

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA

BEDFORD, FREEMAN & WORTH
PUBLISHING GROUP, LLC d/b/a
MACMILLAN LEARNING, *et al.*,

Plaintiffs,

v.

SHOPIFY INC., *et al.*,

Defendant.

Case No. 1:21-cv-01340-CMH-JFA

MEMORANDUM IN SUPPORT OF PLAINTIFFS'
SECOND MOTION TO COMPEL

TABLE OF CONTENTS

	<u>Page</u>
Introduction.....	1
Background	1
A. The instant suit.....	1
B. State of discovery.....	2
C. The instant motion	3
ARGUMENT.....	4
I. Shopify must produce the digital files that Pirate Merchants uploaded to Shopify's platform (RFP 33)	4
a. Shopify must produce the digital copies of Plaintiffs' works, including works in suit, that the Pirate Merchants provided to Shopify	5
b. Shopify must produce copies of other works the Pirate Merchants uploaded to Shopify	6
c. The Fourth Circuit has rejected Shopify's argument for not providing the digital files	7
d. Shopify's insistence on delay serves no purpose and is infeasible.....	7
II. Shopify must provide records of which Shopify services the Pirate Merchants utilized, and how (RFP 29)	8
III. Shopify must produce information concerning how it has responded to other violations of its policies (ROGs 17, 18; RFP 44).....	9
IV. Shopify must produce all communications concerning the Pirate Merchants, not merely those that Shopify believes concern infringement (RFP 32)	11
Conclusion	13

INTRODUCTION

Numerous merchants use defendant Shopify's ecommerce platform to sell pirated digital copies of Plaintiffs' textbooks and educational materials. Plaintiffs brought this suit against Shopify for secondary copyright and trademark infringement to hold Shopify responsible for facilitating, and profiting from, this infringement.

In the instant Motion, Plaintiffs ask this Court to compel Shopify to produce four categories of discovery: 1) copies of the infringing eBooks and other digital files the merchants identified in Plaintiffs' infringement notices uploaded to Shopify's platform; 2) records depicting how the Shopify merchants identified in Plaintiffs' infringement notices utilized Shopify's services; 3) information and documents concerning Shopify's response to other violations of its policies; and 4) Shopify's internal communications about the merchants identified in Plaintiffs' infringement notices.

These documents are important to multiple aspects of Plaintiffs' claims and Shopify's defenses, including showing that Shopify materially contributed to its merchants' direct infringement, that Shopify had the ability to supervise the infringing activity on its platform, that Shopify benefitted financially from its merchants' infringement, that Shopify acted willfully, and Shopify's contention that it is entitled to the safe harbors from monetary liability under section 512 of the Digital Millennium Copyright Act.

BACKGROUND

A. The instant suit

Shopify is an e-commerce platform that assists individual retailers to set up online stores to sell products. Compl. ¶ 29. In particular, Shopify provides services to sellers of digital copies of books. *Id.* at ¶ 34. Among many other services, Shopify can host its merchants' eBooks on

Shopify's servers, and deliver the eBook to the end customer. *Id.* at ¶¶ 2, 11(f). Unfortunately, numerous merchants use Shopify's services to sell pirated digital copies of Plaintiffs' textbooks and related pedagogical materials without authorization, thus infringing Plaintiffs' copyrights and trademarks. *Id.* at ¶ 38.

For more than four years before filing the instant suit, Plaintiffs notified Shopify of thousands of instances of infringement by merchants on its platform, including several merchants who infringed many works. *Id.* at ¶¶ 6, 57, 62. When the infringing activity nonetheless continued, Plaintiffs eventually brought the instant lawsuit in this Court, the U.S. venue in which Shopify is subject to personal jurisdiction. Shopify has challenged its susceptibility to U.S. legal process in the past, and promotes how it shields its merchants from legal action.¹ Shopify recognized it has no basis to challenge personal jurisdiction in this suit. Answer (Dkt. 30), ¶¶ 8–12. Plaintiffs allege three counts: contributory copyright infringement, vicarious copyright infringement, and contributory trademark infringement. Compl. ¶¶ 81–103.

B. State of discovery

After numerous meet-and-confer calls, Plaintiffs filed a motion to compel on April 15, 2022 raising two issues: Shopify's limiting nearly all of its discovery responses to what Shopify incorrectly called the statute of limitations period; and Shopify withholding information documenting its receipt, but refusal to take any action on (effectively ignoring), DMCA-compliant infringement notices. ECF 59. That motion is pending.

¹ See Shopify 2021 Transparency Report, <https://www.shopify.com/security/transparency-report/report-2021>.

C. The instant motion

In the instant motion Plaintiffs move to compel Shopify to produce four categories of documents.

First, with respect to the Shopify merchants identified in Plaintiffs' infringement notices ("Pirate Merchants"), Shopify must produce any digital files containing copies of Plaintiffs' works, including works in suit, that those merchants provided to Shopify. In addition, Shopify must produce copies of any other digital files that the Pirate Merchants provided to Shopify. Part I, *infra* (RFP 33).

Second, Shopify offers its merchants a menu of services that aid in the sale of infringing eBooks. Thus, Shopify must provide records sufficient to show which services the Pirate Merchants actually utilized. Part II, *infra* (RFP 29).

Third, Shopify must produce information concerning how it has responded to other violations of its policies, including how many users it has terminated for violations of its acceptable use policy other than infringement, how many users it has terminated for failing to pay amounts owed to Shopify, and any reports or analyses in its possession concerning fraud and other illegal activity on Shopify's platform. Part III, *infra* (ROGs 17, 18; RFP 44).

Fourth, Shopify must not limit its production of communications concerning the Pirate Merchants to just those documents that Shopify believes concern infringement. Part IV, *infra* (RFP 32).

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