

United States District Court  
Northern District of California

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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

ATARI INTERACTIVE, INC.,  
Plaintiff,  
v.  
REDBUBBLE, INC.,  
Defendant.

Case No. 18-cv-03451-JST

**ORDER GRANTING IN PART AND DENYING IN PART PLAINTIFF’S AND DEFENDANT’S MOTIONS FOR SUMMARY JUDGMENT; ORDER SETTING CASE MANAGEMENT CONFERENCE**

Re: ECF Nos. 73, 75

Before the Court are the parties’ cross-motions for summary judgment. ECF Nos. 73, 75.

The Court will grant the motions in part and deny them in part.

**I. BACKGROUND**

**A. The Parties**

Plaintiff Atari Interactive, Inc. (“Atari”) is an early video game company. ECF No. 64-69 ¶ 15. “The Atari brand is one of the most iconic brands in video game history and has been and remains well-known throughout the public at large.” *Id.* ¶ 16. Beginning in the 1970s, Atari created a series of popular arcade video games, including Pong, Asteroids, and Breakout. *Id.* ¶ 23. These games continue to have “retro” appeal to users, who build fan sites, play the Flash versions of these games, and follow Atari on Twitter. ECF No. 64-71 ¶ 27. Atari capitalizes on this good will by licensing official merchandise, including apparel, toys, games, drinkware, stickers, decals, and replica arcade cabinets. *Id.* ¶ 29. Atari has also released a “greatest hits” collection for Nintendo DS that packages its early games. ECF No. 64-6 ¶ 8.

Defendant Redbubble, Inc. provides a “global online marketplace[] where independent artists upload their designs and creative works for sale on a range of products.” ECF No. 80-1. The products on which the artists’ designs are printed include apparel, stationery, housewares,

1 bags, stickers, and wall art. ECF No. 64-28. In promotional materials, Redbubble explains its  
 2 business model as “personalized on-demand retail.” ECF No. 68 (Exhibit B). In traditional retail,  
 3 customers buy from batch-manufactured goods that are stockpiled with the retailer. *Id.* But in  
 4 personalized on-demand retail, the customer chooses and customizes the good before it is made.  
 5 *Id.* Print-on-demand (a “first wave” of this model) relies on batch-manufactured goods that the  
 6 buyer customizes through design. *Id.* Redbubble purports to take this evolution a step further by  
 7 having the manufacturer hold only raw goods, so that the physical product can be customized  
 8 through its physical form as well as through the design placed upon it. *Id.*

### 9 **B. Redbubble’s Marketplace**

10 Redbubble’s online marketplace works as follows: first, an artist uploads her art to  
 11 Redbubble and selects, from a list predetermined by Redbubble, the products on which the art may  
 12 be sold (*e.g.*, t-shirts, mugs, etc.). ECF No. 78 ¶¶ 4-5. Redbubble assures the artist that “a lot of  
 13 effort goes into finding awesome [physical] products that will do justice to your work.” ECF No.  
 14 64-26 at 23. Redbubble and the artist together set the retail price: Redbubble sets a “base price”  
 15 that covers its fee and manufacturing costs, while the artist selects the “creator margin” she will  
 16 receive from the sale. The retail price is the sum of these figures. *Id.* at 24; ECF No. 64-52 at 8.  
 17 During the upload, the artist can choose to provide additional information for the listing, including  
 18 a title, description, and keywords. ECF No. 78 ¶ 6.

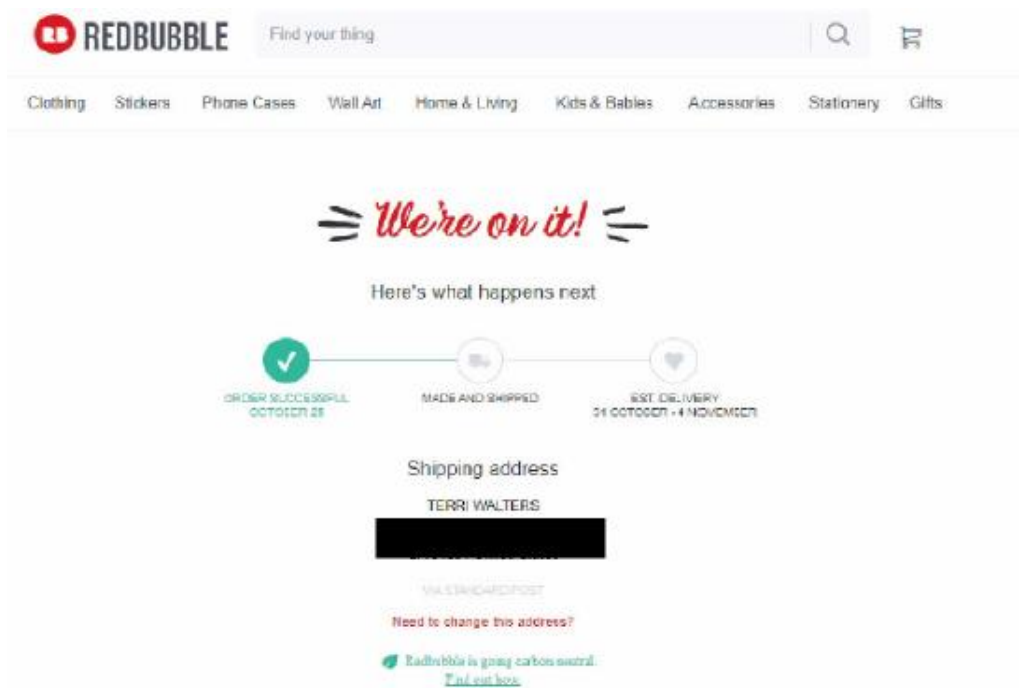
19 A visitor to Redbubble’s website can then project the uploaded art onto stock photos of  
 20 different physical products to show the final products available for purchase. ECF No. 78 ¶ 9.  
 21 The product listings include a title<sup>1</sup> with the words “Designed by [artist].” *See* ECF No. 64-79  
 22 (“Designed by KalebFishStore”). Below the photos is a list of “features” for the physical product  
 23 drafted by Redbubble, such as that it is “ethically sourced” and has a “Slim fit, but if that’s not  
 24 your thing, order a size up.” *See id.*; ECF No. 64-58.<sup>2</sup> The artist’s description – if the artist has

25 \_\_\_\_\_  
 26 <sup>1</sup> The title combines the artist’s name for the art with Redbubble’s name for the physical product.  
 27 *See, e.g.*, ECF Nos. 64-79 (“Centipede Mural Slim Fit T-Shirt”), 64-80 (“Centipede Slim Fit T-  
 28 Shirt”).

<sup>2</sup> Redbubble refers to this as “generic information displayed . . . without any involvement or  
 intervention by Redbubble.” ECF No. 80 ¶ 32. The Court interprets Redbubble to mean that its

1 provided one – appears after additional photos under the artist’s name. *See* ECF No. 80-7 at 3. A  
 2 link to “View [Artist’s] Store” appears below that. *Id.*

3 When a customer purchases a product, Redbubble processes the payment and then shows a  
 4 confirmation page stating, “We’re on it!” ECF No. 64-72 ¶¶ 2-5; ECF No. 64-77. Redbubble’s  
 5 web site then informs the customer that the product will be “made and shipped” and provides an  
 6 estimated delivery date. *See* ECF No. 64-77. The page encourages the customer to give “kudos to  
 7 the artists” by telling them “what you love about their designs,” but directs them to contact  
 8 Redbubble for customer service and any shipping issues. *See id.*



21 ECF No. 64-77.

22 Redbubble then forwards the order to a preselected third-party manufacturer (called a  
 23 “fulfiller”) who creates the final product based on the customer’s specifications. ECF No. 79 ¶ 2;  
 24 ECF No. 64-26 at 43:22-44:6. Redbubble chooses its fulfillers based on quality standards,  
 25 proximity to the customer, and product type. *See* ECF No. 68; ECF No. 78 ¶ 12. None of the

26 \_\_\_\_\_  
 27 employees write the text and that the software matches it to the product listing based on the type  
 28 of product selected (*e.g.*, a t-shirt as opposed to a mug). The information shown in the exhibits is  
 not generic – it is specific to the physical product sold. *Compare* ECF No. 64-79 (slim-fit t-shirt)  
 with ECF No. 64-82 (graphic t-shirt).

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1 artist, customer, and fulfiller interact with each other; all communicate exclusively with  
2 Redbubble. ECF No. 64-26 at 49:23-50:15. However, Redbubble claims to lack express  
3 agreements with its fulfillers. *Id.* at 98:11-25. “They are neither affiliates of Redbubble nor  
4 staffed by Redbubble.” ECF No. 79 ¶ 4.

5 Once the fulfiller creates the goods, Redbubble provides it with the customer’s shipping  
6 instructions – “standard” or “express” – and the fulfiller sends the goods directly to the consumer  
7 using one of the two companies with which Redbubble has shipping agreements. ECF No. 64-26  
8 at 44:10-45:22. The customer then receives an email notification that the product has shipped,  
9 which encourages the buyer to “meet the artist” and states that “[a] portion of your purchase goes  
10 directly to this creative,” but otherwise again directs them to contact Redbubble to check order  
11 progress, return or exchange an item, or determine the delivery date. ECF No. 64-74 at 4.

12 The final product arrives at the consumer in Redbubble packaging, with a Redbubble tag,  
13 and with a return addressee of “An Artist on Redbubble.” ECF No. 64-76. The tag states that the  
14 product is “[c]reated just for you by an independent artist and carefully printed by happy people in  
15 matching socks,” but once again directs the customer to Redbubble’s website to address any  
16 issues. *Id.* at 8; ECF No. 64-26 at 63:18-64:5. If the goods are damaged along the way,  
17 Redbubble takes responsibility to arrange a replacement. ECF No. 80-3 at 6. But Redbubble’s  
18 replacement policy applies only to physical goods – Redbubble takes no responsibility for the  
19 “quality of the content (including but not limited to misspelled words, grammatical errors,  
20 formatting, design or overall appearance). *Id.* Redbubble handles all returns and refunds; the  
21 artist is not involved with the customer care. ECF No. 64-26 at 56:2-6.

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ECF No. 64-76

In short, and as shown in the chart below, Redbubble undertakes at least four of the five steps necessary to complete a sales transaction: the artist uploads the art, but Redbubble manages the order, coordinates the creation of the goods, arranges for delivery, and handles all customer service issues, returns, and refunds. ECF No. 64-26 at 24.

**C. The Dispute**

Some time before the filing of the complaint, Atari noticed that Redbubble carries its trademarked and copyrighted designs. Atari located 114 Atari marks, 18 Pong marks, and 61 copyrighted designs in Redbubble’s marketplace. ECF No. 64-30. Atari claims that this reflects a broader pattern of widespread infringement on Redbubble’s website. ECF No. 73 at 11:5-12:23. Atari did not, however, notify Redbubble of these infringing products before filing the complaint.





1 See ECF No. 80 ¶ 26.

2 Once the complaint was filed, Redbubble immediately removed the listings identified in  
3 Atari's complaint. ECF No. 80-5. Redbubble also began to proactively police for Atari-related  
4 designs. ECF No. 80 ¶ 27. Redbubble claims that this practice is consistent with its usual policy:  
5 while Redbubble does not proactively identify infringing content, it removes infringing listings  
6 upon receiving notice, and also works with content owners to proactively screen for their content.  
7 *Id.* ¶¶ 7-11; ECF No. 64-54. The parties dispute the success of these efforts, Atari's experts  
8 having identified over 4,000 "repeat offenders," including some artists that were reported for  
9 infringement six or more times before being suspended. ECF No. 64-67 ¶¶ 35-36.

## 10 **II. JURISDICTION**

11 This Court has jurisdiction pursuant to 28 U.S.C. § 1331.

## 12 **III. LEGAL STANDARD**

13 Summary judgment is proper when a "movant shows that there is no genuine dispute as to  
14 any material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a).  
15 A dispute is genuine only if there is sufficient evidence "such that a reasonable jury could return a  
16 verdict for the nonmoving party," and a fact is material only if it might affect the outcome of the  
17 case. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). When deciding a motion for  
18 summary judgment, the court must draw "all justifiable inferences" in the nonmoving party's  
19 favor and may not weigh evidence or make credibility determinations. *Id.* at 255.

20 Where the party moving for summary judgment would bear the burden of proof at trial,  
21 that party "has the initial burden of establishing the absence of a genuine issue of fact on each  
22 issue material to its case." *C.A.R. Transp. Brokerage Co. v. Darden Rests., Inc.*, 213 F.3d 474,  
23 480 (9th Cir. 2000). Where the party moving for summary judgment would not bear the burden of  
24 proof at trial, that party "must either produce evidence negating an essential element of the  
25 nonmoving party's claim or defense or show that the nonmoving party does not have enough  
26 evidence of an essential element to carry its ultimate burden of persuasion at trial." *Nissan Fire &*  
27 *Marine Ins. Co. v. Fritz Cos.*, 210 F.3d 1099, 1102 (9th Cir. 2000). If the moving party satisfies  
28 its initial burden of production, the nonmoving party must produce admissible evidence to show

1 that a genuine issue of material fact exists. *Id.* at 1102-03. If the nonmoving party fails to make  
2 this showing, the moving party is entitled to summary judgment. *Celotex Corp. v. Catrett*, 477  
3 U.S. 317, 322-23 (1986).

#### 4 **IV. EVIDENTIARY ISSUES**

5 The Court addresses two threshold evidentiary issues. First, Atari seeks judicial notice of  
6 foreign judgments by an Australian trial court that found Redbubble liable for direct trademark  
7 infringement. ECF Nos. 64-1, 64-2, 64-3. The existence of those judgments is properly subject to  
8 judicial notice. *See Cerner Middle E. Ltd. v. iCapital, LLC*, 939 F.3d 1016, 1023 n.8 (9th Cir.  
9 2019); *Tahaya Misr Invest., Inc. v. Helwan Cement S.A.E.*, No. 2:16-cv-01001-CAS(AFMx), 2016  
10 WL 4072332, at \*1 n.3 (C.D. Cal. July 27, 2016). However, that does not mean that the Court  
11 assumes the truth of the statements made therein. *See Khoja v. Orexigen Therapeutics, Inc.*, 899  
12 F.3d 988, 999 (9th Cir. 2018). The Court also bears in mind that the Australian courts were not  
13 applying American law, and that Atari has made no effort to elaborate the differences or  
14 harmonize the Australian judgments with American law. Thus, the Court takes notice of the  
15 judgments but gives them little weight.

16 Similarly, the Court takes judicial notice of the oral argument in *Ohio State University v.*  
17 *Redbubble, Inc.*, No. 19-388, ECF No. 48 (6th Cir. Mar. 12, 2020), as a public record, but does not  
18 assume the truth of the facts stated therein. ECF No. 64-2; *see United States v. Raygoze-Garcia*,  
19 902 F.3d 994, 1001 (9th Cir. 2018); *Engine Mfrs. Ass'n v. S. Coast Air Quality Mgmt. Dist.*, 498  
20 F.3d 1031, 1039 n.2 (9th Cir. 2007).

21 Second, both parties seek to rely on various statements regarding Redbubble's status as a  
22 seller for purposes of taxation. Atari seeks to introduce Redbubble's annual reports, which  
23 suggest that Redbubble considers itself a seller for purposes of the sales tax. ECF No. 64-28 at 55.  
24 Redbubble seeks to rely on its user agreement, which states that Redbubble does not collect or pay  
25 taxes on the artist's behalf because it is merely "facilitating the sale of [the artist's] product." ECF  
26 No. 80-3 at 13. While liability for infringement might depend in certain circumstances on whether  
27 Redbubble is a "seller," neither party has established that the definition of a seller for purposes of  
28 the sales tax corresponds to the definition relevant here. *Cf. Hoffman v. Conell*, 73 Cal. App. 4th

1 1194 (1999) (“The federal tax laws are not intended to determine a party’s property rights.”). The  
 2 Court accordingly denies Atari’s request and disregards Redbubble’s argument based on the user  
 3 agreement. For similar reasons, the Court disregards statements regarding agency made for  
 4 purposes of accounting. *E.g.*, ECF No. 64-28 at 52 (“The [Redbubble] Group is acting as the  
 5 artists’ agent in arranging for the selling of the artists’ goods to customers”); *see Frank Lyon Co.*  
 6 *v. United States*, 435 U.S. 561, 577 (1978) (accounting does not lend substance).

## 7 **V. DISCUSSION**

8 The parties cross-move for summary judgment on Atari’s trademark and copyright  
 9 infringement claims based on direct, contributory, and vicarious liability. Redbubble additionally  
 10 moves for summary judgment on willful infringement and to preclude Atari from offering a  
 11 damages case. The Court addresses each claim.

### 12 **A. Direct Trademark Infringement**

13 Atari moves for summary judgment on trademark infringement of Atari and Pong marks  
 14 based on Redbubble sales of products shown in ECF No. 64-30. The parties’ dispute centers on  
 15 whether Redbubble “uses” these marks in commerce, or merely facilitates others’ use.

#### 16 **1. Legal Background**

17 The Lanham Act, which codifies federal trademark law, provides in relevant part that:

18 Any person who shall, without the consent of the registrant . . . use in  
 19 commerce any reproduction, counterfeit, copy, or colorable imitation  
 20 of a registered mark in connection with the sale, offering for sale,  
 21 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 . . . shall be liable in a civil action by the  
 registrant for the remedies hereinafter provided.

22 15 U.S.C. § 1114(1)(a).

23 To prevail on a claim of direct trademark infringement, plaintiff must prove “(1) that it has  
 24 a protectable ownership interest in the mark; and (2) that the defendant’s use of the mark is likely  
 25 to cause consumer confusion.” *Network Automation, Inc. v. Adv. Sys. Concepts, Inc.*, 638 F.3d  
 26 1137, 1144 (9th Cir. 2011). Counterfeiting, which is a species of direct trademark infringement,  
 27 requires the use of “a spurious mark which is identical with, or substantially indistinguishable  
 28 from, a registered mark.” 15 U.S.C. § 1127. The Lanham Act does not impose liability on all



1 uses of a trademark – only those that are likely to cause commercial confusion. *Bosley Med. Inst.,*  
 2 *Inc. v. Kremer*, 403 F.3d 672, 676-77 (9th Cir. 2005).

3 In “patent, trademark . . . and copyright infringement cases, any member of the distribution  
 4 chain of allegedly infringing products can be jointly and severally liable for the alleged  
 5 misconduct.” *Adobe Sys. Inc. v. Blue Source Grp., Inc.*, 125 F. Supp. 3d 945, 973 (N.D. Cal.  
 6 2015). Thus, courts have found liability for a retailer that inadvertently sold counterfeit goods, *El*  
 7 *Greco Leather Prods. Co., Inc. v. Shoe World, Inc.*, 806 F.2d 392, 396 (2d Cir. 1986); a print-on-  
 8 demand business that made goods based on customer-uploaded designs, *H-D U.S.A., LLC v.*  
 9 *SunFrog, LLC*, 311 F. Supp. 3d 1000, 1029-30 (E.D. Wis. 2018); a licensor who licensed others’  
 10 infringing use, *Gianni Versace, S.p.A., v. Versace 19.69 Abbigliamento Sportivo SRL*, 328 F.  
 11 Supp. 3d 1007, 1021-22 (N.D. Cal. 2018); and a competitor that used trademarks as “keywords” to  
 12 advertise its own products. *Network Automation*, 638 F.3d at 1144-45.

13 However, the alleged infringer must directly use the trademarks; a party that merely  
 14 facilitates or assists others’ use cannot be liable for direct infringement. *See Inwood Labs., Inc. v.*  
 15 *Ives Labs., Inc.*, 456 U.S. 844, 854 (1992). Thus, a flea market or swap meet that provides space  
 16 for trademark infringers to sell their goods is only indirectly liable. *See Fonovisa, Inc. v. Cherry*  
 17 *Auction, Inc.*, 76 F.3d 259, 264-65 (9th Cir. 1996). Other service providers that aid the infringer  
 18 may avoid liability altogether. *See Hard Rock Cafe Licensing Corp. v. Concession Serv., Inc.*, 955  
 19 F.2d 1143, 1148-49 (7th Cir. 1992) (suggesting that a party that helps an infringer erect a flea  
 20 market stand would not be liable); *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d  
 21 980, 984-85 (9th Cir. 1999) (finding that an internet domain name registrant is not liable for  
 22 passively routing infringing domain names).<sup>3</sup>

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 25 <sup>3</sup> Redbubble cites *Tiffany Inc. v. eBay, Inc.*, 600 F.3d 93, 103 (2d Cir. 2010), for the proposition  
 26 that online marketplaces are not liable for direct infringement. However, *Tiffany* does not so hold.  
 27 On the contrary, the Second Circuit in that case expressly considered eBay’s own use of Tiffany’s  
 28 marks on its website, but determined that it constituted “fair use” as describing Tiffany’s products.  
*See id.* at 102; *see also Multi Time Machine, Inc. v. Amazon.com, Inc.*, 804 F.3d 930, 935-36 (9th  
 Cir. 2015) (considering Amazon’s practice of showing search results without suggesting that the  
 online marketplace is immune from direct liability).

1                                   **2. Use in Commerce**

2           Atari contends that Redbubble “uses” its trademarks in commerce by selling, offering to  
3 sell, and advertising t-shirts that bear Atari’s logos. ECF No. 73 at 17:6-20:5. Redbubble does not  
4 dispute that these actions (which are expressly listed in the Lanham Act) constitute “use” of the  
5 trademarks, but argues that the artists, and not Redbubble, are the ones performing them. ECF No.  
6 75 at 9-11.

7                                   **a. Sales**

8           A party is strictly liable for selling infringing goods even if it does not itself affix the mark.  
9 *See, e.g., Phillip Morris USA Inc. v. Shalabi*, 352 F. Supp. 2d 1067, 1074 (C.D. Cal. 2004) (sellers  
10 of cigarettes with infringing packaging liable regardless of whether they knew the goods were  
11 counterfeit). Atari argues that Redbubble is liable for infringement as “the primary moving force  
12 behind the sales” that occur on its website and the party that “controls every aspect of the sales.”  
13 ECF No. 73 at 18:6-17. Redbubble disagrees, citing *Ohio State University v. Redbubble, Inc.*, 369  
14 F. Supp. 3d 840 (S.D. Ohio 2019), which found that Redbubble was not a “seller.” ECF No. 75 at  
15 8:18-10:15.

16           In *Ohio State*, the court analogized Redbubble to Amazon Marketplace, which courts have  
17 found to be a facilitator of sales between other parties, rather than a seller itself. 369 F. Supp. 3d  
18 at 844. For example, in *Milo & Gabby LLC v. Amazon.com, Inc.*, the Federal Circuit found that  
19 Amazon was not a seller for purposes of copyright infringement because a “sale” requires transfer  
20 of legal title from the seller to the buyer, and Amazon never held title to the goods sold through its  
21 website and shipped through its warehouses. 693 F. App’x 879, 866 (Fed. Cir. 2017) (citing the  
22 Uniform Commercial Code). Amazon also “did not control what information or pictures were put  
23 up the product-detail page” or “the price for which the product was sold.” *Id.* Analogizing to  
24 Amazon, the *Ohio State* court found that “Redbubble essentially offers to ‘independent artists’ an  
25 online platform through which to sell their goods and access to Redbubble’s relationships with  
26 manufacturers and shippers,” without directly selling the goods. 369 F. Supp. 3d at 845-46.

27           The Court respectfully disagrees with these conclusions, as applied here, for three reasons.  
28 First, as a factual matter, the evidence before this Court does not show that the artists who upload

1 their designs to Redbubble own the goods being sold – which are physical products bearing the art  
2 – sufficient to make them “sellers” under *Milo & Gabby*. Redbubble’s user agreement states that  
3 artists “may offer *their art* for sale on a physical product” – but the artists may not be offering the  
4 physical product itself for sale. ECF No. 80-3 at 11.

5 Atari submits additional evidence supporting the conclusion that Redbubble, not the artists,  
6 own and sell the physical products on Redbubble’s website. Redbubble selects the specifications  
7 for the physical products and controls that process enough to make representations about the  
8 product’s fit and other attributes. *See* ECF No. 80 ¶ 32; ECF No. 80-7 at 2. Redbubble also takes  
9 responsibility for damaged goods and arranges replacements to be made and shipped to the  
10 customer. ECF No. 80-3 at 6. As part of that process, Redbubble handles excess inventory  
11 generated through returns, reprints, and other activities, and usually discards the items. *Id.*; ECF  
12 No. 64-26 at 56:2-10, 65:15-21. Although Redbubble’s user agreement states that “title and risk  
13 of loss for the [purchased] items pass from the [artist] to the customer/purchaser without passing  
14 through [Redbubble],” ECF No. 80-3 at 12, there is no evidence that the artists exercise any  
15 indicia of ownership over the physical products.<sup>4</sup>

16 Second, as a legal matter, a “sale” is not limited to sales by the owner. Rather, the law  
17 recognizes a sale by anyone who has authority to transfer title. *See Area 55, Inc. v. Amazon.com,*  
18 *Inc.*, No. 11-CV-00145-H (NLS), 2012 WL 12517661, at \*3-4 (S.D. Cal. May 3, 2012); *see also*  
19 U.C.C. § 2-403(1) (“A purchaser of goods acquires title which his transferor had *or had power to*  
20 *transfer*” (emphasis added)). Thus, even assuming that the artists hold some title in the products,  
21 Redbubble may still sell those products if it had authority to do so as the artists’ agent. *See* ECF  
22 No. 80-3 at 11 (recognizing Redbubble as the artist’s agent “in relation to the sales transaction  
23 between [the artist] and the customer”); *cf.* Restatement (Third) of Agency § 7.01 (an agent is  
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<sup>4</sup> Outside of trademark law, courts routinely look beyond legal conclusions in an agreement to  
determine ownership. *See, e.g., Lone Star Silicon Innovations LLC v. Nanya Tech. Corp.*, 925  
F.3d 1225, 1230 (Fed. Cir. 2019) (disregarding legal conclusion in contract to determine  
ownership for purposes of patent standing); *Adobe Sys. Inc. v. Christenson*, 809 F.3d 1071, 1080  
(9th Cir. 2015) (disregarding agreement title to determine copyright first sale); *Sollberger v.*  
*C.I.R.*, 691 F.3d 1119, 1123-24 (9th Cir. 2012) (considering eight factors to determine if the  
“burdens and benefits of ownership” were transferred for purposes of taxation).

1 liable for tortious actions performed on behalf of another).

2 Here, because the products do not exist at the time of the order, the “sale” is not a sale at  
3 all under the Uniform Commercial Code, but rather a contract to sell. *See* U.C.C. § 2-105(2) (“A  
4 purported present sale of future goods or of any interest therein operates as a contract to sell.”).  
5 Accordingly, the key question is whether Redbubble (rather than the artist) can be understood to  
6 have contracted with the buyer to deliver title of the goods and whether it had authority to do so,  
7 either by virtue of owning the goods or by having authority from the owner. In this respect,  
8 Atari’s evidence shows that the customer forms a contract with Redbubble, not the artist.  
9 Redbubble designs the order process to create the impression that it itself offers the goods for sale.  
10 For example, Redbubble’s product listings state that the products are “designed by” the artist, not  
11 “sold by” the artist. *See* ECF No. 64-80. Redbubble’s software accepts the orders and forms a  
12 contract without any input from the artist. ECF No. 80-3 at 8. Redbubble has the authority to  
13 make sales on the artist’s behalf. ECF No. 80-3 at 11-12 (giving Redbubble license and  
14 instructions to facilitate sale). Redbubble’s order confirmations further reinforce Redbubble’s  
15 responsibility (“We’re on it!”), while describing the artist as a mere beneficiary that receives  
16 “kudos” and a portion of the proceeds. *See* ECF Nos. 64-75, 64-77. And the products themselves  
17 arrive in Redbubble packaging with a Redbubble tag to reinforce that they are *Redbubble’s*  
18 products. ECF No. 64-76.

19 Third, the Court finds this case very similar to *SunFrog*, 311 F. Supp. 3d at 1000. Like  
20 Redbubble, “SunFrog is in the business of marketing, printing, and selling apparel, including t-  
21 shirts, sweatshirts, hoodies, leggings, and other products such as mugs, on its website.” *Id.* at  
22 1013. Like Redbubble, SunFrog’s “website includes an online retail marketplace where  
23 consumers can purchase the products advertised thereon.” *Id.* Like Redbubble, “the key feature  
24 of the site, and the source of much of SunFrog’s success, is that it also provides a ‘user-friendly,’  
25 ‘simple’ online platform where: (a) ‘artists’ can upload designs or artwork to SunFrog’s ‘All  
26 SunFrog Art Online Database’ . . . for application to products by the artists and by others.” *Id.*  
27 And like Redbubble, “SunFrog itself creates no designs, graphics, or images for use on products,  
28 though when one user wishes to share his design with others, SunFrog is the intermediary and

1 makes that design available through its website.” *Id.* SunFrog was sued by H-D U.S.A., LLC, the  
2 owners of the Harley Davidson trademarks, for trademark infringement based on SunFrog’s sales  
3 of apparel and other goods bearing the registered marks. *Id.* at 1017. The district court granted  
4 summary judgment in H-D U.S.A., LLC’s favor. *Id.* at 1041.

5 The similarities between this case and *SunFrog* are striking. As in this case:

- 6 • “SunFrog itself creates no designs, graphics, or images for use on products[.]” *Id.*  
7 at 1013.
- 8 • “SunFrog’s sellers create new products by selecting ‘blank’ products (*e.g.*, a t-shirt  
9 bearing no images, designs, or text) made available by SunFrog and then adding logos, images, or  
10 text to be printed on the products. Using SunFrog’s online software, artists generate mockups of  
11 the finished product bearing their images or designs.” *Id.* at 1013.
- 12 • “SunFrog then advertises and offers these finished products on its website. For  
13 example, sellers have opened accounts, selected a blank t-shirt, and added designs displaying one  
14 or more of the H–D Marks in just a few minutes.” *Id.* at 1014.
- 15 • “When consumers purchase products on SunFrog’s website, SunFrog handles the  
16 payment transaction and then prints and ships the products to the consumers. SunFrog’s printers  
17 are ‘highly automated’ and print on-demand when a user submits a design for printing.” *Id.* at  
18 1014.
- 19 • “Because all products are produced on-demand, SunFrog does not keep any  
20 inventory of finished products.” *Id.* at 1015.

21 There are some distinctions between this case and *SunFrog*. Unlike Redbubble, “[i]n  
22 addition to printing the products as designed, SunFrog affixes its own trademarks and logos onto  
23 the products themselves, the products’ tags, or both.” *Id.* at 1014. Redbubble does not put its  
24 mark on the actual product (although it does affix a tag with its trademark). Also, SunFrog’s  
25 employees both operated the printers that placed the designs onto the physical product and shipped  
26 the finished products to customers. *Id.* at 1029-30. These distinctions are entitled to some weight,  
27 certainly. But they do not compel the conclusion that Redbubble is not a seller as a matter of law.

28 Accordingly, Redbubble’s motion for summary judgment must be denied.



1 At the same time, “Redbubble does not fit neatly into the category of either an ‘auction  
2 house’ on the one hand, that will generally be free from liability for direct infringement, or a  
3 company that itself manufactures and ships products on the other, on which liability for direct  
4 infringement can be readily imposed.” *Y.Y.G.M. SA v. Redbubble, Inc.*, No. 2:19-cv-04618-  
5 RGK(JPR), 2020 WL 3984528, at \*3 (C.D. Cal. July 10, 2020). A reasonable jury could conclude  
6 that Redbubble is merely a “transactional intermediary” and not a seller. *GMA Accessories, Inc. v.*  
7 *BOP, LLC*, 765 F.Supp.2d 457, 464 (S.D.N.Y. 2011). Redbubble’s description of itself as the host  
8 of a marketplace “where independent artists upload their designs and creative works for sale on a  
9 range of products” has some basis in fact. ECF No. 80-1 at 2. It states that its mission is to give  
10 “independent artists a meaningful new way to sell their creations.” ECF No. 80-2 at 2. It has no  
11 role in the selection of the art that is placed on the physical product. In *GMA Accessories*, the  
12 district court denied summary judgment for the trademark holder on direct infringement against a  
13 showroom because the showroom was “merely a broker, rather than a direct seller.” *Id.* The  
14 district court noted there was “no evidence that [Defendant] took title to the merchandise,  
15 maintained an inventory of merchandise, bore the risk of loss or other traditional indicia of status  
16 as seller.” *Id.*; see also *Ohio State*, 369 F. Supp. 3d at 844 (citing *GMA Accessories*). Here, while  
17 there is something much more than “no evidence” that Redbubble acts as a seller, Atari has not  
18 established that Redbubble is a seller as a matter of law.<sup>5</sup>

19 Accordingly, the Court denies summary judgment to both Atari and Redbubble on Atari’s  
20 direct copyright infringement claim insofar as Redbubble is an alleged seller.<sup>6</sup>

21 \_\_\_\_\_  
22 <sup>5</sup> Indeed, two district courts have ruled that Redbubble is affirmatively not a seller as a matter of  
23 law. *Y.Y.G.M.*, 2020 WL 3984528 at \*4; *Ohio State*, 369 F. Supp. 3d at 845.

24 <sup>6</sup> Redbubble also defends against this claim on the grounds that Atari has not shown “volitional  
25 conduct” by Redbubble. The volitional conduct doctrine is taken from copyright law, not  
26 trademark law. It requires that a plaintiff claiming direct copyright infringement “show causation  
27 (also referred to as ‘volitional conduct’) by the defendant.” *Perfect 10, Inc. v. Giganews, Inc.*, 847  
28 F.3d 657, 666 (9th Cir. 2017). Volition in this context refers, not to an “act of willing or  
choosing,” but to proximate causation. *Id.* “Stated differently, ‘direct liability must be premised  
on conduct that can reasonably be described as the direct cause of the infringement.’” *VHT, Inc. v.*  
*Zillow Grp., Inc.*, 918 F.3d 723, 731 (9th Cir. 2019) (quoting *Perfect 10*, 847 F.3d at 666)  
(emphasis omitted). The Court is not aware of any case within the Ninth Circuit applying the

**b. Offers to Sell**

1 An offer to sell requires “the manifestation of willingness to enter into a bargain, so made  
2 as to justify another person in understanding that his assent to that bargain is invited and will  
3 conclude it.” Restatement (Second) of Contracts § 24 (1984). A party may be liable for offering  
4 to sell an infringing good even if that party does not – and cannot – enter into an actual sale. *See*  
5 *Levi Strauss & Co. v. Shilon*, 121 F.3d 1309, 1312 (9th Cir. 1997). Thus, an online marketplace  
6 may be liable for offering to sell an infringing good if “a person shopping on [the website] would  
7 have reasonably believed that the [website provider], and not the third-party sellers, was the seller  
8 with title or possession of a product who could have entered into a contract to transfer title or  
9 possession.” *Alibaba.com Hong Kong LTD v. P.S. Prods., Inc.*, No. C-10-04457 WHA, 2012 WL  
10 1668896, at \*3 (N.D. Cal. May 11, 2012) (applying traditional contract law in patent infringement  
11 dispute); *see also Milo & Gabby, LLC v. Amazon.com*, No. C13-1932RSM, 2015 WL 4394673, at  
12 \*14 (W.D. Wash. July 16, 2015).

13 A visitor to Redbubble’s website could conclude that either Redbubble or the artist was the  
14 offeror for the same reasons that they could conclude that either was the seller. Accordingly, both  
15 parties’ motions for summary judgment are denied as to this prong also.

**c. Advertisements**

17 Advertising provides a separate basis for a finding of trademark infringement. *See* 15  
18 U.S.C. § 1114(1)(a). That is because advertising goods or services using a mark is likely to result  
19 in initial interest confusion, as customers are drawn to a website or vendor by the trademark. *See*  
20 *Nissan Motor Co. v. Nissan Comp. Corp.*, 378 F.3d 1002, 1018 (9th Cir. 2004). This type of  
21 confusion creates liability even if “no actual sale is finally completed as a result of the confusion.”  
22 *Id.* (quoting *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 304 F.3d 936, 941 (9th Cir. 2002)); *see*  
23 *also Brookfield Comm’n’s, Inc. v. W. Coast Ent’mnt Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999)  
24 (giving example of a company putting up a billboard for a competitor to divert traffic at an

25  
26 \_\_\_\_\_  
27 volitional conduct doctrine to a trademark infringement claim, and courts “have consistently  
28 rejected the proposition that a . . . kinship exists between copyright law and trademark law”  
sufficient to import a doctrine from one area to the other. *Sony Corp. of Am. v. Universal City  
Studios, Inc.*, 464 U.S. 417, 439 n.19 (1984). The Court declines to address the issue further.

1 intersection, even if customers quickly realize that they arrived at a different store).

2 Here, Redbubble advertises by creating a “continually-updating ‘product feed’” of product  
3 listings for various advertising platforms, including Google and Facebook. ECF No. 80 ¶ 33; ECF  
4 No. 64-28 at 48:18-49:17. Redbubble does not select any particular listing to advertise, but rather  
5 lets Google and other platforms select product listings based on user interest. ECF No. 80 ¶¶ 34-  
6 35. For example, Google might select a Redbubble listing that matches the user’s search query or  
7 browsing history. See ECF No. 80-8 at 2. However, Redbubble disavows any responsibility to  
8 advertise on the artists’ behalf. See ECF No. 75 at 11:14-16. Thus, the artists cannot be liable for  
9 advertising infringement because Redbubble undertakes to advertise on its own initiative without  
10 their involvement. Indeed, the exhibits show that Redbubble advertises primarily its own services  
11 as a marketplace, and only peripherally the products. See ECF No. 64-32.

12 Accordingly, Redbubble is the only party that can be said to advertise and is strictly liable  
13 for any trademark infringement that occurs as the result. Redbubble argues that it avoids liability  
14 because it does not select the listing advertised or affix marks to the displays, but these arguments  
15 are unpersuasive. The party that selects listings (Google and other advertising platforms) does so  
16 automatically based on parameters specified by Redbubble. See ECF No. 80 ¶¶ 34-35. Even if  
17 Redbubble lacks knowledge of the particular image shown, it remains strictly liable for actions  
18 done without scienter. Nor is there an affixation requirement in the Lanham Act: any party that  
19 uses a trademark is liable even if it did not itself affix the mark to the display. See *El Greco*, 806  
20 F.2d at 396; *C&L Int’l Trading Inc. v. Am. Tibetan Health Inst., Inc.*, No. 13 Civ. 2638(LLS), 13  
21 Civ. 2763(LLS), 2015 WL 1849863, at \*5 (S.D.N.Y. Aug. 22, 2015). Accordingly, there is no  
22 material dispute that Redbubble uses its product listings to advertise.

23 Nevertheless, Atari has not shown that it has a “protectable interest” in the trademarks  
24 advertised. *Network Automation*, 638 F.3d at 1144. Atari introduces trademark registrations for  
25 only two of its marks – Atari and Pong. ECF Nos. 64-7, 64-8. By contrast, the marks shown to be  
26 advertised by Redbubble involve entirely different designs. See ECF Nos. 64-32, 64-64, 64-65.  
27 Thus, Atari has only circumstantial evidence that Redbubble may have advertised the protected  
28 marks when Google and other advertising platforms selected the image for display. Because Atari

1 introduces insufficient evidence of how those platforms select listings, it fails to show entitlement  
2 to summary judgment for trademark infringement based on advertising.

3 Accordingly, both parties' motions for summary judgment are denied as to the third prong.

#### 4 **B. Indirect Trademark Infringement**

5 Atari argues that Redbubble is liable for vicarious and contributory infringement based on  
6 direct infringement by fulfillers and artists, respectively. To the extent that those parties are direct  
7 infringers, Atari does not establish secondary liability.

##### 8 **1. Vicarious Liability – Fulfillers**

9 Vicarious liability occurs where “the defendant and the infringer have an apparent or actual  
10 partnership, have authority to bind one another in transactions with third parties or exercise joint  
11 ownership or control over the infringing product.” *Visa Int’l Serv.*, 494 F.3d at 807. Atari  
12 introduces circumstantial evidence that Redbubble controls the appearance and fit of the physical  
13 products, including that Redbubble performs quality control, makes detailed representations about  
14 the products, and instructs the fulfillers to use Redbubble packaging and tags. *See, e.g.*, ECF Nos.  
15 68 (Exhibit C), 64-80, 80. But Atari introduces no direct evidence of the relationship between  
16 Redbubble and fulfillers. For example, the order form sent to the fulfillers and the “terms and  
17 conditions” imposed on them – or at least one of them – is missing from the record. *See* ECF No.  
18 64-26 at 98:11-25. The existence of bare statements by Redbubble employees referring to  
19 fulfillers as “partners” cannot backfill that failure. *See Louis Vuitton Malletier, S.A. v. Akanoc*  
20 *Solutions, Inc.*, 591 F. Supp. 2d 1098, 1113 (N.D. Cal. 2008). Atari thus fails to satisfy its burden  
21 of production.

22 On the other hand, Redbubble has not established that no reasonable jury could find it  
23 vicariously liable based on Atari's circumstantial evidence. Courts have found vicarious  
24 infringement where a party exerts significant control over the infringing activity. *See, e.g.*,  
25 *Robinson v. Delicious Vinyl Records Inc.*, No. 13-cv-41111, 2013 WL 3983014, at \*6 (C.D. Cal.  
26 Aug. 1, 2013) (finding likely liability where defendant “directly engages” concert promoters and  
27 exercises “complete control” over the content). *But see Visa Int’l Serv.*, 494 F.3d at 803, 808 (no  
28 vicarious liability for payment processor that could not stop infringement). Here, given the level

1 of control exercised over the physical product and Redbubble's role in selecting and directing the  
 2 fulfiller, a reasonable jury could find Redbubble liable for the fulfillers' actions. *See Oper. Tech.,*  
 3 *Inc. v. Cyme Int'l T&D Inc.*, No. SACV 14-009999 JVS (DFMx), 2016 WL 6246806, at \*4 (C.D.  
 4 Cal. Mar. 31, 2016) (finding triable issues of fact where defendants made the infringing party the  
 5 sole authorized sales representative, retained control over scope of the work, and insulating risk  
 6 from lack of a buyer). Accordingly, neither party is entitled to summary judgment on the  
 7 vicarious infringement claim.<sup>7</sup>

## 8 2. Contributory Infringement – Artists

9 A service provider contributorily infringes a trademark when it “continue[s] to supply its  
 10 services to one who it knew or had reason to know was engaging in trademark infringement” and  
 11 has “direct control and monitoring of the instrumentality used by a third party to infringe.” *Louis*  
 12 *Vuitton Malletier, S.A. v. Akanoc Solutions, Inc.*, 658 F.3d 936, 942 (9th Cir. 2011) (quoting  
 13 *Inwood Labs.*, 456 U.S. at 855). In *Tiffany*, 600 F.3d at 107, the Second Circuit found that  
 14 contributory infringement requires knowledge of “specific instances of actual infringement,” not  
 15 merely “general knowledge.” However, other circuits have not expressly adopted this rule, and  
 16 the Ninth Circuit requires only “actual or constructive knowledge that the users of [defendants’]  
 17 services were engaging in trademark infringement.” *Akanoc*, 658 F.3d at 943; *see Luxottica Grp.,*  
 18 *S.p.A. v. Airport Mini Mall, LLC*, 932 F.3d 1303, 1314-15 (11th Cir. 2019) (reserving judgment on  
 19 whether *Tiffany* standard applies); *Rosetta Stone*, 676 F.3d at 164-65 (finding that *Tiffany* has  
 20 “limited application” on summary judgment); *I-800 Contacts*, 722 F.3d at 1252-54 (limiting  
 21 *Tiffany* to cases where party cannot prevent infringement without impinging legal conduct).

22 At least two circuits have found contributory infringement where a service provider failed  
 23 to take reasonable steps to stop infringement despite having general knowledge of infringement.

24 \_\_\_\_\_  
 25 <sup>7</sup> In *Y.Y.G.M.*, 2020 WL 3984528, at \*10, the court found Redbubble not vicariously liable, despite  
 26 its exercise of control over the products, because Redbubble did not exercise control over the  
 27 design itself. However, Atari introduces evidence that the fulfillers communicate exclusively with  
 28 Redbubble about the orders, including about potentially counterfeit designs, which could  
 reasonably lead them to conclude that Redbubble ratifies the content. ECF No. 81-2 at 70:17-25,  
 74:1-22. Since vicarious infringement arises from agency principles, the key question is whether  
 the fulfillers act under direction from Redbubble in attaching the marks. *See I-800 Contacts, Inc.*  
*v. Lens.com, Inc.*, 722 F.3d 1229, 1251 (10th Cir. 2013).



1 See *1-800 Contacts*, 722 F.3d at 1252-54; *Coach, Inc. v. Goodfellow*, 717 F.3d 498, 504-05 (6th  
2 Cir. 2013). In *1-800 Contacts*, the Tenth Circuit found that a company could be contributorily  
3 liable for its affiliate’s advertisement using a competitor’s mark because it “could have stopped the  
4 use of ads using [the] mark’ by simply . . . send[ing] an email blast to its affiliates forbidding such  
5 use,” but failed to take “reasonable action to promptly halt the practice” upon obtaining general  
6 knowledge of infringement. 722 F.3d at 1254-55. Similarly, in *Goodfellow*, the Sixth Circuit  
7 found a flea market operator contributorily liable for vendors’ infringement because it “had actual  
8 knowledge that the infringing activity was occurring at his flea market,” but “failed to deny access  
9 to offending vendors or take other reasonable measures to prevent use of flea market resources for  
10 unlawful purposes, and failed even to undertake a reasonable investigation.” 717 F.3d at 504.  
11 And the Eleventh Circuit adopted similar reasoning in concluding that actual or constructive  
12 knowledge could arise from “many sources, including steps [defendants] could have taken to  
13 investigate alleged infringement” after obtaining general knowledge of infringement. *Lucottica*,  
14 932 F.3d at 1314. *But see Hard Rock Cafe*, 955 F.2d at 1149 (finding that “reason to know” does  
15 not encompass information arising from duty to investigate).

16 Accordingly, the balance of authorities suggests that contributory infringement could occur  
17 when a service provider fails to take reasonable steps to prevent infringement while having general  
18 knowledge that such infringement is taking place. Here, Atari argues that Redbubble fails to take  
19 any action to prevent infringement until after it receives notice from a rights holder, even though it  
20 has reason to know that widespread trademark infringement is occurring on its website. ECF No.  
21 81 at 19 (describing “a policy to not search for infringements absent prior notice from the rights  
22 holder”). But Redbubble’s evidence shows that it does significantly more than that. Redbubble’s  
23 Marketplace Integrity Team proactively screens for infringing content based on information it  
24 receives from content owners.<sup>8</sup> ECF No. 80 ¶ 8. The team searches Redbubble’s site for

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25  
26 <sup>8</sup> Redbubble cites cases stating that the law does not impose an “affirmative duty to police the  
27 Internet in search of potentially infringing uses.” *See, e.g., Lockheed Martin Corp. v. Network*  
28 *Solutions, Inc.*, 985 F. Supp. 949, 966 (C.D. Cal. 1997). However, the *reason* such policing is not  
required is because such steps are not practicable on the Internet as a whole. *See Lucottica*, 932  
F.3d at 1314. What is at issue here is Redbubble’s website, not the entire Internet.

1 potentially infringing listings using a list of terms “that are related to protected words or images  
2 provided by a content owner, such as trademarks, copyright-protected images, name and likeness.”  
3 *Id.* ¶ 10. Where the content owner alleges infringement on Redbubble’s site generally but refuses  
4 to cooperate by identifying specific products, Redbubble attempts to screen based on its own  
5 judgment. *Id.* ¶ 11. Given that use of trademarked content is difficult to detect without input from  
6 the trademark owners, Atari fails to show that Redbubble’s process is unreasonable.<sup>9</sup>

7 Atari argues that Redbubble could do more, such as disabling search terms on its website  
8 based on trademarked names. Redbubble convincingly responds that many of the excluded search  
9 results would actually constitute fair use.<sup>10</sup> In particular, product designs may use Atari’s name in  
10 a descriptive sense without creating likelihood of confusion. *See* 4 J. Thomas McCarthy,  
11 *McCarthy on Trademarks and Unfair Competition* § 23:11 (5th Ed. 2020). Alternatively, Atari’s  
12 name may be used as a keyword for designs “inspired by” Atari or the general arcade game  
13 aesthetic without infringing trademarks. Redbubble is not required to disable functionality  
14 capable of substantial non-infringing use merely because some parties may use it to infringe. *I-*  
15 *800 Contacts*, 722 F.3d at 1253-54.

16 Atari also submits evidence that Redbubble knowingly allows repeat infringers to upload  
17 content to Redbubble’s site. Atari’s expert testified that of the 4,356 sellers who were reported to  
18 Redbubble as having posted infringing content, 1,081 were repeat infringers who had more than  
19 one report submitted to Redbubble for an intellectual property violation. ECF No. 64-67 ¶ 35.  
20 Such sellers had to be reported to Redbubble between two and 34 times before their accounts were  
21 suspended. *Id.* ¶ 36. 412 sellers were reported three or more times; 195 sellers were reported four  
22

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23 <sup>9</sup> For this reason, the evidence identified in Atari’s surreply, which shows additional infringing  
24 products available after completion of summary judgment briefing, does not convince. ECF No.  
25 93. As Redbubble shows in its response, these additional products lack identifiable information  
that would have enabled identification of the counterfeiting. ECF No. 94 at 2:6-22.

26 <sup>10</sup> The Ninth Circuit has recognized both a “nominative fair use defense” and “a classic fair use  
27 defense.” *Fortune Dynamic, Inc. v. Victoria's Secret Stores Brand Mgmt., Inc.*, 618 F.3d 1025,  
1031 (9th Cir. 2010). The classic fair use defense, which is the only one at issue here, “allows a  
28 party to use a descriptive word ‘otherwise than as a mark . . . [and] fairly and in good faith only to  
describe the goods or services of such party, or their geographic origin.’” *Id.* at 1039 (quoting 15  
U.S.C. § 1115(b)(4)).

1 or more times; 125 sellers were reported five or more times; and 93 sellers were reported six or  
 2 more times. *Id.* This evidence is significant because the Ninth Circuit focuses on knowledge that  
 3 “users of [defendants’] services were engaging in trademark infringement,” not on knowledge of  
 4 particular acts of infringement. *Akanoc*, 658 F.3d at 943; *accord Rosetta Stone*, 676 F.3d at 163-  
 5 65 (vacating summary judgment of no contributory infringement where Google continued to allow  
 6 known infringers to advertise using different sponsored links). Accordingly, genuine disputes of  
 7 material fact remain over contributory infringement.<sup>11</sup>

### 8 **C. Direct Copyright Infringement**

9 Atari moves for summary judgment on its copyright infringement claims based on the  
 10 same facts described above. Redbubble cross-moves for summary judgment contending (1) Atari  
 11 failed to introduce the content of the work submitted with its copyright registration, (2) the  
 12 volitional conduct doctrine bars liability, and (3) the Digital Millennium Copyright Act  
 13 (“DMCA”) protects Redbubble from liability.

#### 14 **1. Legal Background**

15 To establish direct copyright infringement, a plaintiff must (1) “show ownership of the  
 16 allegedly infringed material,” (2) “demonstrate that the alleged infringers violated at least one  
 17 exclusive right granted to copyright holders under 17 U.S.C. § 106,” and (3) “show causation (also  
 18 referred to as ‘volitional conduct’) by the defendant.” *Giganews*, 847 F.3d at 666. The exclusive  
 19 rights protected by copyright law include the rights to “reproduce the copyrighted work in copies  
 20 or phonorecords,” “to distribute copies or phonorecords of the copyrighted work to the public by  
 21 sale or other transfer of ownership,” and “to display the copyrighted work publicly” (for  
 22 audiovisual works), among others. 17 U.S.C. § 106(1,3,5).

23 Under the second element, plaintiff must show “copying” of the protected work – that is,  
 24 copyright law does not protect against independently created works. *See Skidmore as Tr. of Randy*

25  
 26  
 27 <sup>11</sup> Atari argues that Redbubble acts with willful blindness with respect to infringement. Willful  
 28 blindness requires a party to “subjectively believe that there is a high probability that a fact exists”  
 and “take deliberate actions to avoid learning of that fact.” *Luvdarts, LLC v. AT&T Mobility, LLC*,  
 710 F.3d 1068, 1073 (9th Cir. 2013). The Court finds that Atari has not shown that Redbubble has  
 been willfully blind as a matter of law.

1 *Craig Wolfe Tr. v. Led Zeppelin*, 952 F.3d 1051, 1064 (9th Cir. 2020).

2 In this context, the word “copy” does not denote “mak[ing] a copy or duplicate of.”  
3 Webster’s Collegiate Dictionary 276 (11th ed. 2012). Rather, “[t]he word ‘copying’ is  
4 shorthand for the infringing of any of the copyright owner’s five exclusive rights, described at 17  
5 U.S.C. § 106.” *S.O.S., Inc. v. Payday, Inc.*, 886 F.2d 1081, 1085 n.3 (9th Cir. 1989). Thus,  
6 because the Copyright Act grants exclusive rights to the copyright owner “to distribute copies or  
7 phonorecords of the copyrighted work to the public,” 17 U.S.C. § 106(3), distribution of copies of  
8 a copyrighted work satisfies the “copying” element of a copyright claim even if the distributor did  
9 not produce the copies itself. *See, e.g., Ortiz-Gonzalez v. Fonovisa*, 277 F.3d 59, 62 (1st Cir.  
10 2002); *see also* H.R. Rep. 94-1476, at 61 (1976) (retailer who “sells copies without having  
11 anything to do with their reproduction” infringes).

12 Atari identifies four actions that it alleges infringe its copyrights: (1) projecting user-  
13 uploaded designs to stock photos of physical products; (2) hiring printers to manufacture products  
14 with copyrighted designs, (3) selling products bearing copyrighted designs, and (4) publishing  
15 infringing photos on third-party websites through advertisement. ECF No. 81 at 15:14-16:10.  
16 These actions implicate the rights to display, reproduce, and distribute protected works. 17 U.S.C.  
17 § 106(1,3,5); *Amazon*, 508 F.3d at 1159-63 (defining display and distribution rights).

18 Redbubble argues that Atari failed to satisfy its evidentiary burden for the first and second  
19 elements (ownership and copying) and that, even if Atari’s rights were violated, Redbubble did  
20 not cause the violations under the third element (causation).

## 21 **2. Ownership and Copying**

22 Copyright registration establishes a prima facie case of ownership. 17 U.S.C. § 410(c).  
23 Plaintiff may establish copying using circumstantial evidence that shows (1) “the defendant had  
24 access to the copyrighted work prior to the creation of defendant’s work” and (2) “substantial  
25 similarity of the general ideas and expressions between the copyrighted work and the defendant’s  
26 work.” *Unicolors, Inc. v. Urban Outfitters, Inc.*, 853 F.3d 980, 984-85 (9th Cir. 2017). Where  
27 there is no evidence of access, the two works must be “strikingly similar.” *Id.* Demonstrating  
28 such similarity requires a side-by-side comparison. *Experien Info. Sols., Inc. v. Nationwide Mktg.*

1 *Servs. Inc.*, 893 F.3d 1176, 1186 (9th Cir. 2018).

2 Here, Atari has introduced copyright registrations for Atari’s Greatest Hit games. ECF  
3 Nos. 64-9, 64-10, as well as screenshots from those games, ECF Nos. 64-45 - 64-51, 64-37 ¶ 4.  
4 Atari then introduces a side-by-side comparison of these screenshots with photos of products  
5 available on Redbubble. ECF No. 64-30; ECF No. 23 ¶¶ 7, 9. Because the side-by-side  
6 comparison shows “striking similarity” (the designs are identical), Atari has made out a prima  
7 facie case of copying of the protected elements of its Greatest Hit games.

8 Redbubble nevertheless argues that Atari failed to meet its burden because the registrations  
9 cover only derivative elements (i.e., elements of the new work) and because Atari failed to submit  
10 the specific content submitted to the Copyright Office. As to the first issue, because Atari  
11 undisputedly owns the original works’ copyrights, the registration of the subsequent work allows  
12 Atari to maintain an infringement action for the original copyright. *See Brocade Commn’s Sys.,*  
13 *Inc. v. A10 Networks, Inc.*, No. C 10-3428 PSG, 2013 WL 831528, at \*4-5 (N.D. Cal. Jan 10,  
14 2013) (citing *Christopher Phelps & Assocs., LLC v. Galloway*, 492 F.3d 532, 538 (4th Cir. 2007)  
15 and *Streetwise Maps, Inc. v. VanDam, Inc.*, 159 F.3d 739, 747 (2d Cir. 1998)). *But see Borden v.*  
16 *Horwitz*, No. CV 10-00141-MWF (AJWx), 2012 WL 12877995, at \*2-3 (C.D. Cal. Sept. 20,  
17 2012) (distinguishing scenario where alleged copying took place after the derivative work was  
18 registered).

19 As to the second issue, the screenshots of the game are sufficient to establish the content of  
20 the protected audiovisual elements. *Data E. USA, Inc. v. Epyx, Inc.*, 862 F.2d 204, 207 (9th Cir.  
21 1988). Redbubble cites cases that rejected comparisons based on after-the-fact reconstructions,  
22 *Seiler v. Lucasfilm, Ltd.*, 808 F.2d 1316, 1318-19 (9th Cir. 1986), and expert testimony of source  
23 code similarity, *Antonick v. Electronic Arts, Inc.*, 841 F.3d 1062, 1066 (9th Cir. 2016), but those  
24 cases are distinguishable because they left plaintiff with inadequate evidence to make a side-by-  
25 side comparison. *See Experian*, 893 F.3d at 1186-87. By contrast, the Ninth Circuit requires only  
26 “sufficient evidence of content to make a fair comparison.” *Id.* at 1187; *see also Epyx*, 862 F.2d at  
27 207 (finding video game screen shots sufficient to make comparison).

28 Accordingly, Atari has established that the designs in Exhibit F of the Wesley Declaration



1 were copied from protected audiovisual elements of Atari's works.

### 2 3. Volitional Conduct and Infringement

3 To establish copyright infringement, Atari "must also establish causation, which is  
4 commonly referred to as the 'volitional-conduct requirement.'" *VHT*, 918 F.3d at 731 (citing  
5 *Giganews*, 847 F.3d at 666). The volitional conduct doctrine requires a party to be the "direct  
6 cause" and "actively involved" in infringement for direct liability to attach. *Id.* The doctrine  
7 arises primarily in cases where the defendant "does nothing more than operate an automated, user-  
8 controlled system." *Id.* (quoting *Am. Broad. Co., Inc. v. Aereo, Inc.*, 573 U.S. 431, 454 (2014)).  
9 In those situations, the plaintiff must provide evidence "showing the alleged infringer exercised  
10 control (other than by general operation of its website); selected any material for upload,  
11 download, transmission, or storage; or instigated any copying, storage, or distribution of its  
12 photos." *Id.* at 732 (quoting *Giganews*, 847 F.3d at 666, 670) (quotation marks and internal  
13 brackets omitted). Volitional conduct "simply stands for the unremarkable proposition that  
14 proximate causation historically underlines copyright infringement liability no less than other  
15 torts." *Giganews*, 847 F.3d at 666 (quoting 4 David Nimmer & Melville B. Nimmer, *Nimmer on*  
16 *Copyright* § 13.08[C][1]).

17 In *VHT*, Zillow hosted a "listing platform" that allowed real estate agents to upload photos  
18 and information about available properties, along with a "Digs" platform in which Zillow tagged  
19 photos of "artfully designed rooms" from the listing database. *Id.* at 730. The court found that  
20 Zillow did not infringe copyrights through its listing platform because third-parties selected the  
21 displayed photos and Zillow exercised no control over content "beyond the 'general operation of  
22 its website.'" *Id.* at 733 (quoting *Giganews*, 847 F.3d at 670). Moreover, the listing platform was  
23 "constructed in a copyright-protective way," with users required to attest to the permissible use of  
24 data and Zillow invoking "copyright protective 'trumping' rules" to avoid likely infringement. *Id.*  
25 By contrast, the court noted with approval the jury verdict that Zillow was directly liable for  
26 displaying photos that its employees tagged for search on the Digs platform. *Id.* at 736. But it  
27 distinguished that verdict from "private boards" where the user instigated the photo selection and  
28 display because the system there "responds automatically to users' input without intervening

1 conduct by the website owner.” *Id.* at 737-38. Accordingly, Zillow could not be directly liable for  
2 infringement that occurred automatically based on users’ actions.

3 The decision in *VHT* flowed from earlier cases that found providers of machines or  
4 services not liable unless their conduct has “a nexus sufficiently close and causal to the illegal  
5 copying that one could conclude that the [service provider] [itself] trespassed on the exclusive  
6 domain of the copyright owner.” *CoStar Group, Inc. v. LoopNet, Inc.*, 373 F.3d 544 (4th Cir.  
7 2004); *see, e.g., Giganews*, 847 F.3d at 670 (finding server provider for peer network not directly  
8 liable); *Fox Broadcasting Co., Inc. v. Dish Network, L.L.C.*, 747 F.3d 1060, 1066 (9th Cir. 2014)  
9 (same for broadcast retransmitter); *Cartoon Network LP, LLLP v. CSC Holdings, Inc.*, 536 F.3d  
10 121, 131 (2d Cir. 2008) (same for video recording system provider). These cases rely on the  
11 intuition that a party that merely supplies a copy machine to the public should not be directly  
12 liable for others’ use of that machine. *See Aereo*, 573 U.S. at 455 (Scalia, J. dissenting); *CoStar*,  
13 373 F.3d at 550; *Cartoon Network*, 536 F.3d at 132; *Religious Tech. Ctr. v. Netcom On-Line*  
14 *Comm’n’s Servs., Inc.*, 907 F. Supp. 1361, 1369 (N.D. Cal. 1995).

15 Applying these authorities, the Court finds that Redbubble does not “exercise control  
16 (other than by general operation of its website)” for display rights. Although Redbubble arguably  
17 modifies the infringing images it receives from artists by applying them to stock photos of  
18 physical goods such as apparel, those acts do not demonstrate the type of control that will support  
19 direct liability. Any modification occurs automatically with no intervening act by Redbubble  
20 employees. ECF No. 78 ¶ 8. Nor does Redbubble “select any material for upload, download,  
21 transmission, or storage.” These acts are performed by the website’s users. Redbubble exercises  
22 no control or selection over infringing designs and cannot stop them from being uploaded.  
23 Redbubble does not initiate the display of infringing images, which occurs automatically in  
24 response to user actions. Redbubble’s website overall is designed in a “copyright protective” way,  
25 with rules similar to those in *VHT* to protect against infringement. Accordingly, Redbubble’s only  
26 “act” – providing a system where artists can upload their designs for display on a picture of a  
27 product – does not subject it to direct liability because Redbubble does not select the content,  
28 exercise control beyond the general operation of its website, or instigate the display.

1 On the other hand, there is a question of material fact whether Redbubble “instigates any  
2 copying, storage, or distribution” of infringing images. As described in Section V.A, *supra*,  
3 Redbubble holds itself out as the seller of the goods on its website. Redbubble offers those items  
4 for sale and then facilitates or causes their creation and delivery, with no involvement from the  
5 artists who uploaded the designs. Even though each step is performed automatically by a  
6 computer, the acts remain volitional because Redbubble designed its software to accomplish those  
7 tasks and for its own financial benefit. Moreover, Redbubble exercises control over every aspect  
8 of the sale, from manufacturing to shipping and returns, and thus holds the best position to prevent  
9 infringement. Accordingly, since Redbubble actively instigates and exercises control over the  
10 sales on its website, a reasonable jury could find that Redbubble is liable for direct infringement of  
11 Atari’s copyright distribution rights. Both parties’ motions for summary judgment as to Atari’s  
12 claim for copyright infringement are denied.

#### 13 4. DMCA

14 Redbubble asserts that it is protected from liability by the DMCA. Section 512(c) of the  
15 DMCA provides a safe harbor for “service providers” (defined as “a provider of online services or  
16 network access, or the operator of facilities thereof”) for copyright infringement “by reason of the  
17 storage at the direction of a user of material that resides on a system or network controlled or  
18 operated by or for the service provider.”<sup>12</sup> 17 U.S.C. § 512(c). “To be eligible at the threshold for  
19 the § 512(c) safe harbor, a service provider must show that the infringing material was stored ‘at  
20 the direction of the user.’” *Mavrix Photographs, LLC v. Livejournal, Inc.*, 873 F.3d 1045, 1052  
21 (9th Cir. 2017) (quoting 17 U.S.C. § 512(c)(1)). “If it meets that threshold requirement, the  
22 service provider must then show that (1) it lacked actual or red flag knowledge of the infringing  
23 material; and (2) it did not receive a ‘financial benefit directly attributable to the infringing  
24 activity, in a case in which the service provider has the right and ability to control such  
25 activity.’” *Id.* (quoting 17 U.S.C. § 512(c)(1)). Because the § 512(c) safe harbor is an affirmative  
26

27 <sup>12</sup> Atari cites section 512(k)(1) to argue that Redbubble is not a service provider because it  
28 modifies content. However, that subsection only applies to the section 512(a) safe harbor; the  
section 512(c) safe harbor is governed by the broader definition in section 512(k)(2).

1 defense, Redbubble must establish “beyond controversy every essential element” or lose the  
2 protection of the section 512(c)’s safe harbor. *Id.* If Redbubble establishes this defense, it  
3 remains liable for any proven infringement, but Atari can only obtain limited injunctive relief. 17  
4 U.S.C. §§ 512(c)(1), 512(j).

5 The parties here initially dispute whether Redbubble’s use of the artists’ uploaded images  
6 satisfies the “by reason of storage” requirement. Atari contends that Redbubble’s “volitional acts”  
7 in copying infringing designs onto model photos to create images of products for sale, and  
8 exhibiting those images on Redbubble’s product pages that are hosted on its website, “distinguish  
9 Redbubble from a service provider that merely provides a platform to which a third party uploads  
10 infringing material.” ECF No. 64 at 30. Redbubble responds that, “[I]ike the Amazon  
11 Marketplace software, the Redbubble platform software performs functions ‘for the purpose of  
12 facilitating access’ to the listings uploaded by third-party Sellers, and therefore satisfies this  
13 element.” ECF No. 75 at 29 (citing *Milo & Gabby I*, 2015 WL 4394673 at \*6).

14 “[T]he phrase “by reason of the storage at the direction of a user” covers more than “mere  
15 electronic storage lockers.” *Ventura Content, Ltd. v. Motherless, Inc.*, 885 F.3d 597, 605-06 (9th  
16 Cir. 2018) (quoting *UMG Recordings*, 718 F.3d at 1016). For example, “[i]t allows service  
17 providers to perform access-facilitating processes such as breaking up the files for faster viewing”  
18 and converting them to a more user-friendly format. *Id.* In *Mavrix*, the court held that  
19 “[i]nfringing material is stored at the direction of the user if the service provider played no role in  
20 making the infringing material accessible on its site or if the service provider carried out activities  
21 that were ‘narrowly directed’ towards enhancing the accessibility of the posts.” *Mavrix*, 873 F.3d  
22 at 1056. Courts will find the “by reason of storage” element met where the users of a website, and  
23 not the website itself or the defendant’s employees, “decide what to upload and what file names  
24 and tags to use.” *Ventura Content*, 885 F.3d at 606.

25 There appears to be little authority on point. Both of the cases Redbubble cites as  
26 extending DMCA immunity from suit do not even discuss the “by reason of storage” element.  
27 *Milo & Gabby I*, 2015 WL 4394673 at \*6; *Corbis Corp. v. Amazon.com, Inc.*, 351 F.Supp.2d  
28 1090, 1100 (W.D. Wash. 2004). Redbubble cites no authority finding a failure to establish this

1 element on similar facts. *See* ECF No. 81 at 25. Applying the principles set forth in *Ventura*  
2 *Content, Mavrix*, and *UMG Recordings*, however, the Court concludes that Redbubble fails to  
3 satisfy this element. The images on its website are not stored “at the direction of the user” because  
4 Redbubble actively participates in modifying the files uploaded by users to display the designs on  
5 Redbubble-selected physical products. *See Mavrix*, 873 F.3d at 1055 (requiring defendant to  
6 “play[] no role” in making the infringing material accessible beyond narrow access-facilitating  
7 conduct). Thus, Redbubble is not entitled to the safe harbor protections of 17 U.S.C. § 512(c).

#### 8 **D. Indirect Copyright Infringement**

9 As with trademark infringement, Atari asserts that Redbubble is liable for contributory  
10 and vicarious infringement based on the actions of its artist users. Atari cannot succeed on these  
11 claims.

##### 12 **1. Contributory Infringement**

13 Contributory copyright infringement requires showing that defendant “(1) has knowledge  
14 of another’s infringement and (2) either (a) materially contributes to or (b) induces that  
15 infringement.” *Visa*, 494 F.3d at 795. Defendant must know of “specific infringing material” and  
16 fail to “take simple measures to prevent further damage.” *Amazon*, 508 F.3d at 1171-72 (quoting  
17 *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1022 (9th Cir. 2001) and *Netcom*, 907 F.  
18 Supp. at 1375). However, the law remains unsettled over whether “reason to know” of specific  
19 infringement satisfies the standard. *See Erickson Productions, Inc. v. Kast*, 921 F.3d 822, 832 (9th  
20 Cir. 2019) (noting inconsistency in case law).

21 Regardless of the precise standard for knowledge required, Atari fails to satisfy it here.  
22 Atari provides no evidence that Redbubble knew of “specific infringing material” and failed to act.  
23 Redbubble introduces evidence that it promptly removed any allegedly infringing listings  
24 identified by Atari upon receiving notice. ECF No. 80 ¶ 26; 77-1. Although Atari claims that  
25 additional infringing listings remain on Redbubble’s website, there is no evidence that Atari  
26 notified Redbubble of those listings. *See* ECF No. 64-44. Instead, Atari relies on broad “willful  
27 blindness” claims due to “widespread infringement” on Redbubble’s website. But as explained in  
28 Section V.B.2, *supra*, that is not sufficient. Generalized knowledge of infringement might support



1 liability only if Redbubble failed to take reasonable steps to prevent infringement, but that is not  
2 what the record shows. Atari neither identifies affirmative steps that Redbubble took to avoid  
3 learning of infringement nor shows that Redbubble's moderation policies are unreasonable.  
4 Accordingly, Atari cannot prevail on its contributory copyright infringement claim, and  
5 Redbubble is entitled to judgment.

## 6 2. Vicarious Infringement

7 Vicarious copyright infringement requires showing that "defendant has (1) the right and  
8 ability to supervise the infringing conduct and (2) a direct financial interest in the infringing  
9 activity." *Giganews*, 847 F.3d at 673; *see also Metro-Goldwyn-Mayer Studios Inc. v. Grokster,*  
10 *Ltd.*, 545 U.S. 913, 930 (2005) ("One infringes vicariously by profiting from direct infringement  
11 while declining to exercise a right to stop or limit it."). Redbubble does not dispute that it derives  
12 a financial interest from infringement, given that it receives a fee from each sale. *See* ECF No. 80-  
13 3 at 12. However, Redbubble argues that it lacks practical ability to stop infringement. *See Visa,*  
14 *508 F.3d at 1173* (requiring that defendant "has both a legal right to stop or limit the directly  
15 infringing conduct, as well as the practical ability to do so").

16 In *Napster*, an MP3 music sharing website was accused of vicariously liability for users'  
17 sharing of copyrighted songs. 239 F.3d at 1011. Addressing the right and ability to supervise, the  
18 court found that Napster had the right to control access to its system because it reserved the right  
19 to terminate users. *Id.* at 1023. Although the boundaries of Napster's control were limited by the  
20 system's "architecture," Napster maintained song indices which it could use to locate infringing  
21 material and which "as a practical matter" gave it ability to stop infringement. *Id.* at 1023-24.  
22 While users could technically alter file names, the names would have to "roughly" correspond to  
23 copyrighted music in order for users to find it through search. *Id.* at 1024. The court thus  
24 concluded that Napster had practical ability to supervise infringement. *Id.*

25 Subsequent to *Napster*, courts frequently rejected vicarious infringement for online service  
26 providers who lacked the practical ability to stop infringement. *See, e.g., Visa*, 484 F.3d at 803-  
27 04; *Amazon*, 508 F.3d at 1174. For example, in *Amazon*, the court found that Google lacked the  
28 ability to control infringement through its search engine because the infringement took place on

1 third party websites. *Id.* at 1174. Google also lacked practical ability to police activity because  
2 policing would require it to “analyze every image on the [I]nternet, compare each image to all the  
3 other copyrighted images that exist in the world,” and determine infringement, which it could not  
4 do absent image-recognition technology. *Id.* Furthermore, vicarious liability did not require  
5 Google to “change its operations to avoid assisting websites to dispute their infringing content,”  
6 which is properly analyzed under contributory infringement. *Id.* at 1175. But district courts  
7 continued to find websites similar to Napster potentially liable for vicarious infringement. *See,*  
8 *e.g., Keck v. Alibaba.com Hong Kong Ltd.*, 369 F. Supp. 3d 932, 936-38 (N.D. Cal. 2019).

9 In *VHT*, however, the court found that Zillow lacked practical ability to police copyright  
10 infringement for real estate photos uploaded to its website. 918 F.3d at 746. Although Zillow  
11 could identify a property by its address, that was not sufficient to identify a specific product feed  
12 or photo where “Zillow receives multiple copies of the same photograph, depicting the same  
13 property, with the same listing agent, from different feeds.” *Id.* at 745. Absent an image URL,  
14 “ferreting out claimed infringement through use on Digs was beyond hunting for a needle in a  
15 haystack.” *Id.* at 745-46. And, as in *Amazon*, Zillow was not required to change its operations to  
16 avoid assisting users’ infringement under vicarious infringement. *Id.* at 746.

17 On balance, Redbubble is closer to *VHT* than to *Napster*. Read together, the cases require  
18 a relatively close relationship between the means for finding infringement (music index, image  
19 URL, etc.) and the infringing content. Here, search terms for particular brands would presumably  
20 find infringing content because, as in *Napster*, artists would tag the infringing content to enable  
21 users to find it. However, the keywords would also find a variety of non-copyrighted or fair use  
22 content that happened to be tagged with the brand. For example, Redbubble shows that a search  
23 for “Atari” on Redbubble produces designs of pixelated graphics, game controllers, Isle of Dogs t-  
24 shirts, “I love the 90s” stickers, and a variety of references old-school gaming. ECF No. 80-6.  
25 Also, depending on the keywords submitted by artists, word searches might be ineffective in  
26 identifying some infringing content. Moreover, Redbubble introduces evidence that it lacks  
27 ability to monitor infringing images and that it requires cooperation from the content owner to  
28 determine whether particular content infringes. ECF No. 80 ¶¶ 10-18.

1 On these facts, the Court agrees that finding infringement would be like “searching for a  
2 needle in a haystack” (where Redbubble lacks knowledge of needles’ appearance). Atari therefore  
3 cannot establish vicarious copyright infringement, and Redbubble is entitled to judgment.

4 **E. Willfulness**

5 Atari also cannot establish willfulness. Willful infringement requires showing “(1) that the  
6 infringing party was actually aware of the infringing activity, or (2) that the infringing party’s  
7 actions were the result of reckless disregard, or willful blindness to, the copyright holder’s rights.”  
8 *VHT*, 918 F.3d at 748 (quoting *Unicolors*, 853 F.3d at 991). As described in previous sections,  
9 Atari fails to establish either knowledge or willful blindness to infringement of Atari’s copyrights.  
10 Nor did Redbubble act with reckless disregard, since it promptly removed infringing listings and  
11 began to police for Atari’s content. *See* ECF No. 80 ¶¶ 25-27. Redbubble’s systems overall  
12 appear to be designed in a “copyright protective” way, similar to VHT’s system. *See VHT*, 918  
13 F.3d at 748-79; ECF No. 80 ¶¶ 7-27. These are simply not the facts of willful infringement.  
14 Redbubble is entitled to judgment on this claim.

15 **F. Damages**

16 Last, Redbubble moves to preclude Atari from offering a damages case because it failed to  
17 disclose to disclose damages calculations in discovery. Rule 26(a)(1)(A)(iii) requires a party to  
18 disclose “a computation of each category of damages claimed by the disclosing party” and make  
19 available “documents or other evidentiary material . . . on which the computation is based.”  
20 *Ingenco Holdings, LLC v. Ace Am. Ins. Co.*, 921 F.3d 803, 821 (9th Cir. 2019). Atari broadly  
21 disclosed a statutory damages range “per infringed work” and “per type of counterfeit good.” ECF  
22 No. 76-7 at 4.

23 There is some tension in the law concerning exclusion of evidence for failure to comply  
24 with discovery obligations. On the one hand, many cases hold that “[t]he exclusion of non-  
25 disclosed evidence is automatic and mandatory under Rule 37(c)(1) unless non-disclosure was  
26 justified or harmless.” *United Nat. Maint., Inc. v. San Diego Convention Ctr. Corp.*, No. 07-CV-  
27 2172-AJB, 2011 WL 672799, at \*2 (S.D. Cal. Feb. 18, 2011) (quoting *Musser v. Gentiva Health*  
28 *Servs.*, 356 F.3d 751, 758 (7th Cir. 2004)). However, before determining whether to exclude

1 evidence, some courts go on to “consider the following factors: ‘(1) the surprise to the party  
2 against whom the evidence would be offered; (2) the ability of that party to cure the surprise; (3)  
3 the extent to which allowing the evidence would disrupt trial; (4) the importance of the evidence;  
4 and (5) the nondisclosing party's explanation for its failure to disclose the evidence.’” *Blair v.*  
5 *CBE Grp., Inc.*, 309 F.R.D. 621, 626 (S.D. Cal. 2015) (quoting *Allen v. Similasan Corp.*, 306  
6 F.R.D. 635, 640 (S.D. Cal. 2015)).

7 While it does not completely resolve the tension in the caselaw, the Court notes that Rule  
8 37(c)(1) itself recognizes that “[i]n addition to *or instead of* this [preclusion] sanction, the court,  
9 on motion and after affording an opportunity to be heard, may impose other appropriate  
10 sanctions.” Fed. R. Civ. 37(c)(1) (emphasis in original). “Thus, the plain text of the rule provides  
11 that if an appropriate motion is made and a hearing has been held, the court does have discretion to  
12 impose other, less drastic, sanctions.” *Design Strategy, Inc. v. Davis*, 469 F.3d 284, 298 (2d Cir.  
13 2006) (emphasis in original); *see also* Steven S. Gensler & Lumen N. Mulligan, 1 Federal Rules of  
14 Civil Procedure, Rules and Commentary, Rule 37 (2021) (“Many courts have stated that, absent a  
15 showing of substantial justification or harmlessness, the exclusion sanction is ‘automatic and  
16 mandatory.’ Other courts, however, have rejected that view and held that trial courts retain  
17 discretion to impose a sanction other than exclusion even after finding that the failure was neither  
18 substantially justified nor harmless.”).

19 The parties’ sparse briefing does not address the foregoing considerations and is not  
20 sufficient to resolve the important question of whether Atari may present a damages case.  
21 Redbubble’s motion to preclude Atari from presenting damages evidence is therefore denied  
22 without prejudice. The Court will conduct a case management case shortly after the issuance of  
23 this order at which Redbubble may renew its motion and the Court and parties can discuss what  
24 further briefing or other proceedings might be appropriate.

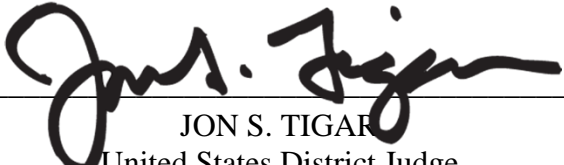
### 25 CONCLUSION

26 For the reasons set forth above, the Court DENIES Atari’s motion in its entirety, GRANTS  
27 Redbubble’s motion on contributory and vicarious copyright infringement and willful copyright  
28 and trademark infringement, and DENIES Redbubble’s motion on the remaining claims.

1           The Court will conduct a case management conference on March 9, 2021 at 2:00 p.m. An  
2 updated case management statement is due March 2, 2021.

3           **IT IS SO ORDERED.**

4 Dated: January 28, 2021

5   
6 JON S. TIGARD  
United States District Judge

United States District Court  
Northern District of California

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