

U.S. Court of Appeals for the Sixth Circuit: Redbubble Could be Liable for Direct Infringement Arising From “Print-On-Demand” Service

By Roxana Monemdjou

Ohio State Univ. v. Redbubble, Inc., 6th Cir., No. 19-03388, 2021 U.S. App. LEXIS 5610 (Feb. 25, 2021)

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Online shopping has transformed the U.S. marketplace and there are a variety of digital marketplaces that allow consumers to make purchases online. In *Ohio State Univ. v. Redbubble*, the U.S. Court of Appeals for the Sixth Circuit issued an important decision concerning the responsibility (and possible liability) of companies like Redbubble that operate online marketplaces for facilitating online transactions between consumers and vendors when those transactions involve trademark-infringing products.

Redbubble is an online marketplace for print-on-demand products, such as clothing, phone cases, stickers, stationery, and wall art featuring user-submitted artwork. The process begins when independent artists upload their artwork to Redbubble’s website and consumers place an order for a

customized item bearing the artwork. Upon receipt of an order, Redbubble arranges for the manufacturing and shipping of the product via third-party manufacturers and shippers, respectively, and compensates artists with a portion of the sales proceeds. The print-on-demand finished product is delivered to the consumer in packaging that bears Redbubble's logo, clothing items carry Redbubble tags, and returns and refunds are handled by Redbubble. Even though Redbubble arranges for and directs the manufacture of the products, Redbubble's terms of use claim that the artists (not Redbubble) are the "sellers" of the products.

Ohio State University ("OSU") filed suit against Redbubble alleging, *inter alia*, that Redbubble was liable for direct trademark infringement based on the sale of merchandise on the Redbubble website that infringed various OSU trademarks.

Redbubble moved for summary judgment on the grounds that Redbubble did not "use" OSU's trademarks because Redbubble did not design, manufacture, or handle the products and never took title to any of the allegedly infringing products. The District Court agreed and granted summary judgment to Redbubble. The District Court concluded that Redbubble merely provides a platform for artists to sell products and access Redbubble's relationships with manufacturers and shippers. In other words, the District Court concluded that Redbubble's platform was only a "transactional intermediary," not the seller of the products and, thus, Redbubble had not "used" OSU's trademarks in commerce (a necessary element for direct trademark infringement). The District Court concluded that Redbubble was comparable to Amazon which is a "neutral intermediary" between consumers and third-party vendors.

OSU appealed and the Sixth Circuit reversed. The Court of Appeals held that, in determining whether Redbubble had "used" OSU's trademarks in commerce, the District Court "applied the Lanham Act too narrowly" and failed to consider the substantial ways in which it appears Redbubble *does* participate in the creation, shipping, and sale of the allegedly infringing products. Specifically, and while noting that the factual record in the District Court was "sparse," the Court of Appeals stated that it "appears 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." The Court of Appeals contrasted Redbubble's level of involvement with that of Amazon, which does not bring products into existence—rather, Amazon only facilitates a transaction of an already-existing product by connecting sellers with buyers. In light of these facts, the Court of Appeals held that the District Court had "erred in affirmatively placing Redbubble on the passive end of the liability spectrum."

Accordingly, the Court of Appeals held that summary judgment was not appropriate and that the case should be remanded to the District Court for further consideration and fact finding about “the degree of control and involvement exercised by Redbubble over the manufacturing, quality control, and delivery of goods to consumers” and “whether the infringing goods can fairly be tied to Redbubble for the purpose of liability.”

It will be interesting to see whether the District Court, on remand, finds that the factual record is sufficient to hold Redbubble liable for direct infringement. Moreover, we will have to wait and see whether other District Courts outside of the Sixth Circuit rely on the Sixth Circuit’s decision to hold that Redbubble or similar print-on-demand platforms may be liable for direct trademark infringement.

But in the meantime, it is important to note that not all online marketplaces are treated the same when it comes to the sale of allegedly infringing merchandise on their websites. Rather, the question is presented as a spectrum that depends on the platform’s level of involvement in the manufacturing, delivery, and sales of its products.