

No.

IN THE
Supreme Court of the United States

Y.Y.G.M. SA, A SWISS CORPORATION,
D/B/A BRANDY MELVILLE,

Petitioner,

v.

REDBUBBLE, INC.,

Respondent.

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

PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether the Ninth Circuit erred by holding, in direct conflict with the Second and Tenth Circuits, that a defendant may be held liable for contributory trademark infringement only insofar as it knows or has reason to know of, and fails to stop assisting, “*specific* instances of infringement or *specific* infringers,” App. 9-10a (emphasis added), even where the defendant otherwise knows or has reason to know that it is assisting trademark infringement and fails to take reasonable steps to stop providing such assistance.

PARTIES TO THE PROCEEDINGS BELOW

Petitioner Y.Y.G.M. SA, a Swiss corporation, d/b/a Brandy Melville, was plaintiff/appellant/cross-appellee in the Ninth Circuit.

Respondent Redbubble, Inc., was defendant/appellee/cross-appellant in the Ninth Circuit.

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INTRODUCTION

Over forty years ago, this Court held that the Lanham Act establishes a cause of action for contributory trademark infringement where a defendant assists another “whom it knows or has reason to know is engaging in trademark infringement.” *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 (1982). The advent of the Internet and the explosive growth of e-commerce in recent years have transformed such contributory infringement from a local phenomenon (*e.g.*, knowingly renting space to sellers of knockoff watches on Canal Street in New York City) to a national and indeed global phenomenon (*e.g.*, knowingly hosting a digital platform that allows knockoff trademarks to be printed on demand on a wide variety of generic goods).

This Court, however, has not considered the standard for contributory trademark infringement under the Lanham Act since announcing that standard in 1982. It is now high time for this Court to return to the issue. As this case shows, the courts of appeals are squarely divided on the scope of contributory trademark liability under *Inwood*.

The Ninth Circuit, in the decision below, adopted an erroneously narrow view of such liability. According to the Ninth Circuit, a defendant may be held liable for contributory trademark infringement only where the plaintiff proves that the defendant knew or had reason to know of, and failed to stop assisting, “*specific* instances of infringement or *specific* infringers.” Appendix (App.) 9a (emphasis added); *see also* App. 22a (“We hold that contributory trademark liability requires knowledge of *specific* infringers or instances of infringement.”) (emphasis

added); App. 10a (“The duty to stop (or root out) infringement ... only covers *specific* instances of infringement the defendant knows or has reason to know about.”) (emphasis added).

The Second and Tenth Circuits, in contrast, have expressly rejected that crabbed approach. *See Omega SA v. 375 Canal, LLC*, 984 F.3d 244, 253-55 (2d Cir. 2021); *1-800-Contacts, Inc. v. Lens.com*, 722 F.3d 1229, 1252-55 (10th Cir. 2013). In these circuits, once a defendant knows or has reason to know that it is assisting trademark infringement (even if it does not know or have reason to know of “specific” instances of infringement or infringers), it has a legal duty to take reasonable steps to stop rendering such assistance (and that duty is not limited only to “specific” instances of infringement or infringers). *See Omega*, 984 F.3d at 254-55; *1-800-Contacts*, 722 F.3d at 1253-54.

This case highlights the significant practical differences between these conflicting approaches. Petitioner Brandy Melville notified respondent Redbubble that Brandy Melville’s trademarks were being widely infringed on Redbubble’s print-on-demand website, and that none of those uses was authorized. App. 80-82a. While Redbubble addressed *specific* instances of infringement that Brandy Melville had identified, it failed to take reasonable steps to curb widespread *additional* infringement of Brandy Melville’s trademarks on its platform. App. 42-53a, 83-87a. That response was consistent with Redbubble’s written policy on infringement:

It is Redbubble's policy to remove allegedly infringing works *in response to* valid complaints under applicable law, but content is *only* removed when it has been *specifically* identified as infringing in a legally valid takedown notice. *We generally don't go looking for similar works to remove from the marketplace.*

App. 89a (emphasis added). Thus, in the months following Brandy Melville's notification, infringement of its trademarks continued unabated on the Redbubble website, which continued to allow users to search for, and buy, a vast array of infringing merchandise by simply typing "Brandy Melville" into the search box. App. 42-53a.

Brandy Melville brought this lawsuit precisely because it is not Brandy Melville's duty to continuously monitor Redbubble's website (and other similar websites) for specific instances of infringement. Not surprisingly, a jury ruled in Brandy Melville's favor on its contributory trademark liability claims. App. 38-40a.

But the Ninth Circuit has now vacated that judgment and effectively enshrined Redbubble's hands-off trademark policy as circuit law. According to the Ninth Circuit, Redbubble is *only* liable for contributory trademark infringement insofar as Brandy Melville proved that Redbubble knew or had reason to know of "specific" instances of infringement or infringers, and even then the scope of such liability is limited to a failure to stop assisting such "specific" instances of infringement or infringers. App. 9-10a. That result would have been different in the Second and Tenth Circuits, which have expressly *rejected* the proposition that contributory trademark liability

requires knowledge of, and is limited to redressing, “specific” instances of infringement or infringers. *See, e.g., Omega*, 984 F.3d at 253 (“We reject [the] argument” that “[the plaintiff] had to prove that [the defendant] continued to [assist] a specific, identified [infringer] that it knew or should have known was selling counterfeit [plaintiff] goods.”); *1-800-Contacts*, 722 F.3d at 1254 (rejecting “a rigid line requiring knowledge” of “the infringer’s specific identity” where defendant had other reasonable means to cease assisting infringement). Because Brandy Melville “introduced evidence from which a jury could find that [Redbubble] had a history of turning a blind eye” toward infringement on its platform, and “had taken insufficient steps to root out” such infringement, Redbubble’s legal challenge to the judgment would have failed in these other circuits. *Omega*, 984 F.3d at 254-55; *see also 1-800-Contacts*, 722 F.3d at 1254-55.

This Court should grant review to resolve this conflict over the scope of contributory trademark liability under the Lanham Act. Many contributory infringers (including respondent Redbubble) operate across the country and indeed around the world. Whether they can be held liable under the Lanham Act should not turn on whether they are sued in Los Angeles, on the one hand, or New York or Denver, on the other.

The Ninth Circuit decision below is also manifestly incorrect. It has no basis in background principles of common law, and effectively flips the burden of ensuring compliance with the law from defendants to plaintiffs. As a practical matter, that decision frees service providers to assist widespread trademark

infringement unless and until a trademark holder notifies them of *specific* instances of infringement or infringers. And, even then, the service provider need only address those *specific* identified instances, foisting upon trademark holders the Sisyphean burden of returning time and again with additional specific instances of infringement or infringers. This is, to say the least, not the norm in our legal system: defendants generally are not immune from liability for assisting wrongdoing unless and until the plaintiff notifies them of the specific instances of wrongdoing they are assisting. As the Second and Tenth Circuits recognize, this approach rewards defendants for willful blindness, and provides no incentive for them to refrain from assisting trademark infringement.

Because the decision below creates a circuit conflict on, and incorrectly resolves, a significant question of federal law, this Court should grant review.

OPINIONS BELOW

The Ninth Circuit's opinion is reported at 75 F.4th 995, and is reprinted at App. 1-22a. The district court's order denying Redbubble's motion for summary judgment on contributory liability is reported at 2020 WL 3984528, and reprinted at App. 54-79a. The district court's order denying Redbubble's motion for judgment as a matter of law on contributory liability is reported at 2021 WL 4816618, and reprinted at App. 32-37a. The district court's order denying Redbubble's renewed motion for judgment as a matter of law on contributory liability is reported at 2021 WL 4902527, and reprinted at App. 24-29a.

JURISDICTION

The Ninth Circuit entered judgment on July 24, 2023, App. 1a, and denied a timely petition for panel rehearing or rehearing *en banc* on October 24, 2023, App. 23a. This Court has jurisdiction under 28 U.S.C. § 1254(1).

PERTINENT STATUTORY PROVISIONS

Relevant excerpts from the Lanham Act, which by its terms does not directly address contributory liability, are reprinted at App. 94-95a.

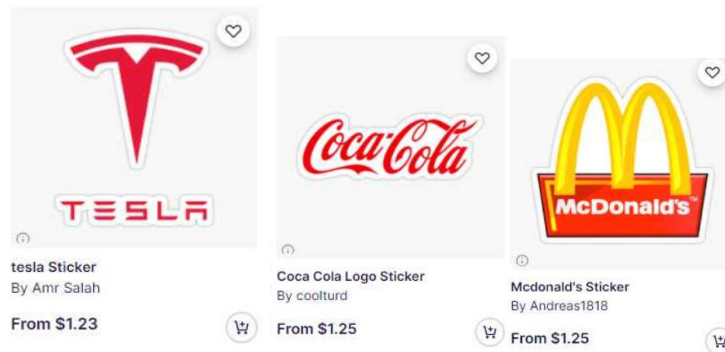
STATEMENT OF THE CASE

A. Background

Respondent Redbubble is an Australia-based online print-on-demand marketplace (*www.redbubble.com*). It invites “artists” to upload images to its website, which customers can then order printed on a vast array of physical objects, from stickers to hats to T-shirts. After a customer matches an image with a product on the website, Redbubble’s software automatically selects a third-party “fulfiller” to print the image on the product. CA9 App. 1-ER-23, 2-ER-298-302. Redbubble splits the purchase price with the “artist” and the “fulfiller.” CA9 App. 1-ER-23; *see generally The Ohio State Univ. v. Redbubble, Inc.*, 989 F.3d 435, 440-42 & n.1, 445-48 (6th Cir. 2021) (describing Redbubble’s business model).

To say the least, Redbubble’s business model creates a high risk of widespread trademark infringement. Redbubble’s principal response to that risk was to require the “artists” to represent that they owned the rights to the images they uploaded. CA9 App. SER-120-21, 211. Notwithstanding that requirement, many of the “artists” simply uploaded

popular brand logos and other trademarked images. See, e.g., CA9 App. 2-ER-87-120, 133-46, 222-86. Indeed, one of the big problems prompting this lawsuit was that a customer could type a familiar brand name (e.g., Tesla, Coca Cola, McDonald's) into the search bar on the Redbubble website, and shop from a veritable emporium of infringing products. For instance, here are stickers that, at the time of the trial in this case, could be accessed and purchased on Redbubble's website by typing those brand names into the search bar:



CA9 App. 2-ER-87, 94, 108. (Redbubble only disabled this brand-specific search feature *after* the trial below.)

Although Redbubble was aware that sales involving such infringing images made up fully *one-quarter* of its business, see, e.g., CA9 App. 2-ER-149-50; FER-76-78, it disclaimed any responsibility to police infringement on its site unless and until a trademark holder first sent a takedown notice identifying *specific* instances of infringement or infringers, and then limited its response to addressing those identified *specific* instances of infringement or infringers. Thus, Redbubble described its official policy as follows:

It is Redbubble’s policy to remove allegedly infringing works *in response to* valid complaints under applicable law, but content is *only* removed when it has been *specifically* identified as infringing in a legally valid takedown notice. *We generally don’t go looking for similar works to remove from the marketplace.*

App. 89a (emphasis added); *see also* App. 92-93a (“The rights holder is in the best position to identify what he or she considers infringing.”).

Petitioner Brandy Melville is a popular fashion and lifestyle business that sells branded clothing, jewelry, and decorative items. CA9 App. 1-ER-22. Two of its registered marks are (1) the Brandy Melville (also called the Heart) mark, USPTO Registration No. 5,238,856:

Brandy  Melville

and (2) the LA Lightning mark, USPTO Registration No. 5,748,883:



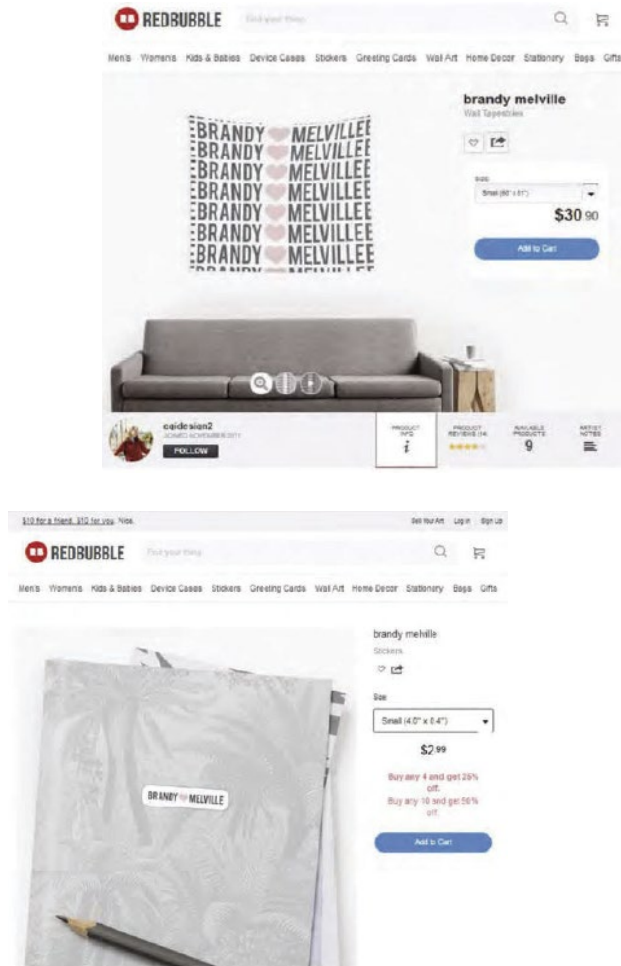
App. 55a, 75-76a; *see also* CA9 App. 2-ER-127 (registration of Heart mark); 2-ER-130 (registration of LA Lightning mark). The Heart mark is registered for use on a wide variety of items, including clothing, furniture, stickers, linens, and decorative objects.

CA9 App. 2-ER-127. The LA Lightning mark is registered for use on clothing. CA9 App. 2-ER-130.

In May 2018, Brandy Melville sent a letter notifying Redbubble that Brandy Melville trademarks were being widely infringed on its website. App. 80-82a. As the letter explained, “Redbubble is offering for sale *numerous products* that deliberately infringe upon Brandy Melville’s trademark rights,” and these products “can be found by searching for ‘Brandy Melville’ on the Redbubble website.” App. 81a (emphasis added). The letter did not purport to provide an exhaustive listing of every infringing image on the website; rather, it gave “[a] few examples,” and noted that “[t]here are many more on Redbubble’s site.” *Id.* The letter also explained that “[o]ther products currently being offered for sale on Redbubble use the keyword ‘Brandy Melville’ to drive consumers to products that incorporate well-known Brandy Melville designs,” and depicted “[a] few of those products.” *Id.* And the letter emphasized that *none* of these uses of Brandy Melville’s trademarks on Redbubble’s website was “authorized by the owner, its agent, or the law.” App. 82a.

Redbubble removed specific images identified in that letter and invited Brandy Melville to notify it of any other “specific” images that it would like removed. App. 85-86a. Although Brandy Melville subsequently notified Redbubble of infringing images, *see, e.g.*, App. 83-84a, following that process was like playing a game of Whack-a-Mole: some listings would come down while others would pop up, *see* App. 45-53a. Notwithstanding Brandy Melville’s warning that *none* of Redbubble’s “artists” was licensed to use Brandy Melville’s trademarks, Redbubble undertook no

meaningful effort to stop sales of infringing products on its site or to prevent users from readily calling up a vast array of such products by simply typing “Brandy Melville” into the search bar:



CA9 App. 2-ER-142, 144 (two of many product images accessed on the Redbubble site months *after* Brandy Melville’s letter).

B. Proceedings Below

Brandy Melville filed this lawsuit in May 2019 alleging (among other things) that Redbubble was liable for contributory infringement and counterfeiting by assisting the “artists” who uploaded Brandy Melville’s trademarks to Redbubble’s website. (Counterfeiting is a form of infringement that involves the unauthorized use of a mark that is *identical*, not just confusingly *similar*, to a registered mark, *see* 15 U.S.C. § 1127, and triggers a greater array of remedies than ordinary infringement, *see, e.g., id.* §§ 1116(d), 1117(b), 1117(c).)

The parties cross-moved for summary judgment on contributory liability, and the district court (Klausner, J.) denied both motions. App. 54-79a. The court held that whether Redbubble was liable for contributory infringement and/or counterfeiting presented jury questions. App. 61-69a, 74-79a.

Accordingly, these issues were submitted to a jury, which decided that Redbubble was liable for contributory counterfeiting of both the Heart and LA Lightning marks, that such contributory counterfeiting was “willful,” and that Brandy Melville was entitled to statutory damages of \$300,000 on the Heart mark and \$200,000 on the LA Lightning mark. App. 38-39a. The jury also decided that Redbubble was liable for contributory infringement of both the Heart and LA Lightning marks, as well as Brandy Melville’s unregistered trademarks, and awarded Brandy Melville another \$20,000 attributable to Redbubble’s profits from such contributory infringement. App. 39-40a.

The district court thereafter granted Redbubble judgment as a matter of law on the contributory counterfeiting claim involving the Heart mark for reasons not at issue here, but otherwise denied Redbubble's motion for judgment as a matter of law. App. 34-37a. The court thereafter entered a final judgment of \$220,000 in Brandy Melville's favor on the remaining contributory infringement and counterfeiting claims, App. 30-31a, and denied Redbubble's renewed motion for judgment as a matter of law, App. 24-29a.

As relevant here, Redbubble appealed on the scope of contributory trademark liability. The Ninth Circuit agreed with Redbubble that such liability (whether for infringement or counterfeiting) is limited to situations where the defendant knew or had reason to know that it was assisting, and failed to stop assisting, "*specific instances of infringement or specific infringers.*" App. 9a (emphasis added); *see generally* App. 5-11a, 22a. Because the district court had not applied that legal standard in ruling on Redbubble's motion for judgment as a matter of law, the Ninth Circuit vacated the judgment in Brandy Melville's favor and remanded for reconsideration of that motion. *See* App. 11a, 22a.

This petition follows.

REASONS FOR GRANTING THE WRIT

This case warrants this Court's review because the Ninth Circuit decision below conflicts with the decisions of other circuits, is wrong, and provides incentives for facilitating widespread trademark infringement.

I. The Ninth Circuit’s Decision Conflicts With Decisions Of The Second And Tenth Circuits.

This case calls upon this Court to clarify the scope of the cause of action for contributory trademark liability that it recognized more than forty years ago in *Inwood*. See 456 U.S. at 854. As that case explains, a defendant may be subject to such liability insofar as it assists another “whom it knows or has reason to know is engaging in trademark infringement.” *Id.* The question here is *what* the defendant must know or have reason to know to trigger such liability. In particular, is contributory trademark liability limited solely to a defendant’s knowledge of, and failure to redress, “specific” instances of infringement or infringers (as the Ninth Circuit holds), or does it extend to a defendant’s knowledge that it is assisting infringement of the plaintiff’s trademarks and fails to take reasonable steps to stop such assistance (as the Second and Tenth Circuits hold)?

As a practical matter, this conflict boils down to *who* bears the burden of ensuring a defendant’s compliance with the Lanham Act: is it a plaintiff’s duty to notify the defendant of “specific” instances of infringement or infringers to trigger a duty limited to redressing such “specific” wrongdoing, or is it the defendant’s duty to be reasonably aware of ways in which it might be assisting infringement of the plaintiff’s trademarks, and take reasonable steps to stop such assistance?

This case clearly illustrates the difference between these conflicting approaches. Here, as noted above, Brandy Melville notified Redbubble that its website was facilitating widespread infringement of Brandy Melville’s trademarks, and that *no* use of the marks on the site was authorized. App. 80-82a. Redbubble responded by addressing *specific* instances of infringement identified by Brandy Melville, but otherwise disclaimed any responsibility to take any additional steps to stop assisting such widespread and ongoing infringement, App. 83-86a; *see also* App. 88-93a—which is why a jury ruled in Brandy Melville’s favor on this issue, App. 38-40a.

But the Ninth Circuit vacated the judgment in Brandy Melville’s favor, holding that Redbubble is subject to contributory liability *only* insofar as it knew or should have known of “specific” instances of infringement or infringers, and then only insofar as it failed to take reasonable steps to stop assisting such “specific” instances of infringement or infringers. *See* App. 9-10a.

Both the Second and Tenth Circuits, however, have expressly *rejected* the very rule adopted by the Ninth Circuit below. In *Omega*, a world-renowned watch company sued a landlord on New York City’s notorious Canal Street—arguably the global epicenter for sales of brand knockoffs—for knowingly leasing space to vendors who sold counterfeit goods. *See* 984 F.3d at 248. The landlord insisted that Omega could not establish contributory trademark liability without proving that the landlord “continued to lease space to a *specific, identified* vendor that it knew or should have known was selling counterfeit Omega goods.” *Id.* at 253. According to the landlord, the Second Circuit’s

earlier decision in *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.2d 93 (2d Cir. 2010), established the rule that “the defendant must be aware of ‘*particular* sellers’ whom it ‘knew or had reason to know were selling counterfeit [plaintiff] goods.’” *Id.* at 254 (quoting *Tiffany*, 600 F.3d at 109); *see also id.* (landlord “argues that the district court’s jury instructions failed to follow [*Tiffany*] by allowing for liability without a showing that [the landlord] continued providing services to a *specific* vendor suspected of infringement.”) (emphasis added).

The Second Circuit squarely “rejected” that argument. *Id.* at 253; *see also id.* at 254 (“The landlord] is wrong that actual knowledge of a specific infringer is required in all cases.”). Indeed, *Omega* explains, *Tiffany* stands for exactly the opposite proposition: “When [a defendant] has reason to suspect that users of its service are infringing a protected mark, *it may not shield itself from learning of the particular infringing transactions by looking the other way.*” *Omega*, 984 F.3d at 254 (quoting *Tiffany*, 600 F.3d at 109; emphasis added). In other words, a defendant cannot immunize itself from liability for contributory trademark infringement through willful blindness, and “[a] defendant may be willfully blind *either* to particular transactions *or* to the identities of infringers.” *Id.*; *see also id.* (“*Tiffany*’s discussion of willful blindness confirms that a defendant may be held liable for contributory trademark infringement despite not knowing the identity of a *specific* vendor who was selling counterfeit goods.”) (emphasis added); *id.* (“*Tiffany* ... precludes [the landlord’s] argument that *Omega* was required to identify a *specific* individual or entity to whom [the landlord] continued to lease its property despite knowing or having reason

to know of infringement by that same individual or entity.”) (emphasis added).

The Second Circuit thus upheld a contributory infringement judgment in Omega’s favor because “Omega introduced evidence from which a jury could find that [the landlord] had a history of turning a blind eye toward counterfeiting at [the premises] and that [the landlord] had taken insufficient steps to root out the counterfeiting it knew or should have known was occurring.” *Id.* at 254-55. As the Second Circuit explained, a defendant has “no inherent duty to look for infringement by others on [its] property,” but “where a defendant knows or should know of infringement, whether that defendant may be liable for contributory infringement turns on what the defendant does next.” *Id.* at 255. In particular, “if the defendant decides to take no or little action, it will support a verdict finding liability.” *Id.* Thus, as *Omega* explained, eBay (the defendant in *Tiffany*) escaped liability because—after being informed that it was assisting infringement of the Tiffany mark—it “promptly removed listings that *it* identified as selling counterfeits” and “formed a team to identify and remove such listings proactively.” *Id.* at 254 (emphasis added).

Although the Second Circuit in *Omega* held that *Tiffany* does *not* require a plaintiff to prove that the defendant knew or had reason to know that it was assisting specific instances of infringement or infringers, the Ninth Circuit below specifically relied on *Tiffany* for that very proposition. *See* App. 7a (“Because Tiffany ‘did not identify *particular* sellers’ who were offering counterfeit goods and eBay removed counterfeit listings identified by other

sources, eBay was not liable for contributory trademark infringement.”) (quoting *Tiffany*, 600 F.3d at 109; emphasis added by Ninth Circuit); see also App. 7a (“[D]efendants must have ‘contemporary knowledge of which *particular* listings are infringing or will infringe in the future.’”) (quoting *Tiffany*, 600 F.3d at 107; emphasis added).

Indeed, the Ninth Circuit wholly ignored *Omega*’s authoritative interpretation of *Tiffany*, and suggested that *Omega* did no more than reaffirm the proposition that “willful blindness requires the defendant to be aware of *specific* instances of infringement or *specific* infringers.” App. 9a (emphasis added). Even though *Omega* specifically rejected that proposition, see 984 F.3d at 254-55, the Ninth Circuit relied on *Tiffany* to describe the state of the law in the Second Circuit, with only a “see also” cite to *Omega*, App. 7a.

The Ninth Circuit advanced a similarly revisionist interpretation of the Tenth Circuit’s decision in *1-800-Contacts*. See App. 8-9a (discussing *1-800-Contacts*, 722 F.3d at 1252-55). There, the Tenth Circuit (like the Second Circuit in *Omega*) specifically rejected the argument (based on *Tiffany*) that a plaintiff seeking to establish contributory trademark infringement must prove that the defendant knew or had reason to know that it was assisting *specific* instances of infringement or infringers. See 722 F.3d at 1252.

In particular, the defendant in *1-800-Contacts* sought to defend a summary judgment in its favor on the ground that it neither knew nor had reason to know “which of the more than 10,000 affiliates in [its] network had published [an] ad displaying 1-800’s mark.” *Id.* But the Tenth Circuit reversed, holding

that whether the defendant knew or had reason to know the *specific* infringer was immaterial, because the defendant “had an effective tool to stop its affiliates’ infringement—by merely communicating to them that they may not use 1-800’s mark ... in the language of the sponsored links.” *Id.* (internal quotation omitted). Accordingly, the defendant “may well not have needed to identify the offending affiliate to halt the placement of 1-800’s mark in affiliate ad copy.” *Id.*

In rejecting the defendant’s “contention that it had no duty to act until it knew the *specific* offender”—the very position adopted by the Ninth Circuit below—the Tenth Circuit “readily distinguish[ed]” *Tiffany*. *Id.* (emphasis added). As the Tenth Circuit explained, in that case “knowledge of the specific offender was necessary for the defendant to take effective action.” *Id.*; see also *id.* at 1253 (noting that the plaintiff in *Tiffany* “did not describe any way for the defendant to stop an unidentified infringer without also interfering with legitimate [activity]”). As the Tenth Circuit explained, *Tiffany* did not establish the rule that a defendant must know or have reason to know that it was assisting *specific* instances of infringement or infringers where such specific knowledge is not necessary to “halt the infringement without also stopping perfectly proper conduct—throwing the baby out with the bath water, so to speak.” *Id.* at 1254. Thus, the Tenth Circuit concluded, “there is no reason for a rigid line requiring knowledge of that identity” in every case. *Id.*

The Ninth Circuit admitted below that *1-800-Contacts* held that “[t]he identity of the [infringer] did *not* matter because [the defendant] did *not* need to ‘know the identity of the infringer to stop the allegedly infringing practice without affecting legitimate conduct.’” App. 9a (emphasis added; quoting 722 F.3d at 1254). But the Ninth Circuit then proceeded to reimagine that decision. Although the Tenth Circuit specifically held that a plaintiff did *not* need to prove that the defendant knew or had reason to know that it was assisting specific instances of infringement or infringers, *see* 722 F.3d at 1252-54, the Ninth Circuit declared that “[t]hat said, the [Tenth Circuit] recognized that the defendant ‘has no obligation under contributory-infringement doctrine to stop a practice ... simply because the practice might be exploited by infringers.’” App. 9a (quoting 722 F.3d at 1253-54). The Ninth Circuit then asserted that the Tenth Circuit had adopted the very rule it had specifically rejected: “[B]ecause [the defendant] knew of a specific instance of infringement and was uniquely positioned to stop infringement without shutting down lawful business, its failure to do so could result in contributory liability.” *Id.* (emphasis added). Thus, over the span of three sentences, the Ninth Circuit went from acknowledging that *1-800-Contacts* holds that a defendant need *not* know of specific instances of infringement or infringers to holding that such knowledge was the very basis for that decision.

This case illustrates the practical implications of the circuit split. The Ninth Circuit vacated the judgment in Brandy Melville’s favor on the ground that the district court failed to assess whether Brandy Melville had proven that Redbubble knew or had reason to know that it was assisting “specific”

instances of infringement or infringers, and failed to redress such “specific” instances brought to its attention. App. 5-11a. In the Second or Tenth Circuits, in contrast, Brandy Melville would have prevailed, because (as the district court recognized) there was ample evidence to allow a reasonable jury to conclude that Redbubble knew or should have known that it was assisting the infringement of Brandy Melville’s trademarks in light of the cease-and-desist letter, and Redbubble failed to take reasonable steps to stop assisting the infringement. App. 28a, 36a; *see generally Omega*, 984 F.3d at 253-55; *1-800-Contacts*, 722 F.3d at 1252-54.

The Ninth Circuit’s efforts to reconcile its decision with *Omega* and *1-800-Contacts*, which expressly reject the very rule adopted by the Ninth Circuit, can most charitably be described as disingenuous. *See* App. 9a (“Common to these cases is that willful blindness requires the defendant to be aware of *specific* instances of infringement or *specific* infringers.”) (emphasis added). Because the legal standard for contributory trademark liability announced and applied below conflicts with the legal standard for contributory trademark infringement announced and applied in *Omega* and *1-800-Contacts*, this Court’s review is warranted.

II. The Ninth Circuit’s Decision Is Wrong And Will Have Significant Adverse Consequences.

The Ninth Circuit not only created a circuit split, but manifestly placed itself on the wrong side of that split. There is no basis in law or logic for a rule that limits contributory trademark liability to defendants who know or have reason to know that they are

assisting *specific* instances of infringement or infringers, and then limits the defendant's duty to refrain from assisting such *specific* instances of infringement or infringers. Such a rule imposes an arbitrary limitation on liability and removes any incentive for putative defendants to take proactive measures to avoid assisting widespread trademark infringement.

The rise of global digital platforms like Redbubble's opens the door to trademark infringement on an almost unimaginably large scale. Such services profit enormously from enabling such infringement, and indeed their business model may depend on it. A rule like the Ninth Circuit's, where only failing to act on specific instances of infringement brought to the service provider's attention gives rise to liability, will tremendously increase the scope of online infringement. A digital service provider has every incentive to enable, profit from, and then turn a blind eye to a broad range of infringing practices—knowing that it only need redress the small percentage of specific instances of infringement brought to its attention in a formal takedown notice. In contrast, the rule adopted by the Second and Tenth Circuit provides a strong incentive for service providers to take reasonable action to prevent infringement.

There is also no basis in law that supports the Ninth Circuit's crabbed approach to contributory trademark liability. The common law of unfair competition has long provided that knowingly assisting wrongdoing by someone else is itself a wrong that warrants imposition of contributory liability. *See, e.g., William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 530-31 (1924). Such background

principles of unfair competition, including contributory liability, were “largely codified in the Trademark Act of 1946 (Lanham Act).” *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 428 (2003). Accordingly, courts analyze contributory trademark liability under the Lanham Act in light of “rules of fault-based liability derived from the common law.” *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 934-35 (2005); *see also Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 434-35 (1984) (“[V]icarious liability is imposed in virtually all areas of the law, and the concept of contributory infringement is merely a species of the broader problem of identifying the circumstances in which it is just to hold one individual accountable for the actions of another.”).

The Ninth Circuit, however, identified no common-law principle limiting contributory liability to situations where the defendant fails to act once it knows or should know that it is assisting *specific* instances of wrongdoing or *specific* wrongdoers. And that is no oversight, because no such principle exists. If a defendant knows or should know that it is assisting widespread trademark infringement, there is no reason to immunize that defendant from contributory liability just because the plaintiff may not be able to prove that the defendant was aware of “specific” instances of infringement or “specific infringers” and failed to take reasonable steps to withhold such assistance. *See, e.g., Omega*, 984 F.3d at 253-55.

Indeed, this case is Exhibit A for why the Ninth Circuit's rule has nothing to recommend it. Brandy Melville *did* notify Redbubble that Redbubble's "artists" had uploaded Brandy Melville's registered marks to the website to be printed on demand on a wide variety of merchandise. *See* App. 80-82a (cease-and-desist letter). While Redbubble took down specifically identified listings, *see* App. 85a, Redbubble did nothing more, and in particular did not disable the search function that allowed users to call up infringing marks at will by simply typing "Brandy Melville" into the search bar. It is no surprise, then, that even after sending Redbubble a cease-and-desist letter, and indeed even after it filed this lawsuit, Brandy Melville continued to observe widespread infringement of its trademarks on Redbubble's site—" [i]f not more." App. 51a.

Under the Ninth Circuit's rule, Brandy Melville would have to engage in continuous monitoring of the Redbubble website (as well as every other similar website), and would have to notify Redbubble (and the operator of every other similar website) every time it identified new "specific instances of infringement or specific infringers." App. 9a. And, even then, the website operator's only duty would be to remove those "specific" items. App. 10a. In other words, the Ninth Circuit's rule condemns trademark holders to a perpetual game of Whack-a-Mole with contributory infringers like Redbubble.

That rule both rewards and encourages willful blindness: unless and until a plaintiff can prove that a defendant knew or had reason to know of "specific" instances of infringement or infringers, the defendant remains free to assist in widespread infringement of

the plaintiff's marks. App. 9-10a. And, as a practical matter, that rule effectively flips the burden of ensuring compliance with the law from defendants to plaintiffs. In our system, it is not generally a plaintiff's responsibility to ensure that a defendant does not infringe its legal rights.

The panel appeared to believe that its bright-line rule is necessary to protect defendants from an affirmative duty "to look for infringement." App. 9a. But, as this Court has already recognized, the Lanham Act imposes no such duty unless and until a defendant "knows or has reason to know" that it is assisting infringement. *Inwood*, 456 U.S. at 854; *see also Omega*, 984 F.3d at 255 ("There is no inherent duty to look for infringement by others on one's property."); *1-800-Contacts*, 722 F.3d at 1253-54 ("A defendant has no obligation under contributory-infringement doctrine to stop a practice ... simply because the practice might be exploited by infringers."). Once a defendant knows or has reason to know that it is assisting infringement, however, it has a corresponding duty to take reasonable steps to refrain from assisting infringement. *See Omega*, 984 F.3d at 255; *1-800-Contacts*, 722 F.3d at 1252. And the reasonableness of those steps will necessarily depend on the nature and extent of the defendant's knowledge. *See, e.g., Omega*, 984 F.3d at 254-55; *1-800-Contacts*, 722 F.3d at 1252-54.

Thus, a defendant's mere awareness that its business model or technology is capable of assisting infringement does not automatically establish contributory liability; it all "turns on what the defendant does next." *Omega*, 984 F.3d at 255. "If [the defendant] undertakes bona fide efforts to root

out infringement, such as eBay did in *Tiffany*, that will support a verdict finding no liability, even if the defendant was not fully successful in stopping infringement. But if the defendant decides to take no or little action, it will support a verdict finding liability.” *Id.*

Indeed, this case underscores the problem with the Ninth Circuit’s rule that a plaintiff must prove that the defendant was “willfully blind” to *specific* instances of infringement or specific infringers—whatever that means. Here, Redbubble provided a global platform for trademark infringement on a massive scale, and adopted the minimalist enforcement policy that “content is *only* removed when it has been specifically identified as infringing in a legally valid takedown notice.” App. 89a (emphasis added); *see also id.* (“We generally don’t go looking for similar works to remove from the marketplace.”). There was obviously far more that Redbubble could and should have done to avoid assisting trademark infringement, regardless of its knowledge of specific instances of infringement or infringers. As the district court explained, “Redbubble is not burdened by the need to parse valid uses of Brandy Melville’s trademarks from invalid ones, as Brandy Melville has made clear to Redbubble that there are *no* legitimate sales of Brandy Melville products through its site. As such, *all* uses of Brandy Melville’s marks that appear on Redbubble’s website are presumptively infringing.” App. 66a (emphasis added). Under these circumstances, what is the point of insisting that Brandy Melville continue to notify Redbubble of *specific* instances of infringement and infringers?

The Tenth Circuit addressed precisely this scenario in *1-800-Contacts*, explaining that the rule that the defendant know the specific infringer's identity may make sense where "otherwise the defendant could not halt the infringement without also stopping perfectly proper conduct—throwing the baby out with the bath water, so to speak." 722 F.3d at 1254. But that rule makes no sense, the Tenth Circuit emphasized, where (as here) "the defendant need not know the identity of the infringer to stop the allegedly infringing practice without affecting legitimate conduct." *Id.*; *see also id.* ("When modern technology enables one to communicate easily and effectively with an infringer without knowing the infringer's specific identity, there is no reason for a rigid line requiring knowledge of that identity, so long as the remedy does not interfere with lawful conduct.").

As the jury in this case recognized by ruling in Brandy Melville's favor on the contributory liability claims, Redbubble could have substantially curbed infringement on its website by taking such simple steps as disabling searches based on brand names (as it has since done), putting teeth into the "artists' " self-certification of intellectual property rights in their designs, and undertaking even a modicum of proactive policing (at least with respect to brands, like Brandy Melville, that had provided notice that *no* use of their marks on the site was authorized). Because there is ample evidence to support the jury verdict in Brandy Melville's favor, and because that verdict is entirely consistent with the Lanham Act, the Ninth Circuit had no basis for vacating the judgment in Brandy Melville's favor.

CONCLUSION

For the foregoing reasons, the Court should grant this petition for writ of certiorari.

Respectfully submitted,

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January 9, 2024

APPENDIX

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

Y.Y.G.M. SA, DBA Brandy Melville,
a Swiss corporation,
Plaintiff-Appellant,

v.

REDBUBBLE, INC.,
Defendant-Appellee.

Y.Y.G.M. SA, DBA Brandy Melville,
a Swiss corporation,
Plaintiff-Appellant,

v.

REDBUBBLE, INC.,
Defendant-Appellant.

Nos 21-56150, No. 21-56236

D.C. No. 2:19-cv-04618-RGK-JPR

Appeal from the United States District Court
for the Central District of California,
R. Gary Klausner, District Judge, Presiding

Argued and Submitted January 12, 2023
Pasadena, California

Filed July 24, 2023

Before: Consuelo M. Callahan, Ryan D. Nelson, and
Holly A. Thomas, Circuit Judges.

Opinion by Judge R. Nelson

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OPINION

R. NELSON, Circuit Judge:

After a jury found that Redbubble, Inc. had violated Brandy Melville’s trademarks, the district court granted partial judgment as a matter of law to Redbubble on one trademark claim. Both parties appealed. Redbubble asks us to decide the knowledge standard governing contributory trademark liability, and Brandy Melville contends it was entitled to post-trial relief. We partially affirm, partially vacate, and remand.

I

Y.Y.G.M. SA, doing business as Brandy Melville, manufactures its own clothing, home goods, and other items. It owns several trademarks, including the Brandy Melville Heart Mark (Heart Mark) and the LA Lightning Mark (Lightning Mark). The Heart Mark consists of the words “Brandy Melville” in black font with a pink heart in between them. It is registered for use on clothing, stickers, jewelry, and ornaments, and Brandy Melville sells signs and wall hangings bearing the Heart Mark. The Lightning Mark features the words “Los Angeles” in yellow font with the “L” styled like a lightning bolt. It is registered for use on clothing, and Brandy Melville sells t-shirts and hooded sweatshirts bearing the Lightning Mark.

Redbubble owns and operates an online marketplace where artists can upload their artwork to be printed on various products and sold. Redbubble collects payment, sends the order to a manufacturer, arranges shipping, and handles refunds. Redbubble does not inspect goods before shipping, as third parties fulfill orders and ship products in Redbubble-branded packaging. Artists and consumers have no direct contact.

In 2018, Brandy Melville notified Redbubble of infringing products listed on Redbubble's website. Redbubble removed those listings and requested that Brandy Melville notify it of additional listings it wanted removed. After finding additional infringing products, Brandy Melville sent a second notice the next day.

A year later, Brandy Melville sued Redbubble under various trademark theories. The district court granted summary judgment to Redbubble on all of Brandy Melville's claims except the contributory infringement and counterfeiting claims. The parties went to trial on those claims, and a jury found Redbubble liable for (1) willful contributory counterfeiting of the Heart Mark and Lightning Mark, (2) contributory infringement of those two marks, and (3) contributory infringement of unregistered trademarks that were "Brandy Melville" variations.

After the verdict, the district court granted Redbubble's motion for judgment as a matter of law on the contributory counterfeiting claim for the Heart Mark because Brandy Melville failed to present evidence of any products on Redbubble's website with a spurious Heart Mark similar to legitimate Brandy Melville products. The district court let the verdict stand for the remaining claims.

The district court also denied Brandy Melville a permanent injunction, attorney fees, and prejudgment interest. First, it held that Brandy Melville's one-year delay between finding infringing products on Redbubble's website and filing a lawsuit undercut the requisite irreparable harm. Second, it concluded that Brandy Melville was not entitled to attorney fees because the case was not "exceptional" under the Lanham Act, 15 U.S.C. § 1051, *et seq.* Finally, it held that 15 U.S.C. § 1117(a) does not allow prejudgment interest.

Redbubble appeals the denial of judgment as a matter of law for the contributory infringement claims and for willful contributory counterfeiting of the Lightning Mark.

Brandy Melville appeals the district court's grant of judgment as a matter of law to Redbubble on the contributory counterfeiting claim for the Heart Mark, and the denial of a permanent injunction, attorney fees, and prejudgment interest.

II

We have jurisdiction under 15 U.S.C. § 1121 and 28 U.S.C. § 1291.

"We review *de novo* a district court's decision to grant or deny judgment as a matter of law." *Louis Vuitton Malletier, S.A. v. Akanoc Sols., Inc.*, 658 F.3d 936, 941 (9th Cir. 2011).

"We review a trial court's decision to deny injunctive relief for an abuse of discretion," *Westinghouse Elec. Corp. v. Gen. Cir. Breaker & Elec. Supply Inc.*, 106 F.3d 894, 903 (9th Cir. 1997), but review the "legal standards it applied ... *de novo*," *Polo Fashions, Inc. v. Dick Bruhn, Inc.*, 793 F.2d 1132, 1135 (9th Cir. 1986).

We review a decision whether to award fees under the Lanham Act for abuse of discretion. *Nutrition Distrib. LLC v. IronMag Labs, LLC*, 978 F.3d 1068, 1081 (9th Cir. 2020).

We review de novo a district court's interpretation of whether prejudgment interest is permitted under the statute, *Polar Bear Prods., Inc. v. Timex Corp.*, 384 F.3d 700, 716 (9th Cir. 2004), and for abuse of discretion the grant or denial of prejudgment interest, *Acosta v. City Nat'l Corp.*, 922 F.3d 880, 885 (9th Cir. 2019).

III

A

We begin with Redbubble's argument that the district court applied the wrong standard for contributory liability under the Lanham Act, a novel question before our court.

The Lanham Act provides a civil cause of action against anyone who "without the consent of the registrant" uses in commerce a "reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale ... of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive." 15 U.S.C. § 1114(1)(a). A party that "intentionally induces another to infringe a trademark" or who "continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement" is "contributorially responsible for any harm done as a result of the deceit." *Inwood Lab'ys, Inc. v. Ives Lab'ys, Inc.*, 456 U.S. 844, 854 (1982). This appeal is about the second form of contributory liability recognized in *Inwood* and the meaning of the "knows or has reason to know" standard. *Id.*

We have recognized that a party meets the “knows or has reason to know” standard if it is willfully blind to infringement. *See Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 265 (9th Cir. 1996). Willful blindness requires (1) “subjective[] belie[f] that infringement was likely occurring” and (2) “deliberate actions to avoid learning about the infringement.” *Luvdarts, LLC v. AT&T Mobility, LLC*, 710 F.3d 1068, 1073 (9th Cir. 2013). In other words, the defendant must have “t[aken] active steps to avoid acquiring knowledge.” *Id.* Redbubble contends that willful blindness requires knowledge of specific infringers or instances of infringement. Brandy Melville argues that specific knowledge is not required because defendants have a duty to take reasonable corrective action upon gaining general awareness.

While this question is novel in our circuit, we do not write on a blank slate. For contributory *copyright* infringement, we require knowledge of specific infringers or instances of infringement. *See id.* at 1072-73. In *Luvdarts*, we concluded that the defendant lacked specific knowledge despite receiving notices that were “150-page-long lists of titles” that the plaintiff had copyrighted. *Id.* We explained that these notices were insufficient because they did not “identify which of these titles were infringed, who infringed them, or when the infringement occurred.” *Id.* at 1073. “Willful blindness of specific facts would establish knowledge for contributory liability,” we explained, but the plaintiff’s allegation of “indifferen[ce] to the risk of copyright infringement” was legally insufficient. *Id.* And because “trademark infringement liability is more narrowly circumscribed than copyright infringement,” the standard for contributory trademark infringement would be at least as demanding. *See Fonovisa*, 76 F.3d at 265.

Such a rule also accords with our sister circuits. In a case involving counterfeit Tiffany jewelry being sold on eBay, the Second Circuit held that “a service provider must have more than a general knowledge or reason to know that its service is being used to sell counterfeit goods” to be liable for contributory trademark infringement. *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 107 (2d Cir. 2010). Instead, defendants must have “contemporary knowledge of which *particular* listings are infringing or will infringe in the future.” *Id.* (emphasis added); *see also Omega SA v. 375 Canal, LLC*, 984 F.3d 244, 255 (2d Cir. 2021) (“[C]ontributory trademark infringement based on willful blindness does not create liability simply because of a defendant’s ‘general knowledge as to counterfeiting on its’ property ... or because a defendant ‘fail[ed] to anticipate that others would use its service to infringe a protected mark.’ “ (quoting *Tiffany*, 600 F.3d at 107, 110 n.15)). Because Tiffany “did not identify particular sellers” who were offering counterfeit goods and eBay removed counterfeit listings identified by other sources, eBay was not liable for contributory trademark infringement. *Tiffany*, 600 F.3d at 109.

The Fourth Circuit reached a similar conclusion. “[G]eneral knowledge that some percentage of the purchasers of a product or service is using it to engage in infringing activities” is insufficient for contributory trademark infringement because “the defendant must supply its product or service to ‘identified individuals’ that it knows or has reason to know are engaging in trademark infringement.” *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 163 (4th Cir. 2012). There, the plaintiff survived summary judgment with evidence of “the dates when Rosetta Stone advised Google that a Sponsored Link was fraudulent, the

domain names associated with each such Sponsored Link, the text of each Sponsored Link, and the date and substance of Google’s response.” *Id.* (citation omitted). This amounted to over 200 instances of infringement, and Google apparently allowed the same advertisers to use the Rosetta Stone mark after these notices. *Id.* This evidence precluded summary judgment because it established a question of fact as to whether Google refused to act upon specific knowledge. *Id.* at 165.

So too in the Tenth Circuit. That court’s decision concerned Google’s AdWords program, which allowed advertisers to bid on keywords that, when entered into Google’s search engine, returned the advertiser’s sponsored links. *See 1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1235 (10th Cir. 2013). 1-800 Contacts owned the mark “1800CONTACTS.” *Id.* After discovering that Google searches for its own mark resulted in paid ads for Lens.com websites, 1-800 Contacts sued Lens.com for service-mark infringement.¹ *Id.* Discovery revealed that Lens.com did not bid on 1-800 Contacts’ service mark, but two Lens.com affiliates (third parties who publish ads on its behalf) had bid on the keyword “1800Contacts” and its close variants. *Id.* at 1237. One of those affiliates had published an ad for a Lens.com website that used the phrase “1800 Contacts.” *Id.*

The Tenth Circuit concluded, on summary judgment, that “a rational juror could find that Lens.com knew that at least one of its affiliates was using 1-800’s service mark in its ads yet did not make

¹ A service mark is “similar to a trademark,” *1-800 Contacts*, 722 F.3d at 1238, and is used “to identify and distinguish the services of one person ... from the services of others and to indicate the source of the services,” 15 U.S.C. § 1127.

reasonable efforts to halt the affiliate’s practice.” *Id.* at 1252. The identity of the affiliate did not matter because Lens.com did not need to “know the identity of the infringer to stop the allegedly infringing practice without affecting legitimate conduct[.]” *Id.* at 1254. Rather, once Lens.com “learned that one of its affiliates had used 1-800’s mark in the content of an ad,” sending an email blast to all affiliates forbidding such use would stop infringement without interfering with lawful conduct. *Id.* That said, the court recognized that the defendant “has no obligation under contributory-infringement doctrine to stop a practice ... simply because the practice might be exploited by infringers.” *Id.* at 1253-54. But because Lens.com knew of a specific instance of infringement and was uniquely positioned to stop infringement without shutting down lawful business, its failure to do so could result in contributory liability.

Common to these cases is that willful blindness requires the defendant to be aware of specific instances of infringement or specific infringers. Without that knowledge, the defendant need not search for infringement. General knowledge of infringement on the defendant’s platform—even of the plaintiff’s trademarks—is not enough to show willful blindness. *See Tiffany*, 600 F.3d at 110 (“eBay appears to concede that it knew as a general matter that counterfeit Tiffany products were listed and sold through its website.... Without more, however, this knowledge is insufficient to trigger liability.”). We hold that willful blindness for contributory trademark liability requires the defendant to have specific knowledge of infringers or instances of infringement.

As for Brandy Melville’s contention that Redbubble had a duty to look for infringement, persuasive decisions from other circuits hold that the defendant

has no such duty until it gains the specific knowledge necessary to trigger liability. “There is no inherent duty to look for infringement by others on one’s property.” *Omega SA*, 984 F.3d at 255; *see also Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc.*, 955 F.2d 1143, 1149 (7th Cir. 1992) (The willful blindness standard “does not impose any duty to seek out and prevent violations.”). Instead, willful blindness arises when a defendant was “made aware that there was infringement on its site but ... ignored that fact.” *Omega SA*, 984 F.3d at 255 (quoting *Tiffany*, 600 F.3d at 110 n.15).

Once a defendant knows about specific instances of infringement, “bona fide efforts to root out infringement” could “support a verdict finding no liability, even if the defendant was not fully successful in stopping infringement.” *Id.* The duty to stop (or root out) infringement does not kick in, however, until the defendant has that specific knowledge. And, again, that duty only covers specific instances of infringement the defendant knows or has reason to know about. *See Tiffany*, 600 F.3d at 109-10 (holding that addressing specific notices of counterfeit Tiffany products was sufficient, even though eBay “knew as a general matter that counterfeit Tiffany products were listed and sold through its website.”).

What constitutes bona fide efforts will vary based on the context. For instance, a reasonable response for a flea market might not be reasonable for an online marketplace with millions of listings. *Cf. Coach, Inc. v. Goodfellow*, 717 F.3d 498, 504 (6th Cir. 2013) (affirming contributory liability where defendant, the owner and operator of a flea market, “had actual knowledge that the infringing activity was occurring” and knew of “particular vendors” that were infringing yet failed to “deny access to offending vendors or take

other reasonable measures”). Removing infringing listings and taking appropriate action against repeat infringers in response to specific notices may well be sufficient to show that a large online marketplace was not willfully blind. *See Tiffany*, 600 F.3d at 109 (“[A]lthough [notices of claimed infringement] and buyer complaints gave eBay reason to know that certain sellers had been selling counterfeits, those sellers’ listings were removed and repeat offenders were suspended from the eBay site.”).

We accordingly vacate and remand for reconsideration of Redbubble’s motion for judgment as a matter of law under the correct legal standard.²

B

We next consider Brandy Melville’s appeal. Brandy Melville asserts that the district court erred by granting judgment as a matter of law to Redbubble on its contributory trademark counterfeiting claim as to the Heart Mark and denying a permanent injunction, attorney fees, and prejudgment interest.

1

The district court set aside the jury verdict and granted judgment as matter of law to Redbubble on one trademark claim. It held that a contributory trademark counterfeiting violation had to occur with similar products. The district court held that Brandy Melville failed to show that any product bearing the Heart Mark from Redbubble’s website was similar to

² We do not reach whether Brandy Melville showed willfulness to warrant heightened damages for the Lightning Mark. *See* § 1117(c)(2). We instead vacate the district court’s willfulness finding and the damages awarded consistent with that finding. We remand for the district court to reconsider that issue after it revisits the motion for judgment as a matter of law, as its determination of liability precedes damages.

legitimate Brandy Melville products. Brandy Melville argues that it only needs to show that Redbubble used the trademark on goods of the type for which the Heart Mark is registered, rather than on goods comparable to Brandy Melville products being sold. Redbubble defends the district court's reasoning and argues that counterfeiting requires comparison of the whole product, not just the marks. Although the district court may reach a different conclusion when it reconsiders contributory liability under the specific knowledge standard, a separate error independently warrants vacating and remanding here.

Like trademark infringement claims, trademark counterfeiting requires the plaintiff to show a likelihood of confusion. *See Arcona, Inc. v. Farmacy Beauty, LLC*, 976 F.3d 1074, 1079 (9th Cir. 2020). The use of a counterfeit “is obviously intended to confuse consumers,” and we have described a counterfeiting claim as “merely the hard core or first degree of trademark infringement.” *Id.* (cleaned up). The likelihood of confusion standard requires trial courts to “review the product as a whole.” *Id.* at 1080. Even identical marks may be unlikely to confuse if the geographic market, industry, or product design sufficiently differentiates the counterfeit from the original. *Id.* On the other hand, “[t]here may be times the mark itself is so strong in the marketplace that the use of an identical mark by itself may cause consumer confusion, even if other aspects of the products are different.” *Id.* at 1080 n.4.

The district court erred by glossing over whether the Heart Mark was so strong and distinctive that its presence alone causes confusion. It also erred because it analyzed the wrong question. The question is not, as the district court concluded, whether products are “stitch-for-stitch” copies; it is whether, based on the

record, confusion could have resulted because the products on Redbubble's website bearing the Heart Mark are the kinds of trademarked goods Brandy Melville sells.

The Lanham Act defines a counterfeit as “a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.” 15 U.S.C. § 1127. And a “trademark” is “any word, name, symbol, or device, or any combination thereof” that is “used by a person ... to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others ...” *Id.* The text does not require counterfeit goods to be exact replicas of existing merchandise.

This makes sense given that a “strong and distinctive” trademark may “have acquired great fame” on its own, to the point that its mere presence confuses, even on different products. *Playboy Enters., Inc. v. Baccarat Clothing Co.*, 692 F.2d 1272, 1274 (9th Cir. 1982); *see also Arcona*, 976 F.3d at 1080 n.4. Confusion is more likely here because Redbubble's website sells “exact copies” of the Heart Mark on trademarked goods that Brandy Melville sells (home décor) and other goods for which its trademark is only registered (stickers). *See Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1076 (9th Cir. 2006). The key inquiry is whether there is likelihood of confusion, not whether the products are seemingly identical. *See State of Idaho Potato Comm'n v. G & T Terminal Packaging, Inc.*, 425 F.3d 708, 720-22 (9th Cir. 2005) (likelihood of confusion from unlicensed use of service mark where mark owner sells nothing).

The district court failed to evaluate the evidence of confusion under the correct legal standard. The evidence that Brandy Melville produced at trial could support a jury finding of likelihood of confusion.

Brandy Melville offered screenshots from Redbubble’s website of a metal print of the Heart Mark, a wall tapestry featuring the Heart Mark repeated over multiple rows, and a sticker with the Heart Mark. Brandy Melville’s executive Vice President and Chief Financial Officer testified that he saw the Heart Mark on t-shirts and hats on Redbubble. Brandy Melville also introduced a spreadsheet of Redbubble items substantially like the Heart Mark, including stickers. As for Brandy Melville’s own products, it submitted photos of its signs and wall hangings bearing the Heart Mark. The Patent and Trademark Office Registration for the Heart Mark says that it is used with “stickers,” “hats,” and “tee-shirts,” among other items. The district court should have evaluated whether this evidence supported a likelihood of confusion without requiring a stitch-for-stitch copy.

Because we conclude that the district court must reevaluate whether to enter judgment as a matter of law on the contributory liability claims, the district court may reevaluate the likelihood of confusion in light of those rulings on remand. We therefore vacate the district court’s partial grant of judgment as a matter of law to Redbubble and remand for further proceedings consistent with this opinion.

2

Next, Brandy Melville appeals the district court’s denial of a permanent injunction. Separate from the need to reevaluate the merits on remand, the district court’s analysis on remand requires correction of errors in its evaluation of whether Brandy Melville experienced irreparable harm.

Normally, a party seeking a permanent injunction must show “(1) that it has suffered an irreparable injury; (2) that remedies available at law, such as

monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.” *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 391 (2006); *see also La Quinta Worldwide LLC v. Q.R.T.M., S.A. de C.V.*, 762 F.3d 867, 879 (9th Cir. 2014) (applying *eBay* factors in trademark infringement case). The Lanham Act adds a statutory layer to the irreparable harm analysis for trademark infringement. The Act benefits trademark holders by creating “a rebuttable presumption of irreparable harm” when a permanent injunction is sought to remedy an established trademark violation. 15 U.S.C. § 1116(a).

Brandy Melville sought to permanently enjoin Redbubble from referencing, mentioning, and using BRANDY MELVILLE, Brandy Melville’s registered trademarks, and Brandy Melville’s unregistered variations. The district court concluded that Brandy Melville’s pre-litigation delay rebutted the statutory presumption. Lacking the benefit of the presumption, the district court found that the remaining testimony from a Brandy Melville employee could not establish irreparable harm. Brandy Melville argues that pre-litigation delay is legally irrelevant to the permanent injunction irreparable harm analysis and alternatively that the district court abused its discretion.

Certainly, the movant’s delay is relevant to a permanent injunction. Extreme delay in seeking relief, for example, can give rise to laches, an affirmative defense to a permanent injunction. *See Pinkette Clothing, Inc. v. Cosm. Warriors Ltd.*, 894 F.3d 1015, 1027 (9th Cir. 2018); *Internet Specialties*

W., Inc. v. Milon-DiGiorgio Enters., Inc., 559 F.3d 985, 989-90 (9th Cir. 2009) (“[Laches] embodies the principle that a plaintiff cannot sit on the knowledge that another company is using its trademark, and then later come forward and seek to enforce its rights.”). And delay in seeking a preliminary injunction may also undermine a permanent injunction. See *Simon Prop. Grp., LP v. mySIMON, Inc.*, 282 F.3d 986, 990-91 (7th Cir. 2002) (considering voluntary abandonment of a preliminary injunction in determining irreparable harm for a permanent injunction). The district court did not err by considering the delay.

That said, the district court abused its discretion in determining that the statutory presumption was rebutted and that there was no irreparable harm. An abuse of discretion occurs “where the district court applied the incorrect legal rule or where the district court’s application of the law to the facts was: (1) illogical; (2) implausible; or (3) without support in inferences that may be drawn from the record.” *Ahanchian v. Xenon Pictures, Inc.*, 624 F.3d 1253, 1258 (9th Cir. 2010).

Generally, “delay is but a single factor to consider in evaluating irreparable injury; courts are ‘loath to withhold relief solely on that ground.’” *Arc of Cal. v. Douglas*, 757 F.3d 975, 990 (9th Cir. 2014) (quoting *Lydo Enters., Inc. v. City of Las Vegas*, 745 F.2d 1211, 1214 (9th Cir. 1984)). A successful trademark plaintiff “is entitled to effective relief; and any doubt in respect of the extent thereof must be resolved in its favor as the innocent producer and against the [infringer], which has shown by its conduct that it is not to be trusted.” *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 532 (1924); accord *Levi Strauss & Co. v. Shilon*, 121 F.3d 1309, 1314 (9th Cir. 1997).

The significance of the delay depends on context. For example, “tardiness is not particularly probative in the context of ongoing, worsening injuries.” *Arc of Cal.*, 757 F.3d at 990. Meanwhile, delay can be dispositive when its length substantially outweighs any upsides from the injunction. For instance, in the context of a preliminary injunction, a three-year delay between when the trademark holder learned of the infringement and when it filed suit revealed that “[a]ny injury that [the trademark holder] would suffer before trial on the merits would be a relatively short extension of the injury that [the trademark holder] knowingly suffered for three years before it filed suit.” *GTE Corp. v. Williams*, 731 F.2d 676, 679 (10th Cir. 1984).

We have emphasized that the Lanham Act’s statutory presumption underscores the trademark holder’s ability to control its trademark’s use. In *AK Futures LLC v. Boyd Street Distro, LLC*, we affirmed the district court’s finding that the trademark holder had shown irreparable harm. 35 F.4th 682, 694 (9th Cir. 2022). There, the infringer submitted a declaration that it would stop selling the infringing products and argued that the declaration rebutted the presumption and the showing of irreparable harm. *Id.* Because the declaration “contain[ed] a number of admissions that call into question [the infringer’s] ability to adequately control the flow of products through its store,” suggesting “a business structure without safeguards against selling counterfeit products,” we concluded that the declaration did not rebut the presumption. *Id.*

The district court did not explain how a delay has equal bearing in the permanent injunction context (where the injunction protects established rights that a jury found were violated) rather than the

preliminary injunction context (where the injunction preserves the status quo pending litigation). See *Trump v. Int’l Refugee Assistance Project*, 582 U.S. 571, 580 (2017) (per curiam) (“The purpose of [a preliminary injunction] is not to conclusively determine the rights of the parties ... but to balance the equities as the litigation moves forward.”). Nor did it explain how the one-year delay indicates that no *future* harms would result despite the jury’s verdict in Brandy Melville’s favor on its infringement claims and Brandy Melville’s testimony about future harms arising from a loss of control. See *Herb Reed Enters., LLC v. Fla. Ent. Mgmt., Inc.*, 736 F.3d 1239, 1250 (9th Cir. 2013) (“Evidence of loss of control over business reputation and damage to goodwill could constitute irreparable harm.”). A Brandy Melville employee testified that Brandy Melville “take[s] pride in [the] authenticity of our product, and it seems that Redbubble is just making knockoffs of our brand, and that is not fair for our customers receiving a knockoff item that is not actually Brandy Melville.” Counterfeits also affect Brandy Melville’s sales strategies because some marks, like the Lightning Mark, go in and out of circulation and are not always available for purchase. This testimony goes exactly to harms that arise from losing control of a trademark. See *Herb Reed*, 736 F.3d at 1250; see also *adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747, 756-57 (9th Cir. 2018) (affirming irreparable harm finding based on employee testimony about efforts to control reputation and supply of products). The district court abused its discretion by discounting the relevance of future harm. See *La Quinta Worldwide*, 762 F.3d at 879 (failure to consider a relevant factor is an abuse of discretion).

We thus vacate the district court’s denial of a permanent injunction. We remand for the district court to reconsider, after redetermining Redbubble’s liability, how the existence of future harm affects irreparable harm and the other factors governing injunctive relief consistent with this opinion. *See id.* at 880 (remanding for reconsideration where “district court’s analysis does not discuss a fact we think relevant to weighing the equities”).

Finally, Brandy Melville contends that the district court erred in denying prejudgment interest. Brandy Melville elected statutory damages under § 1117(c) but sought prejudgment interest under § 1117(a). The district court denied prejudgment interest because § 1117(a) does not expressly provide for it. Noting that this is a novel issue in the Ninth Circuit, the district court explained that the express inclusion of prejudgment interest under § 1117(b)—the treble damages provision—suggests that Congress intentionally excluded prejudgment interest from § 1117(a). We affirm the district court, but for different reasons.

Section 1117 sets out three types of remedies. When a plaintiff establishes a violation of any registered mark, subsection (a) makes available to the plaintiff, subject to equitable considerations, “(1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.” § 1117(a). For intentional violations, subsection (b) provides for “three times such profits or damages, whichever amount is greater, together with a reasonable attorney’s fee” and further specifies that “the court may award prejudgment interest on such amount[.]” § 1117(b). Subsection (c) allows a plaintiff to elect, “instead of actual damages and profits under

subsection (a), an award of statutory damages” between \$1,000 and \$200,000 per counterfeit mark, or for a willful violation, up to \$2,000,000 per counterfeit mark. § 1117(c). Only § 1117(b) mentions prejudgment interest.

Brandy Melville elected and was awarded statutory damages under § 1117(c). Though the district court did not address the effect of electing damages under § 1117(c), we find the rationale underlying statutory damages to be dispositive. “Prejudgment interest serves to compensate for the loss of use of money due as damages from the time the claim accrues until judgment is entered, thereby achieving full compensation for the injury those damages are intended to redress.” *West Virginia v. United States*, 479 U.S. 305, 310 n.2 (1987); *see also City of Milwaukee v. Cement Div., Nat’l Gypsum Co.*, 515 U.S. 189, 195 n.7 (1995). Statutory damages differ meaningfully from actual damages: while actual damages only compensate the victim, statutory damages may compensate the victim, penalize the wrongdoer, deter future wrongdoing, or serve all those purposes. *See Nintendo of Am., Inc. v. Dragon Pac. Int’l*, 40 F.3d 1007, 1011 (9th Cir. 1994); *Skydive Ariz., Inc. v. Quattrocchi*, 673 F.3d 1105, 1114-15 (9th Cir. 2012) (reversing enhancement of actual damages because district court enhanced damages to punish rather than compensate).

Allowing prejudgment interest on statutory damages may inflate them to amounts disproportionate to what Congress thought fit to remedy those harms. *Cf. Desire, LLC v. Manna Textiles, Inc.*, 986 F.3d 1253, 1270 (9th Cir. 2021) (expressing concern about “potentially astronomical statutory damages awards” resulting from the district court's interpretation). Given the lack of textual

authority and the potential to upset the balance Congress struck in setting the statutory amounts, we hold that prejudgment interest is not allowed under § 1117(c). *Cf. Matter of Marshall*, 970 F.2d 383, 385-86 (7th Cir. 1992) (“There is no reason to think that adding prejudgment interest improves upon the accuracy of [a statutory damages provision’s] rough guess [on the actual damages].”).

The express allowance of prejudgment interest in § 1117(b) supports our conclusion. When Congress created a remedy that operates differently—in that subsection, treble damages—it specified the availability of prejudgment interest. Section 1117(c), like § 1117(b), changes the calculation of damages by substituting a statutory amount, yet makes no mention of prejudgment interest. This variation is meaningful, and we presume that Congress’s lack of express inclusion amounts to intentional exclusion.³ *See Bittner v. United States*, 143 S. Ct. 713, 720 (2023) (“When Congress includes particular language in one section of a statute but omits it from a neighbor, we normally understand that difference in language to convey a difference in meaning (*expressio unius est exclusio alterius*).”).

We thus affirm the district court’s denial of prejudgment interest. *See Dittman v. California*, 191

³ Despite electing statutory damages under § 1117(c), Brandy Melville argues that it is entitled to prejudgment interest under § 1117(a) because subsection (a) is the general remedial section. Even if subsection (a) permits prejudgment interest, Brandy Melville elected to recover statutory damages under subsection (c) “*instead of* actual damages and profits under subsection (a).” § 1117(c) (emphasis added). Thus, § 1117(a) is inapplicable.

F.3d 1020, 1027 n.3 (9th Cir. 1999) (“[T]his court may affirm on any ground supported by the record.”).⁴

IV

We hold that contributory trademark liability requires knowledge of specific infringers or instances of infringement and accordingly vacate the district court’s order granting in part and denying in part judgment as a matter of law for Redbubble and remand for the district court to reconsider under that standard. We vacate and remand the denial of a permanent injunction and attorney fees for the district court to reconsider consistent with this opinion. We affirm the denial of prejudgment interest. Each party shall bear its own costs on appeal.

AFFIRMED IN PART, VACATED IN PART, AND REMANDED.

⁴ We vacate the district court’s order denying Brandy Melville attorney fees and remand for the district court to reconsider whether to award such fees following its evaluation of Redbubble’s motion for judgment as a matter of law.

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

FILED

OCT 24 2023

MOLLY C. DWYER, CLERK
U.S. COURT OF APPEALS

Y.Y.G.M. SA, DBA Brandy Melville, a Swiss corporation, Plaintiff-Appellant, v. REDBUBBLE, INC., Defendant-Appellee.	No. 21-56150 D.C. No. 2:19-cv-04618-RGK-JPR Central District of California, Los Angeles ORDER
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Y.Y.G.M. SA, DBA Brandy Melville, a Swiss corporation, Plaintiff-Appellee, v. REDBUBBLE, INC., Defendant-Appellant.	No. 21-56236 D.C. No. 2:19-cv-04618-RGK-JPR
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Before: CALLAHAN, R. NELSON, and H.A. THOMAS, Circuit Judges.

Judges Callahan, Nelson, and Thomas voted to deny the petition for panel rehearing or rehearing en banc. No judge has requested a vote on whether to rehear the matter en banc. Fed. R. App. P. 35. The petition for panel rehearing or rehearing en banc is DENIED.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
CIVIL MINUTES - GENERAL

Case No. 2:19-cv-04618-RGK-JPR

Date: October 12, 2021

Y.Y.G.M. SA

v.

REDBUBBLE, INC.

Present: The Honorable R. GARY KLAUSNER,
UNITED STATES DISTRICT JUDGE

* * *

**Proceedings: (IN CHAMBERS) Order Re:
Defendant's Renewed Motion for Judgment as a
Matter of Law [DE 212]**

I. INTRODUCTION

On May 28, 2019, Y.Y.G.M. SA d.b.a. Brandy Melville ("Plaintiff") filed a complaint against Redbubble, Inc. ("Redbubble," or "Defendant") for claims arising from the unauthorized sale of goods bearing Brandy Melville's trademarks through Redbubble's website. Plaintiff's complaint alleged five claims sounding in trademark and unfair competition. On July 10, 2020, the Court granted summary judgment in favor of Defendant with respect to all of Plaintiff's claims except for Plaintiff's contributory infringement and counterfeiting claims. (ECF No. 103).

The case proceeded to a jury trial in June of 2021, after which the jury found Redbubble liable for: (1) willful contributory counterfeiting of Plaintiff's Brandy Melville Heart Mark and LA Lightning Mark; (2) contributory infringement of the same two marks, and; (3) contributory infringement of Plaintiff's unregistered trademarks in the "Brandy Melville"

name or other unregistered variations of the Brandy Melville name, including “Brandy LA,” “brandymelvilleusa,” and “brandymelvilleusa.com.” (Redacted Verdict Form, ECF No. 193).

On July 27, 2021, the Court granted in part Redbubble’s Motion for Judgment as a Matter of Law. Specifically, the Court granted the motion as to the jury’s verdict for contributory counterfeiting of the Brandy Melville Heart Mark and denied the motion in all other respects.

Presently before the Court is Redbubble’s Renewed Motion for Judgment as a Matter of Law. (“RJMOL Motion”) (ECF No. 212). For the following reasons, the Court DENIES the RJMOL Motion.

II. FACTUAL BACKGROUND

The relevant factual background is set forth in the Court’s Order of July 10, 2020. (ECF No. 103).

III. JUDICIAL STANDARD

A. Renewed Motion for Judgment as a Matter of Law

A court may grant a motion for JMOL against a party on any issue when “a reasonable jury would not have a legally sufficient evidentiary basis to find for the party on that issue.” Fed. R. Civ. P. 50(a)(1). A party whose JMOL motion made under Rule 50(a) is not granted by a court prior to submitting the action to the jury may renew its motion after the trial. Fed. R. Civ. P. 50(b). However, a party cannot raise arguments in its post-trial Rule 50(b) motion that it did not raise in its preverdict Rule 50(a) motion. *Freund v. Nycomed Amersham*, 347 F.3d 752, 761 (9th Cir. 2003).

Post-verdict JMOL is appropriate where there is no “substantial evidence” to support the verdict. *Pavao v.*

Pagay, 307 F.3d 915, 918 (9th Cir. 2002). Substantial evidence is “such relevant evidence as reasonable minds might accept as adequate to support a conclusion.” *Three Boys Music Corp. v. Bolton*, 212 F.3d 477, 482 (9th Cir. 2000). A court must consider the evidence in the light most favorable to the nonmoving party, draw all reasonable inferences in its favor, and not weigh the evidence or assess the credibility of the witnesses. *Reeves v. Sanderson Plumbing Prods., Inc.*, 530 U.S. 133, 135 (2000); *see also Agrizap, Inc. v. Woodstream Corp.*, 520 F.3d 1337, 1342 (Fed. Cir. 2008).

B. Motion for a New Trial

After a jury trial, a court may grant a new trial to a party “for any reason for which a new trial has [] been granted in an action at law in federal court.” Fed. R. Civ. P. 59(a)(1)(A). Because Rule 59 does not specify the grounds on which a court may grant a motion for a new trial, the court is “bound by those grounds that have been historically recognized.” *Zhang v. Am. Gem Seafoods, Inc.*, 339 F.3d 1020, 1035 (9th Cir. 2003). Those grounds include, but are not limited to, claims that the verdict is against the great weight of the evidence, that the damages are excessive, that the trial was not fair to the moving party, that the jury instructions were erroneous or inadequate, or that the court made incorrect and prejudicial admissibility rulings. *Montgomery Ward & Co. v. Duncan*, 311 U.S. 243, 251 (1940); *see also Chiron Corp. v. Genentech, Inc.*, 363 F.3d 1247, 1258 (Fed. Cir. 2004).

IV. DISCUSSION

After a three-day jury trial, the jury returned a verdict for Plaintiff as to most issues. Specifically, the jury found Redbubble liable for: (1) willful contributory counterfeiting of the Brandy Melville

Heart Mark and LA Lightning Mark; (2) contributory infringement of the Brandy Melville Heart Mark and LA Lightning Mark, and; (3) contributory infringement of Brandy Melville's unregistered trademarks in the "Brandy Melville" name or other unregistered variations of the Brandy Melville name, including "Brandy LA," "brandymelvilleusa," and "brandymelvilleusa.com." (Redacted Verdict Form, ECF No. 193).

The jury awarded Plaintiff \$200,000 in statutory damages for the contributory counterfeiting of the LA Lightning Mark, \$300,000 in statutory damages for the contributory counterfeiting of the Brandy Melville Heart Mark, and a combined \$20,000 for contributory trademark infringement of the LA Lightning Mark, Brandy Melville Heart Mark, and Plaintiff's unregistered Marks.

Redbubble then moved for judgment as a matter of law as to all of Plaintiff's claims. The Court found that, as to Plaintiff's claim for contributory counterfeiting of the Brandy Melville Heart Mark, "the evidence presented at trial permits only one reasonable conclusion—Plaintiff failed to establish that Redbubble is liable for contributory counterfeiting of the Brandy Melville Heart Mark." (Order Re: Mot. for JMOL at 3.). The Court therefore reduced the verdict by \$300,000.

Redbubble now renews its motion for judgment as a matter of law as to Plaintiff's claims for contributory counterfeiting of the LA Lighting Mark and contributory trademark infringement. In the alternative, Redbubble moves for a new trial. The Court considers Redbubble's arguments in turn.

A. The LA Lightning Mark

Redbubble renews arguments regarding the LA Lightning Mark that Redbubble raised in its original Motion for JMOL. Just as the Court held in ruling on Redbubble's Motion for JMOL, the Court finds there was substantial evidence to support the jury's verdict as to contributory counterfeiting.

To the extent Redbubble raises arguments regarding the LA Lightning Mark that were not included in its original Motion for JMOL, the present Motion is also DENIED as outside the scope of what is permitted on a renewed Motion for JMOL.

B. Contributory Trademark Infringement

Redbubble renews arguments regarding the Plaintiff's claims for contributory infringement of Plaintiff's registered and unregistered trademarks that Redbubble raised in its original Motion for JMOL. Just as the Court held in ruling on Redbubble's Motion for JMOL, the Court finds there was substantial evidence to support the jury's verdict as to contributory trademark infringement.

To the extent Redbubble raises arguments regarding contributory trademark infringement that were not included in its original Motion for JMOL, the present Motion is also DENIED as outside the scope of what is permitted on a renewed Motion for JMOL.

C. Motion for a New Trial

Finally, Redbubble (which is an Australian company) argues that the Court should order a new trial because Plaintiff's counsel delivered "improper closing rebuttal arguments based on nationalistic bias and unfounded allegations of bad behavior," (RJMOL Motion at 17), that "had the improper effect of encouraging the ... jury to impose an impassioned

sanction against’ defendant.” (*Id.*) (quoting *Bird v. Glacier Elec. Coop., Inc.*, 255 F.3d 1136, 1152 (9th Cir. 2001)). In support of this argument, Redbubble points to the following:

Plaintiff argued in closing that the Court’s “stitch-for-stitch” instruction on counterfeiting was “just not the law,” and also that jurors should “tell Redbubble that a slap on the wrist isn’t good enough Only you can send this message, but it has to be loud and clear The message has to be loud and clear enough to go all the way to Australia where company that’s on its way to a billion dollars, much of it on the backs of counterfeit products, needs to be told that it’s not okay.”

(RJMOL Motion at 15-16). The Court finds that these statements fall far short of the prejudicial statements made during closing argument at trial in *Bird*, the case on which Redbubble relies. *Cf. Bird*, 255 F.3d at 1152 (“We conclude that the Co-op was necessarily prejudiced when, in closing argument, counsel used incendiary racial and nationalistic terms to encourage the all-Blackfeet jury’s award against the non-Indian Co-op.”). Moreover, the Court finds that Plaintiff’s counsel’s statements during closing argument were not of a type that would prompt a reasonable juror under the circumstances to “impose an impassioned sanction.”

The Court therefore DENIES Redbubble’s Motion for a new trial.

V. CONCLUSION

In accordance with the foregoing, the Court DENIES Redbubble’s Motion.

IT IS SO ORDERED.

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

Y.Y.G.M. SA,)	2:19-cv-04618-RGK-JPR
)	
Plaintiff(s),)	
vs.)	FINAL JUDGMENT
)	
Redbubble, Inc.)	
)	
Defendant(s).)	
<hr style="width: 25%; margin-left: 0;"/>		

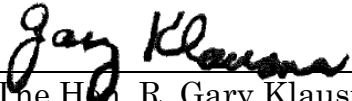
This case proceeded to a jury trial in June of 2021, after which the jury found Defendant liable for willful contributory counterfeiting of Plaintiff's Brandy Melville Heart Mark and LA Lightning Mark, and contributory trademark infringement. The jury awarded Plaintiff \$200,000 in damages for the contributory counterfeiting of the LA Lightning Mark, \$300,000 in damages for the contributory counterfeiting of the Brandy Melville Heart Mark, and \$20,000 for contributory trademark infringement, for a total verdict of \$520,000. On July 27, 2021, the Court granted in part Defendant's Motion for Judgment as a Matter of Law. (ECF No. 204). Specifically, the Court granted judgment in favor of Defendant on Plaintiff's claim for contributory counterfeit of the Brandy Melville Heart Mark, and denied Defendant's motion in all other respects. The jury's verdict was otherwise upheld. The Court hereby **ENTERS FINAL JUDGMENT** in favor of Plaintiff as to Plaintiff's claims for contributory trademark infringement and contributory counterfeiting of the LA Lightning Mark, and **ENTERS FINAL JUDGMENT** in favor of Defendant on Plaintiff's claim for contributory counterfeiting of the Brandy

31a

Melville Heart Mark. The jury verdict is hereby reduced from \$520,000 to \$220,000.

IT IS SO ORDERED.

Dated: July 26, 2021



The Hon. R. Gary Klausner
United States District
Judge

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. 2:19-cv-04618-RGK-JPR

Date: July 27, 2021

Y.Y.G.M. SA

v.

REDBUBBLE, INC.

Present: The Honorable R. GARY KLAUSNER,
UNITED STATES DISTRICT JUDGE

* * *

**Proceedings: (IN CHAMBERS) Order Re:
Defendant's Motion for Judgment as a Matter
of Law [DE 185]**

I. INTRODUCTION

On May 28, 2019, Y.Y.G.M. SA d.b.a. Brandy Melville ("Plaintiff") filed a complaint against Redbubble, Inc. ("Redbubble," or "Defendant") for claims arising from the unauthorized sale of goods bearing Brandy Melville's trademarks through Redbubble's website. Plaintiff's complaint alleged (1) trademark infringement and counterfeiting under 15 U.S.C. § 1114, (2) false designation of origin under 15 U.S.C. § 1125(a), (3) common law unfair competition, (4) contributory trademark infringement, and (5) vicarious trademark infringement.

On May 4, 2020, Defendant filed a motion for summary judgment as to all five of Plaintiff's claims. (ECF No. 40). On July 10, 2020, the Court granted summary judgment in favor of Defendant with respect to all of Plaintiff's claims except for Plaintiff's contributory infringement and counterfeiting claims. (ECF No. 103).

This case proceeded to a jury trial in June of 2021, after which the jury found Redbubble liable for: (1) willful contributory counterfeiting of Plaintiff's Brandy Melville Heart Mark and LA Lightning Mark; (2) contributory infringement of the Brandy Melville Heart Mark and LA Lightning Mark, and; (3) contributory infringement of Plaintiff's unregistered trademarks in the "Brandy Melville" name or other unregistered variations of the Brandy Melville name, including "Brandy LA," "brandymelvilleusa," and "brandymelvilleusa.com." (Redacted Verdict Form, ECF No. 193).

Presently before the Court is Defendant's Motion for Judgment as a Matter of Law. ("Motion") (ECF No. 185). For the following reasons, the Court GRANTS in part and DENIES in part the Motion.

II. FACTUAL BACKGROUND

The relevant factual background is set forth in the Court's Order of July 10, 2020. (ECF No. 103).

III. JUDICIAL STANDARD

Under Federal Rule of Civil Procedure 50(a), "[i]f a party has been fully heard on an issue during a jury trial and the court finds that a reasonable jury would not have a legally sufficient evidentiary basis to find for the party on that issue, the court may: (A) resolve the issue against the party; and (B) grant a motion for judgment as a matter of law against the party on a claim or defense that, under the controlling law, can be maintained or defeated only with a favorable finding on that issue."

"Judgment as a matter of law is appropriate when the evidence presented at trial permits only one reasonable conclusion." *Torres v. City of L.A.*, 548 F.3d 1197, 1205 (9th Cir. 2008) (quoting *Santos v. Gates*, 287 F.3d 846, 851 (9th Cir. 2002), *cert. denied*

by *Roberts v. Torres*, 556 U.S. 1183 (2009). “In other words, ‘[a] motion for a judgment as a matter of law is properly granted only if no reasonable juror could find in the non-moving party’s favor.’ “ *Id.* (quoting *El-Hakem v. BJY Inc.*, 415 F.3d 1068, 1072 (9th Cir. 2005)). 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). When considering a motion for judgment as a matter of law, the court must view the evidence “in the light most favorable to the nonmoving party, and all reasonable inferences must be drawn in favor of that party.” *Torres*, 548 F.3d at 1205-06 (quoting *LaLonde v. County of Riverside*, 204 F.3d 947, 959 (9th Cir. 2000)).

IV. DISCUSSION

After a three-day jury trial, the jury came back with a verdict for Plaintiff as to most issues. Specifically, the jury found Redbubble liable for: (1) willful contributory counterfeiting of the Brandy Melville Heart Mark and LA Lightning Mark; (2) contributory infringement of the Brandy Melville Heart Mark and LA Lightning Mark, and; (3) contributory infringement of Brandy Melville’s unregistered trademarks in the “Brandy Melville” name or other unregistered variations of the Brandy Melville name, including “Brandy LA,” “brandymelvilleusa,” and “brandymelvilleusa.com.” (Redacted Verdict Form, ECF No. 193).

The jury awarded Plaintiff \$200,000 in statutory damages for the contributory counterfeiting of the LA Lightning Mark, \$300,000 in statutory damages for the contributory counterfeiting of the Brandy Melville Heart Mark, and a combined \$20,000 for contributory

trademark infringement of the LA Lightning Mark, Brandy Melville Heart Mark, and Plaintiff's unregistered Marks.

Redbubble moves for judgment as a matter of law as to all of Plaintiff's claims. Having read and considered Redbubble's Motion, Plaintiff's Opposition thereto, (ECF No. 199), and Redbubble's Reply in support, (ECF No. 202), the Court GRANTS in part and DENIES in part the Motion.

Specifically, the Court GRANTS judgment in favor of Redbubble on Plaintiff's claim for contributory counterfeiting of the Brandy Melville Heart Mark and DENIES the Motion in all other respects.

"A counterfeit is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark." *UL LLC v. Space Chariot Inc.*, 250 F. Supp. 3d 596, 608 (C.D. Cal. 2017). The Lanham Act prohibits a counterfeit mark from being used "in connection with the sale, offering for sale, or distribution of goods or services." 15 U.S.C. § 1116(d)(1)(A). "Section 1116(d) requires that the mark in question be (1) a non-genuine mark identical to the registered, genuine mark of another, where (2) the genuine mark was registered for use on the same goods to which the infringer applied the mark." *Louis Vuitton Malletier, S.A. v. Akanoc Sols., Inc.*, 658 F.3d 936, 946 (9th Cir. 2011).

"[C]ounterfeiting is the 'hard core' or 'first degree' of trademark infringement that seeks to trick the consumer into believing he or she is getting the genuine article, rather than a 'colorable imitation.'" *Gucci Am., Inc. v. Guess?, Inc.*, 868 F. Supp. 2d 207, 242 (S.D.N.Y. 2012) (citing McCarthy on Trademarks and Unfair Competition § 25:10 (5th ed.)). "For this reason, courts have uniformly applied this provision

to products that are stitch-for-stitch copies of those of another brand.” *Id.*; *cf. Coach, Inc. v. Asia Pac. Trading Co.*, 676 F. Supp. 2d 914, 923–24 (C.D. Cal. 2009) (rejecting statutory damages where the plaintiff’s mark was registered for use on “sunglass cases” but the counterfeited marks were affixed to “sunglasses”).

Here, Plaintiff failed to present evidence of products that bore a spurious Brandy Melville Heart Mark and were offered for sale on Redbubble.com that were remotely similar to products that Plaintiff offered for sale, let alone “stitch-for-stitch copies” of Plaintiff’s products. The Court therefore concludes that the evidence presented at trial permits only one reasonable conclusion—Plaintiff failed to establish that Redbubble is liable for contributory counterfeiting of the Brandy Melville Heart Mark.

Redbubble also argues that Plaintiff failed to establish that Redbubble contributorily counterfeited the LA Lightning Mark. This argument fails. At trial, Plaintiff put on evidence adequate to support the jury’s conclusion as to the LA Lightning Mark. (See, e.g., Trial Exhibit 222, ECF No. 199-21).

Finally, Redbubble argues that Plaintiff failed to sufficiently show common-law mark rights; failed to introduce evidence sufficient to show that any alleged direct infringements are not aesthetically functional; failed to show likelihood of confusion of any type, and; failed to show that Redbubble is subject to contributory liability generally. (Motion at 13-20).¹ The Court finds none of these arguments persuasive.

¹ Redbubble raised several additional arguments in pages 21 through 24 of its Motion. However, because Redbubble’s Motion exceeded this Court’s 20-page limit, the Court declines to consider those arguments raised after page 20.

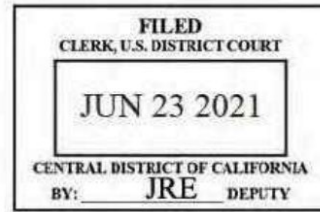
“A motion for a judgment as a matter of law is properly granted only if no reasonable juror could find in the non-moving party’s favor.” *El-Hakem*, 415 F.3d at 1072. Here, the evidence put on at trial was adequate to support the jury’s conclusion as to all the points that Defendant disputes.

V. CONCLUSION

For the foregoing reasons, the Court GRANTS in part and DENIES in part Defendant’s Motion.

Specifically, the Court GRANTS the Motion as to the jury’s verdict for contributory counterfeiting of the Brandy Melville Heart Mark and DENIES the Motion in all other respects. The Court hereby ENTERS JUDGMENT for Defendant on Plaintiff’s claim for contributory counterfeiting of the Brandy Melville Heart Mark and reduces the jury verdict of \$520,000 to \$220,000. The jury’s verdict is otherwise upheld.

IT IS SO ORDERED.



UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

<p>Y.Y.G.M. SA d.b.a. BRANDY MELVILLE, a Swiss corporation, Plaintiff, vs. REDBUBBLE, INC., a Delaware corporation, Defendant.</p>	<p>Case No. 2:19-cv-04618- RGK (JPRx) Hon. R. Gary Klausner VERDICT FORM REDACTED Trial Date: June 15, 2021</p>
--	--

We, the jury in the above-entitled case, find the following on the questions submitted to us:

1. Did Defendant Redbubble contributorily counterfeit the Brandy Melville Heart

Yes _____ No _____

If you answered "yes," then please answer the next two sub-questions. If you answered "no," then please skip ahead to Question 2.

a. Was Defendant Redbubble's contributory counterfeiting willful?

Yes _____ No _____

b. What is the total amount of statutory damages you award to Plaintiff Brandy Melville for Defendant Redbubble contributorily

counterfeiting the Brandy Melville Heart Mark?

\$ 300,000.00

2. Did Defendant Redbubble contributorily counterfeit the Brandy Melville LA Lightning Mark?

Yes No

If you answered "yes," then please answer the next two sub-questions. If you answered "no," then please skip ahead and answer Questions 3 through 7.

a. Was Defendant Redbubble's contributory counterfeiting willful?

Yes No

b. What is the total amount of statutory damages you award to Plaintiff Brandy Melville for Defendant Redbubble contributorily counterfeiting the Brandy Melville LA Lightning Mark?

\$ 200,000.00

Regardless of how you answered Questions 1 and 2, please answer Questions 3, 4, 5, and 6.

3 Did Defendant Redbubble contributorily infringe the Brandy Melville Heart Mark?

Yes No

4. Did Defendant Redbubble contributorily infringe the Brandy Melville Flags Mark?

Yes No

5. Did Defendant Redbubble contributorily infringe the Brandy Melville Lightning Mark?

Yes No

6. Did Defendant Redbubble contributorily infringe any of Brandy Melville's unregistered trademarks in the "Brandy Melville" name or other unregistered variations of the Brandy Melville name, including "Brandy LA," "brandymelville usa," and "brandymelvilleusa.com"?

Yes ✓ No

If you answered "yes" to Question 3, 4, 5, or 6, then please answer Question 7. If you answered "no" to Questions 3, 4, 5, and 6, then please skip Question 7.

7. What is the total amount of Defendant Redbubble's profit attributable to Redbubble's contributory trademark infringement ?

\$ 20,000.00

Please date, sign, and return this form.

Date: June 23, 2021

FOREPERSON SIGNATURE
REDACTED BY THE
COURT

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA -
WESTERN DIVISION

HONORABLE R. GARY KLAUSNER,
U.S. DISTRICT JUDGE

Y.Y.G.M. SA d.b.a.)	
BRANDY MELVILLE,)	
a Swiss corporation,)	
PLAINTIFF,)	CASE NO.
)	
vs.)	CV 19-04618-
)	RGK
REDBUBBLE, INC., a)	VOLUME 1
Delaware corporation,)	
DEFENDANT.)	PAGES 1 TO
)	214

REPORTER'S TRANSCRIPT OF
TRIAL DAY 1
THURSDAY, JUNE 17, 2021
9:05 A.M.
LOS ANGELES, CALIFORNIA

MIRANDA ALGORRI, CSR 12743, RPR, CRR
FEDERAL OFFICIAL COURT REPORTER
350 WEST 1ST STREET, SUITE 4455
LOS ANGELES, CALIFORNIA 90012
MIRANDAALGORRI@GMAIL.COM

[Excerpt of Direct Examination of Salvatore Rianna, Executive Vice President & Chief Financial Officer of Brandy Melville in the United States, CA9 App. FER36-50]

* * *

Q When is the first time that you heard of the company Redbubble?

A I was alerted about Redbubble in 2018 from one of our associates who had alerted me to a copy branding store they found online and directed me to the website www.redbubble.com.

Q And did you visit the site?

A I absolutely did.

Q Can you describe what you saw?

A I saw hundreds of our designs and products we would never make such as men's T-shirts, mugs by simply putting in our trademark in their search.

Q What was your reaction?

A I was shocked. I had basically discovered the most aggressive, sophisticated, and efficient counterfeiting site I have ever seen online.

Q And so did you take any steps to reach out to Redbubble regarding your concerns?

A Yes. We sent them a letter informing them that they were infringing on our trademarks.

Q And did that—who did that letter come from?

A We have a relationship with an attorney. It came from you, Keith.

MR. WESLEY: Okay. Your Honor, I would move Exhibit 10 which is the May 14, 2018, cease and desist letter to Redbubble which has been stipulated.

THE COURT: It will be received. Exhibit number was what?

MR. WESLEY: 10, Your Honor.

THE COURT: Okay.

(Marked for identification and received into evidence Exhibit No. 10.)

Q BY MR. WESLEY: I'm placing on the screen Exhibit 10.

Mr. Rianna, is this the—sorry. A lot of binders. Are you okay?

A Yes.

Q I'm placing on the screen Exhibit 10. Is this the cease and desist letter that counsel sent on behalf of Brandy Melville to Redbubble?

A Yes, it is.

Q And you authorized this to be sent?

A I did.

Q And you approved the content?

A I did. I do, and I did.

Q Okay. Let me just skip down to paragraph 3 here. It says, "It has come to our attention that Redbubble is offering for sale numerous products that deliberately infringe upon Brandy Melville's trademark rights. The products can be found by searching for," quote, "Brandy Melville' on the Redbubble website." And then there is a link. Do you see that?

A I do.

Q And is this link one that you actually visited?

A Yes, it is.

Q Did you actually see numerous products that, in your view, infringed upon Brandy's trademarks?

A Yes, absolutely.

Q Okay. Then we go on to say some of the products utilize the Brandy Melville trademark directly. For example, the products are labeled as Brandy Melville or reference Brandy Melville's actual website. Was that true?

A That is true.

Q A few examples are at the top of the next page. There are many more on Redbubble's site. And then on the next page, do you see there are a few examples?

A Yes, I do.

Q In your view, did these designs infringe upon Brandy Melville's trademark?

A Yes, they did.

MR. MASUR: Objection. Calls for a legal conclusion.

THE COURT: Sustained. That is the jury's determination.

Q BY MR. WESLEY: Then the letter goes on, "Other products currently being offered for sale on Redbubble use the keyword Brandy Melville to drive consumers to products that incorporate well-known"—apologies.

"Other products currently being offered for sale on Redbubble use the keyword Brandy Melville to drive consumers to products that incorporate well-known Brandy Melville designs. A few of those products are depicted below." Do you see that?

A I do.

Q Are these products or designs that Brandy Melville had sold?

A Yes.

Q And are they designs that you saw when typing Brandy Melville into the Redbubble search engine?

A Yes, they are.

Q Okay. In the second to last paragraph, it says, "At this time our goal is simply to stop the infringement as quickly as possible." Do you see that?

A Yes.

Q And was that true? Was that Brandy Melville's goal as of May 14, 2018?

A Yes, it was.

Q Did you have any desire to sue at that point?

A No, we did not. Lawsuits are quite expensive and consume a lot of time.

Q Okay. In the days and months that followed, did you periodically check the Redbubble site?

A I did.

Q Did you also instruct my law firm to periodically check the site?

A Yes, I did.

Q Between us, did we save screenshots of certain items we saw on the site?

A Yes, we did.

Q Okay. And just to be clear, did the use of Brandy Melville's trademarks and designs on the site stop?

A No, it did not.

Q Okay. Please take a look at—in volume 4 Exhibit 110.

A I'm there.

Q Okay. And are you familiar with Exhibit 110?

A I am.

Q It appears to be a screenshot dated September 10, 2018. Do you see that?

A I do.

Q And did you visit the Redbubble site on or around September 10, 2018?

A I did.

Q And did you type in "Brandy Melville" into the search box?

A I did.

Q And does this document accurately preserve what you saw?

A Yes, it does.

MR. WESLEY: Your Honor, move Exhibit 110.

THE COURT: It will be received.

(Marked for identification and received into evidence Exhibit No. 110.)

Q BY MR. WESLEY: I'm showing Exhibit 110. Do you see here it's dated September 10, 2018?

A Yes.

Q So how long after the cease and desist letter was sent is this?

A A few months.

Q Okay. And so when you visited the site, did you see the Brandy Melville trademark?

A I did.

Q Did you see the Los Angeles Lightning trademark?

A I did.

Q This one, is that—is that the sticker we looked at earlier?

A It is.

Q And what about all the rest of these designs? Do they—did Brandy Melville ever offer them for sale?

A Yes. At one point or another.

Q And so when you went to the Brandy Melville—excuse me—the Redbubble site, did you see Brandy Melville gifts and merchandise on Redbubble?

A Yes, I did.

Q And did you see the heading “Brandy Melville”?

A I did.

Q And was that at all a concern of yours?

A Very much so.

Q Why?

A Because they were deceiving the customer and giving the customer an indication that they’re an authorized seller of Brandy Melville products.

THE COURT: Let me ask before we go further. On Exhibit 110, how many pages are in 110?

THE WITNESS: Five.

THE COURT: Which page were you referring to when you showed us that picture?

THE WITNESS: First page.

THE COURT: Page 1. Thank you.

Q BY MR. WESLEY: While we’re on it, let me just show you the second page.

Do you see any Brandy Melville designs that were sold in Brandy Melville stores?

A Yeah. The majority.

Q Okay. Is that one we looked at earlier?

A Yes.

Q I would ask that you take a look at volume 7, Exhibit 181.

A I'm there.

Q Okay. And this is an 11-page document. So please flip through and familiarize yourself with those pages.

A I have.

Q Do you see in the right-hand lower corner it's dated October 11, 2018?

A Yes.

Q And did you personally visit the Redbubble site on or around October 11, 2018?

A I did.

Q And did you review these product listings that are shown in Exhibit 181?

A Yes, I did.

Q Does Exhibit 181 accurately reflect what you saw?

A Yes.

MR. WESLEY: Move Exhibit 181.

THE COURT: Received.

(Marked for identification and received into evidence Exhibit No. 181.)

THE COURT: Identify what page you are talking about. Go ahead, counsel.

MR. WESLEY: Okay.

Q Just to give the jury a sense of Exhibit 181, a couple examples, is this an example of a Brandy Melville 499—

THE COURT: Counsel, what page are you referring to?

MR. WESLEY: Page 1 on Exhibit 181. My apologies.

THE COURT: Okay.

Q BY MR. WESLEY: Do you see on the screen there is a Brandy Melville 499 Broadway NYC sticker?

A Yes.

Q Is that a product you saw on the Redbubble site on or around October 11, 2018?

A Yes, it is.

Q Is that a design that Brandy Melville has sold in its stores?

A Yes.

Q What are those addresses?

A Those are addresses to our New York stores.

Q By the way, was this after the cease and desist letter?

A Yes, it was.

Q And did you see the name Brandy Melville in the title of other products on Redbubble?

A Yes.

Q Okay. Same volume. Please turn to Exhibit 183.

A Yes. I'm there.

Q These appear to be screenshots from Redbubble dated October 8, 2018. Do you see those?

A I do.

Q Did you visit the Redbubble site on or around October 8, 2018?

A I did.

Q Did you look for Brandy Melville designs?

A Yes, I did.

* * *

Q BY MR. WESLEY: I'm showing you page 4. Do you see this product?

A I do.

Q Brandy Melville didn't authorize the sale of this product on Redbubble, did it?

A Absolutely not.

Q Is this a design you saw after sending the cease and desist letter?

A Yes, it is.

Q I'm showing you page 10 of Exhibit 183. This says "Brandy Melville" under wall tapestries. Do you see this?

A Yes.

Q Is this another product you saw after sending the cease and desist letter?

A Yes, it is.

Q If you see here, there is a category that says available products and the number 9.

A Yes.

Q And did you ever look into what that meant on the Redbubble site?

A Yes.

Q What did you discover?

A There were nine other types of products utilizing that same logo.

Q What types of products have you seen this logo on Redbubble?

A Mugs, T-shirts, hats, men's T-shirts.

Q Is it true that, after sending the cease and desist letter, you continued to see products that you objected to on Redbubble?

A Yes. If not more.

Q Why didn't you just immediately run out and sue?

A There were so many. There were thousands that we assumed that it would take some time to go through it and remove them all.

Q You did ultimately sue, right?

A Yes.

Q Why? What triggered it?

A They just continued to use them regardless of how we felt and profit from the use as well.

Q Okay. Do you have volume 7 in front of you, or could you grab it, please?

A I have it.

Q Can you turn to Exhibit 187, please.

A I'm there.

Q Okay. Page 1 of Exhibit 187 is dated May 21st, 2019. Do you see that?

A I do.

Q And did you see this particular product on the Redbubble site on or around May 21st, 2019?

A Yes, I did.

MR. WESLEY: Okay. Your Honor, move page 1 of Exhibit 187.

THE COURT: Received.

(Marked for identification and received into evidence Exhibit No. 187, page 1.)

Q BY MR. WESLEY: I'm showing the jury what you saw. So is this a product you saw?

A Yes, it is.

Q And it says, "Copy of Los Angeles lightning bolt black Brandy Melville slim fit T-shirt." Do you see that?

A I do.

Q Do you see there's a design on it?

A Yes.

Q And is that, in your view, your Los Angeles Lightning trademark?

A Yes, it is.

Q Okay. But it looks to be cut off.

A It is.

Q Did you notice that?

A I did.

Q Did you feel like this was a good thing for the brand or a bad thing or indifferent?

A Absolutely not good for the brand.

Q Why not?

A Well, this is a variation in the men's T-shirt that we would never sell and create customer confusion.

Q And did this—did this product contribute to your decision to file suit?

53a

A Absolutely.

* * *

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. 2:19-cv-04618-RGK-JPR

Date: July 10, 2020

Y.Y.G.M. SA

v.

REDBUBBLE, INC.

Present: The Honorable R. GARY KLAUSNER,
UNITED STATES DISTRICT JUDGE

* * *

**Proceedings: (IN CHAMBERS) Order Re:
Plaintiff's Motion for Summary Judgment [DE
36], Defendant's Motion for Summary Judgment
[DE 40]**

I. INTRODUCTION

On May 28, 2019, Y.Y.G.M. SA d.b.a. Brandy Melville ("Brandy Melville," or "Plaintiff") filed a complaint against Redbubble, Inc. ("Redbubble," or "Defendant") for claims arising from the unauthorized sale of goods bearing Brandy Melville's trademarks through Redbubble's website. Plaintiff's complaint alleges (1) trademark infringement and counterfeiting under 15 U.S.C. § 1114, (2) false designation of origin under 15 U.S.C. § 1125(a), (3) common law unfair competition, (4) contributory trademark infringement, and (5) vicarious trademark infringement.

Presently before the Court are the parties' cross-motions for summary judgment. (ECF No. 36, 40.) For the following reasons, the Court DENIES Brandy Melville's motion and Grants in Part Redbubble's motion.

II. FACTUAL BACKGROUND

Brandy Melville is a clothing brand whose target demographic includes girls and women between the ages of 12 and 30. Brandy Melville manufactures its own products in Italy in accordance with specific design and quality standards, and owns several trademarks, including the Brandy Melville Mark, USPTO Registration No. 5,238,856, and the LA Lightning Mark. USPTO Registration No. 5,748,883. The LA Lightning mark is registered for use on clothing, and among the products Brandy Melville sells are t-shirts and hooded sweatshirts featuring the LA Lightning Mark. The LA Lightning Mark is displayed below as it appears on its USPTO registration:



The Brandy Melville Mark is registered for use on a wide range of products, including clothing, stickers, jewelry and ornaments. The Brandy Melville Mark is displayed below as it appears on its USPTO registration:

Brandy  Melville

Redbubble owns and operates the website www.redbubble.com. The Redbubble website provides an online marketplace for artists to upload their artwork, and for customers to buy that artwork on different products, including clothing, phone cases, and stickers. There are presently more than 2,160,000 users who have uploaded artwork of some kind to the

marketplace, contributing to more than 27,000,000 product listings. Redbubble's retail prices are comprised of an "artist margin," which is paid to the artist, and a "base price," which includes the cost of manufacturing the product, and Redbubble's service fee.

When a purchase is made on Redbubble, Redbubble's software automatically collects and processes the payment, then routes the order to a fulfiller who manufactures the product. Redbubble's software selects fulfillers based on the product type, their capabilities, and their geographic proximity to the customer. Redbubble then arranges for products ordered on the Redbubble website to be shipped from the fulfiller to the customer. Neither the artist nor the customer has any direct interaction with the fulfiller, and Redbubble handles refunds and vouchers for products purchased on the Redbubble website.

Prior to shipping, fulfillers put several types of Redbubble-branded packaging on products sold through the Redbubble Website, including poly bags, stickers, and hang tags bearing the Redbubble name or Redbubble logo. Once a product has been printed and prepared by the fulfiller, a third-party shipper picks it up and delivers it directly to the customer. Redbubble does not take physical custody of the products or inspect them prior to shipment.

On May 14, 2018, Brandy Melville's counsel provided notice to Redbubble that content offered for sale on Redbubble's website was infringing its trademarks. Redbubble subsequently removed the specific listings identified, and requested that Brandy Melville notify it of any other designs it would like removed. On May 15, 2018, however, and on several subsequent dates thereafter, Brandy Melville again

notified Redbubble that it was offering products that incorporated Brandy Melville's name or trademarks.

The infringing items offered through Redbubble's website have included apparel bearing the LA Lightning Mark, as well as stickers, wall decorations, and other items bearing the Brandy Melville Mark.

The parties do not dispute the validity of Brandy Melville's marks, or that a certain number of items bearing those marks were sold through the Redbubble website. The parties dispute, rather, the extent to which Redbubble knew, or should have known, about the infringing sales, and the scope of its corresponding responsibility to prevent them.

The parties also disagree as to the legal extent of Redbubble's liability for infringing sales on its website through its participation in the sales process, its legal relationships with the uploading users and fulfillers, and its knowledge of and control over the instrumentalities of their infringement.

III. JUDICIAL STANDARD

Under Federal Rule of Civil Procedure 56(a), a court may grant summary judgment only where "there is no genuine issue as to any material fact and ... the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a). Facts are "material" only if dispute about them may affect the outcome of the case under applicable substantive law. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). A dispute about a material fact is "genuine" if the evidence is such that a reasonable jury could return a verdict for the nonmovant. *Id.*

To prevail on a summary judgment motion, the movant must show that there are no genuine issues of material fact as to matters on which it has the burden of proof at trial. *Celotex Corp. v. Cotrett*, 477 U.S. 317,

325 (1986). Such a showing “must establish beyond controversy every essential element” of the movant’s claim or affirmative defense. *S. Cal. Gas Co. v. City of Santa Ana*, 336 F.3d 885, 888 (9th Cir. 2003) (internal quotation marks omitted). On issues where the moving party does not have the burden of proof at trial, the moving party is required only to show that there is an absence of evidence to support the non-moving party’s case. *See Celotex*, 477 U.S. at 325. Upon such showing, the court may grant summary judgment “on all or part of the claim.” Fed. R. Civ. P. 56(a)–(b).

To defeat a summary judgment motion, the non-moving party may not merely rely on its pleadings or on conclusory statements. *See Celotex*, 477 U.S. at 324. Nor may the non-moving party merely attack or discredit the moving party’s evidence. *Nat’l Union Fire Ins. Co. v. Argonaut Ins. Co.*, 701 F.2d 95, 97 (9th Cir. 1983). Rather, the non-moving party must affirmatively present specific evidence sufficient to create a genuine issue of material fact for trial. *See Celotex Corp.*, 477 U.S. at 324.

IV. DISCUSSION

Brandy Melville has asserted causes of action for direct, contributory, and vicarious trademark infringement. The Court addresses them in that order.

A. Direct Infringement

Redbubble argues that it cannot be held liable for direct infringement because as a marketplace for third-party sellers it does not itself sell any infringing goods, and therefore does not “use” Brandy Melville’s marks in commerce. The Court agrees.

To prevail on a claim for trademark infringement, “a plaintiff must show that: 1) it has a valid,

protectable mark, and 2) the defendant's use of the mark is likely to cause consumer confusion." *OTR Wheel Eng'g, Inc. v. W. Worldwide Servs., Inc.*, 897 F.3d 1008, 1022 (9th Cir. 2018). The same requirements apply to claims for false designation of origin and unfair competition. *Spy Optic, Inc. v. Alibaba.Com, Inc.*, 163 F. Supp. 3d 755, 768 (C.D. Cal. 2015).

The United States District Court for the Southern District of Ohio conducted a thorough analysis of Redbubble's business model and potential liability for direct infringement in *Ohio State Univ. v. Redbubble, Inc.*, 369 F. Supp. 3d 840 (S.D. Ohio 2019). The Court in that case considered arguments similar to those presented here, including Redbubble's position that it never takes title to the products sold through its site, nor does it pack, ship, inspect or take custody of them prior to their delivery to the purchaser. It also considered arguments akin to Brandy Melville's in this case, that Redbubble uses the marks in commerce because it establishes quality standards, provides fulfillers with Redbubble packaging in which to ship its products, displays the infringing marks on its website and on others, and handles returns, including through shipment to its own business address.

As the *Ohio State* Court acknowledged, Redbubble does not fit neatly into the category of either an "auction house" on the one hand, that will generally be free from liability for direct infringement, or a company that itself manufactures and ships products on the other, on which liability for direct infringement can be readily imposed. However, this Court agrees with the *Ohio State* Court that Redbubble is nearer to the former category. The Court finds this particularly true in light of the fact that the service fee Redbubble imposes on transactions through its site bears no

relation to the price of the goods sold. (Decl. of James Toy ISO Def.'s Mot. for SJ ("Toy Decl."), ¶ 29, ECF No. 40-4.) Although Redbubble's fee varies according to the category of the item in question, the service fee imposed on the sale of a phone case with a particular design will be the same whether the uploading artist chooses to fix the price of the item at twenty-dollars or two-hundred dollars. Such a fee-based business model indicates the role of a service provider rather than a seller, as a seller almost invariably adjusts its price in relation to the value of the goods in question.

Brandy Melville points out that Redbubble collects and remits sales taxes in some circumstances, as well as to internal shareholder communications in which Redbubble acknowledges that for accounting purposes it is considered the "principle in the sale" with regard to purchases made through the website. (See 2018 Redbubble Annual Stmt., Wesley Decl. ISO Pl.'s Mot. for SJ ("Wesley Decl.") Ex. 46 at 51, ECF No. 51.) However, the fact that Redbubble must elect between principal or agent for tax accounting purposes does not make Redbubble a "seller" for purposes of direct infringement in the absence of custody, transfer of title, or other traditional elements of the sale of goods. *See Milo & Gabby LLC v. Amazon.com, Inc.*, 693 F. App'x 879, 886 (Fed. Cir. 2017) ("[While] passage of title is not of 'talismanic' significance, we have found the presence or absence of passage of title to be a significant indicator of whether a sale has occurred in the patent law context.")

As Redbubble itself asserted at oral argument to the Sixth Circuit on appeal of the district court's decision in *Ohio State*, and as Brandy Melville argues here, the law provides a well-developed legal doctrine for imposing liability on the proprietor of a marketplace

for infringement by a third-party seller. That doctrine is contributory trademark infringement.

The Court therefore grants summary judgment for Redbubble as to Brandy Melville's claim for direct infringement.

As Brandy Melville's claims for false designation of origin and common-law unfair competition require proof of the same elements, Redbubble's motion is granted as to those claims as well. *Spy Optic*, 163 F. Supp. 3d at 768 ([A] claim for false designation of origin under 15 U.S.C. § 1125 requires proof of the same elements as a claim for trademark infringement under 15 U.S.C. § 1114.); *Id.* ("The Ninth Circuit has consistently held that state common law claims of unfair competition and actions pursuant to California Business and Professions Code section 17200 are substantially congruent to claims made under the Lanham Act.").

B. Contributory Infringement

Brandy Melville argues that Redbubble is liable for contributory infringement because it has failed to prevent the sale of infringing products despite notice of their infringing character. Redbubble contends that it is insulated from liability because it has promptly removed any infringing listing about which Brandy Melville complained, and has a system in place to prevent similar infringement in the future. As both parties have presented substantial evidence in support of their positions, the Court finds that the issue of what Redbubble either knew or ought to have known regarding the infringing activity must be tried to a jury.

To be liable for contributory trademark infringement, a defendant must have (1) "intentionally induced" the primary infringer to

infringe, or (2) continued to supply an infringing product to an infringer with knowledge that the infringer is mislabeling the particular product supplied. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 855 (1982). “When the alleged direct infringer supplies a service rather than a product, under the second prong of this test, the court must consider the extent of control exercised by the defendant over the third party’s means of infringement.” *Perfect 10, Inc. v. Visa Int’l Serv. Ass’n*, 494 F.3d 788, 807 (9th Cir. 2007). For liability to attach, there must be “[d]irect control and monitoring of the instrumentality used by a third party to infringe the plaintiff’s mark.” *Id.*

For a court to find contributory infringement, however, “a service provider must have more than a general knowledge or reason to know that its service is being used to sell counterfeit goods. Some contemporary knowledge of which particular listings are infringing or will infringe in the future is necessary.” *Acad. of Motion Picture Arts & Scis. v. GoDaddy.com, Inc.*, No. CV 10-03738 AB (CWX), 2015 WL 5311085, at *33 (C.D. Cal. Sept. 10, 2015) (citing *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 107 (2d Cir. 2010)).

Here, Redbubble is a service provider that exercises “direct control and monitoring” over its website, which is the instrumentality of the infringing activity. The contested issue is whether Redbubble possessed only a “general knowledge” that infringing activity was taking place, or rather failed to act despite adequate knowledge of which listings were infringing or what users would infringe in the future.

Each party draws parallels to a separate out of circuit case in support of its position. Taken together, these cases illustrate a spectrum of knowledge and

conduct according to which a marketplace service-provider may or may not be held contributorily liable for the infringing conduct of its users.

In *Coach, Inc. v. Goodfellow*, the Sixth Circuit found that Goodfellow, the proprietor of a flea-market, was contributorily liable for the sale of counterfeit Coach products by third party merchants who paid him a fee to operate vendor stalls. 717 F.3d 498 (6th Cir. 2013). The court found that Goodfellow had adequate notice of the infringing activity to incur liability for the following reasons: he had received letters from both Coach and the District Attorney advising him that counterfeit Coach products were being sold at the flea market; he had been served notice of Coach's lawsuit; and the market had subsequently been raided twice by local law enforcement. *Id.* at 504. The Court therefore held Goodfellow contributorily liable because he continued to rent space to vendors that he knew, or should have known, were engaging in infringing activity.

The Sixth Circuit noted that this was true even if it considered evidence of Goodfellow's purported remedial efforts, including his distribution of pamphlets notifying vendors that sale of counterfeit goods was prohibited, and his conduct of a voluntary meeting with the vendors regarding the same. The court also dismissed Goodfellow's assertion that he believed the Coach products offered for sale in plain sight were authentic in light of the fact that (1) he knew the flea market was not licensed to sell Coach products, yet (2) he did not inquire as to whether the vendor's goods were licensed despite being on notice of ongoing infringement. In summary, the *Coach* Court characterized Goodfellow's willful blindness as "ostrich-like." *Id.* at 504-05.

In contrast, the Second Circuit affirmed a district court's finding that the e-commerce website eBay was not contributorily liable as a service provider for the sale of counterfeit Tiffany jewelry through its platform. *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93 (2d Cir. 2010). Tiffany contended that eBay had knowledge of the widespread sale of counterfeit goods on its platform due to Tiffany's prior demand letters, its filing of thousands of Notices of Claimed Infringement ("NOCI") requesting that items be removed, and various complaints from purchasers that they had received counterfeit Tiffany merchandise. Based on this knowledge, Tiffany argued that eBay had incurred an affirmative duty to remove counterfeit listings but had failed to do so.

In response, eBay presented evidence of its extensive fraud prevention efforts, on which it spent approximately \$20 million per year, including the following: buyer protection programs offering reimbursement for certain counterfeit products; a trust and safety department of 4,000 employees, 200 of whom focused exclusively on combating infringement; an automated "fraud engine" that employed software models to identify prohibited activity based on factors such as IP address, prior account conduct and keywords; manual reviews for counterfeit listings; and a notice and takedown system according to which it would remove a listing within twenty-four hours of the receipt of a NOCI. The court also noted that Tiffany maintained its own "About Me" page on eBay's website, through which it cautioned potential purchasers that most Tiffany products on eBay were counterfeit. *Id.* at 99-100.

The Second Circuit affirmed the district court's finding that aside from the specific instances of infringement identified in the NOCI's, which eBay

had promptly addressed, the factors Tiffany identified provided eBay with only a “generalized knowledge” of infringement “insufficient... to impose upon eBay an affirmative duty to remedy the problem.” *Id.* at 107. Specifically, the court held that “for contributory trademark infringement liability to lie, a service provider must have more than a general knowledge or reason to know that its service is being used to sell counterfeit goods. Some contemporary knowledge of which particular listings are infringing or will infringe in the future is necessary.” *Id.*

In the present case, Brandy Melville argues that Redbubble exhibited the same type of willful blindness displayed by Goodfellow in *Coach*. Redbubble, in turn, contends that—like eBay—it cannot be held liable on the basis of a “generalized knowledge” of infringement as long as it promptly removes those infringing listings of which it has notice.

Fust, neither Goodfellow’s flea market in *Coach* nor eBay’s online resale site is a perfect analogy for Redbubble’s business model. On the one hand, Redbubble’s online marketplace of millions of listings is almost certainly more difficult to police than the physical vendor displays in a flea-market. On the other, whereas eBay provides a forum for third parties to auction or re-sell existing products, Redbubble provides a marketplace for consumers to purchase new products featuring user-uploaded artwork. Thus, while eBay was faced with the difficult task of differentiating legitimate third-party resales of Tiffany products from illegitimate ones, Redbubble must contend with no such problem. The *Tiffany* Court noted this difficulty specifically:

Because eBay never saw or inspected the merchandise in the listings, its ability to

determine whether a particular listing was for counterfeit goods was limited. Even had it been able to inspect the goods, moreover, in many instances it likely would not have had the expertise to determine whether they were counterfeit.

Tiffany, 600 F.3d at 98. Here, Redbubble is not burdened by the need to parse valid uses of Brandy Melville's trademarks from invalid ones, as Brandy Melville has made clear to Redbubble that there are no legitimate sales of Brandy Melville products through its site. As such, all uses of Brandy Melville's marks that appear on Redbubble's website are presumptively infringing.

With that in mind, the Court must evaluate what constitutes willful blindness in the context of the extent of the control and monitoring available to Redbubble. Here, after Brandy Melville notified Redbubble of the specific instances of infringement, Redbubble was also placed on notice that all subsequent listings displaying the same designs were also infringing.

Redbubble argues that it takes a broad range of steps to both prevent infringement generally and to prevent it against Brandy Melville in particular. These include requiring sellers to confirm that they own or have rights to the content they post for sale, disabling the accounts of users who repeatedly infringe, and employing proprietary software and a thirteen-person marketplace integrity team to evaluate and remove suspect listings.

Redbubble asserts that using these methods it has disabled or removed approximately 3,700,000 listings from the Redbubble marketplace, and has terminated approximately 670,000 seller accounts. (Rickert Decl.

ISO Pl.'s Mot. for SJ ¶¶ 9-10, ECF No. 40-14.). Moreover, it maintains that by applying its proactive removal guidelines to Brandy Melville's trademarks it has removed approximately 400 infringing listings. (*Id.* ¶ 8.) Furthermore, Redbubble contends that since Redbubble implemented its proactive policing policy for Brandy Melville content, there have been no sales bearing the images in Brandy Melville's registrations, and it has removed third-party sellers who listed the designs that Brandy Melville identified. (*Id.* ¶ 7). Lastly, Redbubble notes that it has been forced to make the best effort it can based on imperfect information, as Brandy Melville refuses to participate cooperatively in its content removal process.

In sharp contrast, Brandy Melville asserts that trademark infringement on Redbubble is rampant, and that "[a]ny contention that Redbubble is 'unaware' is the fruit of willful blindness facilitated by understaffing its content-moderation team and reviewing a meager number of designs for infringement." (BM Reply ISO SJ 19:3-5, ECF No 65.) Moreover, Brandy Melville argues that Redbubble deliberately takes less action than it could to prevent infringement out of a tacit acknowledgment that infringing products supply a substantial portion of its business.

In support of this position, it points to the fact that in the "My Work Was Removed" section of Redbubble's website, Redbubble states that:

It is Redbubble's policy to remove infringing works in response to valid complaints under applicable law, but content is only removed when it has been specifically identified as infringing in a legally valid takedown notice. We generally don't go looking for similar works to remove from the marketplace.

(*See* Kelly Decl. ISO Pl.’s Mot. for SJ (“Kelly Decl.”), Ex. 67, ECF No. 36-74.) (emphasis added.) Brandy Melville further notes that while Redbubble now claims to proactively police its site for Brandy Melville’s trademarks, it has not disabled a shopper’s ability to search for the keywords “Brandy Melville” as Brandy Melville has requested. (*See* July 19, 2019 email, Wesley Decl. Ex 55, ECF No. 36-60.) While maintaining such a functionality may perform the legitimate service of helping customers find products that are similar to Brandy Melville’s without actually infringing them, it also gives users seeking to peddle infringing products a ready means of doing so. By the same token, Brandy Melville presents evidence that despite the fact that it first notified Redbubble of infringing listings in May of 2018, Redbubble did not begin to proactively police its website for Brandy Melville trademarks until over a year later, in May of 2019. (April 21, 2020 Deposition of James Toy, p. 114, ECF No. 35-28).

The Court finds Brandy Melville’s argument persuasive. A company such as Redbubble could hypothetically maintain a state of “willful blindness” simply by understaffing its marketplace integrity organization relative to the amount of content on its site. This would allow such a company to simultaneously claim that its employees were doing everything in their limited power to prevent the sale of infringing products, while also enjoying the benefit of substantial revenue from the many infringing sales they were unable to catch. Whether that is the case here or not, however, is a jury question.

The Court need not review every piece of evidence submitted by the parties on this subject. It is enough to conclude that they have each provided sufficient evidence to constitute a material dispute of fact. The

Court therefore denies the parties' motions for summary judgment as to this claim.

C. Vicarious Infringement

Vicarious liability for trademark infringement focuses on the legal relationship between the defendant and the directly infringing third party. *See* 4 McCarthy on Trademarks and Unfair Competition § 25:22 (5th ed.). Vicarious liability for trademark infringement requires “a finding that the defendant and the infringer have an apparent or actual partnership, have authority to bind one another in transactions with third parties or exercise joint ownership or control over the infringing product.” *Perfect 10, Inc. v. Visa Int’l Serv. Ass’n*, 494 F.3d 788, 807 (9th Cir. 2007). In order to support a finding of vicarious infringement, there must be a finding of direct infringement by the allegedly controlled party. *See 1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1249 (10th Cir. 2013) (“Vicarious ... liability must be predicated on some direct infringement by the third party.”) (emphasis in original.)

Brandy Melville argues that Redbubble may be held liable for vicarious trademark infringement on three grounds: (1) Redbubble is partners with the fulfillers who manufacture and ship the infringing products, (2) Redbubble is in an agent for its third-party sellers and principle with respect to its fulfillers, and (3) Redbubble exercises joint ownership and control over the infringing products that the fulfillers create. The Court addresses these in order.

1. Partnership

Brandy Melville contends that Redbubble is either in a legal partnership with its fulfillers, or in the alternative that it misleads the public into believing that such a relationship exists. The Court disagrees.

First, Redbubble does not have a legal partnership with its third-party manufacturers, or the authority to bind them in transactions with third parties. The manufacturers can make the unilateral decision whether or not to fulfill an order that is routed to them by the Platform software. (Toy. Decl. ¶ 30.) The Court therefore finds that there is no legal partnership relationship such as would give rise to vicarious infringement.

In the alternative, Brandy Melville argues that Redbubble may be held liable on the basis of an apparent partnership. *See Camowraps, LLC v. Quantum Digital Ventures LLC*, No. 13-cv-6808, 2015 WL 546724, at *4 (E.D. La. Feb. 10, 2015) (“Liability may be imposed ... based on an apparent partnership which arises because of the actions of a principal or employer in somehow misleading the public into believing that the relationship or the authority exists.”)

Brandy Melville points to shareholder promotional videos in which senior Redbubble personnel made statements such as “It’s actually really important for us to have a global network of fulfillers. These are companies that we partner with to produce our goods[,]” and “[w]e rely on a third-party network of partners that are very good at what they do.” (Wesley Decl. Ex. 38, ECF No. 36-43). This argument fails as well.

While Redbubble does in some circumstance refer to its third party sellers as “partners,” it correctly points out that “off-handed references” to customers or third-parties as “partners” are insufficient to demonstrate the type of partnership required for the imposition of vicarious liability. *See Gucci Am., Inc. v. Frontline Processing Corp.*, 721 F. Supp. 2d 228, 247 (S.D.N.Y. 2010) (“[V]ague, puffery-like references to a

‘partnership’ between ... companies and website merchants are not enough to support vicarious liability”); *Louis Vuitton Malletier, S.A. v. Akanoc Sols., Inc.*, 591 F. Supp. 2d 1098, 1113 (N.D. Cal. 2008) (“off-hand references to customers as ‘partners’ is insufficient to exhibit the type of behavior and relationship that can be considered an actual or apparent partnership.”) Furthermore, the videos in question are directed toward shareholders and potential investors, not the general purchasing public. Redbubble has therefore not misled the public into believing that it is in a partnership with its fulfillers so as to support a finding of vicarious infringement.

2. Agency

Brandy Melville next argues that Redbubble operates both as agent for its third-party sellers and principal with regard to its fulfillers, and is therefore vicariously liable for any of their infringing acts under a theory of agency liability.

“Courts have strictly applied the test for vicarious trademark liability based on agency principles, and, unlike vicarious copyright liability, courts do not recognize vicarious liability in the trademark context based on ability to supervise in combination with a financial interest.” *Clearline Techs. Ltd. v. Cooper B-Line, Inc.*, 871 F. Supp. 2d 607, 613–14 (S.D. Tex. 2012).

First, with regard to Redbubble’s users, Brandy Melville grounds its argument that Redbubble acts as an agent in the following statement from Appendix A to the website’s user agreement: “Whilst Redbubble’s capacity is one of independent contractor in relation to the Services, it acts as your agent specifically in relation to the sales transaction between you and the customer who buys your product – see further clause

5.2 below.” Clause 5.2 refers to tax requirements and exemptions. (Wesley Decl. Ex. 8 at 33, ECF No. 36-13.) Like the statements identified below with regard to Redbubble’s fulfillers, this seems to pertain to an accounting rather than legal relationship, as is confirmed in Redbubble’s annual report: “The Group is required to exercise critical judgement when determining whether it recognises revenue as either a principal or an agent. The Group has determined, for accounting purposes only, it is acting as the artists’ agent in arranging for the selling of the artist’s goods to customers.” (Redbubble 2018 Annual Stmt., Wesley Decl. Ex 46 at 51, ECF No. 51) (emphasis added).

Likewise, as regards fulfillers, Brandy Melville bases its argument on a statement in Redbubble’s 2018 annual report that it is “acting as principle with respect to its fulfillers as opposed to an agent.” (*Id.*) However, this statement was made with regard to calculation of income for purposes of Australian Accounting Standards, not an agency relationship as one is legally understood under U.S. law. The full text of the cited quote states that “the Group has determined, for accounting purposes only, it is acting as a principal with respect to fulfillers as opposed to as an agent.” (*Id.*) (emphasis added).

As Brandy Melville does not otherwise address any of the legal elements required for the finding of an agency relationship in either case, the Court finds no basis to impose vicarious liability under this theory.

3. Substantial Control

Lastly, Brandy Melville argues that Redbubble “exercises substantial control” over the infringing products that its fulfillers create in response to user orders. In this area, Plaintiff leans heavily on the quality control standards and inspections that

Redbubble imposes on its fulfillers. Plaintiff also notes that Redbubble controls how the products are packaged as well as the processing of returns.

In order to support a finding of liability on the basis of substantial control, however, Plaintiff must demonstrate that Redbubble takes some action with regard to the infringing products beyond the uniform steps it takes to maintain its marketplace generally. Courts have typically found instances where an infringing user operated within the bounds of a service provider's general business requirements insufficient to impose vicarious liability for the user's infringing activity. *See Rosetta Stone Ltd. v. Google, Inc.*, 730 F.Supp.2d 531, 550 (E.D. Va. 2010), *aff'd in relevant part*, 676 F.3d 144, 165 (4th Cir. 2012) (rejecting vicarious liability claim because plaintiff failed to prove Google 'controls the appearance and content' of infringing products offered through its sponsored links); *Perfect 10*, 494 F.3d 788 (finding allegations that direct infringers "operate their businesses according to defendants' rules and regulations and defendants share the profits" insufficient to support a claim for vicarious infringement.)

As such, Redbubble's control of the raw materials and background processes that a user employs to facilitate their infringement is insufficient to impose vicarious liability without some indication that Redbubble exercised control over the appearance and content of the infringing products themselves. A blank mug or T-Shirt in Redbubble packaging—whatever its quality standards—involves no infringement. The infringement arises only when that blank surface is imprinted with an infringing design. To impose vicarious liability the shared control must extend in some way to the infringed intellectual property itself.

The Court finds Brandy Melville’s citation to *Life Alert Emergency Response, Inc. v. LifeWatch*, in which a company was found vicariously liable when it engaged telemarketers, instructed them to read a script that infringed a trademarked phrase, and then monitored their calls and recitation of that script, inapposite to the case at hand. *See Life Alert Emergency Response, Inc. v. LifeWatch, Inc.*, 601 F. App’x 469, 473 (9th Cir. 2015).

The Court therefore grants Redbubble’s motion as to this category of claims.

D. Counterfeiting

Lastly, Brandy Melville asserts that Redbubble is liable for selling counterfeit Brandy Melville products. As described below, the Court finds that the assessment of whether specific products would create the necessary level of consumer confusion to qualify as counterfeits is best left to the jury.

The Lanham Act prohibits a counterfeit mark from being used “in connection with the sale, offering for sale, or distribution of goods or services.” 15 U.S.C. § 1116(d)(1)(A). “Section 1116(d) requires that the mark in question be (1) a non-genuine mark identical to the registered, genuine mark of another, where (2) the genuine mark was registered for use on the same goods to which the infringer applied the mark.” *Louis Vuitton Malletier, S.A. v. Akanoc Sols., Inc.*, 658 F.3d 936, 946 (9th Cir. 2011).

“In order to invoke § 1117’s special civil monetary remedies against counterfeiting, [a plaintiff] must establish that: (1) [Defendant] intentionally used a counterfeit mark in commerce; (2) knowing the mark was counterfeit; (3) in connection with the sale, offering for sale, or distribution of goods; and (4) its use was likely to confuse or deceive.” *State of Idaho*

Potato Comm'n v. G & T Terminal Packaging, Inc., 425 F.3d 708, 721 (9th Cir. 2005). An award of statutory damages for counterfeiting may be premised on a finding of contributory liability. *Louis Vuitton*, 658 F.3d at 944–45.

1. Identity of the Marks

“A counterfeit is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.” *UL LLC v. Space Chariot Inc.*, 250 F. Supp. 3d 596, 608 (C.D. Cal. 2017)

Brandy Melville’s Registration for the LA Lightning Mark registers it for use on “Clothing: namely t-shirts, tank tops, and sweatshirts.” It further states that “The color(s) yellow is/are claimed as a feature of the mark.” (USPTO Reg. No. 5,748,883, ECF No. 36-11.) The company’s statement of undisputed facts posits that “Brandy Melville has used the LA Lightning Mark on several different products, including T-shirts, crop tops, hooded sweaters, and stickers.” (Pl.’s Stmt. of Undisputed Facts (“SUF”) ¶ 29, ECF No. 48-2.) The LA Lightning mark is displayed below as it appears on its USPTO registration, side by side with its appearance as displayed on a t-shirt posted on Redbubble in a listing provided as evidence by Brandy Melville:



(See Kelly Response Decl. ISO SJ (“Kelly Resp. Decl.”), Ex. 28, ECF No. 82-28.) Based on the above, Plaintiff has provided satisfactory evidence that users on Redbubble’s site offered clothing for sale bearing a

non-genuine mark that is nearly identical to the “registered, genuine mark of another.” *Louis Vuitton*, 658 F.3d at 946.

Brandy Melville likewise owns the Brandy Melville mark, which is registered for use on a wide range of products, including clothes, ornaments, and stickers. (USPTO Reg. No. 5,238,586, ECF No. 36-10.) The colors claimed as features of the mark are pink and black. (*Id.*) The Brandy Melville Mark is displayed below as it appears on its USPTO registration, and as displayed on metal-print posted for sale on Redbubble’s site and submitted as evidence by Brandy Melville:



(*See Wesley Decl. Ex. 31, ECF No. 36-36.*) Here, again, the Court finds that the Plaintiff has demonstrated adequate similarity in the marks, based on their essential characteristics of color and composition, to support a finding that they are sufficiently identical, at least with regard to the particular product above. The mere use of Brandy Melville’s trademarks is not itself counterfeiting, however. The closer question is whether “the genuine mark was registered for use on the same goods to which the infringer applied the mark.” *Louis Vuitton*, 658 F.3d at 946.

2. Registration on the Same Goods

Some courts have construed this requirement narrowly, and found that the counterfeit item must be a realistic substitute for a genuine product: “counterfeiting is the ‘hard core’ or ‘first degree’ of trademark infringement that seeks to trick the consumer into believing he or she is getting the genuine article, rather than a ‘colorable imitation.’ “

Gucci Am., Inc. v. Guess?, Inc., 868 F. Supp. 2d 207, 242 (S.D.N.Y. 2012) (citing McCarthy on Trademarks and Unfair Competition § 25:10 (5th ed.) “For this reason, courts have uniformly applied this provision to products that are stitch-for-stitch copies of those of another brand.” *Id.*

In *Kaloud, Inc. v. Shisha Land Wholesale, Inc.*, for instance, this Court held as a matter of law that a plaintiff could not obtain statutory damages for counterfeiting where its mark was registered for use on flavoring for hookah base water, and the defendant used the mark exclusively on a hookah charcoal housing unit, as the defendant had not applied the marks to the same product for which they were registered. No. 15-3706-RGK, 2016 WL 7444600, at *2 (C.D. Cal. July 11, 2016).

In a response to Defendant’s reply brief, Brandy Melville introduced evidence that on May 26, 2020, the Redbubble user “haleyshore” offered t-shirts and other pieces of apparel for sale on Redbubble’s website imprinted with Plaintiff’s LA Lightning Mark. (See Kelly Response Decl. Ex. 17-34, ECF No. 82:2-18.) In a notable instance of “gotcha” litigation, a paralegal employed by Plaintiff’s counsel then evidently attempted to purchase several of the items. Although Redbubble’s marketplace integrity team canceled the sales before they could be completed after receiving notice from Brandy Melville, the statute applies to items “offered” for sale as well as sales finally transacted.¹ *State of Idaho Potato Comm’n*, 425 F.3d at 721. The image of the Redbubble listing is displayed

¹ The Court notes, however, that Redbubble’s conduct in preventing the sale and terminating the user’s account may be relevant to any hypothetical assessment of statutory damages.

below alongside the mark as used on one of Brandy Melville's t-shirts:



Brandy Melville



Redbubble

(See Kelly Response Decl. ISO SJ, ECF Nos. 82:2-18; Wesley Decl. Ex. 26, ECF No. 35-31).

The above pictures leave little doubt that there is a marked similarity between the two items, and Plaintiffs cite to *H-D U.S.A., LLC v. SunFrog, LLC* as a case in which a district court found a defendant liable for counterfeiting at summary judgment primarily on the strength of the resemblance of the marks themselves, regardless of differences in the quality or precise nature of the items sold. 311 F. Supp. 3d 1000, 1028 (E.D. Wis. 2018).

In this case, however, Plaintiffs assert that Defendant's infringing conduct involved the LA Lightning mark as applied to numerous items, including t-shirts, crop tops, and hooded sweatshirts. A specific evaluation of the similar use of the mark across these different categories of items, some of which the Court lacks examples for, can be better conducted at trial. Likewise, with regard to the Brandy Mark, the Court lacks sufficiently detailed evidence to make judgments regarding the similarity of items such as the wall hangings offered on Redbubble to any decorative items that Brandy

Melville has actually offered for sale. As such, the Court will leave the subject of specific instances of counterfeiting to be determined by a jury in the event that Redbubble is found liable for contributory infringement.

The Court therefore denies the parties' motions for summary judgment as to this claim.

V. EVIDENTIARY OBJECTIONS

To the extent that the parties have objected to any of the evidence relied upon by the Court, those objections are overruled for purposes of the Order.

VI. CONCLUSION

For the foregoing reasons, the Court DENIES Brandy Melville's motion and Grants in Part Redbubble's motion as to Brandy Melville's claims for direct infringement, false designation of origin, unfair competition, and vicarious infringement. The Court DENIES Redbubble's motion as to Brandy Melville's claims for contributory infringement and counterfeiting.

IT IS SO ORDERED.

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File No. 7369-006

May 14, 2018

Via E-Mail and U.S. Mail

Redbubble
111 Sutter Street
17th Floor
San Francisco, CA 94104
E-Mail: dmca@redbubble.com

Re: Infringement of Trademark Rights of
Brandy Melville

Dear Sir/Madam:

We represent Brandy Melville. Brandy Melville is a popular women's clothing and lifestyle brand with an extensive, devoted following, particularly in the teenage and young woman demographic. Brandy Melville markets and sells its products in dozens of stores across the country (and in dozens more worldwide), as well as online. Brandy Melville's online following is particularly robust, with over 3.8 million followers of its Instagram page.

Many designs utilized by Brandy Melville on its products and in its marketing are unique, original designs that consumers recognize as originating from Brandy Melville. In addition, Brandy Melville is the owner of multiple trademark registrations for the

trademark BRANDY MELVILLE, including USPTO Reg. Nos. 5,373,397 and 5,238,856.

It has come to our attention that Redbubble is offering for sale numerous products that deliberately infringe upon Brandy Melville's trademark rights. The products can be found by searching for "Brandy Melville" on the Redbubble website — see, e.g., https://www.redbubble.com/shop/brandy+melville?ref=search_box--

Some of the products utilize the Brandy Melville trademark directly—e.g., the products are labeled as Brandy Melville or reference Brandy Melville's actual website, www.brandymelvilleusa.com. A few examples are at the top of the next page. There are many more on Redbubble's site.



Other products currently being offered for sale on Redbubble use the keyword "Brandy Melville" to drive consumers to products that incorporate well-known Brandy Melville designs. A few of those products are depicted below.



By this letter, we hereby demand that Redbubble (a) take down all products that infringe upon Brandy

Melville's trademarks, either directly or through use of the Brandy Melville keyword, and (b) take affirmative steps to ensure the Brandy Melville trademark is not used on Redbubble to facilitate trademark infringement in the future.

At this time, our goal is simply to stop the infringement as quickly as possible. If the infringement continues however, we reserve all rights to seek monetary remedies, including statutory damages for trademark counterfeiting, a disgorgement of wrongful profits, and punitive damages, from all persons and entities responsible for the infringement or facilitating the infringement.

Should you have any questions or wish to discuss any of the above, I can be reached at kwesley@bgrfirm.com or the address or phone number listed on the previous page. I further confirm that I have a good-faith belief that the disputed use is not authorized by the owner, its agent, or the law, and I declare under penalty of perjury that the above information is accurate and I am authorized to act on behalf of Brandy Melville, the owner of the rights involved.

Very truly yours,

/s/ Keith J. Wesley

Keith J. Wesley

Terri Walters

From: Claudia Bonilla
Sent: Tuesday, May 15, 2018 2:50 PM
To: Keith Wesley
Subject: FW [Redbubble] Re: Infringement of Trademark Rights of Brandy Melville

From: Redbubble dmca@redbubble.com
Sent: Tuesday, May 15, 2018 2:47 PM
To: Claudia Bonilla CBonilla@bgrfirm.com
Subject: [Redbubble] Re: Infringement of Trademark Rights of Brandy Melville



Please type your reply about this line

Your request (3834238) has been updated. To add additional comments, reply to this email.

 Redbubble Marketplace Integrity (Redbubble)
May 15, 21:47 UTC

Dear Mr. Wesley,

Thank you for your reply. We've reviewed the information contained in your complaint and in accordance with our policy we've:

- removed the content you've referred to; and
- written to the relevant end user about your complaint and the content we removed.

If there are any additional specific designs hosted on the marketplace that you would like removed, please

identify those to us and we will ensure that they are promptly removed in a manner consistent with Redbubble's IP and publicity rights policy.

Regards,

Redbubble Marketplace Integrity

Keith Wesley

May 15, 18:32 UTC

Thank you for the response. I just searched for "Brandy Melville" on your site, and there continue to be results, including many products that specifically incorporate BRANDY MELVILLE.

See

https://www.redbubble.com/people/pasifa/works/23886270-brandymelville-stickergridpos_32p=sticker&rbs=a3c2994b-6627-40a1-8734-551c66538624&ref=shop_grid

Please clarify what has been removed and why the aforementioned items remain displayed and available.

Thanks in advance.

Keith

[http://i9.createsend1.com/ti/y/36/E0C/F62/094609/images/fb_icon2x.gif]<http://email.redbubbleitcal-1-/t/>>

[http://i1.createsend1.com/ti/y/36/E0C/F62/094609/images/twitter_icon_2x.gif]<http://email.redbubble1-itcal-1-i/>>

[http://i2.createsend1.com/ti/y/36/E0C/F62/094609/images/tumblr_icon_2x.gif]<http://email.redbubbleitcal-1-d/>

[Redbubble Logo]



Redbubble Marketplace Integrity (Redbubble)
May 15, 17:23 UTC

Dear Mr. Wesley,

Thank you for your reply. We've reviewed the information contained in your complaint and, in accordance with our policy, we've:

- removed the content you've referred to; and
- written to the relevant end user about your complaint and the content we removed.

Please note that Redbubble does not itself tag uploaded content, including with the words "Brandy Melville." Rather, users of the online marketplace may apply the term(s) "Brandy Melville" as a tag to their uploads, as they can any other words. Redbubble's search pages are dynamically generated and can contain unrelated content.

That said, if there are any additional specific designs hosted on the marketplace that you would like removed, please identify those to us and we will ensure that they are promptly removed in a manner consistent with Redbubble's IP and publicity rights policy.

Regards,
Redbubble Marketplace Integrity

Keith Wesley
May 15, 05:44 UTC

Dear Mr. Wesley,

Thank-you for contacting Redbubble. We are looking into your concerns and will be in contact with you again shortly.

Regards,

Redbubble Marketplace Integrity

Claudia Bonilla
May 14, 22:13 UTC

Please see attached letter from Keith J. Wesley to Redbubble of today's date.

Claudia Bonilla
Legal Assistant to Eric M. George
and Keith J. Wesley
Browne George Ross LLP
Los Angeles * New York * San Francisco
2121 Avenue of the Stars, Suite 2800
Los Angeles, California 90067
Main 310.274.7100 Fax 310.275.5697

CBonilla@bgrfirm.com<mail
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www.bgrfirm.com<<http://www.bgrfirm.com>>

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Attachments

[Keith Wesley letter to Redbubble of 5.14.18.pdf](#)

My Work Was Removed

Why was my artwork removed?

Why was my artwork removed while other similar works are still on Redbubble?

Will I get taken to court or sued if my artwork was removed from Redbubble?

Why was my artwork removed if I photographed or drew it myself?

Can I get my artwork reinstated?

Why was my artwork removed?

If your artwork was removed from Redbubble, generally it's because a rights holder or their authorized representative identified certain content hosted on the Redbubble marketplace as infringing. The complaint will usually claim that your artwork infringes their copyright, trademark, publicity rights or other rights, and that it should be removed from the Redbubble marketplace.

It is Redbubble's policy to remove allegedly infringing works in response to legally valid complaints under applicable law, but this doesn't necessarily mean that, by removing your work, Redbubble itself considers your work to be infringing.

Unfortunately, we're not able to provide legal advice regarding copyright, trademark, publicity rights or similar rights, or tell you why a particular rights holder considers your work infringing.

To read more, see our *Intellectual Property and Publicity Rights Policy*.

While most removals are a result of intellectual property-related complaints, it's also possible your work was removed for not complying with another law or regulation, or for not complying with the other

guidelines in our *User Agreement*, *Community Guidelines* or other published policies.

Why was my artwork removed while other similar ones remain?

Redbubble is an online marketplace, and works are continually being added and removed by users for various reasons.

It is Redbubble's policy to remove allegedly infringing works in response to valid complaints under applicable law, but content is only removed when it has been specifically identified as infringing in a legally valid takedown notice. We generally don't go looking for similar works to remove from the marketplace.

When rights holders complain, they usually identify specific content on the marketplace as infringing and request its removal. We don't know why they decided to leave certain content up on the site that seems identical or similar to the content they've asked us to remove. But in general, a few different situations might apply. For example, the rights holder may know that the similar work is legitimately licensed to an artist selling on Redbubble, or perhaps they think that the similar work is a fair use and not infringing.

Also, while it might seem like you're being unfairly singled out if you see similar works that are still available, rights holders may be in the process of issuing complaints for other similar content and Redbubble may receive another complaint at any time.

Will I get taken to court or sued if my artwork was removed from Redbubble?

Generally, when a work is removed from Redbubble, that's the end of the matter. However, it's up to the

particular rights holder to decide if further legal action should be taken. Also remember that sending a counter notice doesn't grant you automatic immunity. Rather, a counter notice is meant to offer you a "right of reply," an opportunity to explain why you believe your work was mistakenly removed, so there's an opportunity for your work to be reinstated.

Why was my artwork removed if I photographed or drew it myself?

When you take a photo, make an illustration, or create some other work, you own the copyright to any **original expressive aspects** of that particular photo, drawing, painting, or other creation. But consider that there are various types of Intellectual Property (including *copyright*, *trademark*, and *publicity rights*), and you can have multiple, overlapping IP elements in any one particular work of art. Someone else may own intellectual property rights to some or all of the content within your work. Based on their ownership rights, they might be able to legally stop you from selling your work on Redbubble. For example, if you take a photo of a painting, you will probably own copyright in the photograph, but the painter (or somebody else) will own copyright in the painting (and you may have infringed copyright in the painting by taking a photo of it).

For example:

- You sketch an amazing *motorcycle-riding wombat*, wearing a kickass bandana with a company logo. Although you may own the copyright to your drawing, that company might own the trademark rights to its logo and your work may infringe.

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- You make a *drawing of a character from a video game* and upload it to Redbubble. Although you drew the character yourself, your ...

Someone is Infringing My Rights or the Rights of Another

What if a user of the Redbubble marketplace is infringing my rights?

What should I do if I see something on Redbubble that I think may infringe another's rights?

What can I do if my artwork is being used somewhere on the Internet without my permission?

What if a user of the Redbubble marketplace is infringing my rights?

Don't just scream "I DECLARE INFRINGEMENT" into the sky loudly; we may not hear it over at HQ.

Seriously though, Redbubble follows a takedown process modeled after the process set forth in the U.S. Digital Millennium Copyright Act (DCMA), which provides rights holders the ability to issue takedown notices and the alleged infringers to counter claims of infringement.

To learn more about our takedown and counter notice process, please read our IP and Publicity Rights Policy, which can be found *here*.

What should I do if I see something on Redbubble that I think may infringe another's rights?

First, resist the urge to go all vigilante crime-fighter.

While your intentions are good, only the person who holds the intellectual property rights (or someone acting on their behalf, like an attorney) can lodge a valid takedown notice under Redbubble policy and applicable law.

So why is the law set up this way? The rights holder is in the best position to identify what he or she

considers infringing. There could be some fact that you don't know about as to why the content owner did or didn't file a complaint about a particular user's work. For example, perhaps a license has been granted or the owner considers the work *fair use*.

The Lanham Act, which by its terms does not directly address contributory liability, provides in relevant part:

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

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

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

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

15 U.S.C. § 1114(1)

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a)

A “counterfeit” is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.

15 U.S.C. § 1127