

APPENDIX

APPENDIX

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FOR PUBLICATION
UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 18-56253
18-56548
D.C. No. 2:16-cv-02322-AB-SK

[Filed November 10, 2022]

UNICOLORS, INC., a California)
Corporation,)
Plaintiff-Appellee,)
)
v.)
)
H&M HENNES & MAURITZ, L.P.,)
a New York limited partnership,)
Defendant-Appellant.)

OPINION

On Remand from the United States Supreme Court

Before: Carlos T. Bea and Bridget S. Bade, Circuit
Judges, and Jon P. McCalla,* District Judge.

Opinion by Judge Bea

* The Honorable Jon P. McCalla, United States District Judge for
the Western District of Tennessee, sitting by designation.

SUMMARY**

Copyright

On remand from the Supreme Court in this copyright-infringement action brought by Unicolors, Inc., against H&M Hennes & Mauritz, L.P., the panel affirmed the district court's judgment in general, save that it vacated and remanded with instructions to grant a new trial, limited only to damages, if Unicolors rejects the remittitur amount of \$116,975.23.

Unicolors, which creates designs for use on textiles and garments, alleged that a design it created in 2011 (the EH101 design) is remarkably similar to a design printed on garments that H&M began selling in 2015 (the Xue Xu design). The Supreme Court held that lack of either factual or legal knowledge on the part of a copyright holder can excuse an inaccuracy in a copyright registration under the Copyright Act's safe-harbor provision, 17 U.S.C. § 411(b)(1). Accordingly, the panel reviewed anew the threshold issue whether Unicolors holds a valid copyright in registration No. VA-1-770-400 (the '400 Registration), and concluded that under the correct standard, the '400 Registration is valid because the factual inaccuracies in the application are excused by the cited safe-harbor provision.

The panel held that a party seeking to invalidate a copyright registration under § 411(b) must demonstrate

** This summary constitutes no part of the opinion of the court. It has been prepared by court staff for the convenience of the reader.

that (1) the registrant submitted a resignation application containing inaccuracies, (2) the registrant knew that the application failed to comply with the requisite legal requirements, and (3) the inaccuracies in question were material to the registration decision by the Register of Copyrights. The panel concluded that Unicolors's '400 Registration contained an inaccuracy, but that the district court's finding that Unicolors did not have the requisite knowledge of its application's inaccuracy per § 411(b)(1)(A) is not clearly erroneous. This lack of knowledge means that the '400 Registration falls within the ambit of the safe-harbor provision's protection, notwithstanding its failure to comply with the "single unit" requirement, and that Unicolors's copyright is valid. Unicolors can therefore maintain its infringement action against H&M over the EH101 design, which is covered by that registration.

Concerning H&M's pretrial challenges, the panel held (1) H&M forfeited any claim of error on appeal based on a claim that Unicolors's President Nader Pazirandeh's statements constituted impermissible, undesignated expert opinion; (2) the district court did not abuse its discretion when it excluded H&M's proffered expert testimony of Robin Lake on the issue of substantial similarity of the EH101 and Xue Xu designs; and (3) the district court did not abuse its discretion in excluding H&M's proffered expert testimony of Justin Lewis on the issue of damages.

The panel then addressed H&M's at-trial challenges.

First, H&M argued that the district court erred in refusing to instruct the jury that the Xue Xu design

was presumptively independently created on account of a judicially noticed Chinese copyright in that design. Reviewing the Berne Convention and its protection of foreign copyrights in domestic infringement suits, the panel held that the district court did not err in rejecting H&M's first requested instruction regarding the parties' evidentiary burdens, because that requested instruction was duplicative; and that any error that subsisted in the district court's decision to reject H&M's requested instruction on presumptive validity was harmless.

Second, H&M argued that the district court erred by refusing to admit into evidence Shaoxing County DOMO Apparel Co., Ltd.'s U.S. copyright registration of the Xue Xu design. The panel held that the district court's exclusion of the evidence as prejudicial was not an abuse of discretion, so any error the district court made in determining the certificate's relevance was harmless.

Third, H&M argued that the district court erred by admitting into evidence a previously unproduced, physical exemplar bearing a black-and-white (rather than color) version of EH101. The panel held that H&M forfeited this challenge.

The panel then addressed H&M's post-trial challenges.

H&M challenged the district court's denial of its renewed motion for judgment as a matter of law (RJMOL).

The panel rejected the first basis for H&M's challenge because, as previously discussed, Unicolors

has a valid copyright in the '400 Registration. Rejecting H&M's second challenge regarding the RJMOL, the panel held that because there was sufficient evidence to substantiate the jury's finding of striking similarity Unicolors also presented sufficient evidence to prove the copying element of its infringement claim. Rejecting the third basis, the panel saw no reason to disturb the jury's willfulness determination.

In its final challenge regarding the RJMOL, H&M argued that the district court erred by impermissibly inflating Unicolors's post-remittitur damages. The district court's remittitur calculation involved profit-disgorgement damages and lost-profit damages. The panel agreed with H&M that the district court's profit-disgorgement remittitur calculation of \$247,675.33 was an abuse of discretion, as that amount cannot be sustained using the jury's findings of what Unicolors actually proved at trial. The jury used H&M's *gross profit* per piece, not its *average gross sales price* per piece. Explaining the maximum recovery rule, the panel wrote that the purpose of remittitur is to maintain the jury's verdict while lopping off an excrescence. The panel wrote that a profit-disgorgement figure of \$98,441.23 removes the excrescence of profits from extraterritorial sales and the use of average gross sales price rather than the gross profit multiplier, while sustaining the remainder of the jury's verdict. As for lost profits, the district court calculated the maximum amount that Unicolors could have incurred as a result of H&M's infringement to be \$18,534, after removing international sales from the jury's calculation. Finding no reversible error with respect to the district court's lost-profit damages

calculation, the panel held that H&M forfeited any challenge related to the admissibility of lost-profits evidence. The panel therefore concluded that the proper remittitur amount to take the place of the jury verdict's damages should have been \$116,975.23, which is the sum of the proper profit-disgorgement award of \$98,441.23 and a lost-profits award of \$18,534.00. The panel instructed the district court on remand to grant H&M's request for a new trial if Unicolors rejects this new remittitur amount, but the new trial must be limited only to the issue of damages.

The panel held that the district court did not abuse its discretion in awarding attorneys' fees to Unicolors.

COUNSEL

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Staci J. Riordan, Aaron Brian, and Dale A. Hudson, Nixon Peabody LLP, Los Angeles, California, for Defendant-Appellant.

BEA, Circuit Judge:

This case returns to us on remand from the Supreme Court's decision in *Unicolors, Inc. v. H&M Hennes & Mauritz, L.P.*, 142 S. Ct. 941 (2022). There, the Court held that lack of either factual or legal knowledge on the part of a copyright holder can excuse an inaccuracy in a copyright registration under the Copyright Act's safe-harbor provision. *Id.* at 945; 17

U.S.C. § 411(b)(1). Accordingly, we review anew the threshold issue whether Appellee Unicolors holds a valid copyright in registration No. VA 1-770-400 (the '400 Registration) and conclude that under the correct standard, the '400 Registration is valid because the factual inaccuracies in the application are excused by the cited safe-harbor provision. This determination allows this panel to resolve the outstanding issues in this case. And for the reasons explained below, we agree with Appellee that none of these issues requires disturbing the district court's judgment below. Therefore, we affirm its judgment in general, save that we vacate and remand with instructions to grant H&M's request for a new trial if Unicolors rejects the remittitur amount of \$116,975.23, which is an amount lower than the jury verdict and also lower than the amount the district court initially calculated in its judgment. If Unicolors rejects the new remittitur amount, the district court is instructed to grant H&M's request for a new trial, but limited only to the issues of damages.

I. BACKGROUND

As we previously described:

This is a copyright-infringement action brought by Unicolors, Inc. ("Unicolors"), a company that creates designs for use on textiles and garments, against H&M Hennes & Mauritz L.P. ("H&M"), which owns domestic retail clothing stores. Unicolors alleges that a design it created in 2011 is remarkably similar to a design printed on garments that H&M began selling in 2015. The heart of this case is the factual issue whether

H&M's garments bear infringing copies of Unicolors's 2011 design. Presented with that question, a jury reached a verdict in favor of Unicolors, finding the two works at least substantially similar. . . .

Unicolors's business model is to create artwork, copyright it, print the artwork on fabric, and market the designed fabrics to garment manufacturers. Sometimes, though, Unicolors designs "confined" works, which are works created for a specific customer. This customer is granted the right of exclusive use of the confined work for at least a few months, during which time Unicolors does not offer to sell the work to other customers. At trial, Unicolors's President, Nader Pazirandeh, explained that customers "ask for privacy" for confined designs, in respect of which Unicolors holds the confined designs for a "few months" from other customers. Mr. Pazirandeh added that his staff follows instructions not to offer confined designs for sale to customers generally, and Unicolors does not even place confined designs in its showroom until the exclusivity period ends.

In February 2011, Unicolors applied for and received a copyright registration from the U.S. Copyright Office for a two-dimensional artwork called EH101, which is the subject of this suit. Unicolors's registration—No. VA 1-770-400 ("the '400 Registration")—included a January 15, 2011 date of first publication. The '400 Registration is a "single-unit registration" of

thirty-one separate designs in a single registration, one of which designs is EH101. The name for twenty-two of the works in the '400 Registration, like EH101, have the prefix "EH"; the other nine works were named with the prefix "CEH." Hannah Lim, a Unicolors textile designer, testified at trial that the "EH" designation stands for "January 2011," meaning these works were created in that month. Ms. Lim added that a "CEH" designation means a work was designed in January 2011 but was a "confined" work.

When asked about the '400 Registration at trial, Mr. Pazirandeh testified that Unicolors submits collections of works in a single copyright registration "for saving money." Mr. Pazirandeh added that the first publication date of January 15, 2011 represented "when [Unicolors] present[ed] [the designs] to [its] salespeople." But these salespeople are Unicolors employees, not the public. And the presentation took place at a company member-only meeting. Following the presentation, according to Mr. Pazirandeh, Unicolors would have placed non-confined designs in Unicolors's showroom, making them "available for public viewing" and purchase. Confined designs, on the other hand, would not be placed in Unicolors's showroom for the public at large to view.

H&M owns and operates hundreds of clothing retail stores in the United States. In fall 2015, H&M stores began selling a jacket and skirt

made of fabric bearing an artwork design named “Xue Xu.” Upon discovering H&M was selling garments bearing the Xue Xu artwork, Unicolors filed this action for copyright infringement, alleging that H&M’s sales infringed Unicolors’s copyrighted EH101 design. Unicolors alleges that the two works are “row by row, layer by layer” identical to each other.

The case proceeded to trial, at which a jury returned a verdict in Unicolors’s favor, finding Unicolors owned a valid copyright in the EH101 artwork, H&M infringed on that copyright by selling the contested skirt and jacket, and H&M’s infringement was willful. The jury awarded Unicolors \$817,920 in profit disgorgement damages and \$28,800 in lost profits.

H&M filed a renewed motion for judgment as a matter of law, or in the alternative, for a new trial. The district court denied H&M’s renewed motion for judgment as a matter of law, but conditionally granted H&M’s motion for a new trial subject to Unicolors accepting a remittitur of damages to \$266,209.33. Unicolors accepted the district court’s remittitur and the district court entered judgment against H&M accordingly. Unicolors subsequently moved for attorneys’ fees and costs, which the district court awarded in the amounts of \$508,709.20 and \$5,856.27, respectively.

Unicolors, Inc. v. H&M Hennes & Mauritz, L.P., 959 F.3d 1194, 1195–97 (9th Cir. 2020). On appeal, this

panel reversed and remanded the district court's judgment. As a matter of first impression, we interpreted the "single unit of publication" requirement of 37 C.F.R. § 202.3(b)(4)(i)(A) to require "that the registrant [have] first published the collection of works in a singular, bundled collection."¹ *Id.* at 1199. As "the undisputed evidence adduced at trial showed that Unicolors included the inaccurate information 'with knowledge that it was inaccurate,' 17 U.S.C. § 411(b)(1)(A),"² we held that Unicolors ran afoul of 37 C.F.R. § 202.3(b)(4)(i)(A). We reversed and remanded the case back to the district court "with instructions to submit an inquiry to the Register of Copyrights asking whether the known inaccuracies contained in the '400 Registration, if known to the Register, would have caused it to refuse registration." *Id.* at 1200. Critically, we further held that

¹ As before, the current version of § 202.3(b)(4) refers to registration "as one work" rather than "as a single work." We use the language of the regulation's version effective January 24, 2011, which is the operative version of the regulation in this case.

² This provision of the Copyright Act is known as the safe-harbor provision. It states in full that

A certificate of registration satisfies the requirements of this section and section 412, regardless of whether the certificate contains any 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).

the knowledge inquiry is not whether Unicolors knew that including a mixture of confined and non-confined designs would run afoul of the single-unit registration requirements; the inquiry is merely whether Unicolors knew that certain designs included in the registration were confined and, therefore, were each published separately to exclusive customers.

Id. It was on this last point that the Supreme Court vacated this panel’s opinion. The Court held that § 411(b), the safe-harbor provision, “does not distinguish between a mistake of law and a mistake of fact. Lack of knowledge of either fact *or law* can excuse an inaccuracy in a copyright registration.” *Unicolors*, 142 S. Ct. at 945 (emphasis added). We now revisit this case anew.

II. STANDARD OF REVIEW

Orders on motions for new trial and remittitur are reviewed for abuse of discretion. *See Oracle Corp. v. SAP AG*, 765 F.3d 1081, 1086–87 (9th Cir. 2014). Factual findings underlying the district court’s decision are affirmed unless they are “illogical, implausible or without support in inferences that may be drawn from the record.” *United States v. Hinkson*, 585 F.3d 1247, 1262 (9th Cir. 2009) (en banc). Denials of motions for judgment as a matter of law are reviewed de novo. *See Dunlap v. Liberty Nat. Prods., Inc.*, 878 F.3d 794, 797 (9th Cir. 2017).

We review a district court’s decision to admit or exclude evidence for abuse of discretion. *United States v. Plancarte–Alvarez*, 366 F.3d 1058, 1062 (9th Cir.

2004). A district court abuses its discretion when it applies the incorrect legal standard or if, akin to a district court's factual findings, its "application of the correct legal standard was (1) illogical, (2) implausible, or (3) without support in inferences that may be drawn from the facts in the record." *Hinkson*, 585 F.3d at 1262 (internal quotation marks omitted). "Such [evidentiary] rulings will be reversed only if the error more likely than not affected the verdict." *United States v. Liu*, 538 F.3d 1078, 1085 (9th Cir. 2008).

"We review for abuse of discretion the district court's formulation of the [jury] instructions and review de novo whether the instructions accurately state the law." See *Skidmore ex rel. Randy Craig Wolfe Tr. v. Led Zeppelin*, 952 F.3d 1051, 1065 (9th Cir. 2020) (en banc). Even if a district court erred in formulating jury instructions, the panel must "consider the issued instructions as a whole," such that "reversal is not warranted if the error is more probably than not harmless." *Id.* (internal quotation marks omitted).

Finally, we review questions of law concerning entitlement to attorneys' fees de novo and factual findings underlying those determinations for clear error. *Thomas v. City of Tacoma*, 410 F.3d 644, 647 (9th Cir. 2005).

III. ANALYSIS

On appeal, H&M asserts several arguments relating to the district court's handling of this case before, during, and after trial. However, as we previously noted, a threshold issue was whether Unicolors possessed a valid copyright in the '400 Registration. 17

U.S.C. § 411(a) (“[N]o civil action for infringement . . . shall be instituted until . . . registration of the copyright claim has been made in accordance with this title.”); *Reed Elsevier, Inc. v. Muchnick*, 559 U.S. 154, 157 (2010) (Registration is generally required “before suing for copyright infringement.”). We therefore first analyze the validity of Unicolors’s copyright in its ’400 Registration and then we turn to the other arguments H&M raises on appeal.

A. Unicolors holds a valid copyright in the ’400 Registration

1. Legal standard under the safe-harbor provision

Because a valid copyright is a precondition for a copyright owner to bring an infringement action in court, the validity of a copyright registration is a pivotal threshold question that a court must resolve before reaching any other issues. The effect of inaccurate information in a registration application on the validity of the registration is governed by the safe-harbor provision, which is codified at 17 U.S.C. § 411(b)(1). As noted above, § 411(b)(1) saves a copyright registration from invalidity when its application contains errors unless the registrant *knowingly* transmitted inaccurate *material* facts to the Register of Copyrights. *DeliverMed Holdings, LLC v. Schaltenbrand*, 734 F.3d 616, 625 n.3 (7th Cir. 2013). The scope of an inaccuracy’s materiality is determined by making a statutorily mandated request of “the Register of Copyrights to advise the court whether the inaccurate information, if known, would have caused the Register . . . to refuse registration.” 17 U.S.C. § 411(b)(2); *Roberts v. Gordy*, 877 F.3d 1024, 1029 (11th

Cir. 2017). Before making such a request, a court must first establish whether the registrant had the proper “knowledge” of the inaccuracy under § 411(b)(1)(A). *DeliverMed*, 734 F.3d at 625 (advising courts to analyze § 411(b)(1)(A)’s requirements prior to making a § 411(b)(2) request to the Register of Copyrights given the provision’s “obvious potential for abuse” as a delay tactic); *Beatriz Ball, L.L.C. v. Barbagallo Co.*, 40 F.4th 308, 316 n.5 (5th Cir. 2022) (same). We had previously disagreed with the district court’s reasoning that Unicolors lacked the requisite knowledge under the safe-harbor provision because we denied that the statute encoded an “intent-to-defraud requirement” and held that “knowledge” referred only to a registrant’s knowledge of the facts not to the registrant’s knowledge of the law that the registrant intended to evade. *Unicolors*, 959 F.3d at 1198, 1200 (relying on *Gold Value Int’l Textile, Inc. v. Sanctuary Clothing, LLC*, 925 F.3d 1140, 1147 (9th Cir. 2019) for both propositions). The Supreme Court’s reversal in this case requires that we revisit both holdings.

First, in contrast to our prior holding, it is now clear that “[l]ack of knowledge of either fact *or law* can excuse an inaccuracy in a copyright registration.” *Unicolors*, 142 S. Ct. at 945 (emphasis added).³ Thus, prior to making a materiality determination, a court must assess if the registrant submitted his application

³ Because we relied on the same distinction in *Gold Value*, to the extent that its holding concluded that a party’s knowledge of the law is irrelevant under § 411(b), it is “clearly irreconcilable” with the Supreme Court’s analysis here and is thereby abrogated. See *Miller v. Gammie*, 335 F.3d 889, 900 (9th Cir. 2003) (en banc).

with knowledge that the information was factually inaccurate and with knowledge that the application failed to comply with the governing legal requirements.

However, that does not end matters because the Supreme Court also discussed whether § 411(b) saved a copyright registration from invalidation when there was no “indicia of fraud.” *Unicolors*, 142 S. Ct. at 948–49. In the Court’s view, whether the safe-harbor provision protected innocent mistakes of law in addition to innocent mistakes of fact constituted “a subsidiary question fairly included in the petition[for certiorari]’s question presented” regarding fraud, *id.* at 949 (internal quotation marks omitted), because fraud is properly defined as “[a] *knowing* misrepresentation . . . of a material fact,” *id.* (quoting Black’s Law Dictionary 802 (11th ed. 2019)) (emphasis and alterations in original). This linking of the Court’s interpretation of § 411(b) to the legal definition of fraud is in tension with our holding in *Gold Value* as well as our application of that holding in our now vacated opinion. In *Gold Value*, we had rejected the argument that § 411(b) required a showing of an intent to defraud, 925 F.3d at 1147, thereby disagreeing with our sister courts that the 2008 revision of the Copyright Act “codifie[d] the defense of Fraud on the Copyright Office.” *Roberts*, 877 F.3d at 1029.⁴

⁴ *DeliverMed*, 734 F.3d at 618, 624, 625 n.3; cf. *Energy Intelligence Grp., Inc. v. Kanye Anderson Capital Advisors, L.P.*, 948 F.3d 261, 267 n.4 (5th Cir. 2020); *Mon Cheri Bridals, Inc. v. Wen Wu*, 383 F. App’x 228, 232 (3d Cir. 2010). Notably, the Copyright Office adopted the same position as our sister courts immediately following the 2008 revision of the Copyright Act. U.S. Copyright

“Fraud on the Copyright Office” was a judicial doctrine that courts had developed under the 1909 Copyright Act to protect registration certificates from invalidity for “inadvertent mistakes” unless “the claimant intended to defraud the Copyright Office by making the misstatement.” *Urantia Found. v. Maaherra*, 114 F.3d 955, 963 (9th Cir. 1997) (explaining the universal practice of protecting copyright registrations from innocent mistakes); see also 2 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 7.20[B] (Matthew Bender rev. ed. 2022) (same). Although the 1909 Act was no longer in force after Congress revised the statute by enacting the Prioritizing Resources and Organization for Intellectual Property Act of 2008, Pub. L. No. 110–403, 122 Stat. 4256 (“PRO-IP Act”), our court consistently treated the newly added safe-harbor provision as preserving the status quo: § 411(b) became the statutory hook for applying the initially judicially-implied fraud on the Copyright Office doctrine whenever an alleged infringer challenged a registration certificate as invalid because the registration application had contained inaccuracies. See *Unicolors, Inc. v. Urban Outfitters, Inc.*, 853 F.3d 980, 991 (9th Cir. 2017); *L.A. Printex Indus., Inc. v. Aeropostale, Inc.*, 676 F.3d 841, 854 (9th Cir. 2012); *United Fabrics Int’l, Inc. v. C&J Wear, Inc.*, 630 F.3d 1255, 1259 (9th Cir. 2011).

Office, *Annual Report of the Register of Copyrights, Fiscal Year Ending September 30, 2008* 13 (2008), <https://www.copyright.gov/reports/annual/2008/ar2008.pdf> (contending that Congress “amend[ed] section 411 of the copyright law to codify the doctrine of fraud on the Copyright Office in the registration process”).

Gold Value and our previous decision in this case took a different tack because the statute employed the word “knowledge” rather than “fraud” when articulating what a challenger would need to show before a court declared a registration invalid. 925 F.3d at 1147 & n.4. But, we were able to find a distinction between fraud and knowledge only by concluding that the statute required knowledge of solely factual errors regardless of a party’s knowledge of the law: a registrant could have knowledge of the inaccuracy by being aware of the facts without intending to defraud the Copyright Office by presuming—incorrectly—that those facts complied with the relevant legal requirements. *Id.* at 1147 (“[T]he term ‘knowingly’ does not necessarily have any reference to *a culpable state of mind* . . . [and] ‘the knowledge requisite to knowing violation of a statute is factual knowledge as distinguished from knowledge of the law.’” (emphasis added) (quoting *Bryan v. United States*, 524 U.S. 184, 192 (1998) (citations omitted))). However, because we now know § 411(b) requires knowledge of both mistakes of law and of fact, there is no daylight between a court’s determination that a party had knowledge of the legal and factual inaccuracies and a finding that the party committed fraud on the Copyright Office.

As the Supreme Court explained, our prior analysis was erroneous because treating § 411(b) as not excusing inadvertent legal errors meant that our holding did not “always require knowledge of the misrepresentation in the registration application,” as is required by statute, and which the Court explained is the equivalent of not “requir[ing] the typical

elements of fraud.” *Unicolors*, 142 S. Ct. at 949. And the Court reached this conclusion by finding that Congress’s passage of the PRO-IP Act did not upset the prior caselaw’s application of fraud on the Copyright Office under the 1909 Copyright Act. *Id.* at 947–48. After favorably quoting our explanation of the doctrine in *Urantia* and noting its widespread adoption, the Court held that there was “no indication that Congress intended to alter this well-established rule when it enacted § 411(b).” *Unicolors*, 142 S. Ct. at 947–48 (quoting *Urantia*, 114 F.3d at 963). Thus, rather than upend the framework by using the word “knowledge,” as we held in *Gold Value* and applied in our prior decision in this case, the Supreme Court’s analysis further suggests that the PRO-IP Act codified this doctrine in the safe-harbor provision. *See Davis v. Mich. Dep’t of Treasury*, 489 U.S. 803, 813 (1989) (“When Congress codifies a judicially defined concept, it is presumed, absent an express statement to the contrary, that Congress intended to adopt the interpretation placed on that concept by the courts.”).

Thus, the clear implication of the Supreme Court’s holding in this case is that a proper construction of the safe-harbor provision’s broad protection of copyright registrants leads to the conclusion that the PRO-IP Act was intended to codify the fraud on the Copyright Office doctrine.⁵ As a result, our holding in *Gold*

⁵ We note that this comes with two small caveats. First, a colorable argument might have been made under the original fraud on the Copyright Office doctrine that a registration should be invalidated when it contained nonmaterial “clerical error[s]” and was “[a]ccompanied by fraud.” *Advisers, Inc. v. Wiesen-Hart, Inc.*, 238

Value—and our prior reliance on it—is clearly irreconcilable with the Supreme Court’s analysis and thus has been abrogated to the extent that it held that the safe-harbor provision does not require a showing of fraud. See *Miller v. Gammie*, 335 F.3d 889, 900 (9th Cir. 2003) (en banc).

We therefore hold that a party seeking to invalidate a copyright registration under § 411(b) must demonstrate that (1) the registrant submitted a registration application containing inaccuracies, (2) the registrant knew that the application failed to comply with the requisite legal requirements, and (3) the inaccuracies in question were material to the registration decision by the Register of Copyrights. *Roberts*, 877 F.3d at 1030. Put differently, a

F.2d 706, 708 (6th Cir. 1956). But that outcome is unambiguously foreclosed by the language in the safe-harbor provision, which invalidates a registration only if the knowing misrepresentations are *material*. 17 U.S.C. § 411(b)(1)(B) (requiring a court to find that the error “if known, would have caused the Register of Copyrights” to change the registration decision). Second, our holding in *Urantia* introduced prejudice to the alleged infringer as another means for a court to invalidate a copyright when the registration application contained inaccurate information. 114 F.3d at 963 (holding that innocent mistakes “do not invalidate a copyright . . . unless the alleged infringer has relied to its detriment on the mistake”). But for the same reason as the previous caveat, this prior holding is foreclosed: “[p]rejudice has no relevance to the fraud on the Copyright Office inquiry” under the provision’s unambiguous language. *DeliverMed*, 734 F.3d at 625 n.3; cf. *Morgan v. Sundance, Inc.*, 142 S. Ct. 1708, 1714 (2022) (relying on the Federal Arbitration Act’s unambiguous language to hold that courts should not imply a prejudice requirement when evaluating whether a party waived his right to compel arbitration).

registration is invalid under § 411(b) if the registrant perpetrated fraud on the Copyright Office by knowingly misrepresenting material facts.

2. Existence of the inaccuracy in Unicolors’s ’400 Registration

Thus, to evaluate the validity of Unicolors’s ’400 Registration, our first step is to assess whether its application contained an inaccuracy. Our previous decision in this case evaluated this question by analyzing what, at the time, was a matter of first impression: “what it means to publish multiple works as a ‘single unit’” under 37 C.F.R. § 202.3(b)(4)(i)(A). *Unicolors*, 959 F.3d at 1199. We ultimately concluded that “the plain meaning of ‘single unit’ in § 202.3(b)(4)(i)(A) requires that the registrant first published the collection of works in a singular, bundled collection.” *Id.* While our previous opinion in this case has been vacated, our “single unit” holding was not implicated in the Supreme Court’s vacatur, and we see no reason to depart from our earlier determination on this point.

As we previously noted:

The relevant language of the regulation provides, in full:

For the purpose of registration on a single application and upon payment of a single registration fee, the following shall be considered a single work:

(A) In the case of published works: all copyrightable elements that are *otherwise*

recognizable as self-contained works, that are included in a single unit of publication, and in which the copyright claimant is the same[.]

37 C.F.R. § 202.3(b)(4)(i)(A) (emphasis added). The plain meaning of the word “single” unsurprisingly commands a sense of singularity. *See Single*, Merriam-Webster Dictionary, <https://www.merriam-webster.com/dictionary/single> (defining “single” as “unaccompanied by others”). The plain meaning of “unit” is no different. *See Unit*, Merriam-Webster Dictionary, <https://www.merriam-webster.com/dictionary/unit> (defining “unit” as “a single thing, person, or group that is a constituent of a whole”). Together, the two words suggest that a “single unit of publication” refers to some singular, bundled item that contains all works identified in the registration.

The proverbial toolkit of statutory interpretation reinforces that a collection of published works that make up “a single unit of publication” must have been first published as part of some singular, bundled collection. The principle of *noscitur a sociis*—“it is known by its associates” or “birds of a feather flock together”—instructs that words in statutes are given more precise content by neighboring words. *See Life Techs. Corp. v. Promega Corp.*, 137 S. Ct. 734, 740 (2017); *see also* Antonin Scalia & Bryan A. Garner, *Reading Law: The Interpretation of Legal Texts*, 195–98 (2012) (describing *noscitur*

a sociis and explaining its meaning as “birds of a feather flock together”). Here, § 202.3(b)(4)(i)(A) refers to “copyrightable *elements* that are *otherwise* recognizable as *self-contained works*, which are included in a single unit of publication.” (emphasis added). By referring to “elements” that are “otherwise . . . self-contained works,” the regulation unambiguously contemplates that a “single-unit of publication” does not cover separate self-contained works, but instead covers the unification of such works that otherwise could be self-contained.^[3]

[FN 3] Even if the term “single unit” were ambiguous, we would hold the term has the same meaning. If it were ambiguous, we would look to how the U.S. Copyright Office has defined the term in its internal manual, *Compendium of Copyright Office Practices* (“*Compendium*”), which is entitled to *Skidmore* deference. *Inhale, Inc. v. Starbuzz Tobacco, Inc.*, 755 F.3d 1038, 1041–42 & n.2 (9th Cir. 2014). The *Compendium* details that the “single unit of publication” option applies to a collection of published works “first distributed to the public in the packaged unit.” *Compendium* § 1103. In other words, a single unit of publication refers to separately copyrightable works “that are physically bundled together and distributed to the public as a unit, such as a board game containing instructions, a

game board, and sculpted playing pieces.”
Id. The *Compendium*’s definition for
 “single unit” thus aligns with what we
 ascribe as its unambiguous and plain
 meaning.

For these reasons, we hold that a collection of works does not qualify as a “single unit of publication” unless all individual works of the collection were first published as a singular, bundled unit. Therefore, it is an inaccuracy for a registrant like Unicolors to register a collection of works (such as the works identified in the ’400 Registration) as a single-unit publication when the works were not initially published as a singular, bundled collection. At a minimum, the confined works included in the ’400 Registration were initially made available only to individual, exclusive customers.

Unicolors, 959 F.3d at 1199–1200 (emphases in original). Therefore, we again conclude that Unicolors’s ’400 Registration contained an inaccuracy.

3. Unicolors’s knowledge of the inaccuracy

Our analysis regarding the second step—whether Unicolors submitted the application knowing it contained errors—is where we depart from our previous decision in this case. Normally, we would be required to remand to the district court to make a finding of fact regarding Unicolors’s knowledge about its legal obligations under the single unit rule when it submitted the ’400 Registration application. *But* Case: 18-56253, 11/10/2022, ID: 12584408, DktEntry: *see*

Jules Jordan Video, Inc. v. 144942 Can. Inc., 617 F.3d 1146, 1156–57 (9th Cir. 2010) (making a finding of fact *on appeal* that the registrant did not have an intent to defraud). But the district court expressly concluded that H&M failed to make “any showing that Unicolors intended to defraud the Copyright Office.” And as we explained above, under the correct reading of the safe-harbor provision in light of the Supreme Court’s ruling, *see supra* Section III.A.1, a court’s § 411(b) finding regarding a registrant’s lack of intent to defraud is also a § 411(b) finding regarding the registrant’s lack of knowledge that his copyright application contained inaccuracies—factual or legal. Thus, the district court determined that Unicolors lacked knowledge that it submitted inaccuracies with its application and as a result, that its ’400 Registration is entitled to the safe-harbor provision’s protection. The district court did not abuse its discretion in making this determination.

To begin with, our prior ruling on the proper interpretation of “a single unit of publication” in 37 C.F.R. § 202.3(b)(4)(i)(A) was the first binding precedent in the Circuit on the matter. It is hardly unreasonable to conclude that Unicolors could not have knowingly violated our interpretation of the relevant regulation before we announced it. Although “willful blindness may support a finding of actual knowledge,” *Unicolors*, 142 S. Ct. at 948, this case does not present a context where Unicolors has taken a legal position that egregiously misapplies a clear statute. The only other circuit court precedent on the single unit issue did not directly construe the provision and permitted a single registration of multiple works even though they were not “related.” *Kay Berry, Inc. v. Taylor Gifts, Inc.*,

421 F.3d 199, 205–06 (3d Cir. 2005). And the version of the internal manual published by the Copyright Office in existence at the time Unicolors submitted its '400 Registration application did not provide meaningful guidance to registrants regarding the meaning of the term “single unit,” because it simply restated the statute using different wording. U.S. Copyright Office, *Compendium of U.S. Copyright Office Practices (“Compendium II”)* § 607.01 (2d ed. 1988).⁶ Moreover, the district court held, albeit erroneously, that Unicolors had indeed complied with 37 C.F.R. § 202.3(b)(4)(i)(A) by “publishing” the confined designs in the '400 Registration at the same time as it did the unconfined designs. *Unicolors, Inc. v. Hennes & Mauritz L.P.*, No. 16-cv-02322-AB (SK), 2018 WL 10307045, at *3 (C.D. Cal. Aug. 1, 2018). Given that our prior holding was new binding precedent and that the issue was truly unsettled at the time, as evidenced by the district court’s contrary conclusion below, we can draw a sensible inference that Unicolors did not know that its '400 Registration application would run afoul of the single unit requirement. *See Archie MD, Inc. v. Elsevier, Inc.*, 261 F. Supp. 3d 512, 520 (S.D.N.Y. 2017) (holding that a registrant lacked knowledge of the inaccuracy in an application because “whether the

⁶ In fact, the U.S. Copyright Office recently appeared to share the concern that was repeatedly expressed in public feedback that the definition of “publication” was too difficult for lay individuals to parse and to apply. The Office sent out a notice of inquiry that identified its interest in drafting new regulations that would assist registrants in determining whether works to be registered together were deemed published or unpublished. Notification of Inquiry, U.S. Copyright Office, 84 Fed. Reg. 66,328 (Dec. 4, 2019).

Work had been published . . . was an unsettled legal question at the time the [registrant] sought” registration).

H&M points to two facts to support its contention that Unicolors committed fraud—that is to say a knowing misrepresentation of a material fact—when submitting the ’400 Registration: (1) that Unicolors knew it combined confidential and public designs together in its registration application, and (2) that Mr. Pazirandeh testified that the registration was submitted as a bundle partly to “sav[e] money.” Relying on the first factual contention does not help H&M to demonstrate that Unicolors had knowledge of the *legal* requirements applicable to its application because it speaks only to Unicolors’s factual knowledge of the mistake in its application. *Unicolors*, 959 F.3d at 1200.

In addition, H&M’s characterization of Mr. Pazirandeh’s testimony as proof that Unicolors’s bundled submission was a fraudulent money grab overstates the inferences that can be drawn from that admission in light of the other evidence in the record. Certainly, it is not unheard of for a party to cut legal corners to save a few dollars. But this is not such a context. Given that there was legal uncertainty over how a court would rule on the single-unit requirement at the time Unicolors submitted its application, it would be reasonable to infer that Mr. Pazirandeh evaluated several plausible legal interpretations of the single unit rule and chose the least expensive course of action to minimize Unicolors’s costs—as would any profit-motivated businessperson.

This less nefarious reading of Mr. Pazirandeh's testimony is bolstered by his other answers to the same line of questioning. He testified that the designs in the '400 Registration were bundled together because "collectively the[designers] thought that these florals and . . . ethnics . . . [we]re going to be successful" and were "going to go to public [sic]." And he explained that Unicolors had a consistent practice of presenting designs, which the designers anticipated registering together, as one group to Unicolors's salespeople. Contrary to H&M's narrative, these statements, when combined with the lack of a clear legal interpretation of the single unit rule, sensibly create the impression that Mr. Pazirandeh believed the mix of published and unpublished designs merited being bundled together in line with Unicolors's past, consistent practice.

Thus, the district court's conclusion that Unicolors did not know it submitted a registration application that contained false information because it lacked an intent to defraud the Copyright Office is plausibly supported by inferences drawn from the facts in the record and follows logically from the fact that the single-unit issue was an unsettled question of law at the time that the '400 Registration was submitted. Therefore, we affirm the district court's decision regarding the '400 Registration because its finding that Unicolors did not have the requisite knowledge of its application's inaccuracy per § 411(b)(1)(A) is not clearly erroneous. *See Hinkson*, 585 F.3d at 1262. This lack of knowledge means that the '400 Registration falls within the ambit of the safe-harbor provision's protection, notwithstanding its failure to comply with

the single unit requirement. Thus, Unicolors's copyright is valid.

Because the '400 Registration is valid, Unicolors can maintain its infringement action against H&M over the EH101 design, which is covered by that registration. As a result, we are able to reach H&M's other challenges.

B. H&M's remaining challenges

H&M asserts several challenges to various aspects of the district court proceedings below.

1. H&M's pretrial challenges

H&M asserts that the district court committed errors relating to three motions in limine: error in the denial of H&M's motion in limine to exclude any expert testimony from Mr. Pazirandeh about the similarities between EH101 and the Xue Xu design printed on H&M's garments; and error in the granting of Unicolors's two motions in limine to exclude H&M's proffered expert testimonies of Robin Lake and Justin Lewis.

(a) Mr. Pazirandeh's testimony

Concerning Mr. Pazirandeh, H&M asserts that despite Unicolors's representations that he would not proffer expert testimony, he did just that. Namely, H&M argues that Mr. Pazirandeh's testimony regarding substantial similarity, which is one aspect of the analysis conducted under the unlawful appropriation component of an infringement claim, constituted an opinion by an expert not properly

designated and which should have been excluded. However, H&M has forfeited the right to bring this challenge by failing to object, or to move to strike, at trial when Mr. Pazirandeh's statements purportedly shifted from lay testimony to that of an expert.

As noted above, H&M filed a motion in limine before trial seeking to exclude any expert testimony from Mr. Pazirandeh about the similarities between the works. H&M's motion claimed that in Mr. Pazirandeh's deposition, he testified about the similarities between the works at a level of detail requiring expert credentials that he lacked. Thus, H&M sought to prevent Mr. Pazirandeh from offering similar testimony at trial by its motion in limine. At the hearing on the motion in limine, Unicolors's counsel expressly disclaimed any intent to solicit expert testimony from Mr. Pazirandeh. Unicolors's counsel explained that he intended only to ask Mr. Pazirandeh to make statements that would amount to no more than "[t]his lawsuit was brought because I saw something that looks very similar to me." H&M did not object that the testimony as to what motivated the lawsuit was irrelevant.

Based on these arguments, the district court largely agreed with H&M and held that Mr. Pazirandeh would not be permitted to proffer an expert opinion at trial. But, relying on Unicolors's counsel's representations, the court also determined that if Mr. Pazirandeh were to say "I saw this. It looks similar; so I am suing," the statement would constitute lay testimony and would be permissible. Thus, the district court allowed Mr. Pazirandeh to testify subject to the caveat that if his

testimony were to stray beyond that lay testimony, the court would “revisit the issue.” And the district court even advised H&M that “[i]f the testimony comes in differently, you can revisit it at that time.”

At trial, Mr. Pazirandeh made five statements that H&M now argues on appeal constituted expert testimony—each statement made without an objection or motion to strike the statement from the record by H&M:

- He testified that “in comparing” Xue Xu with EH101, he “saw that all the elements lined up”;
- He testified that “the design” on a garment bearing EH101 was “identical” to the Xue Xu artwork;
- He testified that the Xue Xu design printed on H&M’s merchandise was “identical” to a garment bearing EH101;
- He testified that based on his “25 years of experience” it would be “absolutely impossible” to produce the Xue Xu design printed on H&M merchandise “without seeing [EH101]”;
- He testified that “somebody at H&M, either their [sic] suppliers or somebody saw [EH101] and knocked it off.”

H&M contends that these statements were “expert testimony of exactly the type the motion [in limine] had sought to exclude.”

But regardless whether these statements constituted expert opinion testimony, H&M overlooks the fact that it failed to preserve any claimed error for appeal to such statements. H&M simply did not object

nor move to strike any of these five statements as Federal Rule of Evidence 103(a)(1)(A) requires. Nor could H&M argue that it need not have objected nor moved to strike them from the record due to the district court's pretrial ruling on H&M's motion in limine, as there was no "definitive" ruling as to the admissibility of the statements on the record. *See* Fed. R. Evid. 103(b). The district court had carefully explained that it would permit barebones testimony from Mr. Pazirandeh akin to stating that "I saw this. It looks similar; so I am suing." And it stated that it would revisit the issue—and importantly that H&M should raise objections as needed—if Mr. Pazirandeh went beyond the narrow bounds permitted.

Thus, to preserve the error to be reviewable on appeal, H&M was required to raise a timely objection to any of Mr. Pazirandeh's testimony that ultimately went beyond the scope of the district court's pretrial in limine ruling to obtain a "definitive" ruling on the record. *United States v. Wells*, 879 F.3d 900, 930 (9th Cir. 2018) (explaining that only challenges "thoroughly explored pretrial" and rejected by a district court are "preserved for appeal"). And because Mr. Pazirandeh's statements purportedly strayed, H&M could not rest on its prior objection; it had to renew that objection at trial or move to strike Mr. Pazirandeh's testimony. *City of Pomona v. SQM N. Am. Corp.*, 866 F.3d 1060, 1070 (9th Cir. 2017) ("When a district court makes a pretrial ruling on a motion in limine that is subject to limitations regarding how the evidence actually comes in, and if the testimony stays within those parameters, only then no additional objection is necessary." (internal alterations and quotation marks omitted)).

H&M failed to do either. Therefore, it has forfeited any claim of error on appeal based on a claim that Mr. Pazirandeh's statements constituted impermissible, undesignated expert opinion.

(b) The exclusion of expert witnesses Robin Lake and Justin Lewis

(i) H&M's challenge to the district court's exclusion of Ms. Lake

H&M next argues that the district court abused its discretion in granting Unicolors's motion in limine to exclude expert testimony from H&M's expert, Robin Lake, on the issue of substantial similarity of the EH101 and the Xue Xu designs. H&M disclosed Ms. Lake after the court-ordered initial-expert-disclosure deadline of April 7, 2017 and instead designated her as its "rebuttal" expert. Unicolors filed a motion in limine to exclude Ms. Lake's expert testimony as untimely under Federal Rules of Civil Procedure 26 and 37.

Rule 26 provides that parties must disclose expert testimony "at the times and in the sequence that the court orders." Fed. R. Civ. P. 26(a)(2)(D). Rule 37 provides that a party who fails to disclose expert testimony in compliance with Rule 26 "is not allowed to use that . . . witness to supply evidence . . . at a trial, unless the failure was substantially justified or is harmless." Fed. R. Civ. P. 37(c)(1). Rule 37(c)(1) "gives teeth" to Rule 26's disclosure and supplementation requirements. *Yeti by Molly, Ltd. v. Deckers Outdoor Corp.*, 259 F.3d 1101, 1106 (9th Cir. 2001). "The party facing sanctions bears the burden of proving that its failure to disclose the required information was

substantially justified or is harmless.” *R & R Sails, Inc. v. Ins. Co. of Pa.*, 673 F.3d 1240, 1246 (9th Cir. 2012).

In opposition to Unicolors’s motion in limine, H&M conceded that its disclosure was untimely but argued that it was both substantially justified and harmless, by contending that the fault for the delay actually lay with Unicolors. H&M asserted that its delay was substantially justified because it had no need of an expert witness until Unicolors presented declarations alongside its motion for summary judgment containing “opinion testimony regarding the alleged similarity of the designs” and Mr. Pazirandeh made similar statements during his deposition. H&M also argued that it was harmless because any prejudice to Unicolors was “self-inflicted” by its failure to take Ms. Lake’s deposition during the two weeks preceding the expert discovery cutoff deadline and its failure to request that H&M stipulate to allowing Unicolors’s designation of a rebuttal expert during the seven months prior to trial.

The district court resolved the motion in limine in Unicolors’s favor. It highlighted that H&M’s arguments were derivative of H&M’s contentions that Unicolors’s lay witnesses, Mr. Pazirandeh and Ms. Lim, would offer veiled expert testimony. And it concluded that because Unicolors failed to designate an expert witness and its counsel disclaimed any interest in soliciting expert testimony at trial, Ms. Lake’s late disclosure was not substantially justified because she had no expert testimony to rebut as H&M’s “rebuttal” expert witness. The district court further held that because of her “rebuttal” designation, the lack of timely disclosure

could not be harmless under Rule 37 because Unicolors “likely had little reason to attempt to depose [Ms. Lake], knowing that it did not plan to offer expert testimony that she could rebut.” It explained to both parties, however, that its decision could be revisited if Unicolors’s witnesses did provide expert opinions while on the witness stand. As noted above, at trial, after Mr. Pazirandeh testified to what H&M currently contends amounted to expert opinion testimony, H&M failed to object to Mr. Pazirandeh’s statements of opinion or to move that they be stricken from the record. Further, H&M did not then proffer Ms. Lake’s expert testimony to rebut Mr. Pazirandeh’s purported expert opinion. Either such an objection or such a proffer would have required the district court to reevaluate its decision on Unicolors’s motion in limine.⁷

On appeal, H&M restates the arguments it made before the district court. But H&M introduces one twist to its substantial justification argument on appeal. It claims that Mr. Pazirandeh’s trial testimony is a further reason to conclude H&M’s late disclosure was substantially justified because the testimony in fact incorporated expert opinions Mr. Pazirandeh was not permitted to make.

⁷ During the trial proceedings, H&M expressly anticipated making a motion to have Ms. Lake testify “depending on how the evidence comes in.” But as the trial progressed, H&M made only one objection regarding Ms. Lake that is not relevant here—that objection was limited to the court’s determination that Ms. Lake could not observe other witness testimony. In fact, after this ruling, which was made before opening statements, H&M did not mention Ms. Lake again during the trial proceedings.

While H&M would have a colorable claim had Unicolors been permitted to proffer expert testimony at trial, the district court's ruling prohibiting Unicolors's lay witnesses from presenting expert testimony undermines its argument. During the motion in limine hearing, the district court acknowledged that Mr. Pazirandeh's declarations and deposition testimony could be viewed as expert testimony and was inclined to agree that Ms. Lake should be permitted to testify:

It looks like there was a little bit of chess going on here. Plaintiff made the decision not to call an expert, but it looks like . . . [it is] trying to bring in expert-like testimony through other witnesses. If that's the case, then it would seem to me that would open the door to have Miss Lake testify.

But once Unicolors's counsel represented its intention to limit Mr. Pazirandeh to just lay testimony, the district court found that H&M's need for Ms. Lake's expert testimony was no longer necessary. *See* Fed. R. Civ. P. 26(a)(2)(D)(ii) (setting disclosure deadlines for "evidence [that] is intended solely to contradict or rebut evidence *on the same subject matter identified by another party*" (emphasis added)). This lack of expert opinion evidence for Ms. Lake to rebut negates any reason H&M may have had for being substantially justified in its late disclosure—Ms. Lake's expert testimony was rendered moot. Thus, the district court did not abuse its discretion when it excluded Ms. Lake from trial.

H&M's attempt to avoid this result by contending that Mr. Pazirandeh's actual trial testimony

substantially justified Ms. Lake's late disclosure is also unsuccessful. Although H&M forfeited its argument that several of Mr. Pazirandeh's statements constituted expert testimony that should have been struck from the record, *see supra* Section III.B.1.a, H&M appears to be making the argument here that it should have been permitted to have Ms. Lake testify as a rebuttal witness once the jury heard Mr. Pazirandeh's purported expert opinion testimony. However, H&M has forfeited this argument as well. H&M is certainly correct that the district court concluded that if Mr. Pazirandeh made statements at trial that were properly understood as expert opinion, H&M would be permitted to rebut that testimony with its own expert witness. But the court's pretrial admonition is insufficient to render this claim meritorious because, following Mr. Pazirandeh's testimony, H&M failed to make a motion to introduce rebuttal evidence and it failed to proffer Ms. Lake's testimony as rebuttal evidence. Had H&M wanted Ms. Lake to rebut what it perceived as undesignated expert testimony from Mr. Pazirandeh at trial, it had an obligation to raise that issue to the district court judge *at trial*. Because H&M did nothing to revive this claim, it has forfeited this argument as well. Thus, H&M cannot demonstrate that its late disclosure of Ms. Lake was substantially justified for either of the reasons it suggests.

H&M's final argument regarding harmlessness is equally unavailing. By restating its contention that Unicolors's failure to depose Ms. Lake or obtain its own rebuttal expert during the lapse of seven months between Ms. Lake's disclosure and trial suggests that any prejudice was self-imposed, H&M misapprehends

the district court's reasoning. The district court concluded that the prejudice to Unicolors was H&M's doing, because H&M designated Ms. Lake as a *rebuttal* expert. As the district court explained, "because Ms. Lake was confusingly designated as a rebuttal expert, Plaintiff *likely had little reason to attempt to depose her, knowing that it did not plan to offer expert testimony* that she could rebut." Rather than ignore H&M's retort that Unicolors caused its own prejudice, the district court responded with a reasonable explanation for why Unicolors failed to act on H&M's late disclosure. As this holding is grounded in a sensible reading of the record, the district court did not abuse its discretion in finding that Ms. Lake's late disclosure was not harmless.

For these reasons, the district court did not abuse its discretion in excluding Ms. Lake's expert testimony.⁸

⁸ H&M argues separately that "[i]t was further error to exclude" Ms. Lake's testimony from trial because she was "the only designated expert that was qualified to speak to the extrinsic test." The extrinsic test is one prong of the two-part test a plaintiff must satisfy when trying to prove the copying element of his infringement claim by circumstantial evidence. *Three Boys Music Corp. v. Bolton*, 212 F.3d 477, 481, 485 (9th Cir. 2000), *overruled on other grounds by Led Zeppelin*, 952 F.3d at 1066. The extrinsic test requires that the factfinder conduct an objective comparison of the elements of the two works to determine their objective similarity. *Id.* at 485. This contrasts with the other prong of the copying element, the intrinsic test, where the factfinder makes a subjective comparison of the two works to determine whether the works create a subjective impression that they are substantially similar. *Id.* Contrary to H&M's arguments, no expert testimony is required to perform the extrinsic test when the works at issue are

(ii) H&M's challenge to the district court's exclusion of Mr. Lewis

H&M also sought to introduce expert testimony from Mr. Lewis on the issue of damages, specifically on how the jury was to measure the profits to be disgorged by H&M, if the jury found H&M liable (as it ultimately did). As with Ms. Lake, H&M disclosed Mr. Lewis's testimony after the initial-expert-disclosure deadline and designated him a "rebuttal" expert. And, just as was the case with Ms. Lake, the district court, in response to Unicolors's disclaiming any intention of proffering expert testimony regarding H&M's profits at trial, excluded Mr. Lewis as a rebuttal witness because he would have no evidence to rebut.

As it did before the district court below as well as in its arguments regarding Ms. Lake, H&M contends that its late disclosure was substantially justified. It asserts that it did not know it needed Mr. Lewis's expert opinion until Unicolors submitted a motion for summary judgment that included a declaration from Unicolors's then attorney, which detailed a calculation measuring H&M's gross revenue from the sale of garments with the Xue Xu design. Although H&M frames its other argument indirectly, it also appears to argue that Mr. Lewis's late disclosure was harmless because Unicolors had sufficient time to depose him before trial.

readily understandable to a jury. *See, e.g., Rentmeester v. Nike, Inc.*, 883 F.3d 1111, 1118–19 (9th Cir. 2018) (involving two photographs).

Akin to our resolution of H&M's argument regarding Ms. Lake, we hold that the district court did not abuse its discretion in excluding Mr. Lewis's expert testimony. Although Unicolors's then attorney did include a calculation regarding H&M's gross revenues from Xue Xu products in a declaration attached to Unicolors's summary judgment motion, Unicolors disclaimed any intention of having its witnesses testify to H&M's profits at trial.⁹ Furthermore, Unicolors explained that its testimony regarding calculating damages would come from Mr. Pazirandeh and would be limited to testimony regarding *Unicolors's* lost profits.¹⁰ But Mr. Lewis's expert report explained that

⁹ Although Unicolors did not put any witness on the stand to testify to H&M's profits, the over \$800,000 disgorgement award, *see infra* Section III.B.3.a.iv, was not lacking in some evidentiary foundation. H&M stipulated to the number of units of Xue Xu products it sold, and Unicolors introduced into evidence the sales price of those products, *see infra* note 10. Furthermore, Unicolors also introduced into evidence two packing lists, a purchase order, and a document produced by H&M purporting to show sales, as well as portions of the deposition testimony from H&M's Chief Financial Officer, *see infra* note 25, who had explained how H&M documented its sales numbers. As the sales price of the Xue Xu products and the number of units sold can be used to calculate H&M's gross revenue from the Xue Xu products with nothing more than simple arithmetic, Unicolors satisfied its burden in proving disgorgement damages, even without placing an expert damages witness on the stand. *See* 17 U.S.C. § 504(b) ("In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue.").

¹⁰ At the motion in limine hearing, Unicolors did represent that it intended to ask Mr. Pazirandeh about the price tag on H&M's infringing products, and that testimony was presented to the jury. However, Mr. Pazirandeh was simply asked to report the number

he did not offer an analysis of Unicolors's lost profits and instead focused solely on how to measure *H&M's* profits for determining possible disgorgement damages. Unicolors did not adduce any expert opinion testimony as to H&M profits to be disgorged.¹¹ Had the district court permitted Mr. Lewis to testify as a rebuttal expert, he would have had no expert opinion evidence to rebut. Just as with Ms. Lake's testimony, this dispels H&M's asserted substantial justification.

And as with Ms. Lake's testimony, the district court did not abuse its discretion in concluding that Unicolors was prejudiced by Mr. Lewis's late disclosure. The record supports its conclusion that because Mr. Lewis was styled a "rebuttal" expert and because Unicolors had no intention of putting a damages expert on the stand to proffer opinions as to H&M's profit to be disgorged, Unicolors had a sufficient reason not to depose Mr. Lewis. For this reason, Mr. Lewis's late disclosure was not harmless.¹²

found on the price tag displayed in each exhibit and was not asked to perform any calculation of damages. And H&M does not rely on this testimony as the basis for its arguments regarding Mr. Lewis.

¹¹ Whatever expert testimony was adduced in the affidavits in opposition to Unicolors's motion for summary judgment, those affidavits were not received in evidence in the trial.

¹² Unlike its argument regarding Ms. Lake, H&M does not contend on appeal that Unicolors's lay witnesses provided expert testimony. But even if it had, that argument would also fail. H&M conceded that Mr. Pazirandeh's proposed testimony about lost profits was not expert testimony. And it did not object to or move to strike any of that testimony at trial.

Therefore, we conclude that the district court did not abuse its discretion in any of the pretrial rulings H&M challenges.

2. H&M's at-trial challenges

H&M asserts that the district court committed three errors during the trial itself. First, H&M argues that the district court erred in refusing to instruct the jury that the Xue Xu design was presumptively independently created on account of a judicially noticed Chinese copyright in that design. Second, H&M argues that the district court erred by refusing to admit into evidence Shaoxing County DOMO Apparel Co., Ltd.'s ("DOMO") U.S. copyright registration of the Xue Xu design. Third, H&M argues that the district court erred by admitting into evidence Unicolors's proffer of a physical garment exemplar bearing a black-and-white (rather than color) version of EH101, which had not been produced during discovery, although it had been adequately designated and requested for production.

(a) H&M's challenge regarding its Chinese copyright jury instruction

H&M's first at-trial challenge concerns the district court's handling of the Chinese copyright and DOMO's ownership of the Xue Xu design.

As part of its defense, H&M argued that its sale of clothing with the Xue Xu design could not constitute infringing behavior, because DOMO owned a copyright in that design. To substantiate this claim, H&M submitted records from China and offered Ms. Qian,

the purported creator of the Xue Xu design, as a witness to testify at trial as to her work. Although Ms. Qian did not end up testifying, the proffered documentation admitted into evidence showed that DOMO's copyright was registered on September 22, 2015, which was more than four years after Unicolors successfully registered its '400 copyright in the United States. The district court also instructed the jury regarding its decision to admit this evidence by explaining that "[t]he Court has decided to accept the facts that Exhibits 101 and 102 contain a Chinese copyright registration for the Xue Xu work, obtained by Shaoxing County DOMO Apparel CO., Ltd."

However, H&M contended that it was entitled to have the jury further instructed on the proper legal treatment of the DOMO copyright. It argued at length to the district court that Chinese copyrights are entitled to the same protections as U.S. copyrights under the Berne Convention and that, under Chinese law, the existence of a copyright registration created the same presumption of originality in the copyrighted work that Unicolors claimed in its U.S. copyright. Based on this understanding of the Berne Convention and Chinese law, H&M requested two instructions that the district court ultimately refused to provide.¹³ The

¹³ H&M's brief also cites to a third jury instruction that it requested that would have explained to the jury that both EH101 and Xue Xu were copyrightable works. Although the district court did not ultimately provide the requested instruction, H&M does not meaningfully dispute the fact that the jury was properly instructed that Xue Xu could be copyrighted. It therefore has forfeited this argument. *Cal. Pac. Bank v. Fed. Deposit Ins. Corp.*, 885 F.3d 560, 570 (9th Cir. 2018) (A party forfeits "[i]nadequately

first requested instruction would have been appended to what eventually became Jury Instruction No. 27 and related to the parties' evidentiary burdens.¹⁴ This first requested instruction stated in relevant part:

Domo is the owner of a valid copyright in its Xue Xu artwork if H&M proves by a preponderance of the evidence that:

1. Xue Xu is original; and
2. Domo is the author or creator of the work or received a transfer of the copyright.

The second requested instruction related to the presumption of validity given to copyright registration certificates and would have modified what eventually

briefed and perfunctory arguments.”). But even if the argument were not forfeited, we would find that it lacks merit. The district court’s jury instruction explaining that it was taking judicial notice of DOMO’s Chinese copyright expressly noted that the jury was to “accept the fact that [DOMO had obtained] . . . a Chinese *copyright registration* for the Xue Xu work.”

¹⁴ Jury Instruction No. 27 stated as follows:

Unicolors is the owner of a valid copyright in Unicolors’ EH101 artwork if it proves by a preponderance of the evidence that:

1. Unicolors’ work is original; and
2. Unicolors is the author or creator of the work or received a transfer of the copyright.

became Jury Instruction No. 28.¹⁵ This second requested instruction stated in relevant part:

The evidence in this case also includes Exhibit ___, a certificate of copyright registration from the Zhejiang Provincial Copyright Administration of China, which carries the same legal effect, and affords the copyright holder the same rights and enforceability as a registration issued by the U.S. Copyright Office. From this certificate a presumption is created that the copyrighted design Xue Xu is the original and copyrightable work of the author DOMO Apparel and that the DOMO Apparel owns the copyright in that work. Plaintiff may rebut this presumption if it shows by a preponderance of the evidence that the copyright is invalid, the work is not original, DOMO Apparel is not the author or that DOMO Apparel is not the owner.

¹⁵ Jury Instruction No. 28 stated as follows:

A copyright owner may obtain a certificate of registration from the Copyright Office.

The evidence in this case includes Exhibit 32, a certificate of copyright registration from the Copyright Office. From this certificate you may, but need not, conclude that the copyrighted design EH101 is the original and copyrightable work of the author and that Unicolors owns the copyright in that work. If H&M shows by a preponderance of the evidence that the copyright is invalid or that EH101 is not original, you should conclude that Unicolors does not own a valid copyright in EH101.

The district court declined to provide these instructions, because although U.S. copyright law permits solely “original works to be copyrighted,” the court knew of no similar originality requirement for a work “to be copyrighted in China.” The district court further explained that even assuming that DOMO’s copyright merited a presumption of validity, H&M was not entitled to the instructions because H&M “failed to establish a connection between the Chinese copyright registration and its own garments.”

On appeal, H&M relies on the Berne Convention and one Chinese case to contend that the district court misconstrued Chinese copyright law and that such an originality presumption exists if a party presents a valid Chinese copyright registration to the court. To assess the merits of H&M’s contentions, we begin by reviewing the Berne Convention and its protection of foreign copyrights in domestic infringement suits. We then review each proposed instruction.

(i) Foreign copyrights under the Berne Convention

Because copyright law has international implications, the Berne Convention was an international accord that set the standards governing international copyright relations. *Golan v. Holder*, 565 U.S. 302, 306 (2012). H&M correctly notes that because the United States joined the Berne Convention, it is required to “afford[] [foreign copyright holders] the same protection as holders of domestic copyrights.” *Fahmy v. Jay-Z*, 908 F.3d 383, 391 & n.12 (9th Cir. 2018) (internal quotation marks omitted). However, this protection serves only the narrow purpose of equal treatment because it simply means that foreign

copyright holders are subject to the same U.S. copyright law analysis as domestic copyright holders. *Id.* at 391. Put another way, we are not to discount a foreign copyright on account of its foreign origin. But it does not mean we can change the rules of the game simply because foreign copyright law is implicated. For this reason, we held in *Fahmy* that the Berne Convention was of no help to the heir of an Egyptian composer, who argued that Egyptian law enabled him to raise a moral objection to an American rapper's use of copyrighted material in U.S. courts—as U.S. law recognized no such objection, such a claim failed as a matter of law. *Id.* at 385, 391.

For the case at hand, this principle means that the district court was required to instruct the jury on the existence of the Xue Xu copyright the same as it would have done had H&M presented a similar registration from the U.S. Copyright Office. *See* 3 David Nimmer and Melville B. Nimmer, *Nimmer on Copyright* § 17.05 at 17–39 (1994) (“The applicable law is the copyright law of the state in which the infringement occurred, not that of the state of which the author is a national or in which the work was first published.”); *see also Auto. Data Sols., Inc. v. Directed Elecs. Can., Inc.*, No. CV 18-1560-GW(Ex), 2018 WL 4742289, at *6 (C.D. Cal. Aug. 15, 2018) (explaining that under the Berne Convention, U.S. law governs whether infringement occurs, while foreign law governs issues of ownership). Namely, the district court was responsible for explaining the Copyright Act's burden shifting approach, which treats a copyright registration certificate as presumptive evidence of a valid copyright and permits the infringing party to rebut the

presumption accorded to plaintiff's copyright registration certificate by disputing its validity or challenging the infringement claim itself. *C&J Wear*, 630 F.3d at 1257.

(ii) *H&M's challenges to Jury Instruction No. 27 and Jury Instruction No. 28*

The district court's instructions brought it most of the way there. It instructed the jury that Unicolors retained the burden of proof and was required to prove by a preponderance of the evidence that "Unicolors is the owner of a valid copyright; and H&M LP copied original expression from the copyrighted work." It also explained that H&M could not be charged with infringing Unicolors's copyright if H&M demonstrated it "obtained its design from an entity that independently created the challenged work." And it explained that a jury could conclude that a work was original if it was an author's "independent[]" creation that was made without "copying [] from another work" and involved "at least some minimal creativity."¹⁶ Though the jury was instructed that EH101 was afforded presumptive validity, it was tasked with evaluating whether Unicolors had demonstrated by a preponderance of the evidence that the Xue Xu garments were unoriginal copies of EH101, notwithstanding the evidence of a later-in-time

¹⁶ The district court included a caveat that evidence tending to prove independent creation could be undercut by evidence of access that "show[ed] a similarity between the plaintiff's work and the defendant's work that is so 'striking' that it is highly likely the works were not created independent of one another." *See infra* Section III.B.3.a.ii.

Chinese copyright in the Xue Xu design. Simply, the district court explained that EH101 was granted presumptive validity and noted that H&M could rebut the proof of infringement by demonstrating that the source for the Xue Xu pattern had independently created the design.

Given the instructions actually provided, it is clear that the district court did not err in rejecting H&M's first requested instruction regarding the parties' evidentiary burdens, because that requested instruction was duplicative. H&M's proposal simply restated Unicolors's burden in its infringement claim from H&M's point of view. As the district court's Jury Instruction No. 27 explained, Unicolors was responsible for showing that the Xue Xu pattern printed on H&M's garments was more likely than not an unoriginal copy of its pre-existing EH101 design. If Unicolors did not meet this burden, then the jury could come to the conclusion that Unicolors failed to present sufficient evidence to substantiate its claim that Xue Xu was an unoriginal copy of EH101, which is the equivalent of stating that the jury found it more likely than not that Xue Xu was indeed an original design.¹⁷ This

¹⁷ Technically, because Unicolors retained the burden of proof, its claim could also have failed if the jury determined that the evidence was in equipoise. But this does not affect our holding for two reasons. First, the disputed instruction regarding the parties' evidentiary burdens framed H&M's required burden as the "preponderance of the evidence" and thus H&M appears to have believed it needed to present evidence that weighed a feather more than Unicolors's did on the issue of originality. Second, as is explained in this section, the district court's other instructions already encompassed the point of law that the excluded language

conclusion can be reached in one of two ways: (1) Unicolors failed to present sufficient evidence, or (2) H&M proved by a preponderance of the evidence that Xue Xu was original. The latter is exactly the instruction H&M requested regarding the parties' evidentiary burdens. Thus, because that instruction simply restated what the district court's other instructions had already explained, we hold that the district court accurately stated the law regarding the parties' evidentiary burdens. *Led Zeppelin*, 952 F.3d at 1065.

The district court's refusal to give the second instruction regarding DOMO's Chinese copyright's presumption of validity is less clear cut. It certainly appears that the district court engaged in the kind of disparate treatment based on foreign status that runs afoul of the Berne Convention when it decided not to grant DOMO's copyright a presumption of originality on account of its Chinese registration. *See Aztech Sys.*, 61 F.3d at 700–01 (“National treatment [] requires this Court to grant [foreign authors] the same copyright protection enjoyed by American authors.”). But there is also a colorable argument that the district court's decision did not violate the Berne Convention because it was simply treating the two works the same under U.S. copyright law: given originality is an essential prerequisite for registration with the U.S. Copyright Office and thus a prerequisite for presumptive validity under U.S. copyright law, because the district court did

would have communicated. Any error in the district court's reasoning for excluding that instruction was harmless because it was duplicative and would not have affected the jury's verdict.

not find that Chinese law had the same originality requirement for registration, applying substantive U.S. copyright law equally to the two works meant that DOMO's copyright in the Xue Xu design would not have merited registration by the Register of Copyrights and therefore was not eligible for presumptive validity.

Although we are inclined to find that the disparate treatment did not comport with the Berne Convention's dictates, there is no need to delve deeper into this analysis.¹⁸ As the district court itself recognized, even assuming there is a presumption of originality that should have been accorded to the Chinese copyright, any failure to provide such an instruction would be harmless because H&M, by its own admission, failed to present foundational evidence to the jury that linked H&M's infringing garments to DOMO's Chinese copyright in the Xue Xu design. Although H&M attempts to dispute this contention in one portion of its brief, it ultimately concedes that it did not present to the jury the evidence it prepared connecting the Chinese copyright to its infringing garments and acknowledges that it did not move to introduce into the trial record its only evidence, a declaration from Ms. Wharton, its Chief Financial Officer, in support of its opposition to Unicolors's motion for summary

¹⁸ The parties also briefly challenge each other's characterization of Chinese caselaw, as well as H&M's compliance with the Federal Rules of Civil Procedure and Federal Rules of Evidence when it provided the district court with English translations of Chinese copyright statutes. Because we find that any error in the district court's failure to provide the requested instruction was harmless, we do not see a need to wade into the parties' foreign law dispute—especially given its cursory treatment in the briefs.

judgment, that purportedly demonstrated this connection. Thus, the jury had no evidentiary basis to determine that H&M was the licensee of DOMO's copyright and had no means to determine why DOMO's Chinese copyright was relevant to the trial at hand. This lack of foundational proof means that the jury's determination of Unicolors's infringement claim did not legally turn on the Chinese copyright that H&M tendered and that the district court accepted into evidence. Simply, any presumption of originality that should or should not have been granted to DOMO's copyright was ultimately irrelevant to the outcome of the case. Thus, it is clear that any error that subsisted in the district court's decision to reject H&M's requested instruction on presumptive validity was harmless because it is more likely than not that the verdict would have remained the same had the instruction been given.

Thus, without assessing whether the district court erred in its analysis of Chinese law or its application of U.S. copyright law's presumption of validity to foreign copyright registrations under the Berne Convention, we conclude that the district court's refusal to provide either of H&M's requested instructions does not warrant reversal. The district court properly instructed the jury on U.S. copyright law and the parties' respective burdens. H&M's proposed instruction regarding the parties' evidentiary burdens was simply duplicative of what the jury was already provided. And the district court's exclusion of references to DOMO's copyright in its instruction on the presumptive validity accorded to copyright registration certificates was harmless because H&M failed to present foundational

evidence to the jury connecting H&M's infringing designs to DOMO's copyright.

Thus, taking the instructions "as a whole," we conclude that the addition of H&M's requested instructions would have more likely than not failed to affect the outcome of the trial. *Led Zeppelin*, 952 F.3d at 1065.

(b) H&M's challenge regarding the exclusion of DOMO's U.S. copyright

H&M's second at-trial challenge concerns DOMO's U.S. copyright registration of the Xue Xu design, which registration was procured on the eve of trial by H&M's counsel. The district court excluded the DOMO U.S. registration as "both irrelevant and prejudicial." The court found the registration irrelevant because it "ha[d] nothing to do with whether the design on Defendant's allegedly infringing garments was independently created years ago." The court then found that admission of the registration 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." Similar to the Chinese copyright-registration issue, H&M argues on appeal that the U.S. copyright registration was relevant to its defense at trial because the registration would have imbued the Xue Xu work with a presumption of independent creation.

H&M is certainly correct that the district court incorrectly discounted this evidence as irrelevant to the jury's determination whether the Xue Xu design is original. Evidence is relevant if "it has *any* tendency to

make a fact more or less probable,” Fed. R. Evid. 401 (emphasis added), which is widely recognized as a “liberal” standard, *Daubert v. Merrell Dow Pharms., Inc.*, 509 U.S. 579, 587 (1993). And as H&M points out, this court has long acknowledged that a copyright registration certificate is relevant evidence of the validity of the copyright in question. *C&J Wear*, 630 F.3d at 1257. Thus, the U.S. copyright H&M wanted to introduce was certainly relevant evidence of H&M’s claim that DOMO’s Xue Xu design was independently created and not an unoriginal copy of the EH101 design.

But the district court also excluded the evidence as prejudicial. We find that this conclusion was not an abuse of discretion, so that any error the district court made in determining the certificate’s relevance was harmless. Even if Rule 401 relevance is satisfied, district courts have the leeway to exclude evidence when it does not satisfy Rule 403: “The court may exclude relevant evidence if its probative value is substantially outweighed by a danger of . . . unfair prejudice.” Fed. R. Evid. 403. The district court concluded that the U.S. copyright H&M wanted introduced had limited probative value, because Xue Xu’s U.S. registration was obtained “as part of [H&M’s] litigation strategy in defending this case.”¹⁹ And the district court regarded the registration as “a last-minute attempt to manufacture the presumptions a

¹⁹ H&M acknowledged as much by representing to the court that its counsel sought to have Xue Xu registered “after [H&M] review[ed] . . . Plaintiff’s Motion in Limine No 3, which objected to consideration of the Chinese Copyright Registrations.”

United States copyright registration would have conveyed.” Both of these conclusions undercut the probative value of the U.S. copyright evidence H&M wanted the jury to review.

The district court’s ruling excluding Xue Xu’s U.S. registration simultaneously pointed to the prejudice its introduction at trial would cause Unicolors, by highlighting the fact that the registration “was not part of the case throughout fact discovery, summary judgment, and pretrial briefing.” Although H&M wishes to pin the prejudice on Unicolors for its “delay in challenging the effect of the Chinese copyright,” it does not dispute Unicolors’s contention that H&M made “no showing as to why the registration could not have been applied for and secured far earlier in th[e] litigation” nor Unicolors’s explanation that the prejudice and surprise created by the late disclosure prevented Unicolors from “obtain[ing] a copy of the deposit material . . . [and] other discovery regarding the registration” as well as limited the time Unicolors had to prepare “to address the material at trial.” Even if the proper weight to be accorded this surprise and prejudice is not perfectly clear, the district court was certainly justified in concluding that the unfair prejudice of the DOMO U.S. registration certificate substantially outweighed its probative value—while relevant, the fact that the certificate was obtained on the eve of trial as part of H&M’s litigation strategy significantly limited its probative weight.

Moreover, even if the U.S. registration should have been admitted, we do not find that the exclusion of the certificate from evidence “more probably than not . . .

tainted the verdict.” *Tennison v. Circus Circus Enters., Inc.*, 244 F.3d 684, 688 (9th Cir. 2001). Because the DOMO U.S. registration was obtained on the eve of trial, the inference the registration creates that Xue Xu was original when it was made is quite attenuated: the jury would have had to draw a retrospective inference that the granting of a copyright to DOMO during litigation was indicative of Xue Xu’s independent creation several years earlier before the lawsuit was filed. And the jury was already presented with DOMO’s Chinese copyright for the same design, which showed that DOMO had sought copyright protection for Xue Xu in the past—albeit four years after EH101 was registered with the U.S. Copyright Office by Unicolors. Moreover, we agree with the district court’s ruling that the jury already had sufficient evidence to find that Xue Xu and Unicolors’s designs were “strikingly similar,” *see infra* Section III.B.3.a.ii, which “allow[s] the jury to draw] an inference of copying,” *Urban Outfitters, Inc.*, 853 F.3d at 985; *see supra* note 16. These facts substantially weigh in favor of finding that Xue Xu was an unoriginal copy of EH101. Adding the late-blooming DOMO U.S. copyright to the mix would have simply weakly bolstered the existing Chinese copyright the jury was already permitted to review. But it would have failed to undercut the evidence of striking similarity.

Thus, had DOMO’s U.S. copyright registration been introduced into evidence, it is more likely than not that the jury would have reached the same verdict. Therefore, we conclude that the district court did not

abuse its discretion, even if it erred in its lack of relevance ruling.²⁰

(c) Admission of a black-and-white exemplar of EH101

Finally, H&M argues that the district court abused its discretion by admitting into evidence at trial a previously unproduced, physical garment exemplar bearing a *black-and-white* version of EH101. Although the parties before trial stipulated to the admission into evidence of a physical garment exemplar bearing a *colorized* version of EH101, H&M contends that the black-and-white version was “demonstrably, and indisputably, different.” However, H&M admitted in its briefing before the district court that it did not object when Unicolors proffered the black-and-white exemplar into evidence at trial. Thus, H&M has forfeited this challenge.

²⁰ We also note that there is an additional justification for concluding that the district court did not err in excluding DOMO’s U.S. copyright. As explained above, *see supra* Section III.B.2.a.ii, H&M concedes that it ultimately did not present some of the evidence it had prepared that connected the Chinese copyright to the infringing garments at trial. And H&M acknowledges that it did not move to introduce its only evidence purportedly demonstrating this connection into the trial record. Thus, as we explained above, the jury had no evidentiary basis to determine that H&M was the licensee of DOMO’s copyright. Therefore, the district court also could have excluded DOMO’s U.S. copyright by concluding that H&M failed to present to the jury foundational proof necessary to make the copyright relevant to the jury’s determination whether H&M merited its claimed defense by satisfying causation—namely, even if Xue Xu is original, H&M failed to demonstrate that it *was legally permitted to use* DOMO’s design, which is a necessary element of that defense.

Therefore, we conclude that the H&M's at-trial challenges do not require disturbing the judgment below.

3. H&M's post-trial challenges

H&M challenges two of the district court's post-trial rulings. It first assails the district court's denial of its renewed motion for judgment as a matter of law ("RJMOL"). Second, H&M argues that the district court abused its discretion in awarding Unicolors attorneys' fees. We begin by reviewing H&M's challenges to the district court's ruling on its RJMOL and then turn to its award of attorneys' fees.

(a) H&M's renewed motion for judgment as a matter of law

(i) H&M's challenge to Unicolors's '400 copyright registration

In its RJMOL, H&M first argues that the district court erred in holding that Unicolors possessed a valid copyright in the '400 Registration. As previously discussed, in light of the Supreme Court's decision in this case and a review of the effect of the district court's factual finding regarding Unicolors's lack of an intent to defraud the Copyright Office, *see supra* Section III.A, Unicolors has a valid copyright in the '400 Registration, which covers the EH101 design. Accordingly, H&M's first basis for challenging the district court's denial of its RJMOL fails.

(ii) *H&M's challenge to the jury's "strikingly similar" finding*

H&M next argues that the district court erred in denying its RJMOL by rejecting its contention that no reasonable juror could have found that whoever designed the Xue Xu pattern printed on H&M's merchandise copied in fact Unicolors's EH101 pattern. The district court rejected this basis for judgment as a matter of law because a reasonable jury could have inferred copying in fact for two reasons: (1) the district court concluded that the parties' stipulation to Unicolors's wide dissemination of fabric to H&M's competitors prior to H&M's production of items carrying the Xue Xu design was sufficient evidence that H&M would have had an opportunity to view Unicolors's design; that is, access to Unicolors's design, and (2) that even were the proof of access rejected by the jury, the works' striking similarities created an inference of access that was sufficient to satisfy Unicolors's burden in proving the element of copying. We hold that the district court did not err in its holding regarding copying because its conclusion that the two works are strikingly similar is not clearly erroneous—it properly applied the law and its factual findings were not “illogical, implausible, or without support in inferences that may be drawn from the facts in the record.” *Hinkson*, 585 F.3d at 1263.

Copying requires that the plaintiff prove that the infringing party had “access” to the plaintiff's work and that there is substantial similarity between the two works. *Urban Outfitters*, 853 F.3d at 984–85. But even were evidence of access not presented, a plaintiff would

still be capable of satisfying the copying element of its infringement claim by demonstrating “striking similarity’ between the works” to give rise to the inference that the defendant’s work was not independently created. *Id.* at 985 (quoting *Baxter v. MCA, Inc.*, 812 F.2d 421, 423 (9th Cir. 1987)). Striking similarity, like substantial similarity, is evaluated using the two-prong analysis of the extrinsic test and the intrinsic test. *Id.* Under the extrinsic test, an objective comparison is made between the elements of each work. *Id.* Whereas under the intrinsic test, a subjective comparison is made, which determines whether the two works create a subjective impression that the two works are substantially similar. *Id.* We “will not second-guess the jury’s application of the intrinsic test . . . [and] will not reverse factual determinations regarding the extrinsic test absent a clearly erroneous application of the law.” *Three Boys Music Corp. v. Bolton*, 212 F.3d 477, 485 (9th Cir. 2000), *overruled on other grounds by Led Zeppelin*, 952 F.3d at 1066.

The district court, in rejecting H&M’s RJMOL, concluded that the jury would have had a substantial basis for concluding that EH101 and Xue Xu were strikingly similar because, in its comparison of the two fabrics, the jury would have been struck by their use of many of the same elements—similarities that the district court had previously highlighted in its own comparison at the summary judgment stage. This holding was not clearly erroneous. That the district court did not conclude as a matter of law that the works were strikingly similar—a disfavored ruling, *see Litchfield v. Spielberg*, 736 F.2d 1352, 1355 (9th

Cir. 1984)—did not preclude the jury’s determination that they were. And the district court reached a plausible conclusion that the jury would have relied on the numerous comparable elements the district court had already explained had the appearance of objective similarity to reach its verdict. Indeed, an independent review of the two fabric designs reveals the striking similarity between the two works. The image transposing the two works, *see infra* Appendix, represents what the jury would have seen by laying the two fabrics admitted into evidence at trial next to each other. Each and every line and design of the Xue Xu jacket sold by H&M is meaningfully similar to the arrangement, combination, and overall design of the fabric bearing the EH101 design. Thus, we are satisfied that a reasonable jury could have found the two designs strikingly similar. *Cf. Malibu Textiles, Inc. v. Label Lane Int’l, Inc.*, 922 F.3d 946, 953 (9th Cir. 2019) (finding striking similarity at the pleading stage by comparing the images of the two lace fabric designs and identifying “near[] identical . . . elements [] arranged in virtually the same way” even when the “color, netting, and shape curvature” were slightly different).

Because there was sufficient evidence to substantiate the jury’s finding of striking similarity, we thereby also conclude that Unicolors presented sufficient evidence to prove the copying element of its infringement claim. *Urban Outfitters*, 853 F.3d at 988 (holding that “it is permissible to infer copying” when “the works are virtually identical” notwithstanding the differing color palettes and slight variances in the

shapes and details of the patterns). Thus, the district court did not abuse its discretion in holding as much.²¹

(iii) H&M's challenge to the jury's finding of willful infringement

Third, H&M argues that the jury's finding of H&M's willful infringement of Unicolors's EH101 design must be set aside, for two reasons: (1) it was improper to submit the issue of willfulness to the jury; and (2) the evidence at trial does not support a finding of willfulness. Neither argument is persuasive.

H&M contends that the district court abused its discretion in including a question about willfulness in the special verdict because willfulness was irrelevant to the jury's damages award. However, this contention is incorrect, as a jury's finding of willful infringement on the part of H&M is highly relevant to whether Unicolors could receive attorneys' fees under the Copyright Act. *See Historical Res. v. Cabral*, 80 F.3d 377, 379 (9th Cir. 1996). Thus, because there was some evidence to support a finding of willfulness, the district court did not abuse its discretion in submitting a willfulness question to the jury.

²¹ Because we conclude that the jury had sufficient evidence to conclude that there was striking similarity between Xue Xu and EH101 and because striking similarity "allow[s] a reasonable inference of access" that obviates the need for Unicolors to introduce evidence of access, *Urban Outfitters*, 853 F.3d at 985, 987–88, we decline to reach the merits of the district court's conclusion that Unicolors presented sufficient evidence of H&M's access to the EH101 fabric.

Concerning the evidence supporting the jury's willfulness finding, H&M's sole argument is that it is immunized from willfulness because of the existence of the Chinese copyright in the Xue Xu design, upon which it claims to have relied. However, even assuming H&M's bottom-line immunity conclusion to be correct (which is itself doubtful as H&M fails to cite any authority to support this proposition), H&M acknowledged in its briefing that "evidence connecting the Chinese registration to the accused garments" "was not presented at trial," thus undermining its own position that the jury had the evidence to conclude that H&M so relied. Furthermore, the parties stipulated at trial that H&M held out the infringing garments for sale for over five months following Unicolors's initiation of this lawsuit. H&M's continued sale of the (at the time) allegedly infringing works, despite having notice of this suit, is further evidence the jury could have relied on in determining H&M's infringement was willful. *Cf. Dolman v. Agee*, 157 F.3d 708, 715 (9th Cir. 1998) (relying on defendant's continuing infringement of a copyright after learning of plaintiff's potential claim to uphold a district court's willfulness finding).

Accordingly, we see no reason to disturb the jury's willfulness determination.

(iv) H&M's challenge to the district court's remittitur calculation

In its final challenge regarding its RJMOL, H&M argues that the district court erred by impermissibly inflating Unicolors's post-remittitur damages. The district court's remittitur calculation involved two parts: (1) profit-disgorgement damages of \$256,675;

and (2) lost-profit damages of \$18,534. H&M contends that both values need revision. For the following reasons, we agree with H&M that the district court abused its discretion with respect to the profit-disgorgement damages calculation, although we find no reversible error with respect to the district court's lost-profit damages calculation.

Concerning profit-disgorgement, the jury was tasked with computing the product of (1) the number of infringing garments sold and (2) the correct measure of revenue per garment that merits disgorgement. The jury originally determined that H&M was responsible for 48,000 infringing jackets and 48,000 infringing skirts—totals representing combined domestic and international sales. The jury then relied on H&M's gross profit per piece sold (\$4.93 for each jacket and \$12.12 for each skirt) to reach a total of \$817,920 in profits to be disgorged.

	Gross Profit Per Piece	Pieces Sold (Worldwide)	Total Profit
Jacket	\$4.93	48,000	\$236,640.00
Skirt	\$12.12	48,000	\$581,760.00
TOTAL			\$818,400.00²²

In reviewing H&M's RJMOL, the district court determined that defendant H&M was liable only for United States domestic sales, as this entity was in no

²² This figure is \$480 more than the jury's disgorgement-damages verdict, but there is no other basis in the record for the jury to have reached its disgorgement-damages verdict other than through this calculation—albeit with a minor error.

way responsible for international sales, which were entirely controlled by a foreign parent company not a party to this action. Evidence adduced at trial showed that in the United States plaintiff H&M sold 6,535 jackets and 5,464 skirts bearing the Xue Xu pattern. However, instead of reaching a new remittitur value by relying on the aforementioned *gross profit* per piece values as the jury had, the district court interpreted the “maximum recovery rule” of remittitur calculations to require that it should rely on the *average gross sales price* per piece values to arrive at a profit-disgorgement value of \$247,675.33.

	Average Gross Sale Price Per Piece	Pieces Sold	Total Profit
Jacket	\$20.91	6,535	\$136,646.85
Skirt	\$20.32	5,464	\$111,028.48
TOTAL			\$247,675.33

The district court grounded its understanding of the “maximum recovery rule” in *Oracle Corp. v. SAP AG*, which stated that “remittitur must reflect the maximum amount sustainable by the proof.” 765 F.3d at 1094 (internal quotation marks and citations omitted). But the jury’s verdict reflects its determination that Unicolors had proffered evidence that supported a profit-disgorgement award pegged only to H&M’s *gross profit* per piece, not to H&M’s *average gross sales price* per piece—the jury used the former number to calculate the disgorgement award,

not the latter.²³ To reflect the maximum amount sustainable by *proof*, the district court should have relied on the jury's calculations as its starting point.

Although we have not stated as such in so many words, this understanding of the maximum recovery rule is well-grounded in the law. As the Supreme Court has explained, the purpose of remittitur is to maintain the jury's verdict while "lopping off an excrescence." *Dimick v. Schiedt*, 293 U.S. 474, 486 (1935); *see also Hardenbrook v. United Parcel Serv., Inc.*, 490 F. App'x 45, 47 (9th Cir. 2012) (reversing a remittitur amount that deviated from what "the jury explicitly found"). And this is best achieved by "minimiz[ing] the extent of judicial interference with a matter that is otherwise within the jury's domain." *Earl v. Bouchard Transp. Co., Inc.*, 917 F.2d 1320, 1328 (2d Cir. 1990); *Dimick*, 293 U.S. at 484–86 (defining the scope of a judge's authority to remit damages with reference to the Seventh Amendment's protection of a jury's fact determinations). Thus, a remittitur must reflect the maximum amount sustainable by the proof. But where

²³ On appeal, Unicolors appears to have shifted its position on whether the jury's calculation utilized gross profit or average gross sales price per piece. And because Unicolors claims not to have conceded the proper calculation, it instead directs us to a prior opinion of this court, which held that "[a]ny doubt as to the computation of costs or profits is to be resolved in favor of the [prevailing] plaintiff." *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505, 514 (9th Cir. 1985). But this is of no help to Unicolors. As explained above, *see supra* note 22, there is no other basis for the jury to have calculated the award that it did—even with the arithmetical error of being \$480 short, there is no doubt that the jury based its verdict on the gross profit per piece value.

the method the jury used to calculate its award can be ascertained by a review of the verdict, the judge is responsible for preserving the jury's findings to the greatest extent possible by using that method of calculation in determining the remittitur amount.

Therefore, the district court's profit-disgorgement remittitur calculation was an abuse of discretion, as that amount cannot be sustained using the jury's findings of what Unicolors actually proved at trial. The correct profit-disgorgement award calculation using the values the jury had is as follows:

	Gross Profit Per Piece	Pieces Sold	Total Profit
Jacket	\$4.93	6,535	\$32,217.55
Skirt	\$12.12	5,464	\$66,223.68
TOTAL			\$98,441.23

Accordingly, a profit-disgorgement figure of \$98,441.23 removes the excrescence of profits from extraterritorial sales and the use of the average gross sales price rather than gross profit multiplier, while sustaining the remainder of the jury's verdict.

Concerning lost profits, the jury awarded Unicolors lost profits of \$28,800, which included both domestic and international sales of the infringing garments. Because the district court found that H&M could not be held liable for non-U.S. sales, the court concluded that an adjustment to Unicolors's lost profits award was required. The sole evidence adduced at trial about lost profits came from Mr. Pazirandeh, who testified that Unicolors would have made up to \$2 per jacket and up

to \$1 per skirt had H&M purchased fabric from Unicolors to make the infringing garments. The district court then calculated the maximum amount of lost profits that Unicolors could have incurred as a result of H&M's infringement to be \$18,534.

	Lost Profit/Piece	Pieces Sold	Lost Profit
Jacket	\$2.00	6,535	\$13,070.00
Skirt	\$1.00	5,464	\$5,464.00
TOTAL			\$18,534.00

On appeal, H&M argues that the entirety of the jury's lost-profits award "was improper and should be set aside," but does not clearly articulate the basis for that assertion. H&M claims that "Unicolors did not produce any evidence of lost profits in its initial disclosures or otherwise," and that H&M "accordingly made a [motion in limine] to exclude" evidence of lost profits, which presumably means that H&M is challenging the district court's denial of that motion in limine. But the district court's denial of the motion in question was at *H&M's request* so that the evidence could be evaluated "on a piece-by-piece basis" at trial. And the district court expressly noted that it would bar the "introduc[tion of] evidence that [Unicolors] was required to produce during discovery but did not," if H&M timely objected. At trial, however, H&M failed to object to Mr. Pazirandeh's testimony about lost profits. Accordingly, H&M has forfeited any challenge related to the admissibility of lost-profits evidence.

Therefore, we conclude that the proper remittitur amount to take the place of the jury verdict's damages amount should have been \$116,975.23, which is the sum of the proper profit-disgorgement award of \$98,441.23 and a lost-profits award of \$18,534.00. In addition, the rule that a court's use of the remittitur should minimally interfere with a jury's verdict militates in favor of restricting a new trial—should Unicolors reject this new remittitur amount—only to the issue of damages, given that we do not find a reason to upset the district court's evidentiary decisions or otherwise conclude that the jury's liability verdict should be displaced. *Watec Co. v. Liu*, 403 F.3d 645, 655 (9th Cir. 2005); *Cosby v. AutoZone, Inc.*, 445 F. App'x 914, 917 (9th Cir. 2011). Thus, on remand, the district court is instructed to grant H&M's request for a new trial if Unicolors rejects this new remittitur amount of \$116,975.23. But the new trial must be limited only to the issue of damages.

(b) Unicolors's motion for attorneys' fees

Finally, H&M argues that the district court abused its discretion in awarding Unicolors's attorneys' fees. Specifically, H&M argues that it was clearly erroneous for the district court to find that (1) H&M asserted "unreasonable arguments" in relying on the Xue Xu Chinese copyright during litigation, and (2) secondary factors militate in favor of an attorneys' fees award.

The Copyright Act provides that in a copyright-infringement action, "the court . . . may allow the recovery of full costs by or against any party other than the United States," including "a reasonable attorney's fee to the prevailing party as part of the costs." 17

U.S.C. § 505. Whether to award attorneys' fees under the Copyright Act is a matter of the trial court's discretion, not of a party's right. *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 533 (1994).

A court is granted “wide latitude to award attorney’s fees based on the totality of circumstances in a case,’ [so long as] its discretion . . . [is] tethered to judicial guideposts.” *Glacier Films (USA), Inc. v. Turchin*, 896 F.3d 1033, 1037 (9th Cir. 2018) (quoting *Kirtsaeng v. John Wiley & Sons, Inc.*, 579 U.S. 197, 203 (2016)). The Supreme Court has articulated a list of factors for courts to consider in determining whether to award fees: “frivolousness, motivation, objective unreasonableness (both in the factual and in the legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence.” *Fogerty*, 510 U.S. at 534 n.19 (internal quotation marks omitted); *see also Kirtsaeng*, 579 U.S. at 202. This court recognizes additional factors that may be considered, including “the degree of success obtained in the litigation,” but the unreasonableness factor is given substantial weight in the district court’s analysis. *Glacier Films*, 896 F.3d at 1037.

In awarding Unicolors attorneys’ fees, the district court found that H&M asserted at least one unreasonable argument. Specifically, the court found:

[H&M] filed multiple motions arguing that the design on its garments was presumptively original because of a Chinese copyright registration obtained by a third party. While [H&M]’s legal argument that a foreign

registration could convey a presumption of originality was not objectively unreasonable, [H&M] failed to provide any evidence connecting the Chinese registration to its own garments. [H&M] therefore acted unreasonably in repeatedly litigating an issue that was irrelevant to the resolution of Unicolors'[s] claims[, which occurred at trial].

H&M does not dispute that it did not introduce any evidence at trial connecting the Chinese registration for Xue Xu to H&M's infringing garments bearing the Xue Xu design.²⁴ While conceding this evidentiary gap in its case, H&M contends that it failed to introduce the necessary evidence because "the [district] court sustained objections to Wharton's deposition testimony . . . [that] demonstrat[ed] the accused garments came from DOMO and were protected by a copyright registration."²⁵ But H&M makes no argument on

²⁴ H&M makes much of its submission of declarations from Ms. Wharton, its Chief Financial Officer, and Ms. Qian, the purported Xue Xu creator at DOMO, in support of its opposition to Unicolors's motion for summary judgment. But this is of no help to H&M, because it concedes that "[t]his evidence ultimately was not presented as testimony at trial." Given this concession, it follows as a matter of course that the jury's resolution of Unicolors's claim was made without regard to the evidence "connecting the Chinese registration to its own garments." And this means that the "issue [] was irrelevant to the [ultimate] resolution of Unicolors'[s] claims."

²⁵ H&M intended to have Ms. Wharton testify as a witness, but she was ultimately unable to attend because the district court had to continue the trial due to other previously scheduled matters. As a result, the district court permitted portions of Ms. Wharton's

appeal specifically detailing why the district court's ruling to exclude some unspecified deposition testimony of Ms. Wharton was erroneous.²⁶ H&M has therefore forfeited this challenge.

Because H&M presents no developed argument for why the district court erred in excluding unspecified portions of Ms. Wharton's deposition testimony from being read into evidence at trial, there is nothing clearly erroneous about the district court's finding that H&M failed to proffer evidence at trial connecting the Chinese registration for Xue Xu to H&M's infringing garments bearing the Xue Xu design. And by repeatedly litigating an issue on which it ultimately proffered no evidence at trial, H&M adopted an unreasonable approach to prosecuting its defense. As a result, the district court did not abuse its discretion in its evaluation of the unreasonableness factor.

Concerning the balance of secondary factors, H&M contends on appeal that, if anything, most of the secondary factors "mitigate [sic] against a fee award." But H&M's dispute with the district court's findings in this regard focuses exclusively on Unicolors's purportedly low degree of success following its acceptance of the district court's remittitur.²⁷ Yet even

deposition testimony to be read into evidence in place of her live testimony.

²⁶ H&M fails even to identify what portions of Ms. Wharton's deposition transcript should have been admitted at trial.

²⁷ Of course, Unicolors initially accepted a remittitur amount substantially higher than that which we have calculated was

as measured against this panel’s further reduction of the district court’s remittitur amount, there can be no doubt that Unicolors won a substantial success in the district court by establishing H&M’s liability as a willful infringer. *Glacier Films*, 896 F.3d at 1038 (“Actual success in an infringement action involves establishing the defendant’s liability.”); *cf. Cabral*, 80 F.3d at 379 (acknowledging that “willful infringement is an important factor favoring an award of fees”).

Accordingly, the district court did not abuse its discretion in awarding attorneys’ fees to Unicolors.

IV. CONCLUSION

For all the foregoing reasons, we do not find any of H&M’s arguments concerning claimed errors by the district court persuasive, except those pertaining to remittitur as described above.²⁸ Accordingly, we vacate the judgment and remand the case back to the district court with instructions to grant a new trial on the issue

consistent with the jury’s reasoning and findings. But that does not alter our conclusion that Unicolors was successful in obtaining a verdict that held H&M liable as a willful infringer. And Unicolors will have the opportunity on remand to accept or reject the remittitur amount assessed here.

²⁸ To the extent H&M raised other arguments throughout its briefing, we summarily reject those arguments as being underdeveloped, and therefore forfeited. *See* Fed. R. App. P. 28(a)(8)(A) (stating that argument on appeal must contain “appellant’s contentions and the reasons for them, with citations to the authorities and parts of the record on which the appellant relies”); *see also Cal. Pac. Bank v. FDIC*, 885 F.3d 560, 570 (9th Cir. 2018).

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of damages only if Unicolors rejects the lower remittitur amount of \$116,975.23. Each side shall bear its own costs on appeal.

**AFFIRMED IN PART, VACATED IN PART,
AND REMANDED WITH INSTRUCTIONS.**

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APPENDIX



**UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT**

No. 18-56253

18-56548

D.C. No. 2:16-cv-02322-AB-SK

Central District of California, Los Angeles

[Filed January 18, 2023]

UNICOLORS, INC., a California)
Corporation,)
Plaintiff-Appellee,)
)
v.)
)
H&M HENNES & MAURITZ, L.P.,)
a New York limited partnership,)
Defendant-Appellant.)
)

ORDER

Before: BEA and BADE, Circuit Judges, and
McCALLA,* District Judge.

The panel unanimously votes to deny the petition for panel rehearing. Judges Bea and McCalla recommend denying the petition for rehearing en banc. Judge Bade votes to deny the petition for rehearing en banc. The full court has been advised of the petition for rehearing en banc, and no judge has requested a vote

* The Honorable Jon P. McCalla, United States District Judge for the Western District of Tennessee, sitting by designation.

on whether to rehear the matter en banc. Fed. R. App. P. 35.

The petition for panel rehearing and rehearing en banc, filed November 25, 2022 [Dkt. No. 75] is **DENIED.**¹

¹ The motions for leave to file a brief as amicus curiae in support of the petition [Dkt. Nos. 76, 78] are granted.

(Slip Opinion)

OCTOBER TERM, 2021

Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States v. Detroit Timber & Lumber Co.*, 200 U.S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

UNICOLORS, INC. *v.* H&M HENNES & MAURITZ, L. P.

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

No. 20–915. Argued November 8, 2021—Decided
February 24, 2022

A valid copyright registration provides a copyright holder with important legal advantages, including the right to bring a “civil action for infringement” of the copyrighted work. 17 U.S.C. §411(a). Petitioner Unicolors, the owner of copyrights in various fabric designs, filed a copyright infringement action against H&M Hennes & Mauritz (H&M). A jury found in favor of Unicolors. H&M sought judgment as a matter of law, arguing that Unicolors could not

maintain an infringement suit because Unicolors knowingly included inaccurate information on its registration application, rendering its copyright registration invalid. The alleged inaccuracy stemmed from Unicolors having filed a single application seeking registration for 31 separate works despite a Copyright Office regulation that provides that a single application may cover multiple works only if they were “included in the same unit of publication.” H&M argued that Unicolors did not meet this requirement because Unicolors had initially made some of the 31 designs available for sale exclusively to certain customers, while offering the rest to the general public. The District Court determined that because Unicolors did not know when it filed its application that it had failed to satisfy the “single unit of publication” requirement, Unicolors’ copyright registration remained valid by operation of the safe harbor provision provided under §411(b)(1)(A). On appeal, the Ninth Circuit determined that it did not matter whether Unicolors was aware that it had failed to satisfy the single unit of publication requirement, because the safe harbor excuses only good-faith mistakes of fact, not law. Unicolors had known the relevant facts, so its knowledge of the law (or lack thereof) was irrelevant.

Held: Section 411(b) does not distinguish between a mistake of law and a mistake of fact; lack of either factual or legal knowledge can excuse an

inaccuracy in a copyright registration under §411(b)(1)(A)’s safe harbor. Pp. 4–9.

(a) The Copyright Act provides that a certificate of registration is valid, even though it contains inaccurate information, as long as the copyright holder lacked “knowledge that it was inaccurate.” §411(b)(1)(A). Case law and the dictionary instruct that “knowledge” has historically “meant and still means the fact or condition of being aware of something.” *Intel Corp. Investment Policy Comm. v. Sulyma*, 589 U.S. ___, ___ (internal quotation marks omitted). Nothing in §411(b)(1)(A) suggests that the safe harbor applies differently simply because an applicant made a mistake of law as opposed to a mistake of fact. If Unicolors was not aware of the legal requirement that rendered information in its application inaccurate, it could not have included the inaccurate information “with knowledge that it was inaccurate.” §411(b)(1)(A). Pp. 4–5.

(b) Nearby statutory provisions help confirm that here “knowledge” refers to knowledge of the law as well as the facts. Registration applications call for information that requires both legal and factual knowledge. See, *e.g.*, §409(4) (whether a work was made “for hire”); §409(8) (when and where the work was “published”); §409(9) (whether the work is “a compilation or derivative work”). Inaccurate information in a registration may arise from a mistake of law or a mistake of fact. Nothing in the statutory language suggests that Congress

wanted to forgive applicants—many of whom lack legal training—for factual but not (often esoteric) legal mistakes. Moreover, had Congress intended a scienter requirement other than actual knowledge, it would have said so explicitly, as it did in other parts of the Copyright Act. Indeed, cases decided before Congress enacted §411(b) overwhelmingly concluded that inadvertent mistakes on registration certificates—many of which involved mistakes of law—neither invalidated copyright registrations nor disallowed infringement actions. The Court finds no indication that Congress intended to alter this well-established rule when it enacted §411(b). Pp. 5–7.

(c) Those who consider legislative history will find indications that Congress enacted §411(b) to make it easier, not more difficult, for nonlawyers to obtain valid copyright registrations. It did so in part by “eliminating loopholes” that allowed infringers to exploit mistakes in the application process to prevent enforcement of otherwise validly registered copyrights. H. R. Rep. No. 110–617, p. 20. Given this history, it would make no sense if §411(b) left copyright registrations exposed to invalidation based on applicants’ good-faith misunderstandings of the details of copyright law. P. 7.

(d) H&M’s remaining arguments are unavailing. First, the Court’s interpretation of the statute will not allow copyright holders to avoid the consequences of an inaccurate application by claiming lack of knowledge. As in

other legal contexts, courts need not automatically accept a copyright holder's claim that it was unaware of the relevant legal requirements. Willful blindness may support a finding of actual knowledge. Additionally, circumstantial evidence may demonstrate that an applicant was actually aware of, or willfully blind to, legally inaccurate information. Second, the legal maxim that "ignorance of the law is no excuse" does not apply in this civil case concerning the scope of a statutory safe harbor that arises from ignorance of collateral legal requirements. Finally, the "knowledge" question that the parties have argued, and which the Court decides, was a "subsidiary question fairly included" in the petition's question presented. See this Court's Rule 14.1(a). And the Ninth Circuit explicitly addressed the knowledge issue when it held that Unicolors' "knowledge" of the facts underlying the inaccuracy on its application was sufficient to demonstrate knowledge under §411(b)(1)(A) without regard to Unicolors' knowledge of the relevant law. Pp. 8–9.

959 F. 3d 1194, vacated and remanded.

BREYER, J., delivered the opinion of the Court, in which ROBERTS, C. J., and SOTOMAYOR, KAGAN, KAVANAUGH, and BARRETT, JJ., joined. THOMAS, J., filed a dissenting opinion, in which ALITO, J. joined, and in which GORSUCH, J. joined, except as to Part II.

Cite as: 595 U.S. ____ (2022)

Opinion of the Court

NOTICE: This opinion is subject to formal revision before publication in the preliminary print of the United States Reports. Readers are requested to notify the Reporter of Decisions, Supreme Court of the United States, Washington, D. C. 20543, of any typographical or other formal errors, in order that corrections may be made before the preliminary print goes to press.

SUPREME COURT OF THE UNITED STATES

No. 20–915

UNICOLORS, INC., PETITIONER *v.* H&M
HENNES & MAURITZ, L. P.

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

[February 24, 2022]

JUSTICE BREYER delivered the opinion of the Court.

A valid copyright registration provides a copyright holder with important and sometimes necessary legal advantages. It is, for example, a prerequisite for bringing a “civil action for infringement” of the copyrighted work. 17 U.S.C. §411(a). Additionally, a plaintiff in an infringement action normally cannot obtain an award of statutory damages or attorney’s fees

for infringement that occurred prior to registration. §412.

To obtain registration, the author of a work must submit to the Register of Copyrights a copy of the work and an application. §§408, 409. The application must provide information about the work. §409. Some of this information is purely factual, but some of it incorporates legal conclusions. *Ibid.* If the Register determines that the work is copyrightable and meets other statutory requirements, she will issue a certificate of registration. §410(a). The information on this certificate reflects the information that the copyright holder provided on the application. *Ibid.*

Naturally, the information provided on the application for registration should be accurate. Nevertheless, the Copyright Act provides a safe harbor. It says that a certificate of registration is valid

“regardless of whether the certificate contains any 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.” §411(b)(1) (emphasis added).

The important point for our purposes is that a certificate of registration is valid even though it contains inaccurate information, as long as the copyright holder lacked “knowledge that it was inaccurate.” §411(b)(1)(A).

The question before us concerns the scope of the phrase “with knowledge that it was inaccurate.” The Court of Appeals for the Ninth Circuit believed that a copyright holder cannot benefit from the safe harbor and save its copyright registration from invalidation if its lack of knowledge stems from a failure to understand the law rather than a failure to understand the facts. In our view, however, §411(b) does not distinguish between a mistake of law and a mistake of fact. Lack of knowledge of either fact or law can excuse an inaccuracy in a copyright registration. We therefore vacate the Court of Appeals’ contrary holding.

I

The petitioner here, Unicolors, owns copyrights in various fabric designs. App. 50–51. It sued the respondent, H&M Hennes & Mauritz, L.P. (H&M), for copyright infringement. 959 F. 3d 1194, 1195 (CA9 2020). The jury found in Unicolors’ favor, but H&M asked the trial court to grant it judgment as a matter of law. *Id.*, at 1196–1197. H&M argued, among other things, that Unicolors’ registration certificate was invalid (and that therefore Unicolors could not sue for infringement) because it contained inaccurate information. *Id.*, at 1197–1198; see also §411(a). Specifically, H&M argued that Unicolors’ registration certificate was inaccurate because Unicolors had improperly filed a single application seeking registration for 31 separate works. App. 91–92, 170–172. H&M relied on a Copyright Office regulation, which provides that a single registration can cover multiple works *only if those works were “included in the same unit of publication.”* *Id.*, at 170 (emphasis added);

37 CFR §202.3(b)(4) (2020). H&M argued that the 31 fabric designs covered by Unicolors’ single application (and therefore single registration) had not been published as a single unit of publication because Unicolors had initially made some of the designs available for sale exclusively to certain customers, while other designs were immediately available to the general public. App. 170–171. Because the first statutory requirement for invalidating Unicolors’ registration (a knowing inaccuracy) was satisfied, H&M argued, the District Court should move to the second requirement and ask the Register of Copyrights whether it would have refused to register Unicolors’ copyright if it had been aware of the inaccuracy. *Id.*, at 172–173; see also §§411(b)(1)(B), (b)(2).

The District Court denied H&M’s motion. *Id.*, at 202. Among other things, it noted that “a registration remains effective despite containing inaccurate information” if the registrant included the inaccurate information in the registration application without “knowledge that it was inaccurate.” *Id.*, at 180–181 (internal quotation marks omitted). Because Unicolors did not know that it had failed to satisfy the “single unit of publication” requirement when it filed its application, the purported inaccuracy could not invalidate the registration. *Id.*, at 182.

The Ninth Circuit disagreed. It agreed with H&M that Unicolors had failed to satisfy the “single unit of publication” requirement (because it offered some of the 31 designs exclusively to certain customers). 959 F. 3d, at 1198–1200. But did Unicolors *know* about this inaccuracy? In the Ninth Circuit’s view, it did not matter whether Unicolors did or did not know that it

had failed to satisfy the “single unit of publication” requirement. *Id.*, at 1200. That was because, in the Ninth Circuit’s view, the statute excused only good-faith mistakes of fact, not law. *Ibid.* And Unicolors had known the relevant facts, namely, that some of the 31 designs had initially been reserved for certain customers. *Ibid.*

Unicolors sought certiorari, asking us to review the Ninth Circuit’s interpretation of §411(b)(1)(A). We granted the petition.

II

A brief analogy may help explain the issue we must decide. Suppose that John, seeing a flash of red in a tree, says, “There is a cardinal.” But he is wrong. The bird is not a cardinal; it is a scarlet tanager. John’s statement is inaccurate. But what kind of mistake has John made?

John may have failed to see the bird’s black wings. In that case, he has made a mistake about the brute facts. Or John may have seen the bird perfectly well, noting all of its relevant features, but, not being much of a birdwatcher, he may not have known that a tanager (unlike a cardinal) has black wings. In that case, John has made a labeling mistake. He saw the bird correctly, but does not know how to label what he saw. Here, Unicolors’ mistake is a mistake of labeling. But unlike John (who might consult an ornithologist about the birds), Unicolors must look to judges and lawyers as experts regarding the proper scope of the label “single unit of publication.” The labeling problem here is one of law. Does that difference matter here? Cf.

United States v. Fifty-Three (53) Eclectus Parrots, 685 F. 2d 1131, 1137 (CA9 1982). We think it does not.

Our reasons are straightforward. For one thing, we follow the text of the statute. See *Hardt v. Reliance Standard Life Ins. Co.*, 560 U.S. 242, 251 (2010). Section 411(b)(1) says that Unicolors’ registration is valid “regardless of whether the [registration] certificate contains any inaccurate information, unless . . . the inaccurate information was included on the application for copyright registration with knowledge that it was inaccurate.” Both case law and the dictionary tell us that “knowledge” has historically “meant and still means ‘the fact or condition of being aware of something.’ ” *Intel Corp. Investment Policy Comm. v. Sulyma*, 589 U.S. ___, ___ (2020) (slip op., at 6) (quoting Webster’s Seventh New Collegiate Dictionary 469 (1967)); see also Black’s Law Dictionary 888 (8th ed. 2004); New Oxford American Dictionary 938 (def. 2) (2d ed. 2005); Webster’s New College Dictionary 625 (3d ed. 2008).

Unicolors says that, when it submitted its registration application, it was not aware (as the Ninth Circuit would later hold) that the 31 designs it was registering together did not satisfy the “single unit of publication” requirement. If Unicolors was not aware of the legal requirement that rendered the information in its application inaccurate, it did not include that information in its application “*with knowledge that it was inaccurate.*” §411(b)(1)(A) (emphasis added). Nothing in the statutory language suggests that this straightforward conclusion should be any different

simply because there was a mistake of law as opposed to a mistake of fact.

To the contrary, nearby statutory provisions help confirm that here “knowledge” refers to knowledge of the law as well as the facts. Registration applications call for information that requires both legal and factual knowledge. See, *e.g.*, §409(4) (whether a work was made “for hire”); §409(8) (when and where the work was “published”); §409(9) (whether the work is “a compilation or derivative work”). Inaccurate information in a registration is therefore equally (or more) likely to arise from a mistake of law as a mistake of fact. That is especially true because applicants include novelists, poets, painters, designers, and others without legal training. Nothing in the statutory language suggests that Congress wanted to forgive those applicants’ factual but not their (often esoteric) legal mistakes.

Other provisions of the Copyright Act confirm that, in this context, the word “knowledge” means actual, subjective awareness of both the facts and the law. Those provisions suggest that if Congress had intended to impose a scienter standard other than actual knowledge, it would have said so explicitly. See, *e.g.*, §121A(a) (safe harbor for entities that “did not know or have reasonable grounds to know” that exported works would be used by ineligible persons); §512(c)(1)(A) (safe harbor for internet service providers who are not actually aware of infringing activities on their systems and are “not aware of facts or circumstances from which infringing activity is apparent”); §901(a)(8) (“‘notice of protection’” requires “actual knowledge . . .

or reasonable grounds to believe” that a “work is protected”); §1202(b) (civil remedies for certain acts performed by a person who knows or has “reasonable grounds to know” that he or she was facilitating infringement); §1401(c)(6)(C)(ii) (for purposes of paragraph regarding the “[u]nauthorized use of pre-1972 sound recordings,” “knowing” includes one who “has actual knowledge,” “acts in deliberate ignorance of the truth or falsity of the information,” or “acts in grossly negligent disregard of the truth or falsity of the information”). The absence of similar language in the statutory provision before us tends to confirm our conclusion that Congress intended “knowledge” here to bear its ordinary meaning. See *Nken v. Holder*, 556 U.S. 418, 430 (2009).

For another thing, cases decided before Congress enacted §411(b) “overwhelming[ly] held] that inadvertent mistakes on registration certificates [did] not invalidate a copyright and thus [did] not bar infringement actions.” *Urantia Foundation v. Maaherra*, 114 F. 3d 955, 963 (CA9 1997). Many of those cases involved mistakes of law. See, e.g., *id.*, at 961, 963; *Billy-Bob Teeth, Inc. v. Novelty, Inc.*, 329 F. 3d 586, 591 (CA7 2003); *Advisers, Inc. v. Wiesen-Hart, Inc.*, 238 F. 2d 706, 707–708 (CA6 1956) (*per curiam*). We can find no indication that Congress intended to alter this well-established rule when it enacted §411(b). See *Davis v. Michigan Dept. of Treasury*, 489 U.S. 803, 813 (1989) (“When Congress codifies a judicially defined concept, it is presumed, absent an express statement to the contrary, that Congress intended to adopt the interpretation placed on that concept by the

courts”); see also *Kirtsaeng v. John Wiley & Sons, Inc.*, 568 U.S. 519, 538 (2013) (similar).

Further, those who consider legislative history will find that history persuasive here. It indicates that Congress enacted §411(b) to make it easier, not more difficult, for nonlawyers to obtain valid copyright registrations. The House Report states that its purpose was to “improve intellectual property enforcement in the United States and abroad.” H. R. Rep. No. 110–617, p. 20 (2008). It did so in part by “eliminating loopholes that might prevent enforcement of otherwise validly registered copyrights.” *Ibid.* The Report specifically notes that some defendants in copyright infringement cases had “argued . . . that a mistake in the registration documents, such as checking the wrong box on the registration form, renders a registration invalid and thus forecloses the availability of statutory damages.” *Id.*, at 24. Congress intended to deny infringers the ability to “exploit[] this potential loophole.” *Ibid.* Of course, an applicant for a copyright registration—especially one who is not a lawyer—might check the wrong box on the registration documents as a result of a legal, as well as a factual, error. Given this history, it would make no sense if §411(b) left copyright registrations exposed to invalidation based on applicants’ good-faith misunderstandings of the details of copyright law.

III

H&M argues that our interpretation of the statute will make it too easy for copyright holders, by claiming lack of knowledge, to avoid the consequences of an inaccurate application. But courts need not

automatically accept a copyright holder's claim that it was unaware of the relevant legal requirements of copyright law. We have recognized in civil cases that willful blindness may support a finding of actual knowledge. *Intel Corp.*, 589 U.S., at ___–___ (slip op., at 11–12). Circumstantial evidence, including the significance of the legal error, the complexity of the relevant rule, the applicant's experience with copyright law, and other such matters, may also lead a court to find that an applicant was actually aware of, or willfully blind to, legally inaccurate information. See *id.*, at ___ (slip op., at 11).

H&M also argues that our interpretation is foreclosed by the legal maxim that “ignorance of the law is no excuse.” See Brief for Respondent 41–43. This maxim “normally applies where a defendant has the requisite mental state in respect to the elements of [a] crime but claims to be unaware of the existence of a statute proscribing his conduct.” *Rehaif v. United States*, 588 U.S. ___, ___ (2019) (slip op., at 8) (internal quotation marks omitted). It does not apply in this civil case concerning the scope of a safe harbor that arises from ignorance of collateral legal requirements. See *ibid.*

Finally, H&M claims that neither Unicolors' petition for certiorari nor the Ninth Circuit's opinion addressed the question we decide here. The petition, however, asked us to decide whether a registration may be invalidated under §411(b) even though there are no “indicia of fraud . . . as to the work at issue in the subject copyright registration.” Pet. for Cert. i. Fraud typically requires “[a] *knowing* misrepresentation . . .

of a material fact.” Black’s Law Dictionary 802 (11th ed. 2019) (emphasis added). If, as the Ninth Circuit concluded, §411(b)(1)(A) does not require “knowledge” of legal errors, then it does not always require knowledge of the misrepresentation in the registration application, and therefore does not require the typical elements of fraud. Thus, the “knowledge” question that the parties have argued, and which we decide, was a “subsidiary question fairly included” in the petition’s question presented. See this Court’s Rule 14.1(a).

As to the decision below, the Ninth Circuit wrote that “the knowledge inquiry is not whether Unicolors knew that including a mixture of confined and non-confined designs would run afoul of the single-unit registration requirements; the inquiry is merely whether Unicolors knew that certain designs included in the registration were confined and, therefore, were each published separately to exclusive customers.” 959 F. 3d, at 1200. In context, we understand this statement to hold that Unicolors’ “knowledge” of the *facts* that produced the inaccuracy was sufficient to demonstrate its knowledge of the inaccuracy itself under §411(b)(1)(A). Unicolors’ knowledge of the relevant law was irrelevant. The Ninth Circuit therefore explicitly addressed the question we here decide.

* * *

For these reasons, the judgment of the Ninth Circuit is vacated, and the case is remanded for further proceedings consistent with this opinion.

It is so ordered.

THOMAS, J., dissenting

SUPREME COURT OF THE UNITED STATES

No. 20–915

UNICOLORS, INC., PETITIONER *v.* H&M
HENNES & MAURITZ, L. P.

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

[February 24, 2022]

JUSTICE THOMAS, with whom JUSTICE ALITO joins, and with whom JUSTICE GORSUCH joins as to all but Part II, dissenting.

A copyright registration is invalid if the registrant included materially inaccurate information in its application “with knowledge that [the information] was inaccurate.” 17 U.S.C. §411(b)(1)(A). In its petition for certiorari, Unicolors asked us to decide a question on which the Courts of Appeals were split: whether §411(b)(1)(A)’s “knowledge” element requires “indicia of fraud.” Pet. for Cert. i. Specifically, Unicolors argued that “knowledge” requires “inten[t] to defraud the Copyright Office.” *Id.*, at 7.

Yet now, after having “persuaded us to grant certiorari on this issue,” Unicolors has “chosen to rely on a different argument in [its] merits briefing.” *Visa Inc. v. Osborn*, 580 U.S. ___, ___ (2016) (internal punctuation altered). It no longer argues that §411(b)(1)(A) requires fraudulent intent and instead

proposes a novel “actual knowledge” standard. Because I would not reward Unicors for its legerdemain, and because no other court had, before today, ever addressed whether §411(b)(1)(A) requires “actual knowledge,” I would dismiss the writ of certiorari as improvidently granted.

I

We should dismiss this case for the reasons we gave in *City and County of San Francisco v. Sheehan*, 575 U.S. 600 (2015), and *Yee v. Escondido*, 503 U.S. 519 (1992). In *Sheehan*, we granted review to resolve a Circuit split and decide whether the Americans with Disabilities Act requires law enforcement officers to provide reasonable accommodations to armed, violent, and mentally ill criminals while arresting them. 575 U.S., at 608. But after the petitioners’ opening brief “effectively concede[d]” that it may and pressed a narrower, “qualified” version of the original argument, *id.*, at 609, we dismissed the case for lack of “adversary presentation” of the question presented, *id.*, at 610. In *Yee*, the petitioner raised an argument that was not clearly pressed or passed upon below, that was not the subject of a known circuit split, and that, in fact, no court in the country had squarely addressed before. See 503 U.S., at 534, 537–538. We declined to “be the first court in the Nation” to decide the petitioner’s novel legal question. *Id.*, at 538.

These considerations counsel dismissal here. First, Unicors has abandoned the actual question presented and now presses novel arguments in favor of reversal. We took this case to resolve an apparent split between the Eleventh Circuit, which has held that §411(b)(1)(A)

requires “deceptive intent,” *Roberts v. Gordy*, 877 F.3d 1024, 1030 (2017), and the Ninth Circuit, which held below that “there is no such intent-to-defraud requirement,” 959 F.3d 1194, 1198 (2020) (citing *Gold Value Int’l Textile, Inc. v. Sanctuary Clothing, LLC*, 925 F.3d 1140, 1147 (CA9 2019)). Agreeing with the Eleventh Circuit, Unicolors argued in its petition for certiorari that “knowledge” requires “inten[t] to defraud.” Pet. for Cert. 7. But now, siding with the Ninth Circuit, Unicolors contends that a mere “knowing failure” satisfies §411(b)(1)(A). Brief for Petitioner 33, 37 (internal quotation marks omitted). The United States, as *amicus* supporting Unicolors, agrees. See Brief for United States as *Amicus Curiae* 25, n. 5. And, obviously, so does H&M. See Brief for Respondent 1. Thus, no party or *amicus* before us supports the Eleventh Circuit’s position. Without “adversary presentation” on the actual question presented, we should dismiss. *Sheehan*, 575 U.S., at 610.

Second, as in *Yee*, Unicolors’ new merits-stage arguments present novel legal questions. Unicolors claims that “knowledge” in §411(b)(1)(A) is satisfied only by *actual* knowledge (*i.e.*, an applicant subjectively knew of an inaccuracy) rather than actual or *constructive* knowledge (*i.e.*, an applicant should have known of an inaccuracy). It further contends that a copyright applicant must actually know that it is misapplying a *legal* standard rather than simply misstating the *facts*.

It is undisputed that Unicolors raised neither point below. It is also undisputed that there is no circuit split

on either of Unicolors' new arguments. And it is clear that the Court of Appeals did not meaningfully consider these questions. It said nothing about actual versus constructive knowledge, see 959 F. 3d, at 1200, and it merely implied, in a cursory sentence, that §411(b)(1)(A) requires knowledge of facts and not law, see *ante*, at 9 (citing 959 F. 3d, at 1200). Other than this halfway relevant and completely unreasoned statement, the Court cites no other opinion from any court that interprets §411(b)(1)(A). Thus, we are the "first court in the Nation" to decide the important questions that Unicolors belatedly presents. *Yee*, 503 U.S., at 538. I would decline the invitation to take that imprudent step.

The Court disputes none of this. Instead, it reasons that Unicolors' new arguments are " 'fairly included' " in the question presented because, even though Unicolors originally proposed a fraud standard, it now argues for at least an element of that standard: actual knowledge of a misrepresentation. *Ante*, at 9 (quoting this Court's Rule 14.1(a)). The Court misapplies Rule 14.1(a). An argument is "fairly included" only if it raises a "*prior* question." *Lebron v. National Railroad Passenger Corporation*, 513 U.S. 374, 381 (1995). That is, resolving the new argument must be "a predicate to an intelligent resolution of the question presented." *Ohio v. Robinette*, 519 U.S. 33, 38 (1996) (internal quotation marks omitted). Here, to decide whether §411(b)(1)(A) requires fraud, we do not *first* need to decide what kind of knowledge fraud requires. To the contrary, it makes more sense to establish the correct legal standard before deciding what satisfies its elements. Cf. *Manuel v. Joliet*, 580 U.S. ___, ___—___,

n.1 (2017) (slip op., at 2–3, n. 1) (ALITO, J., dissenting). This case proves the point: Unicolors effectively concedes that §411(b)(1)(A) has no fraudulent-intent requirement and *then* asks us to hold that the provision nevertheless requires actual rather than constructive knowledge, and knowledge of legal and factual misstatements rather than knowledge of factual misstatements alone. Evidently, Unicolors can discern whether the statute requires fraud without addressing those questions. Likewise, the Ninth Circuit has held that §411(b)(1)(A) does not require fraud based on its “plain language.” *Gold Value*, 925 F. 3d, at 1147. In reaching that conclusion, the Court of Appeals did not address the actual-versus-constructive-knowledge issue, and it reserved the law-versus-fact issue. See *ibid.* In short, deciding whether §411(b)(1)(A) requires a particular element of fraud is not “prior” to deciding whether fraud is the proper standard in the first place.

But even if Unicolors’ arguments were “prior” questions, the Court still misapplies Rule 14.1(a). We are free to address “subsidiary question[s]” in deciding “any *question presented*.” This Court’s Rule 14.1(a) (emphasis added). Put another way, the subsidiary questions must be “inextricably linked” to the question under review and necessarily contribute to that question’s resolution. *City of Sherrill v. Oneida Indian Nation of N. Y.*, 544 U.S. 197, 214, n. 8 (2005). Here, though, the Court never answers the ultimate question about fraud. To provide an incomplete answer to the question presented disservices the public and our fellow judges. The Court does not decide the question that has split the Courts of Appeals, but instead decides a question that no court has addressed. And by granting

review of one question but answering another, we encourage litigants “to seek review of a circuit conflict only then to change the question to one that seems more favorable.” *Czyzewski v. Jevic Holding Corp.*, 580 U.S. ___, ___ (2017) (THOMAS, J., dissenting) (slip op., at 2); see also *Yee*, 503 U.S., at 536 (parties would be “encouraged to fill their limited briefing space and argument time with discussion of issues other than the one on which certiorari was granted”). The result is muddled briefing on questions we did not agree to resolve, and a ruling that bypasses the ordinary process of appellate review.

II

In this case, the Court’s misstep comes at considerable cost. A requirement to know the law is ordinarily satisfied by constructive knowledge, cf. *Jerman v. Carlisle, McNellie, Rini, Kramer & Ulrich, L. P. A.*, 559 U.S. 573, 584 (2010), because “actual knowledge of illegality” can be “difficult or impossible” to prove, *Ratzlaf v. United States*, 510 U.S. 135, 162 (1994) (Blackmun, J., dissenting). Yet here, the Court imposes an actual-knowledge-of-law standard that is virtually unprecedented except in criminal tax enforcement. See *Cheek v. United States*, 498 U.S. 192, 201–203 (1991). And while the Court claims the word “knowledge” in §411(b)(1)(A) compels this conclusion, see *ante*, at 5, that result is far from certain. In *Cheek*, this Court required actual knowledge of law in light of a “willfulness” requirement. 498 U.S., at 201–202. A “knowledge” requirement, by contrast, often encompasses actual *and* constructive knowledge. See *Intel Corp. Investment Policy Comm. v. Sulyma*, 589

U.S. ___, ___–___ (2020) (slip op., at 6–7). Moreover, as the Court recognizes, the other knowledge requirements in the Copyright Act are satisfied by either kind of knowledge. See *ante*, at 6. The Court points to no other Copyright Act provision that is satisfied by actual knowledge alone. That the Court reads §411(b)(1)(A) to be the lone exception is dubious. That the Court does so without permitting any other court in the country to first consider the question is unwise.

* * *

I would dismiss the writ of certiorari as improvidently granted because Unicolors has abandoned the question presented and instead proposes novel questions of copyright law that no other court addressed before today. I respectfully dissent.

FOR PUBLICATION

**UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT**

UNICOLORS, INC., a	Nos. 18-56253
California Corporation,	18-56548
<i>Plaintiff-Appellee,</i>	
v.	D.C. No.
	2:16-cv-02322-
	AB-SK

H&M HENNES &	
MAURITZ, L.P., a New	
York limited partnership,	
<i>Defendant-Appellant.</i>	OPINION

Appeal from the United States District Court
for the Central District of California
Andre Birotte, Jr., District Judge, Presiding

Submitted March 30, 2020*
Pasadena, California

Filed May 29, 2020

Before: Carlos T. Bea and Bridget S. Bade, Circuit
Judges, and Jon P. McCalla,** District Judge.

* The panel unanimously concludes this case is suitable for decision without oral argument. *See* Fed. R. App. P. 34(a)(2).

** The Honorable Jon P. McCalla, United States District Judge for the Western District of Tennessee, sitting by designation.

SUMMARY***

Copyright

The panel reversed the district court's judgment after a jury trial and award of attorneys' fees in favor of the plaintiff in a copyright infringement action, and remanded for further proceedings concerning copyright registration.

The district court denied defendant's motion for judgment as a matter of law on the ground that plaintiff's copyright registration was invalid because it secured the registration by including known inaccuracies in its application for registration.

The panel held that under 17 U.S.C. § 411(b)(1)-(2), once a defendant alleges that (1) a plaintiff's certificate of registration contains inaccurate information; (2) "the inaccurate information was included on the application for copyright registration;" and (3) the inaccurate information was included on the application "with knowledge that it was inaccurate," a district court is then required to submit a request to the Register of Copyrights "to advise the court whether the inaccurate information, if known, would have caused [it] to refuse registration." In other

*** This summary constitutes no part of the opinion of the court. It has been prepared by court staff for the convenience of the reader.

words, courts may not consider in the first instance whether the Register of Copyrights would have refused registration due to the inclusion of known inaccuracies in a registration application.

The panel held that the district court erred in imposing an intent-to-defraud requirement for registration invalidation. The district court further erred in concluding that plaintiff's application for copyright registration of a collection of works did not contain inaccuracies. The panel held that single-unit registration requires that the registrant first published a collection of works in a singular, bundled collection. The panel also concluded that the undisputed evidence adduced at trial showed that plaintiff included the inaccurate information with knowledge that it was inaccurate. Accordingly, the district court was required to request the Register of Copyrights to advise the court whether the inaccurate information, if known, would have caused the Register to refuse registration. The panel reversed and remanded for the district to complete this statutorily required request.

COUNSEL

Staci Jennifer Riordan, Aaron Brian, and Dale A. Hudson, Nixon Peabody LLP, Los Angeles, California, for Defendant-Appellant.

Stephen M. Doniger, Scott Alan Burroughs, and Trevor W. Barrett, Doniger / Burroughs, Venice, California, for Plaintiff-Appellee.

OPINION

BEA, Circuit Judge:

This is a copyright-infringement action brought by Unicolors, Inc. (“Unicolors”), a company that creates designs for use on textiles and garments, against H&M Hennes & Mauritz L.P. (“H&M”), which owns domestic retail clothing stores. Unicolors alleges that a design it created in 2011 is remarkably similar to a design printed on garments that H&M began selling in 2015. The heart of this case is the factual issue whether H&M’s garments bear infringing copies of Unicolors’s 2011 design. Presented with that question, a jury reached a verdict in favor of Unicolors, finding the two works at least substantially similar. On appeal, however, we must decide a threshold issue whether Unicolors has a valid copyright registration for its 2011 design, which is a precondition to bringing a copyright-infringement suit.

I

Unicolors’s business model is to create artwork, copyright it, print the artwork on fabric, and market the designed fabrics to garment manufacturers. Sometimes, though, Unicolors designs “confined” works, which are works created for a specific customer. This customer is granted the right of exclusive use of the confined work for at least a few months, during which time Unicolors does not offer to sell the work to other customers. At trial, Unicolors’s President, Nader Pazirandeh, explained that customers “ask for privacy” for confined designs, in respect of which Unicolors holds the confined designs for a “few

months” from other customers. Mr. Pazirandeh added that his staff follows instructions not to offer confined designs for sale to customers generally, and Unicolors does not even place confined designs in its showroom until the exclusivity period ends.

In February 2011, Unicolors applied for and received a copyright registration from the U.S. Copyright Office for a two-dimensional artwork called EH101, which is the subject of this suit. Unicolors’s registration—No. VA 1-770-400 (“the ‘400 Registration”)—included a January 15, 2011 date of first publication. The ‘400 Registration is a “single-unit registration” of thirty-one separate designs in a single registration, one of which designs is EH101. The name for twenty-two of the works in the ‘400 Registration, like EH101, have the prefix “EH”; the other nine works were named with the prefix “CEH.” Hannah Lim, a Unicolors textile designer, testified at trial that the “EH” designation stands for “January 2011,” meaning these works were created in that month. Ms. Lim added that a “CEH” designation means a work was designed in January 2011 but was a “confined” work.

When asked about the ‘400 Registration at trial, Mr. Pazirandeh testified that Unicolors submits collections of works in a single copyright registration “for saving money.” Mr. Pazirandeh added that the first publication date of January 15, 2011 represented “when [Unicolors] present[ed] [the designs] to [its] salespeople.” But these salespeople are Unicolors employees, not the public. And the presentation took place at a company member-only meeting. Following the presentation, according to Mr. Pazirandeh,

Unicolors would have placed non-confined designs in Unicolors's showroom, making them "available for public viewing" and purchase. Confined designs, on the other hand, would not be placed in Unicolors's showroom for the public at large to view.

H&M owns and operates hundreds of clothing retail stores in the United States. In fall 2015, H&M stores began selling a jacket and skirt made of fabric bearing an artwork design named "Xue Xu." Upon discovering H&M was selling garments bearing the Xue Xu artwork, Unicolors filed this action for copyright infringement, alleging that H&M's sales infringed Unicolors's copyrighted EH101 design. Unicolors alleges that the two works are "row by row, layer by layer" identical to each other.

The case proceeded to trial, at which a jury returned a verdict in Unicolors's favor, finding Unicolors owned a valid copyright in the EH101 artwork, H&M infringed on that copyright by selling the contested skirt and jacket, and H&M's infringement was willful. The jury awarded Unicolors \$817,920 in profit disgorgement damages and \$28,800 in lost profits.

H&M filed a renewed motion for judgment as a matter of law, or in the alternative, for a new trial. The district court denied H&M's renewed motion for judgment as a matter of law, but conditionally granted H&M's motion for a new trial subject to Unicolors accepting a remittitur of damages to \$266,209.33. Unicolors accepted the district court's remittitur and the district court entered judgment against H&M accordingly. Unicolors subsequently moved for attorneys' fees and costs, which the district

court awarded in the amounts of \$508,709.20 and \$5,856.27, respectively. This appeal of both the entry of judgment and award of attorneys' fees in favor of Unicolors followed.

II

“To establish infringement, two elements must be proven: (1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original.” *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991). As to ownership, a registration certificate issued by the U.S. Register of Copyrights constitutes prima facie evidence of the validity of a plaintiff's copyright. 17 U.S.C. § 410(c).

Although proper registration benefits copyright-infringement plaintiffs by imbuing their copyright with a presumption of validity, proper registration is also a burden of sorts, as it is “a precondition to filing an action for copyright infringement.” *Gold Value Int'l Textile, Inc. v. Sanctuary Clothing, LLC*, 925 F.3d 1140, 1144 (9th Cir. 2019); *see* 17 U.S.C. § 411(a). Proper registration, of course, is not a precondition to copyright protection. 17 U.S.C. § 408(a). But the Copyright Act expressly prohibits copyright owners from bringing infringement actions without first properly registering their work. *Id.* § 411(a). Whether a copyright is properly registered is rarely disputed, because the mere receipt of a registration certificate issued by the Register of Copyrights ordinarily satisfies the Copyright Act's registration requirement. *Id.* § 411(b)(1). But possession of a registration certificate does not satisfy the Copyright Act's registration requirement if the registrant secured the registration

by knowingly including inaccurate information in the application for copyright registration that, if known by the Register of Copyrights, would have caused it to deny registration. *Id.*

In practice, once a defendant alleges that (1) a plaintiff's certificate of registration contains inaccurate information; (2) "the inaccurate information was included on the application for copyright registration"; and (3) the inaccurate information was included on the application "with knowledge that it was inaccurate," a district court is then required to submit a request to the Register of Copyrights "to advise the court whether the inaccurate information, if known, would have caused [it] to refuse registration." *Id.* § 411(b)(1)-(2). In other words, courts may not consider in the first instance whether the Register of Copyrights would have refused registration due to the inclusion of known inaccuracies in a registration application.

Here, following the unfavorable verdict, H&M filed a renewed motion for judgment as a matter of law that contended, in relevant part, that Unicolors's '400 Registration covering the EH101 work was invalid because Unicolors secured the registration by including known inaccuracies in its application for registration. In particular, H&M noted that Unicolors used a single copyright registration to register thirty-one separate works, one of which was EH101. But to register a collection of works as a "single unit" as Unicolors did, H&M maintained that the works must have been first sold or offered for sale in some integrated manner. And because the undisputed evidence adduced at trial showed that Unicolors included in

the ‘400 Registration at least nine confined works that were sold separately and exclusively to individual customers, H&M argued that the collection of works identified in the ‘400 Registration were not first sold together and at the same time. In turn, H&M contended the district court should find the ‘400 Registration invalid and enter judgment in favor of H&M.

The district court rejected H&M’s argument for invalidating the ‘400 Registration for two reasons. First, the district court held that invalidation required a showing at trial that Unicolors intended to defraud the Copyright Office, and found no evidence introduced at trial showed such an intent. Second, the district court held that although Unicolors may have marketed and sold various works included in the ‘400 Registration separately, that did not mean all of the works were not first made available to the public—i.e., published—on the same day.

Both the district court’s reasons for denying H&M judgment as a matter of law are flawed. To be sure, several opinions from this Court have implied that there is an intent-to-defraud requirement for registration invalidation. *See L.A. Printex Indus., Inc. v. Aeropostale, Inc.*, 676 F.3d 841, 853-54 (9th Cir. 2012); *see also Lamps Plus, Inc. v. Seattle Lighting Fixture Co.*, 345 F.3d 1140, 1145 (9th Cir. 2003) (stating that inaccuracies “do not invalidate a copyright ... [unless] the claimant intended to defraud the Copyright Office by making the misstatement”) (quoting *Urantia Found. v. Maaherra*, 114 F.3d 955, 963 (9th Cir. 1997)); *Three Boys Music Corp. v. Bolton*, 212 F.3d 477, 486–87 (9th Cir. 2000) (same), *overruled on other grounds by Skidmore v. Led Zeppelin*, 952 F.3d 1051

(9th Cir. 2020) (*en banc*); *Cooling Sys. & Flexibles, Inc. v. Stuart Radiator, Inc.*, 777 F.2d 485, 487 (9th Cir. 1985) (“Absent fraud, a misstatement or clerical error in the registration application ... will not invalidate the copyright ...”) (internal quotation marks omitted), *overruling on other grounds recognized by Apple Computer, Inc. v. Microsoft Corp.*, 35 F.3d 1435, 1448 (9th Cir. 1994); 2 M. Nimmer & D. Nimmer, *Nimmer on Copyright* § 7.20[B][1] (2019). But we recently clarified that there is no such intent-to-defraud requirement. *See Gold Value Int’l Textile, Inc.*, 925 F.3d at 1147 (9th Cir. 2019).

The district court further erred in concluding that Unicolors’s application for copyright registration did not contain inaccuracies despite the inclusion of confined designs because single-unit registration requires merely that all works identified in the application be published on the same date. Under the Copyright Act, an author may register a collection of published works “as a single work,” so that the registrant need pay only one filing fee. 37 C.F.R. § 202.3(b)(4) (effective January 24, 2011).¹ To register such a collection of published works, the works must have been “included in a single unit of publication.” *Id.* § 202.3(b)(4)(i)(A) “Publication” under the Copyright Act is defined as the initial “distribution” or “offering to distribute” the “work to the public by sale or other transfer of ownership, or by rental, lease, or lending.”

¹ The current version of § 202.3(b)(4) refers to registration “as one work” rather than “as a single work.” We use the language of the regulation’s version effective January 24, 2011, which is the operative version in this case.

17 U.S.C. § 101. As we have explained, publication includes when copies of a work are “made available to the general public ... even if a sale or other such disposition does not in fact occur.” *Am. Vitagraph, Inc. v. Levy*, 659 F.2d 1023, 1027 (9th Cir. 1981) (quoting 1 M. Nimmer & D. Nimmer, *Nimmer on Copyright* § 4.04 at 4-18 to 4-19 (1978)). The confined designs, however, were not placed in the showroom for sale at the same time. And this court has never previously addressed what it means to publish multiple works as a “single unit.”²

We conclude that the plain meaning of “single unit” in § 202.3(b)(4)(i)(A) requires that the registrant first published the collection of works in a singular, bundled collection. The relevant language of the regulation provides, in full:

For the purpose of registration on a single application and upon payment of a single registration fee, the following shall be considered a single work:

(A) In the case of published works: all copyrightable elements that are *otherwise recognizable as self-contained works*, that are

² The Third Circuit discussed the single-unit requirement in a published opinion, but that case provides no help to the matter at hand. See *Kay Berry, Inc. v. Taylor Gifts, Inc.*, 421 F.3d 199, 204-06 (3d Cir. 2005) (mentioning the single-unit registration option and concluding the individual works need not be “related,” but not explaining what it means for works to be part of a “single unit”).

included in a single unit of publication, and in which the copyright claimant is the same[.]

37 C.F.R. § 202.3(b)(4)(i)(A) (emphasis added). The plain meaning of the word “single” unsurprisingly commands a sense of singularity. *See Single*, Merriam-Webster Dictionary, <https://www.merriam-webster.com/dictionary/single> (defining “single” as “unaccompanied by others”). The plain meaning of “unit” is no different. *See Unit*, Merriam-Webster Dictionary, <https://www.merriam-webster.com/dictionary/unit> (defining “unit” as “a single thing, person, or group that is a constituent of a whole”). Together, the two words suggest that a “single unit of publication” refers to some singular, bundled item that contains all works identified in the registration.

The proverbial toolkit of statutory interpretation reinforces that a collection of published works that make up “a single unit of publication” must have been first published as part of some singular, bundled collection. The principle of *noscitur a sociis*—“it is known by its associates” or “birds of a feather flock together”—instructs that words in statutes are given more precise content by neighboring words. *See Life Techs. Corp. v. Promega Corp.*, 137 S. Ct. 734, 740 (2017); *see also* Antonin Scalia & Bryan A. Garner, *Reading Law: The Interpretation of Legal Texts*, 195–98 (2012) (describing *noscitur a sociis* and explaining its meaning as “birds of a feather flock together”). Here, § 202.3(b)(4)(i)(A) refers to “copyrightable *elements* that are *otherwise* recognizable as *self-contained works*, which are included in a single unit of publication.” (emphasis added). By referring to “elements” that are “otherwise ... self-contained works,”

the regulation unambiguously contemplates that a “single-unit of publication” does not cover separate self-contained works, but instead covers the unification of such works that otherwise could be self-contained.³

For these reasons, we hold that a collection of works does not qualify as a “single unit of publication” unless all individual works of the collection were first published as a singular, bundled unit. Therefore, it is an inaccuracy for a registrant like Unicolors to register a collection of works (such as the works identified in the ‘400 Registration) as a single-unit publication when the works were not initially published as a singular, bundled collection. At a minimum, the confined works included in the ‘400 Registration were initially made available only to individual, exclusive customers.

³ Even if the term “single unit” were ambiguous, we would hold the term has the same meaning. If it were ambiguous, we would look to how the U.S. Copyright Office has defined the term in its internal manual, *Compendium of Copyright Office Practices* (“*Compendium*”), which is entitled to *Skidmore* deference. *Inhale, Inc. v. Starbuzz Tobacco, Inc.*, 755 F.3d 1038, 1041-42 & n.2 (9th Cir. 2014). The *Compendium* details that the “single unit of publication” option applies to a collection of published works “first distributed to the public in the packaged unit.” *Compendium* § 1103. In other words, a single unit of publication refers to separately copyrightable works “that are physically bundled together and distributed to the public as a unit, such as a board game containing instructions, a game board, and sculpted playing pieces.” *Id.* The *Compendium*’s definition for “single unit” thus aligns with what we ascribe as its unambiguous and plain meaning.

The undisputed evidence adduced at trial further shows that H&M included the inaccurate information “with knowledge that it was inaccurate.” 17 U.S.C. § 411(b)(1)(A). And the knowledge inquiry is not whether Unicolors knew that including a mixture of confined and non-confined designs would run afoul of the single-unit registration requirements; the inquiry is merely whether Unicolors knew that certain designs included in the registration were confined and, therefore, were each published separately to exclusive customers. *See Gold Value Int’l Textile, Inc.*, 925 F.3d at 1147. At trial, Unicolors admitted to having such knowledge.

Although Unicolors’s application for the ‘400 Registration contained known inaccuracies, that does not mean H&M was entitled to judgment as a matter of law. Rather, the district court was required to “request the Register of Copyrights to advise the court whether the inaccurate information, if known, would have caused the Register ... to refuse registration.” 17 U.S.C. § 411(b)(2). Because the district court did not make the statutorily required request, we remand the case so that the district court can complete this requirement before deciding whether Unicolors’s registration is invalid, which would require dismissing Unicolors’s claims and entering judgment in favor of H&M.

III

For the foregoing reasons, we reverse the district court’s entry of judgment and award of attorneys’ fees in favor of Unicolors and remand to the district court with instructions to submit an inquiry to the Register

of Copyrights asking whether the known inaccuracies contained in the ‘400 Registration application detailed above, if known to the Register of Copyrights, would have caused it to refuse registration. Because the validity of Unicolors’s copyright registration is a threshold issue, we do not consider here the many other questions presented on appeal.⁴ In the event the district court determines on remand—and after submitting the necessary inquiry to the Register of Copyrights—that Unicolors has a valid copyright registration in EH101, this panel retains jurisdiction over any subsequent appeal to review that determination and, if necessary, to decide remaining questions presented in this appeal.

REVERSED AND REMANDED.

⁴ As the Supreme Court has explained, the Copyright Act’s registration requirement is not a jurisdictional requirement; rather, it is a claim-processing rule. *Reed Elsevier, Inc. v. Muchnick*, 559 U.S. 154, 163-66 (2010). That does not change that Unicolors’s compliance with the Copyright Act’s registration requirement is a threshold matter. As the Supreme Court recently clarified, a claim-processing rule can still be “mandatory,” which means “that a court must enforce the rule if a party ‘properly raise[s]’ it.” *Fort Bend Cty. v. Davis*, 139 S. Ct. 1843, 1849 (2019) (alteration in original) (quoting *Eberhart v. United States*, 546 U.S. 12, 19 (2005) (*per curiam*)). The *Fort Bend County* Court even noted that “the Copyright Act’s requirement that parties register their copyrights” is one such mandatory claim-processing rule. *Id.* Here, the parties do not dispute that H&M properly raised its challenge to Unicolors’s compliance with the Copyright Act’s registration requirement.

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 & Pe-kin 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&MLP 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, Unicolors 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 Unicolors assert evidence that H&M GBC's activities drew customers to H&M LP's stores. Accordingly, Unicolors did not satisfy the financial benefit element of a vicarious infringement claim.

Because the evidence at trial could not support a finding that Unicolors controlled or financially benefitted from H&M GBC's alleged infringement, Unicolors 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 Unicolors' 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.¹

In hopes of avoiding *Subafilms*' 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

¹ 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

the jury could have awarded amounted to \$266,209.33.

IV. CONCLUSION

For the foregoing reasons, the Court **DENIES** H&M LP's motion for judgment as a matter of law and **GRANTS IN PART** H&M LP's motion for a new trial. The Court conditionally grants a new trial on the issue of damages, subject to Unicolors accepting a remittitur of damages to \$266,209.33 within 14 days of the issuance of this order.

IT IS SO ORDERED.

Dated: August 01, 2018	<u>[h/w</u>	<u>signature]</u>
	HONORABLE	ANDRÉ
	BIROTTE JR.	UNITED
	STATES	DISTRICT
	COURT JUDGE	