

No. 20-915

In The
Supreme Court of the United States

—◆—
UNICOLORS, INC.,

Petitioner,

v.

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

Respondent.

—◆—
**On Writ Of Certiorari To The
United States Court Of Appeals
For The Ninth Circuit**

—◆—
**BRIEF OF AMICUS CURIAE
CALIFORNIA FASHION ASSOCIATION
IN SUPPORT OF RESPONDENT**

—◆—
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I. INTERESTS OF *AMICUS CURIAE*¹

The California Fashion Association (“Cal. Fashion”) is a non-profit organization established in 1995, providing information for business expansion and growth to the apparel and textile industry of California.

Cal. Fashion’s mission is to provide a forum for industry networking, outline global sourcing options and export opportunities, provide information about labor law compliance, share industry-related legal developments, analyze the application of apparel-related technology, promote advanced education for the industry, and define the industry’s economic impact.

Cal. Fashion was specifically organized to address issues of concern to the California fashion and apparel industry. Its 140+ members include fashion and apparel manufacturers, suppliers, financial service providers, professional service providers, technology providers, other fashion-related businesses, industry publications, educational institutions, related associations, and international points of contact.

Cal. Fashion strives to be the local voice of the fashion business, which is the largest manufacturing sector in Southern California. Over 10,000 firms are

¹ Counsel for all parties have filed blanked consents to the filing of *amicus* briefs. In accordance with Rule 37.6, *amicus* confirms that no party or counsel for any party authored this brief in whole or in part, and that no person other than *amicus*, its members, or its counsel made any monetary contribution intended to fund the preparation or submission of this brief.

involved in fashion-related businesses in Los Angeles and Orange County; it is a \$49.3-billion industry (apparel and textile shipments including imported and domestically produced merchandise). The apparel and textile industry of the region employs approximately 128,000 people, directly and indirectly in Los Angeles and surrounding counties.

The outcome of the decision in this case will directly and profoundly impact the fashion business as a whole and the California Fashion Association's members in particular. Fabric copyright infringement lawsuits have become a real—and, as discussed below, unavoidable—problem for the industry. But it is not just the defendants that are caught up in cases like this one, or the courts burdened with hearing them, that will lose out if the Court reverses the decision below. It is also the public, which will not only have to pay higher costs for fashion and apparel items as a result of the increased risk and costs of defending meritless litigation, but also because, at the end of the day, many companies, including California Fashion Association members, will avoid working with prints to reduce the risk of being sued in a case like this one. This potential chilling effect on creativity and commerce is contrary to the purposes of the Copyright Act.

II. SUMMARY OF THE ARGUMENT

The Court should decline Unicolors' invitation to read a fraudulent intent requirement into Section 411(b) of the Copyright Act.² The statutory text does not support doing so and that ought to be the end of the matter, as H&M ably argues. Resp. Br. at 23-26.

The perspective of the California Fashion Association ("Cal. Fashion") is that any attempt to neuter Section 411(b) would be a mistake for important policy reasons.³ That is, doing what Unicolors and its supporting *amici* ask would make a situation that is already problematic rather significantly worse.

Generally speaking, the situation that Cal. Fashion is obviously very concerned with is the veritable plague of fabric copyright infringement lawsuits that has descended upon the fashion industry over the past fourteen years. Since 2007, Unicolors has filed 261 copyright infringement cases in the Central District of California alone. If a PACER search is expanded nationwide to include other Los Angeles-based fabric converter clients of the Doniger/Burroughs plaintiffs' law firm, the number of fabric copyright cases filed in the federal courts (mainly C.D. Cal.) since 2007 swells to well over 1,000: Star Fabrics, Inc. (541 cases total

² Unless otherwise noted, all statutory references are to the Copyright Act, codified at 17 U.S.C.

³ This is true regardless of whether the change is effected by reading fraud into the statute, as Unicolors framed the issue in its petition, or by taking a strained view of the meaning of "knowledge that [information] was inaccurate," as Unicolors argued in its merits brief.

cases); Gold Value International Textile, Inc. (116 cases); LA Printex Industries Inc (123 cases); United Fabrics Int'l, Inc. (140 cases). There are others; the foregoing list highlights only the most active repeat fabric plaintiffs represented by the Doniger/Burroughs firm.

More specifically though, the problem is not just that there are lots of fabric infringement lawsuits, it is that these kinds of cases are virtually impossible to avoid and very difficult to defend. Why? It is impossible to usefully search prior registrations. There are also structural aspects of the Copyright Act including the presumption of validity, the allure of statutory damages and attorneys' fees. And registration requirements are susceptible to being gamed. All of this is discussed in more detail below. Unicolors has proven very adept at systemically exploiting these systemic weaknesses in ways that make pursuing these fabric cases *en masse* low-risk, high-reward, and very easy—too easy—for the plaintiffs to win, even where, as here, the plaintiffs' claims are dubious.

Unicolors asks the Court to further stack the deck in favor of copyright infringement plaintiffs by making it much harder for defendants to invoke the Section 411(b) procedure successfully. Specifically, all of the various (and at times competing) formulations of what Unicolors would propose the Section 411(b) standard should be, focus the inquiry on what the applicant (who is often not a lawyer) was thinking. How often will a defendant be able to properly allege, much less prove, whatever half-baked ideas about “publication” or the “unit of publication rule,” *etc.*, were going on in the applicant's head at the time the application to register

was submitted? The whole point of this case is that Unicolors knows that defendants will seldom be able to do so, which suits Unicolors just fine.

Whether information is legally “inaccurate” should be determined objectively based on what the law is, not what the applicant thought it was (reasonably or otherwise) years ago. And the only subjective part of the inquiry, focused on what the applicant knew or thought at the time of the application, should be evaluating whether he or she intended to submit the information that was included in the application (not whether he or she knew it was legally incorrect at the time). *That* is a workable standard, more fair given the parties’ respective access to proof, easy to apply, and as H&M persuasively argues, it is consistent with many other civil and even some criminal statutes that require “knowing” violations.

Moreover, the *consequences* of an adverse Section 411(b)(2) determination for a plaintiff are not nearly as dire as what Unicolors and its supporting *amicus* make them out to be. As H&M points out, if the Register makes the determination that the copyright would not have been registered if the new facts were known “the applicant doesn’t lose their copyright protection; at worst they simply must properly register the work and start over, perhaps without the benefit of certain statutory remedies.” Resp. Br. at 47; *see also id.* at 6 (*citing DeliverMed Holdings, LLC v. Schaltenbrand*, 734 F.3d 616, 624-25 (7th Cir. 2013) (court must decide whether application can support the action despite the inaccuracy)).

In terms of what happens after a Section 411(b) referral, this brief adds a few points. Most importantly, if the plaintiff knowingly includes material, inaccurate information in its copyright registration application, it *absolutely should* lose the ability to recover statutory damages and attorneys’ fees for that registration—which is exactly what the statute says is supposed to happen. *See* 17 U.S.C. § 411(b)(3) (Section 411(b) affects plaintiff’s ability to “institute” a federal infringement action under Section 411, and to recover “remedies . . . under . . . [S]ection 412”⁴). As discussed below, there are many reasons why applicants are often tempted to fudge the facts in their registration applications. Section 411(b) properly incentivizes them to be more honest, by threatening their ability to recover statutory damages and attorneys’ fees if it is discovered that they knowingly including material, inaccurate information. Such an interpretation would encourage accuracy in applications, discourage lawsuits brought primarily for statutory damages and fees, while still allowing actual damages and injunctive relief to be obtained by a plaintiff in an otherwise meritorious case.

It should be left to the district court judge to determine post-referral issues including whether the facts “alleged” by the defendant at the outset of the 411(b) process are actually established, whether amendment of the complaint will be allowed to include

⁴ Section 412 says that subject to certain exceptions likely to be inapplicable, registration must occur prior to discovery of the infringement, in order for the plaintiff to recover statutory damages or attorneys’ fees.

a new or supplemental registration, and whether an applicant's good faith or honest mistake of law militates in favor of allowing amendment or declining to award a defendant fees if loss of the registration means that the plaintiff loses on the merits of the case.⁵

III. ARGUMENT

A. How Unicolors and Similar Plaintiffs in the Business of Fabric Litigation Game the Copyright System

An issue lurking in the background of this case is the extent to which Unicolors (and a dozen or so other LA-based fabric converters also represented by the Doniger/Burroughs plaintiffs' firm) can fairly be said to be engaged in "copyright trolling." Although that term is inherently difficult and controversial to define, one commentator has attempted to helpfully do so by focusing on what he terms "systematic opportunists." Sag, Matthew, *Copyright Trolling, An Empirical Study*, 100 Iowa L. Rev. 1105 (2015)⁶ at pp. 1105, 1111-14. And in that limited sense of the term, Unicolors and its fellow travelers certainly qualify. Section A of the

⁵ As a matter of access to proof and burden of persuasion, it is fairer to allow a plaintiff to prove its own good faith mistake of law, as an equitable defense against a fee award or as a factor to be considered in whether amendment will be allowed, than to force the defendant to prove the plaintiff's fraudulent intent as a threshold issue at the outset of the statutory referral process. The party best positioned to know and be able to prove the plaintiff's state of mind is obviously the plaintiff.

⁶ Available here (last accessed September 22, 2021): <https://lawecommons.luc.edu/cgi/viewcontent.cgi?article=1530&context=facpubs>.

argument addresses the aspects of the copyright system that allow it to be gamed, and attempts to show exactly how fabric converter plaintiffs including Unicolors do so. Section B of the argument focuses on the important role that Section 411(b) can play in counter-balancing this system, and argues that it should be interpreted so that it is easier to use, not rendered effectively impossible to invoke.

1. The Copyright Registration Process

The first and most important thing to appreciate about the copyright registration process is that it mainly operates on the honor system. That is, the applicant itself is largely trusted to self-define the scope of the federally-enforceable monopoly⁷ that the applicant obtains for itself by virtue of registration.

Unlike in the patent and trademark systems, in which an agency examiner is tasked with independently verifying assertions made by an applicant, the Copyright Office plays no such role. As H&M explains, the Copyright Office accepts the facts provided by the applicant as true, unless the applicant contradicts itself. Resp. Br. at pp. 4-5. In other words, it is not the Copyright Office's job to test the substantive truth of an applicant's various representations made in a copyright registration application.⁸

⁷ The Copyright Act gives the owner of a registered copyright the right to sue others to stop them from infringing on the six so-called exclusive copyright rights. *See* 17 U.S.C. §§ 106, 411(a).

⁸ Aside from instances where the applicant contradicts itself within the four corners of its own application, the one main

Thus, if a company submits a copyright registration application saying that it authored a particular, minimally original zig-zag pattern without reference to any prior source material, the Copyright Office will generally accept those facts as true and issue the registration.

Further, unlike with patents, there is no “prior art” search that is done as part of the copyright registration process. As H&M notes, the Copyright Office “generally does not conduct searches to determine whether previously registration or publication has occurred.”) Resp. Br. at p. 6; *quoting* U.S. Copyright Office, Compendium of U.S. Copyright Office Practices § 602.4(D) (3d ed. 2021).

Moreover, even if searching to see whether a design claimed by an applicant had been previously registered by someone else were part of the copyright registration process (and it is not) actually doing such a search would be technologically impossible. The fundamental problem is that there is no way to query the copyright registration system to say, in effect, ‘show me

exception, where the Copyright Office does perform a gatekeeping function, is with respect to the so-called threshold of originality. Which means evaluating whether the claimed design (or, in the case of a group registration, *all* of the included designs) is (or are all) so totally lacking in originality that no part of any of it is protectable. *See Feist Publ. v. Rural Telephone Serv. Co.*, 499 U.S. 340, 345 (1991) (originality means that a work “possesses at least some minimal degree of creativity. [Citation omitted]. To be sure, the requisite level of creativity is extremely low; even a slight amount will suffice.”). Thus, if an applicant sends in a drawing of a single circle and tries to register it, that is the rare sort of application that the Office would likely reject.

all of the previously-registered zig-zag pattern designs that look like this one I have here.’ Although reverse image searching is a relatively ubiquitous technology these days,⁹ that kind of functionality has not yet made its way to the Copyright Office’s Online Records Catalog or to the Library of Congress’s collection of deposit copies. The Copyright Office’s online catalog does not include pictures or copies of the registered work itself; only the written information submitted on the application form itself.

One upshot of continuing to use what is essentially a mid-20th Century card catalog system (as opposed to an image-searchable online database) for keeping deposit copies of copyrighted works is that nobody, including the Copyright Office itself, can ever possibly know whether or not there might be a prior copyright registration on file for something that is the same or substantially similar to any given work. Theoretically, the only way to be sure that a given fabric design or other work of authorship was not previously registered by someone else would be to put the design in question firmly in mind, and then go through and search the entire Library of Congress collection of deposit copies to look for the proverbial matching needle in one of the world’s largest haystacks.

Accordingly, there is no way for an apparel manufacturer purchasing printed fabric, or a retailer selling garments on which the same print appears, to

⁹ Such technology, e.g., Google Image Search, is frequently used by some photographers to scan the entire Internet for copies of their photos, so they can sue the (often-unsuspecting) website owners for infringement.

determine whether a company like Unicolors will claim to own the design, because it is arguably similar to one of Unicolors' tens of thousands of registered designs. Retailers can require their vendors to represent and warrant they are not selling infringing goods. And a manufacturer can ask for assurances that the supplier of printed fabric created the design itself or otherwise has rights to it. But, as this case demonstrates, even that is no protection; H&M's designer had a Chinese copyright registration, but getting it into evidence was problematic. What these cases normally come down to is a battle of evidence about who supposedly created what, when, and how. While the plaintiff's story is treated as presumptively correct under the law, the defendant is left to scramble and try to trace the particulars about the creation of its own product up the global supply chain.

2. Infringement Under the Copyright Act

The Copyright Act's presumption of validity allows a plaintiff to prove most of its *prima facie* case for infringement simply by introducing its registration certificate into evidence. *See* 17 U.S.C. § 410(c). Importantly, the presumption of validity extends to all of "the facts stated in the [registration] certificate." *Id.*¹⁰

¹⁰ Introduction of the registration certificate establishes that the plaintiff has a valid copyright, that the plaintiff owns protectable "original authorship," identifies the "author," and when the work was completed and first published. What remains for the plaintiff to prove is "copying" of the protectable aspects of a plaintiff's work by the defendant. Rarely will plaintiffs have direct

Thus, the representations made by the plaintiff are not only *not* substantively examined by the Copyright Office during the registration process, they are also then treated as factually correct and established without the need for further proof after the plaintiff sues for infringement.¹¹ Therein lies a big part of the problem as to how these cases lend themselves to abuse.

The most common—and fundamentally unfair—“inaccuracy” that occurs in copyright registration applications is the failure of the applicant to disclose information about the applicant’s own source or inspirational material. When an applicant properly discloses pre-existing source material used as inspiration

evidence that the defendant or its designer actually literally copied a plaintiff’s design. A plaintiff generally proves copying by showing that its design is “substantially similar” to the defendant’s product, and that the defendant has “access” to the plaintiff’s design. Fabric plaintiffs establish “access” by claiming that the design was available for public viewing at their showroom (showrooms where they keep no records of who visits, even though that same showroom is repeatedly claimed as the locus for purportedly unlawful copying), plus producing evidence that the plaintiff advertised its at-issue designs in various ways. The jury is then asked to infer, based on the foregoing, that defendant or its designer must have seen the plaintiff’s design somewhere. However, if the defendant’s product is claimed to be “strikingly similar” to the plaintiff’s design, plaintiffs will, as Unicolors did here, ask the court to excuse it from even proving access, and argue that the designs are so similar that the defendant *must* have copied the plaintiff. *See* Resp. Br. at 11, *Skidmore v. Led Zeppelin*, 952 F.3d 1051, 1064-65 (2020).

¹¹ Assuming that the registration was obtained within five years of first publication, which is usually the case. *See* 17 U.S.C. § 410(c).

for its own design, the resulting copyright registration is correspondingly limited; only the applicant’s “original authorship” is protected, the pre-existing source material is excluded from the scope of registration. *See, e.g.*, Copyright Compendium 3rd at 503.5.¹² By neglecting to disclose source and inspiration material in the application, the applicant obtains a broader grant of rights than what it should, which it can also use to sue others later. And that broader grant of rights is legally presumed to be valid and correct when it comes time for litigation, thanks to Section 410(c). Obviously, this creates a strong incentive for an applicant to be “inaccurate” in a way that maximizes the applicant’s rights and makes it easier to sue later.

Similar incentives apply with respect to “publication.” An applicant disclosing when its design was “first published” is not just some arcane relic of a bygone era when copyright formalities were curiously treated as more important. One reason “first publication date”

¹² “A copyright registration covers the new expression that the author created and contributed to the work, but it does not cover any unclaimable material that the work may contain. For purposes of registration, unclaimable material includes the following:

- Previously published material.
- Previously registered material (including material that has been submitted for registration but has not been registered yet).
- Material that is in the public domain.
- Copyrightable material that is owned by a third party (i.e., an individual or legal entity other than the claimant who is named in the application).”

remains key is because it normally establishes the target date that the defendant needs to beat in order to negate plaintiff's proof of access (or affirmatively establish independent creation by the defendant). In other words, if the defendant can show that it has been selling its product (or that its product was otherwise in existence) prior to the plaintiff's claimed "first publication" date for its copyrighted design, then the plaintiff is normally not going to be able to prove copying. One cannot copy something that has not yet been created. Moreover, a plaintiff will normally not be able to prove that the defendant had "access" to a design not yet released to the public. Accordingly, applicants like Unicolors who register their designs with one eye (or perhaps both) on future litigation are incentivized to always choose the earliest possible claimed first publication date, to move the goal post as far back in time as possible, even if publication on that date is questionable.¹³

One key corollary to the presumption of validity, which sophisticated repeat plaintiffs like Unicolors

¹³ Since a Doniger/Burroughs fabric client lost on summary judgment due to a publication "inaccuracy" in 2017, a result which was affirmed by the Ninth Circuit in *Gold Value Int'l Textile v. Sanctuary Clothing*, 925 F.3d 1140 (9th Cir. 2019), the firm's fabric clients now mainly tell the same story about publication that Unicolors told here: designs in suit were purportedly "first published" when they were allegedly released into the plaintiff's physical showroom. (Showrooms that are purposefully setup by the plaintiffs to be evidentiary black boxes from which no documents or independently-verifiable evidence can ever seem to escape, except for the plaintiff's own oral testimony about the legally significant goings on that supposedly occurred there.).

shrewdly appreciate, is that the risk of maintaining evidence of what occurred during the design and registration process far outweighs the reward. Absent the presumption of validity, Unicolors would need to retain evidence establishing who created its design(s) at issue, how, when, *etc.*, in order to establish it has a valid copyright. However, because the presumption normally does apply, a clever plaintiff will jettison any hard proof that a defendant might someday use to try and burst the bubble of the presumption of validity. Thus, the presumption not only washes away whatever transgressions may have occurred during the design and registration process, it also incentivizes professional plaintiffs like Unicolors to dispose of any documentary evidence that might undermine the validity of the registration.

Another important structural aspect of the Copyright Act that has allowed fabric copyright cases to become a cottage industry unto themselves is the lure of statutory damages and attorneys' fees, which make even low value cases worth pursuing.¹⁴

What is unusual though about the statutory damage and attorneys' fee remedies under the Copyright Act is that their availability is generally preconditioned on registration being obtained prior to infringement being discovered, per Section 412. And, under Section 411(b), it is specifically contemplated that one

¹⁴ In this case the defendant's gross profits on the allegedly infringing items were \$98,385 (*see* E.R. 666), which actually makes this case relatively high value for the world of fabric copyright litigation.

consequence of an adverse Section 411(b) referral determination is supposed to be that the plaintiff loses the right to obtain these remedies. *See* 17 U.S.C. § 411(b)(3).

The final aspect of the Copyright Act that helps explain the profusion of fabric infringement lawsuits is that U.S. retailers and importers are all liable for infringement, even if the alleged “copying” was actually done by an upstream vendor. While there is generally some degree of confusion and debate about whether copyright infringement is a strict liability offense,¹⁵ in the sense that matters here, it is. Thus, a retailer that may have done absolutely nothing wrong can and often does find itself staring down a six or seven figure liability because its vendor’s supplier’s designer in China allegedly copied a plaintiff’s design.¹⁶

¹⁵ Goold, Patrick Russell, Is Copyright Infringement a Strict Liability Tort? (December 8, 2014), 30 Berkeley Technology Law Journal 305 (2015), Available at SSRN: <https://ssrn.com/abstract=2535557>.

¹⁶ Another, non-copyright factor that helps fuel the fabric copyright phenomenon is asymmetrical access to key overseas evidence and witnesses. Given the longstanding relationships it has with them, the plaintiff often is able to get its European and U.S. designers to cooperate in discovery voluntarily, but only if the plaintiff thinks that would help. By contrast, a defendant will often face severe difficulty trying to obtain admissible evidence from a vendor located in mainland China, even if, as in this case, that vendor has helpful evidence (such as its own copyright registration) and wants to cooperate. *See* Resp. Br. at pp. 13-14.

3. Examples of Unicolors and Other Fabric Plaintiffs Gaming the System

Given the strong incentive for fabric plaintiffs such as Unicolors to unburden themselves from keeping any documentary evidence that might be used to rebut the presumption of validity, the changing stories told by Unicolors about the creation of the design it is suing on in this case are sadly unsurprising.

Here, Unicolors initially stated (repeatedly) in verified discovery responses that the design at issue was based on artwork it purchased from a third party designer called Milkprint, LLC.¹⁷ Unicolors then changed its story entirely during the final two days before the close of fact discovery (which was on April 25, 2017),¹⁸ and claimed that the real inspiration for the design was a visit that a Unicolors employee named Hannah Lim took to “the Natural History Museum.”¹⁹ Unicolors’ owner attempted to explain Unicolors’ earlier sworn discovery responses, and his own testimony about the design being based on art purchased from Milkprint as being the result of a “misunderstanding about the inspiration.”²⁰ According to H&M’s counsel,

¹⁷ E.R. 1406, 1457, 1854.

¹⁸ E.R. 1388.

¹⁹ E.R. 1872 (Lim Decl.) at ¶ 12 (“I drew all elements of the Subject Design, in an Aztec art style I had become familiar with by visiting the Natural History Museum.”).

²⁰ See E.R. 1868 (Pazirandeh Decl.) at ¶ 18 (“At some point after the creation of the Subject Design, Hannah Lim left her employment at Unicolors. During her absence, I believed that the creation of the Subject Design was inspired by artwork purchased from a design studio, Milkprint, LLC. Recently, I learned I had a

when H&M raised questions about why none of Lim’s design files—evidence showing what she had created, when, and how—had been produced, Unicolors claimed “they did not exist, partially due to a computer virus” notwithstanding Lim’s own testimony “that it was her understanding that the overwhelming majority of Unicolors materials affected by the computer virus were recovered by a firm in San Diego.”²¹

In fabric copyright litigation, last minute surprises as to the basic facts surrounding a plaintiff’s copyright and mysteriously vanishing evidence from the plaintiff and its designers are both par for the course.

With respect to Unicolors’ first creation story for the copyright it sued on in this case, the name “Milkprint” ought to ring a bell. In February of 2012, Doniger/Burroughs client Matrix, Inc. sued Macy’s for infringement of Matrix’s copyright registration no. VAu 1-059-584. *Matrix v. Macy’s*, C.D. Cal. No. 12-cv-1450, ECF No. 1, at p. 3 of 17, ¶ 9. As was later alleged in Matrix’s lawsuit against Milkprint, the design that Matrix used to sue Macy’s was one that Matrix purchased from Milkprint. *See Matrix v. Milkprint*, C.D. Cal. No. 12-cv-8597, ECF No. 1, at p. 4 of 19, ¶¶ 11-13.

Macy’s subpoenaed Milkprint, and Milkprint “eventually disclosed that the Subject Design was copied form [sic] public domain artwork and was not an

misunderstanding about the inspiration. As the person who actually created the Subject Design, Ms. Lim naturally has more accurate knowledge about the creation of the Subject Design than I do.”).

²¹ E.R. 1778 (Riordan Decl.) at ¶ 10 and fn. 3.

original work of authorship by it.” *Id.* at p. 7 of 19, ¶ 32. The design that Matrix claimed was wholly original and was the basis of its claims against Macy’s, was actually “a paisley pattern dating back to the early 19th century which MILKPRINT and/or its agent copied from a public domain source artwork book. As a result of the uncovering of the historical paisley pattern that was the true source of the Subject Design, [Matrix] was forced to dismiss its action against Macy’s with prejudice and enter into a confidential settlement agreement with Macy’s in which [Matrix] had to pay Macy’s attorneys’ fees and costs related to defending the action.” *Id.* at p. 4, ¶¶ 15-16.

After Matrix was forced to pay Macy’s fees, Matrix sued Milkprint for breach of contract, fraud, and negligent misrepresentation, because the design Matrix bought from Milkprint and then used to sue Macy’s was not actually original, as allegedly promised by Milkprint. *See id.* at pp. 7-9 of 19. Notably, and as is typical for fabric plaintiffs, the copyright registration application submitted as an exhibit to Matrix’s complaint against Milkprint, prepared by attorney Stephen Doniger, did not disclose the existence of any “Preexisting Material” (i.e., that a substantial part of the Milkprint design was actually based on a public domain sourcebook), where that information was called for at Box 6a of the application. *See id.* at p. 15 of 19.

Given that this prior dispute about the originality of artwork purchased from Milkprint is publicly available for anyone to read about on PACER, it is little wonder that Unicolors might have hesitated to go to

trial in this case based on its statement that its design was based on artwork purchased from Milkprint.

Moreover, Cal. Fashion is equally if not more skeptical of the second creation story, which Unicolors pivoted to just prior to the close of discovery, which was that Hannah Lim purportedly drew the design after visiting the Natural History Museum. Although the fanciful story Ms. Lim tells in her declaration (E.R. 1870-74) might seem plausible to a lay person, anyone who understands how textile design actually works would necessarily have a hard time believing it for several reasons.

As an initial matter, the design at issue here does indeed appear to be an Aztec motif, as Ms. Lim states in her declaration. E.R. 1872, ¶ 12 (“I drew all of the elements of the Subject Design, in an Aztec art style I had become familiar with by visiting the Natural History Museum.”).

In fact, if one performs a Google Chrome “incognito mode”²² search for the term “Aztec textile” here is the second image result that pops up (left side),²³ as compared to the Unicolors’ design in this case (right side).²⁴

²² Doing it in incognito mode yields more consistent results not affected by an individual’s own browsing history.

²³ Google Image result (underlying file is a dead link) to undated Blendspace.com lesson entitled “Aztec Textiles by Patricia Groe”).

²⁴ J.A. 230.



Admittedly, the image on the left is outside the record in this case, it is undated, and its provenance is unclear, so no *evidentiary* weight can be placed upon it. Nevertheless, the image is still a helpful illustration of what a believable creation story told by Ms. Lim might have sounded like. Namely, if her testimony had been that she had taken an existing Aztec motif, either the image on the left, or something like it, and re-arranged it, and tweaked some things, to create the image on the right, then that would be entirely believable and consistent with the way commercial textile design often works. Based on the hypothetical process just described, if Ms. Lim and Unicolors had accurately disclosed the “Preexisting Material” utilized in the creation of the design in completing their copyright registration application at box 6a, then they might even still have obtained a registration (albeit one

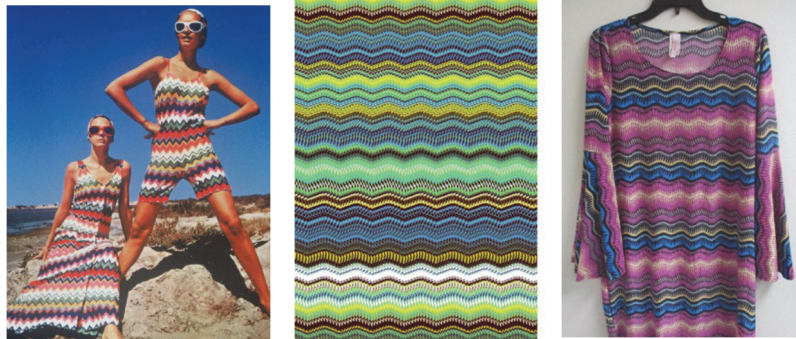
with a much more limited scope of protection; i.e., “thin” protection that extends only to protect the original selection and arrangement of otherwise unprotectable elements).

However, what Ms. Lim actually swore to in her declaration: is (a) internally inconsistent in that a “tiki house” (E.R. 1871 at ¶ 5) is not consistent with Aztec iconography (see E.R. 1872 at ¶ 12); (b) seems perhaps a bit too perfect; and (c) if Ms. Lim really “created all elements of the Subject Design by hand through the use of various computer drawing tools and programs” (E.R. 1872 at ¶ 11) then Unicolors absolutely should have digital records of that and their apparent failure to produce any is more than a little suspicious.

Perhaps if Unicolors had not sprung its new creation story on H&M two days prior to the close of fact discovery, H&M would have had sufficient time to investigate these issues more thoroughly.

Another Doniger/Burroughs fabric case further highlights how plaintiffs play games with what their designs are really based on, and in articulating what is supposedly original about them, in order to try and extract rents to which they should not be entitled. In *Star Fabrics, Inc. v. Zulily, LLC*, C.D. Cal. No. 17-cv-8358, Star obtained a registration for a zig-zag print design. Defendant filed a motion for partial judgment on the pleadings arguing that Star’s design was very clearly inspired by a ubiquitous zig-zag design popularized by the Italian fashion house Missoni and that whatever original authorship Star’s design embodied

(if any) was not protectable. *Id.* at ECF No. 23-1, pp. 12, 19-21. In other words, both Star and the defendant vendor were doing Missoni-inspired zig-zags, but Star was attempting to monopolize the field.



Missoni, 1970's

Star copyright

D's product

Star Fabrics, Inc. v. Zulily, LLC, C.D. Cal. No. 17-cv-8358, ECF No. 23-1 at pp. 8, 13.

When Doniger/Burroughs was asked in that case to identify what, specifically, was claimed as original about Star's Design, they took the position they normally take: everything; all of it is wholly original. *Id.* at p. 12.²⁵ When pressed to identify what specific protectable elements would be claimed as original, for purposes of applying the Ninth Circuit's test for extrinsic substantial similarity, Star initially "refused" to do so. *Id.* at p. 7. The district court ultimately granted the motion and dismissed Star's claim on the zig-zag design

²⁵ Mr. Doniger: "we believe the works to be entirely original and protectable."; *see also* ECF No. 25-1 (Exhibit A-8), Mr. Doniger: "I am unaware of any part of the artwork at issue that is not original authorship."

(*id.* at ECF No. 59), relying on the merger doctrine as applied in *Ets-Hokin v. Skyy Spirits, Inc.*, 323 F.3d 763, 766 (9th Cir. 2003).

B. Section 411(b) Should be Interpreted so That it is Easier to Invoke and Apply, Not Harder

The Matrix case showing how Milkprint (the designer Unicolors initially said created the design here) copied its purportedly original design from a source book, and the Star Fabrics case showing how Star tried to monopolize Missoni-inspired zig-zag designs, as well as the two prior Unicolors cases discussed by H&M in its brief involving the leopard and floral prints that Unicolors (or its designers) also copied out of source books and then sued on (Resp. Br. at pp. 9-11), all illustrate one of the main problems that Section 411(b) is intended to guard against.

By failing to disclose in their copyright registration applications the true sources of the designs they sue on—whether inadvertently or not—professional plaintiffs like Unicolors improperly enrich themselves by appropriating things that are in the public domain (or which were popularized by others, as in the Missoni example) for themselves. In those four cases noted above, fabric converter clients of the Doniger/Burroughs firm got caught with their hands in the cookie jar and their efforts were unsuccessful. The much bigger problem is that in most of the 1,000-plus other fabric cases, the plaintiffs similarly did not disclose any limitations on the rights they claimed for themselves

when they prepared their copyright registration applications. Yet, in each instance, the plaintiff's representations that its designs are not based on any pre-existing material are presumed to be correct by operation of Section 401(c).

If applicants like Unicolors routinely disclosed what their designs were really based on in their registration applications, that would go a long way towards preventing them from unjustly enriching themselves. Further, increased accuracy as to source material would help defendants and fact-finders identify instances when a defendant's designer, who may be unknown or unable to testify in the U.S., was actually working from the same pre-existing source material (and thus not "copying" the plaintiff; so no infringement). And it would also help everyone evaluate which registrations ought to be afforded so-called "thin" copyright protection, because the amount of the applicant's original authorship was minimal.²⁶

No reputable U.S. fashion company *wants* to copy Unicolors, or Star, or any of the rest. Most of them know by now that they would invariably get sued if they did so. However, they have no way to check whether any given design is infringing. As noted, there is no image-searchable copyright database to check or any other way to be sure. Companies like Unicolors certainly don't put their portfolios online

²⁶ When copyright protection is "thin," a plaintiff must prove that its work is "virtually identical" to the defendant's product, not just merely "substantially similar." *See, e.g., Ets-Hokin*, 323 F.3d at 766.

to be searched for clearance purposes. So, for the fashion industry, the only choices are to either buy from the small group of predatory plaintiffs that do these lawsuits, or else take one's chances that a design sourced elsewhere won't be claimed to be infringing. At the end of the day, a party's comfort that the print it is buying and selling is non-infringing is only as good as the assurances provided by the vendor from which it was sourced. Which is just as true when Unicolors buys artwork from designers like Milkprint as it is when a retailer like H&M buys garments with prints from a vendor who had a designer with its own Chinese copyright-registration. The only person who *really* knows the extent to which a given design is original is usually the actual designer.

As with all honor systems,²⁷ problems inevitably ensue if there is truly no credible penalty at all associated with violations of the rules. Unicolors attempts to frame the issue before the Court, as being about not “penalizing poets and artists” when they make mistakes in copyright applications. *See* Pet. Br. at 2.

Unicolors and the other dozen or so LA-based fabric converters that keep the Central District of California busy with copyright lawsuits are certainly not poets and, as discussed above, the extent to which they

²⁷ Patent and trademark registration do not operate on the honor system. Which is why it makes sense that the bar for “inequitable conduct” or “fraud on the trademark office” should be higher than the corresponding standard for copyright registration, where no agency examiner is tasked with trying to help keep an applicant honest.

can properly be considered “artists” is a big part of the problem.

When it is alleged that a plaintiff’s claimed copyrighted design is actually just a copy of something in the public domain, or if there is some other material error in the application, what should happen to the plaintiff’s registration?

Unicolor’s answer appears to be ‘nothing, absent proof of fraud.’ They contend that unless a defendant proves, at the outset, that the plaintiff not just knowingly but fraudulently included the inaccurate information in the application, then there should be no consequence to the plaintiff at all: there should be no referral to the copyright office; the registration should remain valid; the presumption of validity as to the facts stated in the registration should survive intact; statutory damages and attorneys’ fees should still be available if the plaintiff prevails. Given the possibility that non-lawyers filling out registration applications could make good faith mistakes about potentially complicated legal issues, they argue it would be wrong to kick plaintiffs out of court entirely and effectively grant a windfall to defendants who uncover “technical” mistakes in the nature of “checking the wrong box” on the application form.

The approach urged by Unicors and its *amicus*, of effectively neutering Section 411(b) by reading a fraud requirement into it, would further exacerbate the existing structural features of the Copyright Act discussed above that incentivize troll-type lawsuits in the

first place. The fact that filling out a copyright registration application requires grasping a few legal concepts that can be tricky is not a valid reason to effectively excuse the applicant from even trying to get it right in the first place. The better standard, which is more fair given the parties respective access to proof, and which will be much easier for courts and practitioners to apply, should be that whether a statement is inaccurate should be evaluated objectively, based on what the law actually is, not on what the applicant thought it was. As long as the applicant intended to include the information (as opposed to a typo, or some other truly inadvertent error), if the information is objectively inaccurate, then the referral should be made to the Copyright Office for a materiality determination (i.e., whether, if the new facts had been known, registration would have been refused).

Moreover, once Section 411(b) is invoked based on allegations of a knowing (but not necessarily fraudulent), material inaccuracy in the application, the result need not be the parade of horrors that Unicolors and its *amicus* decry. Even in cases where the Register responds that it would not have allowed the registration if the new facts had been known to it, such a determination does not necessarily mean that the plaintiff loses anything at all.

The statute itself, in a subsection ignored by Unicolors (17 U.S.C. § 411(b)(3)), provides the answer to what the effect is of an adverse determination made by the Register under Section 411(b)(2).

Assume that the Register responds to a Section 411(b)(2) referral by answering that the new facts would have resulted in the Office denying the copyright registration application had they been known. *See* 17 U.S.C. § 411(b)(2).

The first question for the district court to consider would be whether or not those facts *alleged* by the defendant are actually established or not. If the facts are genuinely disputed, then it may well be a question that is put to a jury in a special verdict form.

If the district court determines that the facts alleged by the defendant at the outset of the referral process have now actually been established as true (e.g., after summary judgment or trial), then what the Register's response does is advise the court that, had these new, now-established facts been known, it would have "caused the Register of Copyright to refuse registration." 17 U.S.C. § 411(b)(2).

This is where Section 411(b)(3) comes in. What that section means is that the *consequence* of the foregoing determination is that the plaintiff loses its *registration* and the corresponding rights to "institute" an infringement action, and to obtain statutory damages and attorneys' fees, which are both based upon *that registration*. *See* 17 U.S.C. § 411(b)(3). Importantly, the plaintiff *does not* lose its underlying copyright, the existence of which never depended on registration in the first place.

Nor does the plaintiff necessarily lose its claim or its case. Plaintiffs can and often do file for new or

“supplemental” registrations when problems with an original registration are discovered in litigation.²⁸ Accordingly, if the underlying copyright is still substantively legitimate notwithstanding Section 411(b) resulting in the loss of the initial registration and corresponding rights to sue and to recover statutory damages and attorneys’ fees that were based upon it, then plaintiff can potentially ask the district court for leave to amend to add in any new or supplemental registrations²⁹ it may have filed to try and get out in front of the problem with its original registration (assuming the problem that would have caused the Register to refuse registration is curable, and not, for example, that Unicolors failed to disclose that its purportedly original design is actually a copy of a picture of a leopard created by someone else).

When a Section 411(b) determination that is adverse to a plaintiff is made by a district court, with assistance from the Register, what is generally *not* going to survive is the plaintiff’s right to recover statutory damages and attorneys’ fees. This is because, under Section 412, registration prior to discovery of the

²⁸ See, e.g., *Gold Value Int’l Textile v. Sanctuary Clothing*, 925 F.3d 1140, 1144 (9th Cir. 2019) (discussing 17 U.S.C. § 408(d)); see also *id.* at 1148 (discussing how in *L.A. Printex Indus., Inc. v. Aeropostale, Inc.*, 676 F.3d 841, 846 (9th Cir. 2012), another Doniger/Burroughs fabric case, the plaintiff did seek a supplemental registration, but in *Gold Value* the plaintiff did not).

²⁹ Assuming that the district court still has jurisdiction to do so, which may potentially depend on whether those new or supplemental applications have already matured to registration or not.

infringement (or within three months of first publication) is a “prerequisite” to the plaintiff’s receipt of those remedies. 17 U.S.C. § 412; *see also* 17 U.S.C. § 411(b)(3) (stating that Section 411(b) will affect “remedies in infringement actions under . . . section 412”).

Such a reading of the statute is optimal because it encourages accuracy in applications, discourages troll-type lawsuits, but leaves open the possibility that a plaintiff could possibly still obtain actual damages or injunctive relief in a meritorious case, even after being adjudicated to have made a knowing, material inaccuracy in the registration. Plaintiffs who *actually created something original and who keep the evidence to prove it* have little to fear from Section 411(b).

Finally, to the extent that a plaintiff can affirmatively prove that it made a “good faith mistake of law” (an equitable defense mentioned nowhere in Section 411) when it put objectively inaccurate, material information on its copyright registration application, that can and should be considered by the district court. Specifically, a Plaintiff’s proof of such a defense should be relevant in determining whether to allow amendment of a complaint to include a new or supplemental registration. And such a defense should also be relevant in deciding whether the defendant should be awarded attorneys’ fees, if the invalidation of the plaintiff’s original registration in accordance with Section 411(b) resulted in the defendant becoming the prevailing party.

IV. CONCLUSION

The judgment of the court of appeals should be affirmed.

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