that Defendants themselves possess and produced in response to Plaintiff’s requests for production of documents.”), citing *United States v. Brown*, 688 F.2d 1112 (7th Cir.1982). H&M produced these documents as part of its business records and declared them authentic. They were properly admitted.

H&M gambled that if it refused to produce any witnesses at trial then Unicolors would not be able to prove-up its damages claim. H&M lost that gamble, as Unicolors presented ample testimony and documentation reflecting the purchase, distribution, and sales of the infringing garments under Rules 106 and 801. The motion fails.

## **2. The Testimony of Justin Lewis Was Properly Excluded.**

The Court excluded Mr. Lewis’s testimony because H&M identified him after the expert disclosure deadline and because he was designated as a rebuttal expert despite the fact that the parties did not designate initial experts. As this Court found in its order on the parties’ motions in limine (Dkt. No. 181, pg. 4, lns. 1-11), “[c]ourts frequently exclude “rebuttal” experts where the opposing party does not offer an expert on the same topic. *See, e.g., TCL Commc’ns Tech. Holdings Ltd. v. Telefonaktenbologer LM Ericsson*, No. CV 15-02370 JVS, 2016 WL 7042085, at \*7 (C.D. Cal. Aug. 17, 2016) (excluding portions of an expert’s testimony because a party “should have submitted expert testimony on [the topic] at the deadline for initial, not rebuttal, disclosures”); *Roger v. S. Route Mar.*, No. C12-1854-RSL, 2014 WL 12029283, at \*2 (W.D. Wash. Sept. 16, 2014) (holding that the defendants’ experts could not properly be considered rebuttal experts because “there was nothing to rebut”).

In its motion, H&M only suggests that the Court’s unwillingness to accommodate H&M’s improperly disclosed expert witness hurt its case. It does not argue that it had made timely disclosure, or that other extenuating circumstances excused its untimeliness. The Court did not abuse its discretion in excluding Mr. Lewis’s testimony.

### **3. Unicolors' Counsel Properly Represented the Packing Slips.**

H&M presented the jury with no evidence as to where 84,000 units of the H&M infringing product were sold. That evidence was entirely in H&M's possession and it thus bore the burden of proof. *Friedman v. Live Nation Merch., Inc.*, 833 F.3d 1180, 1189 (9th Cir. 2016)(this rule "accords with ... our general precedent that fairness dictates that a litigant ought not have the burden of proof with respect to facts particularly within the knowledge of the opposing party."), citing *Adobe Systems Inc. v. Christenson*, 809 F.3d 1071, 1079 (9th Cir. 2015). In such situations, courts "ha[ve] long recognized that [c]ircumstantial evidence can be used to prove any fact.[]" *Id.* (citation omitted). Circumstantial evidence established H&M's sales, at the very least.

H&M contends that certain of Unicolors' counsel's statements to the jury were improper because "they were not true, and were not supported by the evidence," but it identifies no such statements. And even if it could (it cannot), "the Court instructed the jurors that arguments and statements by lawyers are not evidence," and thus there is no grounds to challenge a verdict on the basis of a statement during closing argument. *Multimedia Patent Tr. v. Apple Inc.*, No. 10-CV-2618-H KSC, 2013 WL 173966, at \*2 (S.D. Cal. Jan. 16, 2013)(citation omitted).

H&M had every opportunity to present a witness to testify on the issue of sales but failed to do so. As it admits in its brief, "The only witness who could testify



about the packing slips at all was Ms. Wharton,” and, yet, H&M failed to produce Wharton to so testify. Motion, pg. 7, lns. 24-25. Any ambiguity created by this failure is the fault of H&M. This motion must be denied.

**4. The Court’s instruction on vicarious liability was harmless.**

H&M’s objections relating to jury instructions are untimely and should be rejected. A party seeking to assign an error to the instructions submitted to the jury must object after the close of the evidence, or else promptly after learning that the instruction will be given. *See* Fed. R. Civ. Pro. 51(c)(2); *Grosvenor Properties Ltd. v. Southmark Corp.*, 896 F.2d 1149, 1152-53 (9th Cir.1990) (party waives right to assign as error the failure to give an instruction unless that party objects before jury retires). “We have interpreted this rule strictly and have stated that, in a civil case, we may not review a jury instruction in the absence of a proper objection.” *Glover v. BIC Corp.*, 6 F.3d 1318, 1326 (9th Cir. 1993)(internal quotations and citations omitted).<sup>9</sup> And Fed.R.Civ.P 61 provides that, “[u]nless justice requires otherwise, no error in admitting or excluding evidence—or any other error by the court or a party—is ground for granting a new trial [and] the

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<sup>9</sup> Indeed, the 9th Circuit “has enjoyed a reputation as the strictest enforcer of Rule 51; we have declared that there is no ‘plain error’ exception in civil cases in this circuit.” *Id.* citing *Hammer v. Gross*, 932 F.2d 842, 847 (9th Cir.) (citations omitted).

court must disregard all errors and defects that do not affect any party's substantial rights."

Here, an instruction on a claim that was not submitted to the jury did not affect any rights. "Thus, even assuming it was error, it is impossible to find that "the error caused prejudice to the party seeking a new trial." *Robertson v. McNeil-PPC Inc.*, No. LACV1109050JAKSSX, 2015 WL 12698313, at \*3 (C.D. Cal. Mar. 20, 2015).

Moreover, H&M's circular argument is unavailing on its merits. H&M reasons that (1) because (it believes) the jury's award was excessive the vicarious liability instruction "likely misled" the jury, and (2) because the instruction misled the jury it granted an excessive award. Of course, H&M fails to credibly establish any causal connection between the superfluous instruction and the verdict. The jury made no finding that H&M was a vicarious infringer and, as H&M concedes, the issue was not even present on the verdict form. H&M argues that the court should have granted its motion for JMOL, even though the vicarious liability claim was not submitted to the jury. There was no need given the uncontroverted evidence of direct infringement. Nonetheless, H&M requests a new trial on this claim. The request fails.

**5. The jury's willfulness finding was proper.**

There is no basis to disturb the jury's finding of willfulness. Initially, H&M waived any challenge to the willfulness instruction when it agreed to give the willfulness instruction to the jury. *See Dkt.* No. 189,

pg. ii, lns 10-111 (Instruction 17.37). The challenge also fails on its merits.

Willfulness “need not be proven directly but may be inferred from the defendant’s conduct.” *N.A.S. Import. Corp. v. Chenson Enterprises, Inc.*, 968 F.2d 250, 252 (2d Cir.1992). And infringing sales after notice, which was undisputed in this case, is alone sufficient to support the willfulness finding. *Dolman v. Agee*, 157 F.3d 708, 715 (9th Cir. 1998)(“Because [defendant] continued to infringe on the song copyrights when he knew that there was a question as to their ownership, and when he was presented with evidence that [plaintiff] was the true owner, the district court did not err in finding that [defendant’s] infringement was willful.”). And “a showing of recklessness or willful blindness is sufficient” to establish willfulness. *Unicolors, Inc. v. Urban Outfitters, Inc.*, 853 F.3d 980, 992 (9th Cir. 2017) (citation omitted).

The evidence presented to the jury practically compelled a finding of willfulness, including evidence that H&M continued selling the infringing garments after being put on notice of Unicolors’ claims (*Dkt.* 182, pg. 4, lns 7-12), and that H&M employs designers to create graphics for its garments and thus more likely than not generated the infringement—as further evidenced by the fact that it never sought indemnification from any other party. Of course, H&M’s witnesses declined to appear to rebut the foregoing.

H&M contends, without support, that it was error to instruct the jury regarding willfulness because Unicolors sought actual damages, and that said ques-

tion caused juror confusion with respect to its damages calculation. This is baseless because the Court clarified the question of willfulness to the jury through instructions and notes.

And, of course, an inquiry regarding willfulness is entirely appropriate even where the copyright holder seeks actual damages as the willfulness of the infringement “is an [i]mportant factor favoring” an award of [attorneys’] fees.[.]” *Dunn & Fenley, LLC v. Allen*, No. CIV. 02-1750-JE, 2007 WL 2973549, at \*3 (D. Or. Oct. 9, 2007), quoting *Historical Research v. Cabral*, 80 F.3d 377, 379 (9th Cir.1996) (*per curiam*); see also *Erickson Prods. Inc. v. Kast*, No. 5:13-CV-05472-HRL, 2016 WL 3951659, at \*2 (N.D. Cal. July 22, 2016)(willfulness “is an important factor favoring such an award.”) (citation omitted). And, as set forth above, a willfulness finding may also affect actual damages directly since generally, the deductions of defendant’s expenses are denied where the defendant’s infringement is willful or deliberate. *Three Boys Music Corp.*, 212 F.3d at 487-88.

**6. The statutory damages instruction was proper.**

Unicolors held a timely registration for the work at issue. As such, it was enabled to “elect, *at any time before final judgment is rendered*, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action[.]” *Friedman*, 833 F.3d at 1189 (emphasis added), citing 17 U.S.C. § 504(c)(1). As such, there was no issue with the Court giving the statutory damages in-

struction, irrespective of whether it eventually sought actual damages. Furthermore, H&M has no cogent argument as to how this instruction could reasonably have influenced the actual damages award in this case.

**C. The jury properly found infringement.**

Sufficient evidence in the record established that Unicolors owned the copyright in the artwork and that H&M had violated Unicolors' copyrights therein, including its exclusive right to distribute copies of said work per 17 U.S. Code § 106 (3).

**1. Unicolors' closing was proper.**

H&M complains that Unicolors' argument during closing improperly referenced the evidence in the record. But, H&M failed to object during closing, which waives any such argument now. *Multimedia Patent Tr.*, 2013 WL 173966, at \*1 ("By failing to contemporaneously object, MPT did not permit the Court to timely rule on the objection or give a curative instruction to the jurors that argument of counsel is not evidence."), citing, *e.g.*, *Glover v. BIC Corp.*, 987 F.2d 1410, 1421 (9th Cir.1993). And, as noted above, no improper statements were made and the Court advised the jury that closing arguments are not evidence.

**2. Unicolors holds a valid copyright and registration.**

Unicolors holds a valid copyright registration certificate covering the Subject Design. Under 17 U.S.C. § 410 (c), a copyright registration certificate consti-

tutes prima facie evidence of the validity of the copyright and all facts stated on the certificates, including the statements relating to originality and Unicolors' ownership of the design. *Lamps Plus, Inc. v. Seattle Lighting Fixture Co.*, 345 F.3d 1140, 1144 (9th Cir. 2003).

H&M bore the burden of rebutting the presumption of validity and could only do so by proving that H&M defrauded the Copyright Office, and that the putative fraud related to the underlying ability to register the work. *L.A. Printex Indus., Inc. v. Aeropostale, Inc.*, 676 F.3d 841, 854 (9th Cir. 2012), *as amended on denial of reh'g and reh'g en banc* (June 13, 2012)(invalidation only proper where applicant “knowingly included” erroneous information in the application and “intended to defraud the Copyright Office.”).

Here, H&M has presented no evidence of any mistake on the application or fraud in the application process. It argues that because certain designs on the relevant registration were “confined” to certain customers for limited periods of time that not all the works were published together. But nowhere did Unicolors testify that the confined designs were not first put into the design library and shown to customers contemporaneous with the other designs. At best the testimony at trial established that orders for those designs would not be filled until after the confined period expired. And, of course, H&M offers no evidence of fraud or that the error was material. It also entirely fails to address the 2008 revisions to the Copyright Act commonly referred to as the PRO IP Act—which was specifically enacted to curtail precisely this type

of challenge by requiring, *inter alia*, that courts refer them to the Copyright Office before a registration can be invalidated.

### 3. Unicolors established access.

To establish the possibility of access, Plaintiff need only allege that H&M had a “reasonable opportunity” to “view the plaintiff’s work.” *Three Boys Music Corp.*, 212 F.3d at 482 (citation omitted). This can be done by alleging, *inter alia*, a chain of events linking the two works. *L.A. Printex Indus, Inc.*, 676 F.3d at 846-847. Alternatively, access is established, even without evidence of direct access, by showing that two works are strikingly similar. *Unicolors, Inc.*, 853 F.3d at 985-988m, *citing Baxter v. MCA, Inc.*, 812 F.2d 421, 423 (9th Cir. 1987).<sup>10</sup>

Here, there was evidence that Unicolors sold over 80,000 yards of fabric bearing the artwork at issue, that said garments bearing said artwork were sold through international competitors of H&M such as Target and Nordstrom, that Unicolors manufactured its fabric in China just as H&M did with its infringing garments, and that the works of art were strikingly similar. This certainly established a possibility of ac-

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<sup>10</sup> See also *Lipton v. Nature Co.*, 71 F.3d 464, 471 (2d Cir.1995)(when two designs are “so strikingly similar as to preclude the possibility of independent creation, copying may ... be proved without a showing of access.”), *citing Smith*, 84 F.3d at 1220, and *Baxter v. MCA, Inc.*, 812 F.2d 421, 424, n. 2 (9th Cir.1987) (“Proof of striking similarity is an alternative means of proving ‘copying’ where proof of access is absent”), *cert. denied*, 484 U.S. 954 (1987).

cess. Moreover, by failing to present any of witnesses regarding the provenance of the infringing artwork, H&M deprived Unicolors of an opportunity to explore H&M's access at trial. As such, further evidence of access is purely in the possession of H&M and Unicolors cannot be fairly required to proffer same.

**4. The black-and-white version of EH101 was properly admitted.**

H&M concedes that it did not object to the black-and-white fabric when it was sought to be entered into evidence. Motion, pg. 21, lns. 26-27 (“H&M did not object to its admission when offered.”); Riordan Decl., *Dkt.* No. 247-11, page 8. As such, any objection is waived. *See Marbled Murrelet v. Babbitt*, 83 F.3d 1060, 1066 (9th Cir. 1996) (as amended) (“By failing to object to evidence at trial and request a ruling on such an objection, a party waives the right to raise admissibility issues on appeal.”).

Furthermore, H&M's assertion that it had not previously seen the black-and-white version of EH101 (Riordan Decl. ¶ 23.) is demonstrably false as it was previously produced and incorporated in the parties' summary judgment briefing. *See U.S.D.C. Dkt.* No. 64, pgs. 8-11.

H&M's next argument—that the black-and-white version was “altered”—was addressed and found by the Court to be lacking. The court gave H&M ample time to point out any alteration, but H&M was unable to identify any differences at all between the black-and-hite version and the color version other than those that would naturally occur by removing addi-



tional colors. And Unicolors' confirmed it was the same design and the jury received both the color and the black-and-white versions for comparison. Motion, Riordan Decl., Dkt. No. 247-11, page 7; Ex. 38. Indeed, this Court overruled H&M's objections after conducting its own review of the exemplars and finding that they bore the same design.

As such, this motion must be denied. A new trial is warranted for an evidentiary error only "if the ruling substantially prejudiced a party." *Rivas v. Knight Transportation Inc.*, No. CV 15-05793-DTB, 2017 WL 3453365, at \*1 (C.D. Cal. Mar. 24, 2017), citing *United States v. 99.66 Acres of Land*, 970 F.2d 651, 658 (9th Cir. 1992). Here, there is no such prejudice given that the design itself was introduced without objection and is a true and correct representation of EH101.

H&M's deposit argument also fails. Incredibly, H&M cites *L.A. Printex* to support its argument that "[t]o establish similarity, a copyright plaintiff must compare the accused work against the deposit material, or a copy thereof." Motion, pg. 21, lns. 22-24. But the cited passage says the exact opposite—holding that the jury can compare the fabric even if it was not what was deposited to long as the deposit was a "complete copy" of the design on the fabric:

"the district court—and the jury—*may consider fabric swatches* of C30020 in applying our two-part test for substantial similarity, so long as the district court determines that the digital prints that L.A. Printex deposited with the Copyright Office constitute "one complete

copy” of C30020, and that the fabric swatches are also “copies” of C30020.

*L.A. Printex Indus., Inc.*, 676 F.3d at 851, fn. 3 (emphasis added) (citations omitted).

Thus, H&M misrepresents controlling authority to argue that this Court committed error by following a clear 9th Circuit directive. The motion fails.

**5. The jury’s substantial similarity finding was sound.**

H&M’s substantial similarity arguments are all meritless. There is no filtering requirement nor is there a need for expert testimony to find copying. To the contrary, 9th Circuit precedent is clear that even the “[o]riginal selection, coordination, and arrangement of unprotectible elements may be protectible expression. *L.A. Printex Indus., Inc.*, 676 F.3d at 849 (9th Cir. 2012), citing *Metcalf v. Bochco*, 294 F.3d 1069, 1074 (9th Cir.2002) (“Each note in a scale, for example, is not protectable, but a pattern of notes in a tune may earn copyright protection.”)(remaining citations omitted). The 9th Circuit further stated that “[f]or this reason, the Second Circuit has rejected the argument that, “in comparing [fabric] designs for copyright infringement,” a court must “dissect them into their separate components, and compare only those elements which are in themselves copyrightable.” *Id.* And this “reasoning, at least in the context of fabric designs, is persuasive, and it guides our comparison of the designs in this case.” *Id.* H&M urges the Court to do the opposite: to “dissect” the designs and com-

pare the “protectable” portions. This is contrary to settled law.

Indeed, the law is clear “that stylized fabric designs like [the one at issue] are properly entitled to “broad” copyright protection[.]” *L.A. Printex Indus., Inc.*, 676 F.3d at, 851. Given this broad protection, the jury’s verdict was proper.

#### **6. Lake’s exclusion was proper.**

Ms. Lake was only disclosed after the initial expert deadline had passed as a “rebuttal” expert despite the fact that neither party designated initial experts. For the same reasons set forth above in the discussion of H&M expert Lewis, it was certainly not an abuse of discretion for the Court to exclude Lake at trial.

#### **7. The jury was properly instructed on the Xue Xu copyrights.**

The U.S. Copyright registration that H&M’s counsel obtained on the eve of trial for a non-party company in China was properly excluded as “both irrelevant and prejudicial.” ORDER RE JUDICIAL NOTICE, Dkt. No. 186, pg 3. As the Court points out, H&M’s “attorney obtained the registration on the eve of trial, less than a month before the pretrial conference[]” in “a last-minute attempt to manufacture the presumptions a United States copyright registration would have conveyed.” *Id.*, pgs. 34. And the registration itself was irrelevant given that it was obviously obtained for trial and would create no presumptions. *Id.*, citing *Lahiri v. Universal Music & Video Distri-*

*bution, Inc.*, 513 F. Supp. 2d 1172, 1178 (C.D. Cal. 2007) (holding that an Indian copyright registration did not create a presumption of ownership like an American registration would because “ownership is determined according to India’s copyright law”); and *R.F.M.A.S. v. Mimi So*, 619 F. Supp. 2d 39, 56 (S.D.N.Y. 2009) (holding it inequitable to grant a presumption based on a registration filed after the close of fact discovery and obtained for the purpose of neutralizing unfavorable testimony).

H&M’s instant motion presents nothing to challenge the Court’s ruling on this issue. If anything, now that the trial has come to a close with H&M proffering no witness to authenticate or substantiate *any* of the registrations for the Chinese company, said registrations appear even more lacking in credibility.

### III. CONCLUSION

Unicolors presented uncontroverted direct and circumstantial evidence at trial establishing that (a) it created the artwork at issue in the U.S.; (b) H&M has designers in the U.S. and the ability to copy Unicolors’ artwork; (c) H&M sold garments bearing a copy of H&M’s artwork in the U.S.; (d) that H&M at one point in time had 96,000 units of infringing garments in inventory; (e) that H&M, at time of trial, had no units of infringing garments in inventory; (f) that H&M did not sell any of those infringing garments outside of the U.S; and (g) H&M continued to sell the infringing garments after notice of the infringement. H&M wholly failed to rebut this evidence. The finding of willful infringement and damages must stand.

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Respectfully submitted,

Dated: April 27, 2018    By: /s/    Scott    Alan  
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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

UNICOLORS, INC., a California Corporation,

Plaintiff,

vs.

H & M HENNES & MAURITZ L.P., a New York  
Limited Partnership, and DOES 1-20, inclusive,

Defendants.

Case No.: 2:16-cv-02322 - AB - SK

Honorable André Birotte Jr.

JA-147

**DEFENDANT H & M HENNES & MAURITZ  
LP'S REPLY MEMORANDUM OF POINTS AND  
AUTHORITIES IN SUPPORT OF MOTION FOR  
JUDGMENT AS A MATTER OF LAW, OR, IN  
THE ALTERNATIVE, FOR NEW TRIAL**

Date: May 18, 2018  
Time: 10:00 a.m.  
Ctrm.: 7B

Filed: April 5, 2016  
Trial: December 5-7, 2017

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## I. INTRODUCTION

The Court should grant the motion of defendant H & M Hennes & Mauritz LP (“H&M LP”) for judgment as a matter of law, as it clear, *inter alia*, that plaintiff Unicolors, Inc. (“Unicolors”) has violated the single publication rule, and therefore its copyright is invalid.<sup>1</sup>

Moreover, assuming liability is proper, which H&M LP disputes, the Court should drastically reduce the jury’s damage award because the amount awarded by the jury is excessive, and not supported by the evidence. An award of any amount larger than \$98,395 is improper.

Furthermore, Unicolors now admits it had abandoned its vicarious liability claim, notwithstanding that it opposed H&M LP’s Motion for JMOL on that very issue. (Dkt. 209, at 12; Dkt 250, p. 3:20-24.)

Accordingly, H&M LP respectfully requests that the Court enter JMOL to correct these errors, or in the alternative, grant a new trial, at least on the issue of damages, to correct the jury’s blatant errors.

## II. THE EVIDENCE OF THE PACKING LISTS

Because the outcome of H&M LP’s post-trial motions depends in part on the meaning of the disputed packing lists for the alleged offending garments (“gar-

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<sup>1</sup> H&M LP preserves all issues raised in its initial Motion; however, these reply papers will focus on areas where further briefing can be most beneficial.

ments”), trial exhibits 29 and 30, it is worth examining the packing lists to see what they actually prove, and what they don’t prove.

First, the packing lists were admitted into evidence based entirely<sup>2</sup> on the Declaration of Chelsea Wharton, who testified that:

Exhibit H [*or I*] are true and correct copies of the packing lists for the Oliver jacquard wrap jacket [*or W Rio skirt*], which include packing lists of garments destined for countries other than the United States.

(Dkt. 81-2, p. 3, ¶¶ 23-24, Ex. P to Supplemental Declaration of Staci Riordan (“SR Decl.”). Ms. Wharton’s Declaration offered no further information about the meaning of the packing lists themselves.

Second, the packing lists for the olive jacquard wrap jacket identify the supplier of the garment as Hempel China Limited. (Trial Ex. 30, p. HMU0000013-HMU0000045, Ex. S to SR Decl.; Trial Ex. 29, Ex. R to SR Decl.) The packing lists for the W Rio skirt identify the supplier of the garments as Real Hope International Limited. (Trial Ex. 30, Ex. S to SR Decl., p. HMU0000056- HMU0000088.)

Third, each and every packing list identifies the recipients of the packing lists slips as follows:

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<sup>2</sup> Trial Trans., Dec. 6, 2017 (morning), Ex. V to SR Decl, p. 5:17-6:10,

H & M Buying Office [or] H & M Group  
Head Office

H & M Hennes & Mauritz GBC AB...

Stockholm, Sweden

(See, e.g., Trial Ex. 29, Ex. R to SR Decl., p. HMU0000004; Trial Ex. 30, Ex. S to SR Decl., p. HMU0000013.)

Fourth, each packing list is labeled as either “Packing List H&M” or “Packing List – Online H&M.” (See, e.g., Exs. R, S and T to SR Decl.) Nothing ties this generic reference of “H&M” to defendant H&M LP, as opposed to the other H&M entities whose names actually appear on the packing lists. In fact, despite Unicolors’ claims to the contrary, H&M LP’s name (whether identified as such, or by its full name, H & M Hennes & Mauritz LP) **does not appear anywhere on the packing lists.**

Unicolors argues that because the letters “H&M” appear in the labels on the packing lists, the labels “bear H&M [LP]’s name,” and constitute evidence that the garments were shipped to or by H&M LP.<sup>3</sup> (Dkt. 250, p. 7:20, 15-1.) However, where, as here, there is undisputed evidence that more than one H&M entity exists,<sup>4</sup> the generic H&M logo is, at most,

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<sup>3</sup> Unicolors’ brief defines “H&M” as defendant “H&M Hennes & Mauritz LP” Dkt. 250 p 9:1-2.

<sup>4</sup> Notwithstanding Unicolors’ statements to the contrary, there was clear testimony that H&M LP and H&M GBC are sep-

*completely neutral* on the point. Unicolors’ argument is analogous to arguing that a “Disney” logo on a movie title is evidence that the movie was produced by Euro Disney, which would obviously not be the case. The generic reference to H&M on the labels is similarly not indicative of the specific entity receiving the packing lists or the garments.

Fifth, the packing lists identify the garments shipped from China to forty-five different countries, as follows:

Country of Destination	W. Rio Skirt		Olive Jacquard Jacket	
	Bates No.	Quantity	Bates No.	Quantity
· Italy/France (Online H&M)			HMU0 000007	583
· Sweden	HMU0 000056	1,055	HMU0 000013	1,500
· Norway / Norway (Online H&M)	HMU0 000057	1,075	HMU0 000014	1,101
· Netherlands/Denmark	HMU0 000058	750	HMU0 000005	1,100
· Netherlands/Great Britain	HMU0 000059	4,350	HMU0 000015	4,100
			HMU0 000016	

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arate companies. Trial Transcript, Dec. 7, 2017 (morning), Ex.Y to SR Decl., 69:25-71:7; 96:2-19. And the packing lists themselves plainly refer to at least two additional, separate “H&M” entities: H&M Hennes & Maurtitz S.A.C. [Peru], and H&M Hennes & Mauritz Retail Private Limited [India]. (Ex R to SR Decl., HMU0000047-48.)

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· Switzerland	HMU0 000067	1,343	HMU0 000017	1,300
· Germany and Ger. (Cent Eur Mkt)	HMU0 000060	8,575	HMU0 000018	6,500
· Netherlands/ Belgium (South Eur Market)	HMU0 000061	8,385	HMU0 000019	6,600
· USA / USA (Online H&M)	HMU0 000062	4,390	HMU0 000020 HMU0 000006	6,411
· Germany/ Spain	HMU0 000063	2,325	HMU0 000021	2,100
· Germany/ Poland (East Eur Market) and Poland (Online H&M Europe)				HMU000 0022 7,200 HMU000 0004
· Netherlands/ Poland	HMU0 000064	1,560		0
· China and China (Online H&M)	HMU0 000065	2,242	HMU0 000023 HMU0 000008	1,765
· Canada	HMU0 000068	950	HMU0 000024	1,073
· Hong Kong	HMU0 000069	723	HMU0 000025	655
· Germany/ Turkey	HMU0 000070	880	HMU0 000026	479

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· Japan	HMU0 000066	1,314	HMU0 000027	678
· Russia	HMU0 000071	1,536	HMU0 000028	393
· South Korea	HMU0 000072	712	HMU0 000029	89
· Croatia	HMU0 000073	192	HMU0 000030	140
· Singapore	HMU0 000074	474	HMU0 000031	119
· Mexico	HMU0 000075	367	HMU0 000032	344
· Malaysia	HMU0 000076	431	HMU0 000033	208
· Chile	HMU0 000077	182	HMU0 000034	204
· United Arab Emirates	HMU0 000078	1,419	HMU0 000035	1,495
· Thailand	HMU0 000080	667	HMU0 000037	184
· Serbia, Republic of	HMU0 000081	63	HMU0 000038	28
· Australia	HMU0 000082	881	HMU0 000039	699
· Indonesia	HMU0 000083	230	HMU0 000040	73
· Taiwan/ Taiwan(H&M)	HMU0 000084	131	HMU0 000041	122
· Philippines	HMU0 000085	157	HMU0 000042	91
· India	HMU0 000086	43	HMU0 000043	40
· South Africa	HMU0 000087	287	HMU0 000044	224



· Peru	HMU0 000088	78	HMU0 000045	84
· IX 65	HMU0 000079	619	HMU0 000036	227
· Other			HMU0 000009	820
· Other			HMU0 000010	34
<b>TOTAL<sup>5</sup></b>		<b>48,386</b>		<b>48,763</b>

This is the entirety of the relevant evidence regarding the packing lists. Notwithstanding (or perhaps because of) the limited information that can be gleaned from the packing lists, Unicolors has repeatedly mischaracterized the packing lists in dramatic terms. For example, in its opposition papers, Unicolors makes several untrue statements about the packing lists:

- Authenticated shipping records are *evidence that H&M [LP] had possession, custody or control of the infringing garments that it packed for shipment*. (Dkt 250, p.14:3-5; emphasis added.)
- The evidence at trial showed that H&M [LP] *took inventory of and into its chain of distribution nearly 84,000 infringing garments*. (Id. p.6:20-22; emphasis added.)

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<sup>5</sup> This Brief uses the rounded number of 48,000 garments, which was used by the jury.

- The jury then could have calculated H&M's profits ... by multiplying, for each garment, the number of units ***H&M [LP] placed into its retail pipeline*** by the profit per unit. (Id. p. 9:4-7; emphasis added.)

Not one of these statements is even remotely established by the packing lists, or by any testimony. In fact, each statement is established to be false by the very Chelsea Wharton Declaration which constituted the only basis for admitting the packing lists into evidence. (Dkt. 81-2, p. 4, ¶¶ 10-12, 17-19, Ex. P to SR Decl.)

### III. LEGAL ARGUMENT

#### A. The Evidence Does Not Support The Disgorgement Award Of \$818,400.

Unicolors concedes that the disgorgement award reflects the jury's determination that H&M LP "sold" 96,000 units of the offending garments. (*See, e.g.*, Dkt. 250, p. 16:23-17:7.) Unicolors further concedes that the packing lists, by themselves, do not constitute evidence that 96,000 garments were sold by H&M LP. In fact, Unicolors even takes offense to the extent that H&M LP may have accused Unicolors of making such an contention. (Dkt. 250, p. 7:27 – 8:12.)

Yet Unicolors points to only ***four pieces of evidence*** as allegedly establishing that 96,000 garments (as opposed to 12,000 garments) were ***sold*** by H&M LP:

1. Photographs and exemplars which establish that some unspecified number of garments was sold by H&M LP in the United States.
2. The packing lists, which allegedly “established H&M’s inventory of infringing product.”
3. H&M LP’s purported admission that it employed graphic designers.<sup>6</sup>
4. H&M LP’s acknowledgment that it had sold *its* entire inventory of the infringing product. (Dkt. 250, p. 5:9-17.)

Item 2 is obviously the critical link in this alleged chain of proof, since items 1, 3 and 4, by themselves, or even collectively, do not even suggest, let alone prove, that H&M LP sold more than 12,000 units of the offending garments.

However, as is demonstrated in section II, *supra*, the packing lists do not come close to establishing that H&M LP ever had 96,000 garments in its inventory. Since there was no competent evidence that H&M LP played any role whatsoever in shipping, receiving or

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<sup>6</sup> Unicolors separately argues that the mere fact that H&M LP allegedly employed graphic designers constitutes substantial evidence that those designers created the fabrics from which the offending garments were made, on the theory that those designers *were capable of* designing the offending fabric. This argument calls for the jury to engage in rank speculation, and there is no evidence that H&M LP actually did design the fabric. The undisputed evidence establishes that the fabric was designed by Shaoxing DOMO Apparel Co, Ltd. Trial Exs. 100 & 110, Exs. BB & CC to SR Decl.

selling more than the 12,000 garments, H&M LP's acknowledgment that it sold its entire inventory does not imply, let alone establish, that it sold more than 12,000 garments. To the contrary, H&M LP's admission merely confirms that it sold the 12,000 garments it received (which is not disputed).

In an effort to square the circle, Unicolors cites to the testimony of its principal, Nader Pazirandeh, to the effect that it is "quite common"<sup>7</sup> for "packing lists to show products being shipped to one place and then ... that same product shipped somewhere else." (Dkt. No. 250-2, p. 4:12-16.) Unicolors argues, such a practice "makes perfect sense as those locations are generally *distribution centers* that can ultimately fill orders for stores or online sales globally." (Dkt. No. 250, p. 16:1315.) Setting aside Mr. Pazirandeh utter lack of knowledge of H&M LP's business, his self-serving testimony falls far short of establishing that it is probable, or even conceivable, that the 84,000 garments originally shipped to numerous countries other than the United States were later shipped to the United States or otherwise sold by H&M LP.

As demonstrated in section II *supra*, Hempel China Limited and Real Hope actually did design the fabric. The undisputed evidence establishes that the

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<sup>7</sup> Contrary to Unicolors' contention, Pazirandeh *did not testify* that an "address on a packing list is *generally not* where the shipped product was ultimately sold to the end customer." (Emphasis added.) Dkt. 250, p. 16:13-15 & Dkt. 250-2, p. 4:12-16.

fabric was designed by Shaoxing DOMO Apparel Co, Ltd. Trial Exs 100 & 110, Exs. BB & CC to SR Decl.

International shipped the garments to forty-five different countries scattered around the globe, including, *e.g.*, Australia, Serbia, South Africa, Peru, Japan, Turkey, Taiwan, India, Russia and the countries of the European Union.

It defies belief that every one of these 84,000 garments thereafter somehow later found itself for sale in the United States, having been initially shipped to one of forty-five different countries at significant expense—and for no apparent reason. And such a scenario would certainly not be consistent with the “distribution center” model which Unicolors invokes.

Given the absence of colorable evidence that any of the 84,000 garments were forwarded to the United States after arriving at their initial destination, there was no basis for the jury to find, as it did, that H&M LP had sold 96,000 units of the offending garments.

Notwithstanding the considerable deference given to jury verdicts, JMOL must be granted where the “evidence permits only one reasonable conclusion and [that] conclusion is contrary to that reached by the jury.” *Ostad v. Or. Health Scis. Univ.*, 327 F.3d 876, 881 (9th Cir. 2003). That is certainly the case here. So H&M LP respectfully requests that the Court to reduce the disgorgement award to \$98,395 - the only amount supported by evidence.

**B. H&M LP Had No Obligation to Disprove Sales It Did Not Make**

Unicolors argues the jury's verdict is somehow justified because H&M LP never presented affirmative evidence that the 84,000 units shipped to other countries were actually sold in those countries. (Dkt. 250, p. 6-9.) This argument fails as explained above: there was no evidence, let alone convincing evidence, that H&M LP ever had more than 12,000 units in inventory.

Moreover, plaintiff is obligated to prove revenue from infringing sales. Unicolors failed to put forth evidence that H&M LP sold more than 12,000 units. While Unicolors repeatedly asserts that the jury "could reasonably conclude" that H&M LP sold 96,000 garments, it barely even discusses whether such conclusion is against the clear weight of the evidence, which is a notably lower standard. In fact, Unicolors' only substantive discussion of this issue is its assertion that "[a]s H&M failed to present any evidence as to the damages issue, the verdict couldn't possibly be contrary to the record's clear weight." (Dkt. 50, 12:20-12.) This argument is, of course, a blatant *non sequitur*. Where, as here, Unicolors failed its burden to prove that H&M LP sold more than 12,000 garments, the jury's finding that it sold 96,000 units is contrary to the clear weight of the evidence—regardless of whether H&M LP presented additional or contrary evidence to the jury. Thus, this Court is obligated to set that finding aside.

**C. The Packing Lists Should Have Been Excluded Under Rule 403**

Rule 403, Fed. R. Evid., provides that “The court may exclude relevant evidence if its probative value is substantially outweighed by a danger of one or more of the following: unfair prejudice, confusing the issues, misleading the jury, undue delay [or] wasting time .... ”

The packing lists, while authentic, were not relevant to any issue the jury had to decide, especially after Unicolors abandoned its vicarious liability claim. Absent some non-frivolous evidence that H&M LP played a meaningful role in connection with the other 84,000 garments, there was simply no reason for the jury to see the packing lists at all (except for the garments shipped to H&M LP).

Assuming, *arguendo*, that the packing lists somehow met the threshold test for relevancy, it is now painfully clear that whatever marginal value the packing lists had, it was vastly outweighed by the risk of confusing the jury (especially where, as here, counsel for Unicolors exploited the opportunity to mislead the jury about the true nature of the packing lists).

Unicolors barely addresses the Rule 403 argument, asserting only that the packing lists were: (1) authentic, and (2) represented by H&M LP to be “true and correct.” (Dkt. 250, p. 14:3-6.) Authenticity is beside the point of a Rule 403 objection, since Rule 403 specifically provides for exclusion of otherwise admissible evidence under appropriate circumstances. And while Ms. Wharton did attest the documents in

question were “true and correct,” she only represented they were “true and correct copies of the packing lists for the Oliver jacquard wrap jacket [*or W Rio skirt*].” (Dkt. 81-2, p. 3, ¶ 23, Ex. P to SR Decl.)

Contrary to Unicolors’ assertion, Ms. Wharton did not attest the packing lists constituted “evidence that H&M [LP] had possession, custody or control of the infringing garments that it packed for shipment.” (*Id.*; Dkt 250, p.14:3-5.) In fact, evidence submitted by Unicolors proved the opposite: that H&M LP received and sold only 12,000 units.

In determining whether the packing lists were unduly prejudicial, the Court was presented with the entirety of Ms. Wharton’s Declaration, which established, without contradiction, that:

1. H&M LP does not design or manufacture any of the products that that are sold in its stores;
2. H&M LP only operates in the United States;
3. H&M LP does not operate stores in any other country;
4. H&M LP does not ship garments or other merchandise to stores located in other countries;
5. H&M LP does not place orders for stores located in other countries;
6. H&M LP does not make purchasing decisions for stores in other countries; and



7. H&M LP was not involved in the shipping of garments to locations outside the United States. (Ex. P to SR Decl.)

Thus, this is not a typical case where a party is invoking Rule 403 to keep out prejudicial, but truthful, evidence, in an effort to avoid inflaming the jury. Here, H&M LP is attempting to prevent Unicolors from using documents to mislead the jury into believing that H&M LP sold 96,000 garments, when the documents, properly understood, actually prove that H&M LP *did not sell* 96,000 garments. This is the quintessential case where proffered evidence is unquestionably more prejudicial than probative. Any doubt in this regard has been eliminated by the jury's unsupported verdict.

Even if Rule 403 did not mandate that the packing lists relating to foreign shipments be excluded, this Court, at a minimum, should have given a *limiting instruction* that the packing lists were not records of H&M LP. Counsel specifically requested that the Court “instruct Mr. Burroughs not to call [the packing lists] H&M LP documents [as] [t]hey clearly say H&M GBC on them.” (Dkt. 247-11, p. 5:13–25.) This request was not granted, with predictable results. Not only did counsel for Unicolors repeatedly tell the jury that the packing lists were “H&M [LP]” documents; as this Court can see, Unicolors continues to make this false assertion.

**D. H&M LP Is Not Prohibited From Challenging The Excessive Verdict.**

Despite Unicolors' claims, it is not impermissible for H&M LP to challenge the jury's verdict. Preliminary, H&M LP observes that it would have required incredible foresight for H&M LP to have moved, prior to verdict, for JMOL on the issue presented by the instant motion because the issues only arose after the jury returned its verdict.

Moreover, H&M LP repeatedly objected to any evidence other than the 12,000 units. First, H&M LP filed a Motion in Limine to exclude evidence of extraterritorial sales, which was denied. (Dkt. 136; 181:10-11.) Then H&M repeatedly objected to admission of the packing lists, and when those objections were overruled, requested a limiting instruction, which was similarly rejected. (Trial Transcript, December 5, 2017 (afternoon), Ex. U to SR Decl., p. 110-122; Dkt. 247-11, p. 5:13-25.) H&M LP then moved for JMOL on the issue of vicarious infringement, which constituted another effort to prevent recovery for extraterritorial sales. Inexplicably, Unicolors' forcefully opposed this Motion, persuading the Court to deny the Motion, even though Unicolors had already abandoned that claim. (Dkt. 209, at 12; Dkt 250, p. 3:20-24.) Finally, during closing arguments, H&M LP repeatedly objected to misrepresentations by Unicolors' counsel regarding H&M LP's purported sales and retail price; all of these objections were overruled. (Trial Transcript, Dec. 7, 2017 (afternoon), Ex. Z to SR Decl., p. 69:19-70:11.)

Where, as here, a party's efforts to pursue a line of argument have been repeatedly rebuffed by the court, counsel is not required to continue making futile objections and motions to preserve those issues. *See Hern v. Intermedics, Inc.*, 210 F.3d 383 (9th Cir. 2000); *Evalt v. United States*, 359 F.2d 534, 542 (9th Cir.1966).

Finally, even if this Court should conclude that H&M LP has lost the right to have the disgorgement award reduced under a JMOL, such a determination would likely just force a retrial of this matter. Unicolors does not suggest that H&M LP's motion for new trial is procedurally deficient. And given that a JMOL award would otherwise be warranted, it follows *a fortiori* that the disgorgement award is "contrary to the clear weight of the evidence." *Silver Sage Partners, Ltd. v. City of Desert Hot Springs*, 251 F.3d 814, 819 (9th Cir. 2001). Thus H&M LP is entitled, at a minimum, to a new trial on the issue of damages.

**E. Unicolors' Suggestion That Damages May Not Be Reduced To Less Than \$247,665 Is Contrary To The Jury's Findings, And Unsupported.**

If this Court determines, as it should, that disgorgement damages should be measured by the 12,000 units *actually sold* by H&M LP, the disgorgement award should be *reduced proportionately*. It would be entirely improper for the Court to start making offsetting adjustments which improperly invade the province of the jury.

Unicolors argued to the jury that disgorgement damages should be measured by H&M LP's total revenues per garment. Unicolors further argued to the jury, as it now argues to the Court, that H&M LP had not met its burden to establish its costs of goods. (Dkt. 250, p. 191-8.) However, the jury rejected this argument and awarded disgorgement damages based on H&M LP records, placed in evidence by Unicolors, showing "gross profit per pcs" of \$4.93 per jacket and \$12.12 per skirt. (Trial Ex. 28, Ex. Q to SR Decl.)

Unicolors now argues that the evidence of H&M LP's costs was not "competent evidence," and that the jury should have awarded disgorgement damages based on total revenues, rather than profits. (Dkt. 250, p. 10-11.) Unicolors also complains that H&M LP failed to present the "underlying documents" which were used to create Trial Exhibit 28. Unicolors waived these arguments, since it successfully moved Trial Exhibit 28 into evidence, and presented it to the jury without redaction. (Trial Transcript, Dec. 7, 2017 (morning), Ex. DD to SR Decl., p.78.)

Having voluntarily placed both the revenue and profits figures into evidence, Unicolors cannot now complain that the profits figures were inadmissible. With these figures in evidence, the jury decided that H&M LP had presented sufficient evidence of its costs, which was its province. That is really the end of the issue.

Unicolors is now arguing that if this Court should determine that the H&M LP sold only 12,000 garments and not 96,000 garments, it should offset that

reduction by awarding disgorgement damages based on revenue per garment, as opposed to profits per garment. Unicolors provides no authority which suggests that such an extraordinary measure is warranted, or even proper. The Court should not grant Unicolors an improper windfall.

**F. The Lost Profits Award Was Improper, and Must Be Set Aside.**

In its moving papers H&M LP demonstrated that Unicolors' claim for lost profits was barred under Fed. R. Civ. P. 37(c)(1), given Unicolors' stonewalling discovery on this issue. (Dkt. 247-1, p. 5:1-11.) As previously explained, Unicolors failed to produce any evidence of lost profits in the course of discovery. In addition, the only evidence of lost profits submitted at trial was the unsubstantiated testimony of Unicolors' president, which contradicted his prior deposition testimony wherein he disavowed any claim for lost profits.

Unicolors opposition papers do not even address its demonstrated stonewalling on the lost profits claim. Certainly Unicolors has not submitted any evidence to contradict H&M LP's account of what happened in discovery. Accordingly, the jury's lost profits award must be set aside in its entirety.

Rather than defend the jury's actual calculations, Unicolors argues that H&M LP has "waived" the deficiency by failing to raise an objection before the jury was discharged, citing *Williams v. Gaye*, 885 F.3d 1150 (9th Cir. 2018). However, the Ninth Circuit has made it clear that the obligation to object before the

jury is discharged “applies only in those circumstances in which the verdict is ‘internally inconsistent’—as when, for example, the jury decides both the issues of liability and damages, and does so inconsistently.” *Hazle v. Crofoot*, 727 F.3d 983, 991 (9th Cir. 2013). Here the verdict is not internally inconsistent, and there has been no waiver.

Contrary to Unicolors’ position, damage awards must make reasonable mathematical sense and be based on the evidence presented. *GuideTech, Inc. supra at \*2* (holding that the jury can only award damages for lost profits based on the evidence presented.) Even Unicolors is unable to identify any evidence supporting the \$28,800 award. Accordingly, it must be set aside.

#### **G. Violation of The Single Publication Rule Invalidates Unicolors’ Copyright**

It is undisputed that multiple textile designs may only be registered together under one registration if they qualify as a “single unit.” *Classical Silk Inc., v. Cook*, Case No. CV13-00950, 2013 WL 8744349, at \*1 (C.D. Cal. Nov. 12, 2013); *see also* 27 C.F.R. § 202.3(b). To qualify as a collective “single unit,” it must be shown that the collection was “published” at the same time—i.e., the “collection is sold, distributed, or offered for sale concurrently.” *United Fabrics Int’l, Inc. v. C & J Wear, Inc.*, 630 F.3d 1255, 1259 (9th Cir. 2011).

In its opposition papers, Unicolors expressly acknowledges that some of the 31 designs in its group registration were confined to certain customers for

limited periods of time. (Dkt. 250, p. 2-7.) However, Unicolors argues this does not matter because:

[N]owhere did Unicolors testify that the confined designs were not first put into the design library and shown to customers contemporaneous with the other designs. *Id.*

In fact, Mr. Pazirandeh gave that very testimony:

Q So you advise the salespeople and the rest of the staff not to sell publicly, but that's—you trust them?

A. My design room manager—I have a manager for my design room. He—when we create a design for the specific customers, ***he's the one who is holding those designs back, and he doesn't give it to the – he doesn't put it on the shelf.***

(Trial Transcript, Dec. 6, 2017 (morning), Ex. X to SR Decl., p. 55: 15-24.)

Mr. Pazirandeh was not coy about this motivation for combining numerous designs in one group registration. As he put it, the practice was “for saving money.” (Trial Transcript, Dec. 6, 2017 (afternoon), Ex. W to SR Decl., p. 53:21-25.)

Unicolors disputes that its conduct amounts to fraud, but it does not explain how this Court could reach any other conclusion. It is undisputed that Unicolors knowingly represented to the Copyright Office that all of the designs in the group had been published

concurrently, fully aware that this was not the case. Unicolors' motive is in the open; to save money. All of the elements of fraud are present.

Unicolors also suggests, without actually stating, that the 2008 revisions to the Copyright Act commonly referred to as the PRO IP Act might somehow validate its copyright. However, "the purpose of the PRO IP Act [is] to protect authors from minor mistakes in registration documents, 'such as checking the wrong box on the registration form ...'" *Beijing Ciwen Film and Television Production Co. v. New Tang Dynasty*, 2014 WL 12614473, at \*n.4 (C.D. Cal. Feb. 27, 2014). The PRO IP Act will not protect a registration where, as here, inaccurate information was included with knowledge of its inaccuracy. *Id.*

In fact, the PRO IP Act authorizes the Court to invalidate a copyright registration when the following two requirements are met: (1) the inaccurate information was included on the application for copyright registration with knowledge that it was inaccurate; and (2) the inaccuracy of the information, if known, would have caused the Register of Copyrights to refuse registration. *Family Dollar Stores, Inc. v. United Fabrics Intern., Inc.* 896 F.Supp.2d 223 (S.D.N.Y. Sept. 2012); citing 17 U.S.C. § 411(b)(1). And this is precisely what we have, here.

In the alternative, as H&M LP as previously proposed, this Court can ask the Register of Copyrights,



pursuant to 17 U.S.C. § 411(b)(2),<sup>8</sup> whether it would have registered the copyright if it had known of Unicolors' fraud.

#### IV. CONCLUSION

For the reasons stated above, the Court should grant H&M LP's motion for judgment as a matter of law and enter judgment in favor of H&M LP on all claims. In the alternative, the Court should reduce the disgorgement award to \$98,395, and strike the award for lost profits. In the alternative, the Court should reduce the lost profits award to \$17,168.

In the alternative, the Court should grant a new trial. The Court also has authority to order a new trial, giving Unicolors' the option of accepting a remittitur to \$98,395.

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<sup>8</sup> 17 U.S.C. § 411(b)(2) provides that "In any case in which inaccurate information described under paragraph (1) is alleged, the court shall request the Register of Copyrights to advise the court whether the inaccurate information, if known, would have caused the Register of Copyrights to refuse registration."

JA-174

Respectfully Submitted,

Dated: May 4, 2018

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H & M HENNES &

MAURITZ LP

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

UNICOLORS, INC. Case No. 16-cv-02322-AB  
(SKx)

Plaintiff,

**ORDER DENYING  
DEFENDANT'S  
MOTION FOR  
JUDGMENT AS A  
MATTER OF LAW AND  
GRANTING  
DEFENDANT'S  
MOTION FOR A NEW  
TRIAL IN PART**

v.

H&M HENNES & MAURITZ L.P., *et al.*,

Defendant.

On April 10, 2018, Defendant H & M Hennes & Mauritz L.P. (“H&M LP”) filed a Motion for Judgment as a Matter of Law, or in the Alternative, for a New Trial. Dkt. No. 247. Plaintiff Unicolors, Inc. (“Unicolors”) opposed the motion, and H&M LP filed a reply. Dkt. Nos. 250, 251. The Court heard oral argument regarding the motion on June 8, 2018. For the following reasons, the Court **DENIES** the motion for judgment as a matter of law. The Court **GRANTS** the motion for a new trial **IN PART** as to the issue of damages, subject to Unicolors accepting a remittitur of damages.

## I. BACKGROUND

From December 5 through December 7, 2017, the Court held a jury trial regarding Unicolors' allegations of copyright infringement against H&M LP. At the close of Unicolors' case, H&M LP moved for judgment as a matter of law. The Court denied the motion. After deliberation, the jury returned a verdict in Unicolors' favor. The jury found that Unicolors owned a valid copyright in the artwork at issue ("EH101"), that H&M LP infringed on that copyright, and that H&M LP's infringement was willful. Dkt. No. 229. The jury awarded Unicolors \$817,920 in profit disgorgement damages and \$28,800 in lost profits. *Id.*

H&M LP now renews its motion for judgment as a matter of law. It argues that Unicolors did not have a valid copyright and that Unicolors failed to prove H&M LP copied EH101. In the alternative, H&M LP seeks a new trial. It argues that the jury awarded excessive, unsupported damages; that the Court failed to instruct the jury on presumptions to which it was entitled; that the Court improperly excluded expert witness testimony; that the Court improperly admitted evidence; and that the Court read the jury improper, unnecessary instructions.

## II. LEGAL STANDARD

A motion under Rule 50(b) challenges the sufficiency of the evidence presented at trial to support the prevailing party's case. Judgment as a matter of law following a jury verdict is proper "if the evidence, construed in the light most favorable to the nonmoving party, permits only one reasonable conclusion, and

that conclusion is contrary to the jury's." *Vollrath Co. v. Sammi Corp.*, 9 F.3d 1455, 1460 (9th Cir. 1993). Judgment as a matter of law is improper if there is substantial evidence to support the jury's verdict. See *Transgo, Inc. v. Ajac Transmission Parts, Corp.*, 768 F.2d 1001, 1014 (9th Cir. 1985). "Substantial evidence' is admissible evidence that reasonable minds might accept as adequate to support a conclusion." *Davis v. Mason Cty.*, 927 F.2d 1473, 1486 (9th Cir. 1991). In considering a motion under Rule 50, the Court does not assess the credibility of witnesses and does not "weigh the evidence, but [instead] draws all factual inferences in favor of the nonmoving party." *Lytle v. Household Mfg., Inc.*, 494 U.S. 545, 554 (1990). The "standard for granting summary judgment 'mirrors' the standard for judgment as a matter of law, such that 'the inquiry under each is the same.'" *Reeves v. Sanderson Plumbing Prods., Inc.*, 530 U.S. 133, 150 (2000) (internal citation omitted). Finally, the Court may not substitute its judgment of the facts for the judgment of the jury. *Tennant v. Peoria & Peikin Union Ry. Co.*, 321 U.S. 29, 33 (1944).

Rule 59 governs motions for a new trial. Pursuant to Rule 59(a)(1), "[t]he court may, on motion, grant a new trial on all or some of the issues..., for any reason for which a new trial has heretofore been granted in an action at law in federal court." Fed. R. Civ. P. 59(a)(1)(A). Although Rule 59 does not enumerate specific grounds for a new trial, the Ninth Circuit has held that "the trial court may grant a new trial only if the verdict is contrary to the clear weight of the evidence, is based upon false or perjurious evidence, or to prevent a miscarriage of justice." *Molski v. M.J. Ca-*

*ble, Inc.*, 481 F.3d 724, 729 (9th Cir. 2007) (quoting *Passantino v. Johnson & Johnson Consumer Prods.*, 212 F.3d 493, 510 n.15 (9th Cir. 2000)) (brackets omitted). A district court “enjoys considerable discretion in granting or denying the motion.” *Jorgensen v. Cassidy*, 320 F.3d 906, 918 (9th Cir. 2003).

When the movant claims that a verdict was against the clear weight of the evidence at trial, a new trial should be granted “[i]f, having given full respect to the jury’s findings, the judge ... is left with the definite and firm conviction that a mistake has been committed.” *Landes Const. Co., Inc. v. Royal Bank of Canada*, 833 F.2d 1365, 1371-72 (9th Cir. 1987) (quotations omitted). A “jury’s verdict must be upheld if it is supported by substantial evidence, which is evidence adequate to support the jury’s conclusion, even if it is also possible to draw a contrary conclusion.” *Pavao v. Pagay*, 307 F.3d 915, 918 (9th Cir. 2002).

If a court determines that the evidence sufficiently supported a finding of liability, but that the jury awarded excessive damages, it may grant a remittitur. *Minthorne v. Seeburg Corp.*, 397 F.2d 237, 244-45 (9th Cir. 1968). “A remittitur must reflect the maximum amount sustainable by the proof.” *Oracle Corp. v. SAP AG*, 765 F.3d 1081, 1094 (9th Cir. 2014) (quotations omitted). Generally, the plaintiff has the option to accept the reduced damages award or conduct a new trial. *Hetzel v. Prince William County, Va.*, 523 U.S. 208, 211 (1998). “If the prevailing party does not consent to the reduced amount, a new trial must be granted.” *Fenner v. Dependable Trucking Co.*, 716 F.2d 598, 603 (9th Cir. 1983).

### III. DISCUSSION

H&M LP identifies various purported errors that it claims warrant judgment as a matter of law or a new trial. Some of those claimed errors relate to liability, and others concern damages. The Court addresses each in turn.

#### A. Liability

H&M LP claims the jury found it liable for willful copyright infringement in error for five reasons: (1) the evidence established that Unicolors' copyright was invalid; (2) the jury could not have found striking similarity or H&M LP's access to EH101; (3) the Court improperly declined to instruct the jury about presumptions that H&M LP contends stem from a third party's Chinese copyright registration; (4) the Court impermissibly excluded H&M LP's United States copyright registration; and (5) Unicolors failed to present sufficient evidence of willfulness.

##### 1. The Copyright's Validity

H&M LP contends that Unicolors' copyright was invalid, as a matter of law, because the evidence at trial indicated that Unicolors obtained the copyright fraudulently. Unicolors registered EH101 in a joint registration, Registration No. VA 1-770-400 (the "400 Registration"). *See* Dkt. No. 64-7. The 400 Registration had a publication date of January 15, 2011. *Id.* According to H&M LP, the undisputed evidence at trial showed that the artworks registered in the 400 Registration were not all published on the same date. Thus, H&M LP argues, Unicolors fraudulently

misrepresented the publication date for at least some of the works registered in the 400 Registration, rendering the registration invalid.

The Copyright Act allows multiple works to be registered in a single copyright in certain circumstances. As relevant here, a claimant can register a collection of works “as a single work.” 37 C.F.R. § 202.3(b)(4). In the case of published works, a claimant only can register a collection of public works in a single registration if “the collection is sold, distributed or offered for sale concurrently.” *United Fabrics Int’l, Inc. v. C&J Wear, Inc.*, 630 F.3d 1255, 1259 (9th Cir. 2011) (citing 37 C.F.R. § 202.3(b)(4)).

“A copyright registration is ‘prima facie evidence of the validity of the copyright and the facts stated in the certificate.’” *United Fabrics*, 630 F.3d at 1257 (quoting 17 U.S.C. § 410(c)). Inaccurate information in a copyright registration can invalidate a registration, but such invalidity does not occur automatically. *See L.A. Printex Indus., Inc. v. Aeropostale, Inc.*, 676 F.3d 841, 854 (9th Cir. 2012), *as amended on denial of reh’g and reh’g en banc* (June 13, 2012) (explaining that an “error in itself does not invalidate the registration or render the certificate of registration incapable of supporting an infringement action”). Instead, a registration remains effective despite containing inaccurate information unless “(A) the inaccurate information was included on the application for copyright registration with knowledge that it was inaccurate; and (B) the inaccuracy of the information, if known, would have caused the Register of Copyrights to refuse registration.” 17 U.S.C. § 411(b)(1). Inadvertent



mistakes in a copyright registration therefore do not invalidate the registration “unless the alleged infringer has relied to its detriment on the mistake.” *L.A. Printex*, 676 F.3d at 853 (quotations omitted). Because invalidity due to inaccuracies in a registration requires the copyright claimant to have known its application was inaccurate, a party asserting invalidity must show some indication that the claimant intended to defraud the Copyright Office. *See id.* at 854 (holding that the plaintiff’s error in including formerly published works in a registration for an unpublished collection did not invalidate the registration because the evidence did not show “that the error was other than an inadvertent mistake”); *Advanced Visual Image Design, LLC v. Exist, Inc.*, No. CV 10-09383 DMG (AJWx), 2013 WL 12122662, at \*5 (C.D. Cal. Jan. 22, 2013) (rejecting the defendant’s invalidity argument where it “fail[ed] to establish that [the plaintiff] intended to defraud the Copyright Office”).

H&M LP’s invalidity argument fails on two counts. First, H&M LP has not shown that the 400 Registration had inaccurate information that, if known to the Register of Copyrights, would have caused it to refuse registration. 37 C.F.R. § 202.3(b)(4) requires published works registered as a single unit to have been published concurrently, not to have been published concurrently on any particular date. H&M LP fails to identify evidence indicating that the works listed in the 400 Registration were published separately. To the contrary, when Nadir Pazirandeh was asked at trial whether he presented the works listed in the 400 Registration as a group, he responded,

“that’s always our practice.” Decl. Staci Riordan, ¶ 16, Ex. J, Trial Tr. 54:9-11 (N. Pazirandeh). Mr. Pazirandeh did go on to testify that the works were presented to Unicolors salespeople on January 15, 2011, rather than to purchasers, which would likely be required to establish publication on that date. *See United Fabrics*, 630 F.3d at 1259 (“A necessary element of a published-collection copyright is that the collection is sold, distributed or offered for sale concurrently.”). But nothing in the identified testimony suggests that the works listed in the 400 Registration were eventually presented to purchasers on separate dates. Thus, even if the Register of Copyrights had known that the works listed in the 400 Registration were published on a date other than January 15, 2011, it would not necessarily have refused the registration.

Second, H&M LP has pointed to no evidence indicating that Unicolors knew the 400 Registration contained false information at the time of the registration.

Without any showing that Unicolors intended to defraud the Copyright Office, H&M LP’s invalidity argument fails.

## 2. Copying

H&M LP also argues that the jury could not have reasonably found that it copied EH101. It claims Unicolors neither established a striking similarity between the parties’ works nor H&M LP’s access to EH101.

Generally, a plaintiff asserting copyright infringement can establish copying by showing (1) a substantial similarity between the allegedly infringing work and the copyrighted work, and (2) that the defendant had access to the copyrighted work. *Three Boys Music Corp. v. Bolton*, 212 F.3d 477, 481 (9th Cir. 2000). However, a plaintiff can overcome an insufficient showing of access if the two works are “strikingly similar.” See *Baxter v. MCA*, 812 F.2d 421, 423 (9th Cir. 1987) (“If there is no evidence of access, a ‘striking similarity’ between the works may allow an inference of copying.”).

**a. Access**

To establish access, a plaintiff must show that the defendant had a reasonable opportunity to view the plaintiff’s copyrighted work. *L.A. Printex*, 676 F.3d at 846. It can do so by asserting “circumstantial evidence of either (1) a chain of events linking the plaintiff’s work and the defendant’s access, or (2) widespread dissemination of the plaintiff’s work.” *Id.* at 846-48 (holding that a jury could conclude that the plaintiff’s copyrighted design was widely disseminated where the plaintiff sold 50,000 yards of fabric bearing the design).

Here, the parties stipulated that Unicolors sold at least 51,973 yards of fabric bearing the EH101 design. Dkt. No. 182, at p. 4. Unicolors also presented evidence that it sold the fabric to H&M LP’s competitors, such as Target and Nordstrom. Dec. 7, 2017 Trial Tr. 47:22-25 (N. Pazirandeh) (Dkt. No. 235). This evidence was sufficient for a reasonable jury to deter-

mine that EH101 was widely disseminated such that H&M LP had an opportunity to view it.

**b. Striking Similarity**

Even if the jury did not find sufficient evidence that H&M LP had access to EH101, it could have found that the designs on H&M LP's garments were strikingly similar to EH101. In arguing that the jury could not have found striking similarity, H&M LP relies on the Court's denial of Unicolors' motion for summary judgment, in which the Court declined to find that the parties' products were strikingly similar as a matter of law. *See* Dkt. No. 180, at p. 7. But that ruling simply meant that the jury would have to determine whether the works were strikingly similar. Indeed, as detailed in the Court's summary judgment order, EH101 and the designs on H&M LP's garments contained many of the same elements. *Id.*, at pp. 5-6. The jury could have properly concluded that the designs were strikingly similar.

**c. Substantial Similarity**

H&M LP alternatively argues that the jury was not given proper guidance to assess whether the design on its garments were substantially similar to EH101. It identifies two supposed errors by the Court. First, it contends its fashion expert, Robin Lake, should have been permitted to testify to help the jury evaluate the similarities and differences between the designs on H&M LP's garments and EH101. Second, it argues that the Court improperly admitted a monochromatic version of EH101, Exhibit 38, that it

claims accentuated the similarities between the parties' works.

The Court does not question H&M LP's insistence that Ms. Lake's testimony would have been helpful. But the Court excluded Ms. Lake because H&M LP failed to properly disclose her as an expert witness, not because of the content of her proposed testimony. *See* Dkt. No. 181, at pp. 3-5. H&M LP has not identified any error in the Court's reasoning.

Nor has H&M LP convinced the Court that it erred in admitting a monochromatic version of EH101. As H&M LP concedes in its motion, H&M LP failed to object to Exhibit 38 at the time of its admission. Mem. P. & A., at p. 21 n.14 (Dkt. No. 247-1). Moreover, H&M LP has not provided any support for its argument that a jury can only consider the deposit copy of a copyrighted work in assessing substantial similarity. The one case it cites, *L.A. Printex*, explained that the jury could consider "copies" of the design at issue in assessing substantial similarity. 676 F.3d at 850, n.3 (explaining that the jury "may consider fabric swatches of C30020 ... so long as ... the fabric swatches are also 'copies' of C30020"). Exhibit 38 was a black and white copy of EH101, and the jury could properly examine it.

### **3. Chinese Copyright Registration**

H&M LP also argues that the Court improperly failed to instruct the jury about presumptions it claims come from a third party's Chinese copyright registration. The Court granted judicial notice of a Chinese copyright registration for the "Xue Xu" de-

sign, which was obtained by a third party, Shaoxing County DOMO Apparel Co., Ltd. (“DOMO”). According to H&M LP, the Court should have instructed the jury that the Xue Xu design was presumed to be an original work because of the Chinese copyright registration.

The Court is aware of no authority holding that foreign copyrights convey a presumption of originality that would come with a United States registration. International treaties do require United States courts to recognize foreign copyrights. *See Creative Tech., Ltd. v. Aztech Sys. PTE, Ltd.*, 61 F.3d 696, 700 (9th Cir. 1995). But recognition of a foreign copyright does not mean that a work registered in a different country must be presumed original. Works copyrighted in the United States receive a presumption of originality because United States copyright law only permits original works to be copyrighted. *See N. Coast Indus. v. Jason Maxwell, Inc.*, 972 F.2d 1031, 1033 (9th Cir. 1992) (“Originality is the indispensable prerequisite for copyrightability.”). Since works must be original to be validly copyrighted in the United States and registered copyrights are presumed valid, copyrighted works are presumptively original. *See Swirsky v. Carey*, 376 F.3d 841, 851 (9th Cir. 2004), *as amended on denial of reh’g* (Aug. 24, 2004). H&M LP’s attempt to extend that presumption to a Chinese copyright fails because H&M LP provides no indication that works must be original to be copyrighted in China, or that China applies the same standards for assessing originality as does the United States. Indeed, this court has declined to apply a presumption that would come from a United States registration to a foreign

registration because of underlying differences in copyright law from country to country. *See Lahiri v. Universal Music & Video Distribution, Inc.*, 513 F. Supp. 2d 1172, 1178 (C.D. Cal. 2007) (holding that an Indian copyright registration did not create a presumption of ownership like a United States registration would because “ownership is determined according to India’s copyright law”). Without any showing that Chinese law applies the same standards for originality as United States law, the Chinese Xue Xu registration does not convey a presumption of originality.

Even if the Chinese copyright registration did create a presumption of originality, the Court still did not err in refusing to instruct the jury about such a presumption because H&M LP failed to establish a connection between the Chinese copyright registration and its own garments. The Court took judicial notice of the Chinese Xue Xu registration, which established the registration’s existence. But H&M LP presented no testimony or documents whatsoever about the origin of the design on its own garments. It certainly did not show that its design came from DOMO. H&M LP’s failure to establish any connection between the Chinese Xue Xu registration and its own design rendered the registration irrelevant. Had the Court instructed the jury to presume that the work identified in the Chinese registration was original, the jury would have had no reason to apply that presumption to H&M LP’s garments.

#### **4. United States Copyright Registration**

In addition, H&M LP claims that the Court erred in excluding a United States copyright registration for the Xue Xu design. As the Court explained in its order denying H&M LP's request for judicial notice of the United States Xue Xu copyright, Staci Riordan, H&M LP's trial counsel, obtained the registration on October 4, 2017, just two months before trial. Dkt. No. 186, at p. 3. The United States registration, obtained well after the alleged acts of infringement and as part of a litigation strategy, was simply irrelevant to whether H&M LP infringed Unicolors' copyright. *See id.*, at pp. 3-4. The Court did not err in excluding the United States copyright registration.

### 5. Willfulness

Finally, H&M LP argues that the jury's willfulness finding was improper. H&M LP contends that the Court erred in placing a question about willfulness on the special verdict form. It also claims that its infringement could not have been willful because it obtained the design at issue from DOMO. Neither argument persuades the Court.

First, the question about willfulness on the special verdict form was, at worst, superfluous. The jury specifically asked the Court in a jury note whether a finding of willfulness should affect its award of monetary compensation to Unicolors, and the Court answered that it did not. Dkt. Nos. 221, 222. The Court's instruction therefore rendered the willfulness question harmless.

Second, H&M LP's argument that it obtained the design on its infringing garments from DOMO, not by



infringement, underscores that willfulness was a factual issue for the jury to decide. While H&M LP argued that it obtained its design from DOMO, it produced no evidence to that effect. To the contrary, the parties stipulated that H&M LP possessed infringing garments until October 2016, nearly six months after Unicolors sued it for copyright infringement. Dkt. No. 182, at p. 4. The jury properly concluded that H&M LP willfully infringed Unicolors' copyright.

\* \* \*

For the foregoing reasons, the Court concludes that H&M LP is not entitled to judgment as a matter of law or a new trial with respect to the jury's finding that it was liable for copyright infringement. Adequate evidence supported the jury's finding of liability, and H&M LP identifies no error that justifies a new trial.

## **B. Damages**

H&M LP argues that the jury's damages award against it was excessive because the jury awarded profit disgorgement damages based on foreign sales for which H&M LP could not be responsible. H&M LP also claims the jury's award of lost profit damages was not supported by sufficient evidence.

### **1. Profit Disgorgement Damages**

H&M LP does not dispute that it sold 11,999 skirts and jackets bearing the design at issue in the United States. *See* Supp. Decl. Staci Riordan, ¶ 4,

Ex. Q (Dkt. No. 251-2); Mem. P. & A., at p. 3. However, the Court admitted evidence that a separate corporation, H&M Hennes & Mauritz GBC AB (“H&M GBC”), shipped 84,000 infringing skirts and jackets to foreign countries. Riordan Supp. Decl., ¶¶ 5, 6, Exs. R, S. H&M LP argues that, in awarding Unicolors \$817,920 of profit disgorgement damages, the jury must have based its damages calculation on H&M GBC’s shipments of infringing garments to other countries. H&M LP claims that the evidence was insufficient for the jury to award profit disgorgement damages against it based on those foreign shipments. As explained below, the Court agrees and holds that Unicolors’ profit disgorgement damages award must be reduced.

A successful plaintiff in a copyright infringement action may disgorge the profits the defendant made from selling infringing goods. 17 U.S.C. § 504(a)(1). “In establishing the infringer’s profits, the copyright owner is required to present proof only of the infringer’s gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.” 17 U.S.C. § 504(b). Thus, determining the profits a plaintiff may disgorge involves a multi-step process. First, the plaintiff bears the burden of establishing the defendant’s gross revenue. *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505, 514 (9th Cir. 1985). The burden then shifts to the defendant to establish the expenses to deduct from gross revenue to arrive at profit. *Id.* The defendant can further reduce its liability by establishing that a portion of its profit was not attributable to in-

fringing activity. *See Polar Bear Prods., Inc. v. Timex Corp.*, 384 F.3d 700, 711 (9th Cir. 2004), *as amended on denial of reh'g and reh'g en banc* (Oct. 25, 2004).

**a. Gross Revenue from Shipments to the United States**

To establish H&M LP's sales of infringing goods, Unicolors relied on two types of documents. First, it introduced a spreadsheet generated by H&M LP, which the Court admitted as Exhibit 28. Riordan Supp. Decl., Ex. Q. The spreadsheet indicated that H&M LP sold 6,535 pieces of an infringing jacket at an average net sale price of \$20.91 and 5,464 pieces of an infringing skirt at an average net sale price of \$20.32. *Id.* Added together, the spreadsheet established that H&M LP earned \$247,675.33 in gross revenue from sales of infringing products.

Second, Unicolors relied on packing lists from H&M GBC. The packing lists, which were introduced as Exhibits 29, 30, and 31, indicated that H&M GBC shipped 96,000 garments from its office in Stockholm, Sweden. *See* Riordan Supp. Decl., ¶¶ 5, 6, 7, Exs. R, S, T. H&M GBC sent about 12,000 of those garments to the United States. As evidenced by the spreadsheet admitted as Exhibit 28, H&M LP sold those garments. H&M GBC shipped the remaining 84,000 garments to other countries. During closing arguments, Unicolors argued that the jury should award it profit disgorgement damages based on all 96,000 garments, not just those sent to the United States. Dec. 7, 2017 Trial Tr. 70:3-72:1 (Dkt. No. 239).

**b. Damages from Foreign Shipments**

Because the evidence established that H&M LP made, at most, \$247,675.33 in gross revenue from sales of infringing garments that H&M GBC sent to the United States, the jury must have awarded profit disgorgement damages based on H&M GBC's shipments to foreign countries. A copyright owner can recover for sales of infringing goods in two situations. First, it can recover for the defendant's direct infringement. Second, in some circumstances, it can recover based on the defendant's involvement in a third party's infringement. *See Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 930 (2005) (explaining that "the only practical alternative" to enforcing rights against direct infringers is "to go against the distributor ... for secondary liability on a theory of contributory or vicarious infringement").

**i. Direct Infringement**

To establish direct infringement, a copyright owner must prove the traditional elements of ownership and copying, but must also satisfy a third element—volitional conduct. *Perfect 10, Inc. v. Giganews, Inc.*, 847 F.3d 657, 666 (9th Cir. 2017). To prove volitional conduct, the copyright owner must show that the defendant's conduct directly caused the infringement. *Id.* "[M]ere authorization of a third party's infringing acts does not constitute direct copyright infringement on the part of the defendant." *Paramount Pictures Corp. v. Int'l Media Films Inc.*,

No. CV 11-09112 SJO (AJWx), 2013 WL 3215189, at \*13 (C.D. Cal. June 12, 2013).

While Unicolors presented evidence to establish that H&M LP itself sold infringing garments in the United States, it did not introduce evidence to prove that H&M LP committed direct infringement with respect to H&M GBC's shipments to foreign countries. At trial, the jury heard testimony from Chelsea Wharton about the process by which H&M GBC distributed garments. According to Ms. Wharton, H&M GBC operated a buying office in Stockholm, Sweden. Dec. 7, 2017 Trial Tr. 70:6-19 (C. Wharton) (Dkt. No. 235). The buying office determined which garments to purchase and then allocated them to each global market. *Id.* at 70:21-71:15. Unicolors did not offer any evidence or testimony to dispute Ms. Wharton's description of the that process. The uncontroverted evidence at trial therefore indicated that H&M GBC purchased infringing garments from third parties and allocated them to different markets. This evidence may have established that H&M GBC infringed Unicolors' copyright by distributing infringing garments. But H&M GBC is not the defendant in this case, H&M LP is. Unlike the garments H&M GBC shipped to the United States, which H&M LP itself sold, Unicolors failed to introduce evidence that H&M LP sold, distributed, or produced the garments that H&M GBC shipped to other countries. Accordingly, Unicolors did not, as a matter of law, establish that H&M LP directly infringed its copyright with respect to H&M GBC's foreign shipments.

## ii. Secondary Liability

“The Copyright Act does not expressly render anyone liable for infringement committed by another.” *Sony Corp. v. Universal City Studios*, 464 U.S. 417, 434 (1984). Courts have established two general exceptions to this rule, however. *Grokster*, 545 U.S. at 930 (2005). One such exception is for contributory infringement, which occurs when the defendant “intentionally induc[es] or encourage[es] direct infringement.” *Id.* Another is for vicarious infringement, which applies where the defendant “profit[s] from direct infringement while declining to exercise a right to stop or limit it.” *Id.* Unicolors does not argue that contributory infringement applies in this case. But Unicolors did request an instruction on vicarious infringement, and the Court gave the instruction. *See* Dkt. Nos. 165, 212.

To establish liability for vicarious infringement, a plaintiff must establish “(1) the right and ability to supervise the infringing conduct, and (2) a direct financial interest in the infringing activity.” *Giganews*, 847 F.3d at 673. Unicolors failed to present evidence to satisfy either element at trial.

### **(1) Control**

“A defendant exercises control over a direct infringer when he has both a legal right to stop or limit the directly infringing conduct, as well as the practical ability to do so.” *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1173 (9th Cir. 2007). Courts have found control where the defendant had the right to monitor and halt the direct infringer’s activities. *Compare Fonovisa, Inc. v. Cherry Auction, Inc.*, 76

F.3d 259, 263 (9th Cir. 1996) (holding that the defendant's broad contracts with its vendors gave it the right and ability to stop them from selling counterfeit recordings on its premises) *with Unicolors, Inc. v. NB Brother Corp*, No. CV 16-02267-MWF (JPRx), 2017 WL 4402287, \*5 (2017) (holding that the plaintiff could not establish vicarious infringement where no evidence showed that the defendant could control its Chinese vendor). A defendant's ownership interest in a separate corporate entity cannot, on its own, establish liability for the separate entity's infringement. *Frank Music*, 772 F.2d at 519-20 (explaining that "[a] parent corporation cannot be held liable for the infringing actions of its subsidiary unless there is a substantial and continuing connection between the two with respect to the infringing acts").

Unicolors simply made no showing at trial that H&M LP could control H&M GBC's activities. It failed to introduce any evidence about the relationship between H&M LP and H&M GBC. The evidence certainly did not suggest that H&M LP could stop H&M GBC from selling infringing garments. And, even if the jury assumed that the H&M LP and H&M GBC shared an owner, that relationship would be insufficient to establish that H&M LP could control H&M GBC's infringing activities. Unicolors therefore failed, as a matter of law, to satisfy the control element of a vicarious infringement claim.

## **(2) Financial Benefit**

Unicolors also failed to establish that H&M LP had a direct financial interest in H&M GBC's infring-

ing activities. A defendant benefits financially from another's infringement when "there is a causal relationship between the infringing activity and any financial benefit a defendant reaps, regardless of how substantial the benefit is in proportion to a defendant's overall profits." *Giganews*, 847 F.3d at 673. A plaintiff must establish that the defendant benefitted from the particular infringement at issue, rather than infringement generally. *Id.* at 674 (holding that evidence that some of the defendant's subscribers joined its service to access infringing material was insufficient to establish that the defendant benefitted from the specific infringement at issue).

Here again, Unicors failed to assert any evidence that H&M LP benefitted from H&M GBC's actions. It did not establish that H&M LP collected any revenue from H&M GBC's shipments of infringing products. Nor did Unicors assert evidence that H&M GBC's activities drew customers to H&M LP's stores. Accordingly, Unicors did not satisfy the financial benefit element of a vicarious infringement claim.

Because the evidence at trial could not support a finding that Unicors controlled or financially benefitted from H&M GBC's alleged infringement, Unicors failed to establish vicarious infringement at trial. H&M LP therefore cannot recover damages based on H&M GBC's infringement of its copyright.

### **iii. Extraterritorial Liability**

Even if H&M LP did infringe Unicors' copyright through H&M GBC's shipments to foreign countries,



Unicolors could not recover for that infringement. The Copyright Act only applies in the United States and therefore does not extend to extraterritorial acts of infringement. *Subafilms, Ltd. v. MGM–Pathe Communications Co.*, 24 F.3d 1088, 1094 (9th Cir.1994) (*en banc*). However, one exception exists to this rule. When a complete act of infringement in the United States enables further infringement abroad, a copyright owner can recover for the defendant’s foreign exploitation of the copyrighted work. *Los Angeles News Serv. v. Reuters Television Int’l, Ltd. (Reuters III)*, 149 F.3d 987, 992 (9th Cir. 1998), *as amended on denial of reh’g and reh’g en banc* (Aug. 25, 1998). The *Reuters III* exception to the rule against extraterritoriality is a narrow one. *Los Angeles News Serv. v. Reuters Television Int’l (USA) Ltd.*, 340 F.3d 926, 931 (9th Cir. 2003), *as amended on denial of reh’g* (Oct. 7, 2003) (“The import of such principles counsel a narrow application of the adoption in *Reuters III* of the *Sheldon* exception to the general rule.”). Courts therefore decline to impose damages for foreign acts of infringement unless a “predicate act of domestic infringement” allowed for the foreign infringement. See *Aurora World, Inc. v. Ty Inc.*, 719 F. Supp. 2d 1115, 1131, n.38 (C.D. Cal. 2009) (denying a motion for a preliminary injunction where the plaintiff failed to establish that the defendant itself sold infringing products in the United States). Even completed acts of infringement in the United States do not convey liability for foreign infringement where the domestic infringement does not enable or entice the foreign infringement. *Compare Rundquist v. Vapiano SE*, 798 F. Supp. 2d 102, 124 (D.D.C. 2011) (holding that the plaintiff could not recover for foreign infringement of

a work the defendant also reproduced in the United States because “[i]n order to have enticed the foreign [infringement], the [defendant’s American infringement] must necessarily have come first, but this allegation is missing from the Complaint”) *with In re Outsidewall Tire Litig.*, No. 1:09cv1217, 2010 WL 11474982, \*6-7 (E.D. Va. Sept. 17, 2010) (declining to dismiss claims for copyright infringement that occurred outside the United States where the infringed product’s blueprints were first illegally reproduced and modified inside the United States).

Even if H&M LP received H&M GBC’s foreign shipments of garments and sold them in other countries, Unicolors has not established a sufficient predicate act of infringement in the United States to make H&M LP liable for those sales. While H&M LP sold infringing garments in the United States, no evidence suggests that those sales enabled or enticed foreign sales. Instead, the evidence at trial established that H&M GBC purchased garments from third parties and then allocated them to different global markets. H&M LP received the garments and ultimately sold them to consumers. But, as Ms. Wharton testified, H&M LP had no role in the production process. Dec. 7, 2017 Trial Tr. 84:10-17 (C. Wharton) (Dkt. No. 235). Because H&M LP’s infringement occurred at the end of the distribution process, Unicolors could not establish that its American infringement occurred before the alleged foreign acts of infringement. H&M LP’s sales of infringing garments in the United States made it no easier for it to sell the garments in other countries. Thus, even assuming that H&M LP itself sold infringing garments that H&M GBC shipped to

other countries, Unicolors has not established a basis for it to recover profit disgorgement damages based on those sales.<sup>1</sup>

In hopes of avoiding *Subafilm*'s rule against extraterritoriality altogether, Unicolors alternatively argues that the jury could have presumed that the garments H&M GBC shipped to foreign countries were ultimately sold in the United States. Opp'n, at p. 9. Unicolors essentially contends that, because H&M LP did not establish that the garments were sold anywhere other than the United States, the jury could assume that they were sold in H&M LP's United States stores. Opp'n, at pp. 8-9. But, as the plaintiff, Unicolors bore the burden of establishing H&M LP's sales, and even the jury's verdict does not reverse that burden of proof. The absence of evidence that H&M LP sold the garments that H&M GBC shipped to other countries in the United States means that Unicolors cannot recover profit disgorgement damages

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<sup>1</sup> Unicolors' notice of supplemental authority does not alter the Court's conclusion. Dkt. No. 260. In the case Unicolors submitted, *WesternGeco LLC v. ION Geophysical Corp.*, 138 S.Ct. 2129, 2134-2136 (June 22, 2018), the Supreme Court held that a patent holder could recover foreign lost profits where the defendant manufactured components of an infringing system in the United States but assembled the system abroad. The statute at issue in *WesternGeco* prohibited the exportation of components to be combined in foreign countries in a way that would infringe an American patent. *Id.* at 2135 (citing 35 U.S.C. § 271(f)(2)). Thus, unlike here, the defendant's act in the United States, which a statute specifically proscribed, allowed for the foreign infringement to occur.

based on those shipments. Thus, the jury's profit disgorgement damages award was excessive.

## 2. Lost Profits

H&M LP also challenges the jury's \$28,800 lost profits award. It argues that the evidence did not support the jury's calculation. The Court agrees and reduces the jury's lost profits award to \$18,534.

A victim of copyright infringement may recover both profit disgorgement and actual damages. *Polar Bear*, 348 F.3d at 707-8. One permissible way to calculate actual damages is to tabulate the plaintiff's lost profits from lost sales of its products. *See JBJ Fabrics, Inc. v. Mark Indus., Inc.*, No. CV 86-4881 FFF, 1987 WL 47381, at \*6 (C.D. Cal. Nov. 5, 1987) (calculating lost profit damages by multiplying the yards of infringing fabric the defendant sold by the plaintiff's profit margin per yard of fabric it sold). An award of actual damages must be non-speculative and supported by evidence. *Polar Bear*, 348 F.3d at 708.

Here, Mr. Pazirandeh testified that Unicolors would have made about \$2 per jacket and up to \$1 per skirt had H&M LP purchased the fabric for its garments from Unicolors. Decl. Scott Burroughs, ¶ 2, Ex. 1, Trial Tr. 67:12-68:03 (Dkt. No. 250-1). Because the evidence at trial established that H&M LP sold 6,535 units of the jacket and 5,464 units of the skirt, the maximum amount of lost profits Unicolors incurred as a result of H&M LP's infringement was \$18,534.

### 3. Remittitur Calculation

“A remittitur must reflect the maximum amount sustainable by the proof.” *Oracle*, 765 F.3d at 1094. By reducing excessive damages awards to the maximum sustainable amount, courts avoid substituting their judgment for that of the jury. *D & S Redi-Mix v. Sierra Redi-Mix & Contracting Co.*, 692 F.2d 1245, 1249 (9th Cir. 1982).

The maximum profit disgorgement damages award the evidence can support in this case is \$247,675.33. That figure represents H&M LP’s gross revenue from sales of infringing garments in the United States. While a jury may reduce an infringing defendant’s gross revenue by its expenses, it is the defendant’s burden to produce evidence supporting such a reduction. *Frank Music*, 772 F.2d at 514. Here, the only evidence H&M LP asserted of its expenses was a spreadsheet which attributed \$15.98 in costs to each jacket sold and \$8.21 in costs to each skirt sold. Riordan Supp. Decl., Ex. Q. It did not present any evidence about the underlying costs that went into that calculation. Without evidence of how H&M LP calculated its expenses, a reasonable jury could decline to credit H&M LP’s expense calculation. Accordingly, a reasonable jury could award up to \$247,675.33 in profit disgorgement damages.

As explained in the preceding section, the evidence only supported an \$18,534 damages award for lost profits. Combining the maximum sustainable profit disgorgement damages and the maximum sustainable lost profits damages, the maximum damages



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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

UNICOLORS, INC.,

Plaintiff,

vs.

H&M HENNES & MAURITZ LP; *et al.*,

Defendants

Case No.: 2:16-cv-02322 AB (SKx)  
Honorable André Birotte, Jr. Presiding

**NOTICE OF SUPREME COURT GRANT OF PE-  
TITION FOR WRIT OF CERTIORARI AND RE-  
QUEST TO CONTINUE RESPONSE DATE  
FROM COPYRIGHT OFFICE**

**TO THE HONORABLE COURT, ALL PAR-  
TIES, AND ATTORNEYS OF RECORD:**

**PLEASE TAKE NOTICE** that Plaintiff, Unicolors, Inc., hereby notifies this Court of the U.S. Supreme Court’s grant of certiorari to resolve the proper standard under 17 U.S.C. § 411(b)(1)(A) for determining whether inaccurate information in a copyright registration was “included ... with knowledge that it was inaccurate.”

In light of the Supreme Court’s decision to review this question, Unicolors further requests that this Court continue the date by which a response is requested from the U.S. Copyright Office to this Court’s request that the Copyright Office advise as to the materiality of any inaccurate information, *see* § 411(b)(1)(B), (b)(2). Unicolors has notified Defendant’s counsel of its intention to make this request.

This Court had previously requested a response from the Copyright Office on or before June 18. Because the referral to the Copyright Office is predicated on the Ninth Circuit decision now under Supreme Court review, continuing the response date until 60 days after the issuance of the Supreme Court’s opinion will conserve the resources of this Court, the Copyright Office, and the parties, while ensuring that the Supreme Court can fully resolve the important question of law before it. Alternatively, it would also be appropriate for this Court to formally stay proceedings in this case pending the Supreme Court’s decision.



**A. The Supreme Court has granted Unicolors' petition for a writ of certiorari.**

On June 1, 2021, the Supreme Court granted Unicolors' petition for a writ of certiorari in Supreme Court Case Number 20-915. The grant was limited to Question 1 of Unicolors' petition: "Did the Ninth Circuit err in breaking with its own prior precedent and the findings of other circuits and the Copyright Office in holding that 17 U.S.C. § 411 requires referral to the Copyright Office where there is no indicia of fraud or material error as to the work at issue in the subject copyright registration?"

A copy of this order is attached as Exhibit 1. The Supreme Court will resolve the case during its October 2021 term.

**B. This Court should continue the Copyright Office's response date for advising the Court as to the materiality of any inaccuracy.**

As mandated by the Ninth Circuit's opinion, this Court requested that the Copyright Office advise on the question of whether the Copyright Office would have granted Unicolors' registration had it been aware of the claimed inaccuracy contained on the registration form, *see* 17 U.S.C. § 411(b)(1)(B), (b)(2). Dkt. No. 303, renewed at Dkt. No. 305. This Court requested a response by June 18, 2021. Dkt. 305. In light of the Supreme Court's grant of certiorari, Unicolors respectfully requests that this Court continue the response date, extending the deadline for the Cop-

yright Office's response pending the Supreme Court's decision.

Whether the referral to the Copyright Office was appropriate under § 411 depends on the answer to the legal question on which the Supreme Court has granted review. Section 411(b)(2) directs referral to the Copyright Office only upon a finding that a plaintiff's copyright application includes a knowing inaccuracy. If the Supreme Court holds that the Ninth Circuit erred in reversing this Court's ruling that there was no such inaccuracy, the condition set forth in § 411(b) would not be satisfied, obviating the need for any referral to the Copyright Office or any advice from the Copyright Office on the materiality of any inaccuracy. In other words, if the Supreme Court concludes that a referral to the Copyright Office under 17 U.S.C. § 411 does indeed require an indicia of fraud—as this Court originally held—then the current referral would be improper, as the Ninth Circuit should not have required this Court to make the referral given the absence of any evidence of Unicolors' knowledge that the information it provided was inaccurate.

Continuing the response date is in the best interests of all involved in this matter. It will conserve the Copyright Office's resources by allowing the Copyright Office to avoid producing a written response on materiality that would be unnecessary if the Supreme Court later reverses the Ninth Circuit's decision. It will also potentially conserve the resources of the parties and this Court, who might otherwise be forced to litigate the impact of any intervening response from

the Copyright Office on the case, while litigating a related issue in the Supreme Court in parallel. And suspending the referral would also permit the Supreme Court to resolve the question before it on the basis of the current record on which the decision to grant certiorari was founded. That decision will benefit not only the parties in resolving this dispute, but other litigants who have an interest in the Supreme Court's resolution of an important issue that has divided the courts of appeals. A temporary continuance thus serves the public interest.

Continuing the response date temporarily will also cause no prejudice to any party. Although the Supreme Court has not yet set the case for argument, the case will likely be heard in November or December of this year, with a decision no later than the end of the October 2021 term in June 2022. The issue of whether a referral is proper will therefore be resolved without meaningfully delaying the resolution of this case.

For these reasons, Unicolors respectfully requests that this Court continue the Copyright Office's response date to 60 days after the Supreme Court issues its opinion in this matter. If the Supreme Court's opinion obviates the need for a referral, the referral can be withdrawn at that point.

**C. Alternatively, this Court can stay proceedings pending the Supreme Court's resolution of the issue on which it has granted review.**

Alternatively, this Court could decide to formally stay this proceeding as well as its pending request to the Copyright Office, effectively suspending that request and the Copyright Office's response date unless and until the Supreme Court's decision necessitates a response.

Courts consider four factors when determining whether to issue a stay: (a) whether the stay applicant has made a strong showing that he is likely to succeed on the merits; (b) whether the applicant will be irreparably injured absent a stay; (c) whether issuance of the stay will substantially injure the other parties interested in the proceeding; and (d) where the public interest lies. *Leiva-Perez v. Holder*, 640 F.3d 962, 964 (9th Cir. 2011).

***Likelihood of success.*** A stay will be granted if it is demonstrated that the claim at issue represents a "substantial case on the merits." *Leiva-Perez*, 640 F.3d at 968. This Court has previously found that Unicolors' position on the proper interpretation of § 411(b)(1)(A) has merit. The Supreme Court's grant of certiorari further indicates that Unicolors' positions evince merit because it confirms that other circuits have squarely disagreed with the Ninth Circuit's holding. Unicolors therefore has a substantial likelihood of success on the merits.

***Irreparable harm.*** The parties, the Court, and the Copyright Office will be irreparably harmed by the absence of a stay. A party need only demonstrate that irreparable harm be the “more probable or likely” outcome absent a stay. *Sagicor Life Ins. Co. v. Jang*, No. EDCV 19-2028 JGB (KKx), 2020 U.S. Dist. LEXIS 89876, at \*5 (C.D. Cal. Feb. 19, 2020). Absent a stay, the Copyright Office will spend time and resources drafting a response to this Court’s Order that may be unnecessary and legally improper. And this court will likewise spend substantial time reviewing the response and reaching a decision on its import. The parties will have to spend substantial time unnecessarily addressing these matters with the court. This harm can be avoided by staying proceedings while the Supreme Court resolves a threshold issue.

***Prejudice to parties.*** As explained above, the parties will benefit from a stay and no harm will result. In weighing the harm to the parties, courts look to the “balance of hardships.” *Leiva-Perez*, 640 F.3d at 970. Here, both parties will be spared the time and resources necessary to address the Copyright Office’s response in this court while litigating before the Supreme Court. Any modest delay in resolving this dispute will cause no prejudice to either party.

***Public interest.*** As also explained above, the public interest will be best served if the stay is granted by preserving the resources of the Copyright Office and by permitting the Supreme Court to resolve a legal issue that is of critical importance to litigants across the country.

In short, the Supreme Court has granted review on an important question that could dramatically alter the direction of these proceedings. Courts have routinely stayed proceedings in analogous circumstances. *Ass'n of Irrigated Residents v. Fred Schakel Dairy*, 634 F. Supp. 2d 1081, 1094 (E.D. Cal. 2008) (granting motion: “a resolution of the interlocutory appeal regarding the third cause of action in favor of Defendants would alter the direction of the current proceedings, and might prompt the filing of an amended complaint. It would be a waste of judicial and party resources to proceed with the other claims while the appeal is pending.”); *Dagdagan v. City of Vallejo*, 682 F. Supp. 2d 1100, 1117 (E.D. Cal. 2010) (“Since it is apparent that issues involved in defendants’ appeal are also potentially involved in plaintiff’s pending summary judgment motion, decision on plaintiff’s motion should be deferred until after defendants’ interlocutory appeal is resolved.”), *aff’d sub nom. Dagdagan v. Wentz*, 428 F. App’x 683 (9th Cir. 2011). This Court should likewise do so here.

Respectfully submitted,

Dated: June 3, 2021

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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

UNICOLORS, INC., a California Corporation,

Plaintiff,

vs.

H & M HENNES & MAURITZ L.P., a New York  
Limited Partnership, and DOES 1-20, inclusive,

Defendants.

Case No.: 2:16-cv-02322 - AB - SK

Honorable André Birotte Jr.

**OPPOSITION OF DEFENDANT H & M HENNES  
& MAURITZ LP TO UNICOLORS' REQUEST TO  
CONTINUE RESPONSE DATE FROM  
COPYRIGHT OFFICE, OR, IN THE  
ALTERNATIVE, TO STAY PROCEEDINGS**

Filed: April 5, 2016

**I. INTRODUCTION**

The request of Unicolors, Inc. (“Unicolors”) that this Court extend the requested response date from the Copyright Office [DKT 303 & 305] ignores the realities of this litigation, and fails to discuss whether its request is even allowable, let alone feasible. Similarly, Unicolors’ request to stay this case, when there is no current activity, is not needed since this matter remains primarily with the Ninth Circuit. Accordingly, Unicolors’ request must be denied in full.

**II. ARGUMENT**

**A. The Court Should Not Extend the Time  
for the Copyright Office to Respond to  
the Court’s Inquiry.**

Unicolors requests that this Court disobey a Ninth Circuit Order without citation. Assuming, *arguendo*, such conduct is allowable, Unicolors fails to advise the Court how it might rescind a letter already sent. (*See generally*, DKT 306, section B). Moreover, Unicolors fails to advise this Court that it is highly probable that the Solicitor General will file a brief at the Supreme Court in support of either Unicolors or H&M NY. Thus, having the response from the



Copyright Office would be extremely valuable to both parties. Lastly, Unicolors' request ignores the fact that the Ninth Circuit has retained jurisdiction over the appeal (but for the directive to submit the necessary inquiry to the Register of Copyrights and to then determine validity of the copyright based on the response). (DKT 297 at 14). Contrary to Unicolors' implied suggestion, there is no litigation before this Court to be stayed.

Instead, Unicolors urges this Court to insert itself into a process determined by the Ninth Circuit based on a highly speculative argument that a stay, if even allowable, would promote judicial efficiency. Even if one assumes that—(1) the Supreme Court will rule in favor of Unicolors, and (2) the Copyright Office will issue a letter adverse to Unicolors—the parties would still not expend significant resources litigating in this Court because the case is not before it. (DKT 306 at 3:2-5.)

Moreover, matters may play out very differently than is assumed by Unicolors. For example, if the Copyright Office were to issue a letter favorable to Unicolors in the next few months, this would greatly *promote judicial efficiency*, as a party could ask the Supreme Court to dismiss the matter as moot, potentially savings the parties tens of thousands of dollars in fees, and many months of unnecessary litigation at the Supreme Court. Unicolors never explains why this Court should take steps that could prolong this litigation, based on speculation as to how the Copyright Office might decide.

Similarly, after remand, if the Supreme Court should adopt the reasoning of the Ninth Circuit, the parties would be stuck in neutral until this Court receives a response from the Copyright Office. In that scenario, all parties would presumably want to receive the response from the Copyright Office as soon as possible. Instructing the Copyright Office now to put the inquiry on hold is obviously not the best approach for achieving this shared goal.

To summarize, this matter will likely play out in one of three ways. In two of those scenarios, judicial efficiency would be *undermined* by granting the relief requested by Unicors. Unicors side-steps those scenarios to focus on the third scenario where the Supreme Court rules in favor of Unicors, and the Copyright Office issues a letter adverse to Unicors. However, even if this third scenario should play out, any judicial efficiencies realized from a stay would likely be nominal to non-existent. Looking at the entire picture, the interests of judicial efficiency weigh strongly against Unicors' request. Instructing the Copyright Office to stop work on the inquiry, if even possible, especially given the limited remand from the Ninth Circuit, is ill-advised.

**B. It Is Not in The Interests of the Parties to Further Delay Issuance of a Letter by The Copyright Office.**

Unicors will not be prejudiced if the Copyright Office issues its decision while this matter is pending before the Supreme Court, and such a development could actually work to Unicors' significant

advantage. If the Copyright Office were to issue a letter stating that it would have refused Unicolors' Copyright Registration if it had known the application contained known inaccuracies, the Supreme Court proceedings will continue unabated. This scenario is more efficient than the additional delay requested by Unicolors, and there is no material prejudice to Unicolors in this scenario, let alone irreparable harm.

If, on the other hand, the Copyright Office were to issue a letter stating it *would have accepted* Plaintiff's Copyright Registration even if it had known that the application included known inaccuracies regarding the dates of first publication, this would be an *extremely favorable outcome for Unicolors*. Its copyright would not be invalidated, regardless of the test ultimately adopted by the Supreme Court. Indeed, depending on timing, the Supreme Court could simply dismiss the appeal as moot, allowing Unicolors to minimize both expense and delay.

Further delay of the Copyright Office's response is not in H&M NY's interest.

### **C. The Request for a Stay Is Premature.**

There is no reason for this Court to stay proceedings at this time, because, as a practical matter, there is nothing occurring before this Court which should be stayed. The Court is waiting for the Copyright Office to respond to its inquiry, and is simultaneously now waiting for the Supreme Court to hear the appeal and issue its ruling. Because of the

limited remand from the Ninth Circuit, there are no hearings or motions scheduled before this Court, and that is likely to continue for some time.

**D. There Is No Basis for Issuance of a Stay.**

Unicolors has failed to demonstrate that even one of the four relevant factors favor issuing the stay (assuming this Court has the authority to issue the requested stay, a position for which Unicolors failed to provide any authority): (1) Unicolors has failed to make a strong showing that it is likely to succeed on the merits; (2) Unicolors will not be irreparably injured absent a stay; (3) issuance of a stay could substantially injure the parties by, *e.g.*, causing lengthy, avoidable delay; and (4) issuances of a stay would not serve any legitimate public interest.

First, Unicolors has failed to demonstrate that it has a likelihood of success at the Supreme Court. Although the Supreme Court did grant certiorari in this case, the obvious explanation is that there is a conflict between the Ninth Circuit and the Eleventh Circuit on the issue presented by this case,<sup>1</sup> and the Supreme Court wanted to facilitate uniformity, as Unicolors requested in its Petition. Only four votes are required to grant *certiorari*, so the Court's action does not suggest that there are five justices who want resolve the conflict, let alone five votes to resolve the conflict in favor of the Eleventh Circuit's approach.

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<sup>1</sup> *Roberts v. Gordy*, 877 F.3d 1024 (11th Cir. 2017); *Gold Value v. Sanctuary Clothing*, 925 F.3d 1140 (9th Cir. 2019), *cert. denied*, 140 S. Ct. 1294 (Mar. 9, 2020); *Unicolors, Inc. v. H&M Hennes & Mauritz, L.P.*, 959 F.3d 1194 (9th Cir. 2020).

We cannot accurately predict how the Court is leaning.

Second, Unicolors has failed to make a showing of irreparable harm. As demonstrated above, Unicolors would actually stand to benefit if the Copyright Office were to issue a favorable letter soon. Conversely, while an adverse letter would obviously be detrimental to Unicolors under any circumstances, it will not be materially more detrimental just because it is issued this year, as opposed to next year. There is no irreparable harm to the parties.

In fact, the only possible harm which Unicolors identifies is the time the Copyright Office would spend in issuing a letter which might, or might not, prove to be unnecessary. None of us know why the Copyright Office has not yet responded to this Court's inquiry, or how much work remains before it is prepared to do so. Such speculation is not a sufficient basis to artificially suspend the ongoing work, only to later need the Copyright Office to restart the process after months or more of delay and inactivity. Arguably, that scenario would require more work than just allowing the Copyright Office to proceed with the response it is presumably preparing at this time.

Third, Unicolors argues that issuance of a stay would not prejudice the parties because such a stay would purportedly cause only a "modest delay." (DKT 306, at 4:26.) Unicolors does not explain that argument, as it has no way of knowing how much delay would be occasioned by the requested stay. We

do know that the current inquiry has been before the Copyright Office for nine months, and proceedings before the Supreme Court will likely consume about another year. It is reasonable to hope that, absent a stay, the Copyright Office will respond while the matter is pending before the Supreme Court, allowing matters to proceed without delay upon remand to the District Court. On the other hand, if a new or renewed inquiry must be sent to the Copyright Office after remand to Ninth Circuit and then to this Court, it seems reasonable to assume that matters will be delayed by nine-to-twelve months, if not longer, for no good reason. Given that this matter has already been pending for over five years, such additional delay should be avoided if possible.

Finally, the purported “public interest” identified by Unicolors, i.e., prolonging civil litigation for the benefit of non-parties who favor one side, is not a legitimate reason for issuing a stay.

### **III. CONCLUSION**

For the above reasons, H&M NY respectfully requests that the Court deny Unicolors’ request to extend the requested deadline for the Copyright Office to respond to this Court’s inquiry. In the event the Copyright Office should respond to the Court’s inquiry before the Supreme Court has ruled, this Court may then consider whether a stay would be appropriate under the circumstances then extant, but currently unknowable.

JA-219

Dated: June 4, 2021

**NIXON PEABODY, LLP**

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JA-220

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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

UNICOLORS, INC.,

Case No.: 2:16-cv-02322 AB (SKx)  
Honorable André Birotte, Jr. Presiding

Plaintiff,

vs.

H&M HENNES & MAURITZ LP; *et al.*,

Defendants.

**REPLY IN SUPPORT OF NOTICE OF  
SUPREME COURT GRANT OF PETITION FOR  
WRIT OF CERTIORARI AND REQUEST TO  
CONTINUE RESPONSE DATE FROM  
COPYRIGHT OFFICE**



Plaintiff Unicolors, Inc. respectfully submits this reply in support of its request that the Court continue the date by which a response is requested from the U.S. Copyright Office to this Court's referral. *See* Dkt. No. 306. Defendant H & M Hennes & Mauritz L.P.'s opposition to this request, Dkt. No. 307, advances a host of purported obstacles and caveats, seeking to complicate a basic procedural step that will promote efficient and informed decision-making while extending ordinary comity to the U.S. Supreme Court and the U.S. Copyright Office. H&M's desire to complicate matters only confirms the appropriateness of extending the Copyright Office's deadline to respond to permit the Supreme Court to resolve the threshold legal question whether a response is appropriate in the first place.

In addition, the Copyright Office this morning has submitted correspondence to this Court, served on the parties, indicating it did not learn of this Court's referral until after the Supreme Court's grant of certiorari on June 1, and that preparation of a response would take between 45 and 90 days. Ltr. from Regan A. Smith, General Counsel and Associate Register of Copyrights (June 7, 2021). As a result, any response would not arrive until well after the parties have expended substantial resources preparing and submitting briefing before the Supreme Court. Because a response from the Copyright Office is no longer imminent and the June 18 response date is no longer practical, the most prudent course is to further continue the Copyright Office's response date pending the Supreme Court's decision.

***Request for Continuance.*** H&M first asks “whether [a continuance] is even allowable, let alone feasible,” claiming that Unicolors asks the Court to “disobey a Ninth Circuit Order without citation” while “fail[ing] to advise the Court how [the Court] might rescind a letter already sent.” Dkt. No. 307 at 2. But continuing the Copyright Office’s response date does not disobey the Ninth Circuit’s instructions at all—this Court’s referral to the Copyright Office would still stand, pending affirmance of the Ninth Circuit’s ruling that such a referral is appropriate. This Court selected the current response date in exercise of its broad discretion, as a federal court, to “manage [its] own affairs so as to achieve the orderly and expeditious disposition of cases.” *Link v. Wabash R. Co.*, 370 U.S. 626, 630-31 (1962). Nothing in the Ninth Circuit’s decision limits that discretion, and, now that the U.S. Supreme Court has granted certiorari, this Court has the authority to determine that it is in the interests of all concerned that this case not be litigated both in this Court and in the Supreme Court at the same time.

As for the imagined concern about the feasibility of a continuance, that is easily solved: The Court can issue an order accompanied by a letter that informs the Copyright Office that in light of the Supreme Court’s grant of certiorari, the previously requested response date of June 18 is continued, and the Copyright Office need not respond to the referral unless and until the Supreme Court affirms the Ninth Circuit’s ruling that the referral was mandated under § 411. Indeed, the Copyright Office’s letter makes clear it is aware of Unicolors’ request to continue the

response date and prepared to proceed “in whatever manner the Court directs.” Ltr. from Regan A. Smith, General Counsel and Associate Register of Copyrights (June 7, 2021). In addition, H&M’s purported worries that delaying the response date would result in inefficiencies by causing the Copyright Office to “artificially suspend [its] ongoing work,” Dkt. No. 307 at 5, are baseless in light of the Copyright Office’s letter to the Court, which indicates that it has not yet begun its work on its response, and would need between 45 and 90 days to prepare one. Ltr. from Regan A. Smith, General Counsel and Associate Register of Copyrights (June 7, 2021). There are no valid concerns about the workability of Unicolors’ request.

H&M next speculates that “matters may play out very differently than is assumed by Unicolors” and that H&M’s own assessment of some number of “scenarios” reveals an “entire picture” under which the Copyright Office should proceed with a process that the Supreme Court may rule is not necessary. Dkt. No. 307 at 2-3. But Unicolors’ request assumed no particular response from the Copyright Office. Just the opposite: It is the possibility of several different responses—and the desire to avoid parallel litigation over a given response’s import when the very propriety of the referral is under Supreme Court review—that makes continuance so plainly appropriate. The strong likelihood is that a Copyright Office response issued in 45 to 90 days will (a) be rendered unnecessary and ineffective after the Supreme Court’s decision, (b) prove disruptive to the Supreme Court’s decision making process, or (c) both.

H&M offers no justification for forging ahead anyway when such an expedient method of avoiding those results is available.

On that score, H&M cannot refute that a continuance prejudices no party. In fact, it is so unable to conceive any prejudice to itself that it devotes its attention to arguing that it is in *Unicolors'* interest for the Copyright Office to respond during the pendency of Supreme Court proceedings—despite *Unicolors'* own contrary conclusion. H&M's logic seems to be that *if* the Copyright Office finds that it would have granted registration in spite of the alleged inaccuracy on *Unicolors'* application—a finding that H&M itself opposes and will undoubtedly resist in this Court no matter what the Copyright Office says—that *might* result in the Supreme Court “simply dismiss[ing] the appeal as moot.” Dkt. No. 307 at 3-4. But an abstract possibility that some response from the Copyright Office could potentially pull the rug from under the Supreme Court's evaluation of the important legal issue on which it has granted review is, if anything, a reason to *grant* *Unicolors'* request and continue the Copyright Office's response date, not a reason to deny that relief. The point of *Unicolors'* request is to avoid just such potential disruption, in whatever form or for whoever's benefit, it may materialize.

In short, the best interests of all involved—the parties, this Court, the Copyright Office, and the Supreme Court—are served by first resolving the propriety of a referral under § 411(b)(1)(A) in the Supreme Court, then proceeding to the § 411(b)(3)

process as necessary. H&M, perhaps seeing the writing on the wall in light of the Supreme Court’s decision to review the Ninth Circuit’s ruling, appears to perceive some advantage in a messy, expensive, and unpredictable two-track process. But its self-interested desire to complicate things should not stand in the way of justice and judicial economy. The Court should grant the requested continuance.

***Appropriateness of a stay.*** H&M’s objection to Unicolors’ alternative stay request begins by pointing out that “there is nothing occurring before this Court which should be stayed.” Dkt. No. 307 at 4. This misses the point. While Unicolors agrees that a continuance, rather than a stay, may be the simplest procedural mechanism for pausing proceedings currently directed by this Court, this Court could also fashion a stay that would operate to suspend the effectiveness of the referral to the Copyright Office pending Supreme Court review.

A stay is appropriate here. Although H&M contends that “[w]e cannot accurately predict how the [Supreme] Court is leaning” on the merits, Dkt. No. 307 at 5, it cannot dispute that Unicolors has the requisite “substantial case on the merits,” *Leiva-Perez v. Holder*, 640 F.3d 962, 964 (9th Cir. 2011). Nor could it, because this Court has already properly ruled in Unicolors’s favor on these same issues. Absent a stay, Unicolors also would face irreparable harm in the form of a parallel litigation process that would be unnecessary—indeed, that never should have been initiated at all—if the Supreme Court reverses the Ninth Circuit. H&M does not even attempt to respond

to this obvious harm, let alone demonstrate why it is unlikely. *See* Dkt. No. 307 at 5. Nor, for reasons explained above, can H&M even claim that it would somehow be prejudiced by a stay. Under its own position in this case—that the claimed inaccuracy in Unicolors’ registration is material—the Supreme Court will in all events need to resolve the propriety of a referral to the Copyright Office. Resolving the threshold issue of the propriety of referral first, as § 411(b)(3) itself contemplates, cannot possibly prejudice H&M. Finally, H&M cannot and does not refute that the Supreme Court’s resolution of a circuit conflict on an important issue of law would serve the public interest by clarifying the law governing recurring disputes involving litigants across the country.

For the reasons stated in the request and above, Unicolors respectfully requests that the Court grant the requested continuance or, in the alternative, stay the proceedings pending the Supreme Court’s decision in this case.

Respectfully submitted,

Dated: June 7, 2021

By: /s/ Scott Alan Burroughs  
Scott Alan Burroughs, Esq.  
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DONIGER / BURROUGHS  
*Attorneys for Plaintiff*  
UNICOLORS, INC.

JA-227

**Certificate of Registration**

Registration Number VA-1-770-400 Effective date of registration: February 14, 2011

This Certificate issued under the seal of the Copyright Office in accordance with title 17, United States Code, attests that registration has been made for the work identified below. The information on this certificate has been made part of the Copyright Office records.

[h/w signature]  
Acting Register of Copyrights, United States of America

**Title** \_\_\_\_\_

**Title of Work:** Floral:  
EH103, EH105, EH111,  
CEH113, EH123, EH132,  
CEH146, CEH147, EH149,  
EH157, CEH175,  
EH181, CEH182, EH183,  
EH185, CEH194, EH196,  
EH200, EH210 Ethnic; EH101,  
EH102, EH106, CEH109,  
EH115, CEH116, EH119,  
EH120, EH125, EH133, EH142,  
EH144

**Completion/Publication** \_\_\_\_\_

JA-228

**Year of  
Completion:** 2011

**Date of 1st  
Publication:** January 15, 2011

**Author** \_\_\_\_\_

**Author:** UNICOLORS, INC. AKA  
UNICOLORS STUDIO

**Author  
Created:** 2-Dimensional artwork

**Work made for  
hire:** Yes

**Citizen** United **Domiciled** United  
**of:** States **in:** States

**Copyright  
claimant** \_\_\_\_\_

**Copyright  
Claimant:** UNICOLORS, INC. AKA  
UNICOLORS STUDIO  
3251 E. 26th Street, Los  
Angeles, CA, 90058

**Certification** \_\_\_\_\_

**Name:** NADAR PAZIRANDEH

**Date:** January 28, 2011



JA-229

**Registration #:** VA001770400

**Service Request #:** 1-570056087



UNICOLORS, INC.  
3251 E. 26th STREET  
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JA-230

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Not Actual Size, 75% of actual size

EH101.tif  
Not Actual Size, 75% of actual size

ATTORNEY'S EYES ONLY



UNICOLORS 003 CONFIDENTIAL

SER 000506

JA-231

5/17/2016

EH101 cad.JPG

**UNICOLORS, INC.**

ATTORNEY'S EYES ONLY

EH101.tif  
100% of actual size



<https://mail.google.com/mail/u/0/#search=eh101@unicolors.net/1549c11e2c57ad8e7?projector=1>

UNICOLORS 004 CONFIDENTIAL

SER 000507

JA-232

**EXHIBIT 37**  
**Physical Exemplar Introduced at Trial (Will Be Submitted Upon Request)**



JA-233

**EXHIBIT 38**

**Physical Exemplar Introduced at Trial (Will Be Submitted Upon Request)**

