

E-Commerce and Trademark Infringement: OSU Wins a Battle at the Sixth Circuit

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by Kaleb McNeely



The Ohio State Buckeyes may have lost the college football national championship to Alabama earlier this year but OSU can take some consolation from its recent victory in a trademark case before the Sixth Circuit Court of Appeals. In *The Ohio State University v. Redbubble, Inc.*, Case No. 19-3388 (6th Cir. Feb. 25, 2021), the Sixth Circuit reversed a lower court's grant of summary judgment in favor of defendant Redbubble, an Australian online retailer that OSU had sued for trademark infringement and related claims. In doing so, the Sixth Circuit grappled with an increasingly relevant issue in the digital age:

whether e-commerce companies are liable for trademark infringement arising from products they sell in the online marketplace.

Redbubble operates an online marketplace for print-on-demand products based on user-submitted artwork. Independent artists upload images to Redbubble's interface and consumers can place an order for a customized item. Once a consumer makes a purchase, Redbubble contacts the artist and arranges the manufacturing and shipping of the product with independent third parties. The shipped products, however, are delivered in Redbubble packaging with Redbubble tags. Back in 2017, OSU discovered products on Redbubble's marketplace that displayed OSU's trademarked images without approval. Redbubble declined to remove the offending articles unless OSU complied with onerous demands for identification of the infringing articles, following which OSU sued it for trademark infringement, counterfeiting, and unfair competition (under both the Lanham Act and Ohio's right-of-publicity law) in the Southern District of Ohio. The parties subsequently cross-moved for summary judgment, and the district court granted summary judgment for Redbubble, holding that "Redbubble did not 'use' OSU's trademarked images in operating its business model under the Lanham Act because it only acted as a 'transactional intermediary' between buyers, sellers, manufacturers, and shippers.

On appeal, the Sixth Circuit first addressed OSU's argument that Redbubble was vicariously liable under the Lanham Act. The appellate court held that, while OSU might have a good argument for vicarious liability, it was barred from pursuing that claim because it had failed to raise the issue in the district court (litigators, don't let this happen to you - make sure to raise every possible argument in the trial court or you risk being barred from pursuing even meritorious claims on appeal).

The Sixth Circuit then moved on to the more interesting question: did Redbubble "use" OSU's trademarks under the Lanham Act by marketing and selling infringing products? The Court first noted that online marketplaces, like eBay and Amazon, that merely facilitate sales for independent vendors generally escape Lanham Act liability. On the other hand, parties who design and print trademark-infringing goods typically violate the Lanham Act, as do direct sellers of offending products (whether brick-and-mortar stores or company websites). So, which is Redbubble? The Court distilled the question as follows: "What level of involvement and control must a defendant exercise over the creation, manufacture, or sale of offending goods to be considered akin to a 'seller' or 'manufacturer' to whom Lanham Act liability applies?"

The Court stated that, based upon Sixth Circuit precedent, a key distinction between a direct seller who "uses" a trademark and a mere facilitator of sales is "the degree to which the party represents itself, rather than a third-party vendor, as the seller, or somehow identifies the goods as its own." In this case, the evidence suggested that "products ordered on Redbubble's website do not yet exist, come into being only when ordered through Redbubble, and are delivered in Redbubble packaging with Redbubble tags." Thus, Redbubble is more than just a "passive facilitator" – it "brings trademark-infringing products into being by working with third-party seller to create new Redbubble

products, not to sell the artists' products." In the mind of the Sixth Circuit, that "use" of OSU's trademark was sufficient to preclude summary judgment in Redbubble's favor.

After discussing OSU's Ohio right-of-publicity claim (again reversing the district court's grant of summary judgment to Redbubble on this claim too), the Court considered whether OSU was entitled to summary judgment on its claims. On that issue, the Sixth Circuit concluded that there was insufficient record evidence and so remanded for additional fact-finding. According to the Court, the factual gaps include the precise nature of Redbubble's contractual relationships with third-party manufacturers and shippers, the degree to which Redbubble is involved in selecting and imprinting trademark-infringing designs on its products, Redbubble's involvement in product returns, and facts relating to potential defenses Redbubble might have.

While the final outcome of this case is uncertain, OSU can certainly be pleased with the Sixth Circuit's decision. More generally, this case contributes to an understanding of when and how online retailers may be liable for trademark infringement – at least in the Sixth Circuit. The general lesson? Unless an online retailer is clearly a passive facilitator of third-party sales like Amazon or eBay, it needs to be careful how involved it is in the product manufacturing and sales process or it runs the risk of being sued for trademark infringement. Also, lawyers: make sure you preserve issues for appeal!