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TRADEMARKS AND DIGITAL GOODS

Mark P. McKenna* & Lucas S. Osborn**

BMW recently sued online virtual modeling company TurboSquid for selling digital models of BMW vehicles.1 TurboSquid allows artists to upload to its website and offer for sale a wide range of digital models,2 and there are currently dozens of 3D models of cars available on the site, many from recognizable brands:

1 Complaint at 1, BMW of N. Am., LLC v. TurboSquid, Inc., No. 2:16-CV-02500 (D.N.J. May 3, 2016). The case was dismissed, presumably after the parties reached some settlement. Notice of Dismissal at 1, BMW, No. 2:16-CN-02500 (D.N.J. Aug. 11, 2016). Our searches of the TurboSquid website just after the dismissal suggested that TurboSquid had removed all virtual models of BMW vehicles from the website.
Purchasers of the digital models typically use them as inputs for video games, news reporting, commercials, and movies.\(^3\) Some of the models available for sale on TurboSquid’s site can be 3D printed by the purchaser.\(^4\) According to BMW, TurboSquid’s “marketing of 3-D virtual models” of BMW vehicles for use in video games infringed BMW’s trademarks and trade dress, in addition to its design patents.\(^5\) With respect to its trademark claims, BMW alleged that the sale of digital models of BMW cars, complete with BMW logos, was likely to confuse consumers about the source of those digital models, or about whether BMW had licensed TurboSquid to sell models of its vehicles.

BMW’s case is the latest in a growing number of trademark cases dealing with uses in the digital environment. Some of those cases raise issues with which trademark law has long wrestled—cases like \textit{E.S.S. Entertainment 2000, Inc. v. Rock Star Videos, Inc.}, in which the owners of the Play Pen Gentlemen’s Club claimed the defendant’s digital depiction of the “Pig Pen” strip club in the Grand Theft Auto video game infringed its rights in its Play Pen mark.\(^6\) \textit{E.S.S.} happened to involve a digital work (a video game), but it raised familiar questions about the circumstances in which use of a trademark within an expressive work can give rise to liability.\(^7\) Other cases implicate the trademark/copyright boundary, raising concerns about trademark law’s overlap, or interference with copyright—cases like \textit{Marvel Enterprises, Inc. v. NCSsoft Corp.}, in which Marvel claimed that the defendant’s inclusion in its video game of a superhero character called “Statesman” infringed its copyright and trademark rights in Captain America.\(^8\) Many of these latter cases implicate the Supreme Court’s \textit{Dastar Corp. v. Twentieth Century Fox Film Corp.} decision, which held that only confusion about the origin of tangible goods (and not about the origin of intangible content) is relevant for purposes of Lanham Act claims.\(^9\)

But BMW’s case against TurboSquid has a somewhat different flavor because that claim related not to the inclusion of digital BMWs in a digital work, but to the sales of the files themselves.\(^10\) And there are reasons to think these types of claims may be more common in the future, as a variety of goods that consumers once would have purchased in physical form are


\(^5\) Complaint, \textit{supra} note 1, at 2.

\(^6\) \textit{E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.}, 547 F.3d 1095 (9th Cir. 2008).

\(^7\) \textit{See, e.g., Brown v. Elec. Arts, Inc.}, 724 F.3d 1235 (9th Cir. 2013).

\(^8\) \textit{Marvel Enters., Inc. v. NCSsoft Corp.}, No. CV 04-9253, 2005 WL 878090, at *1 (C.D. Cal. Mar. 9, 2005) (dismissing the trademark claims on motion to dismiss).

\(^9\) \textit{Dastar Corp. v. Twentieth Century Fox Film Corp.}, 539 U.S. 23, 37 (2003).

increasingly beamed to computers and phones as digital files. Media products are the most obvious examples here. Music once purchased on vinyl, eight-tracks, audio cassettes, or CDs is now downloaded or streamed from the cloud. Movies once rented or purchased on Betamax/VHS tapes or DVDs are likewise downloaded or streamed. And software once purchased on floppy disks (5.25 inch, then 3.5 inch) or CDs is now downloaded directly or, in some cases, provided as “software as a service,” in which applications

11 The tangibility of digital files has been the subject of much discussion. The file in the abstract, as data, is intangible. See, e.g., Am. Online, Inc. v. St. Paul Mercury Ins. Co., 207 F. Supp. 2d 459, 462 (E.D. Va. 2002) (“[C]omputer data, software and systems are not ‘tangible’ property in the common sense understanding of the word. The plain and ordinary meaning of the term ‘tangible’ is property that can be touched. Computer data, software and systems are incapable of perception by any of the senses and are therefore intangible.”). The memory medium on which the file is stored, however, is tangible. See, e.g., M. Kramer Mfg. Co. v. Andrews, 783 F.2d 421, 441–42 (4th Cir. 1986) (holding in the copyright context that a video game was fixed in a tangible medium, as required by the copyright statute, when stored on a memory device); James Grimmelmann, There’s No Such Thing as a Computer-Authored Work—And It’s a Good Thing, Too, 39 COLUM. J.L. & ARTS 403, 405 (2016) (“Bits may be abstract and intangible, but memory chips and hard drives are very much ‘material objects.’”).


13 As we discuss at greater length below, media products in some ways presaged the burgeoning challenges with digital goods, as movies and music have long been “consumed” in nonphysical form, as when consumers watch movies in theaters or receive content through audio and television broadcasts delivered over the air via analog signals. Audiences received these broadcasts essentially for free, paid for either via advertisements or government subsidies. See Walt-West Enters., Inc. v. Gannett Co., 695 F.2d 1050, 1061 (7th Cir. 1982) (“[R]adio listeners are not the radio stations’ customers, but rather, they (or their collective attention) are its product. The radio stations’ customers are the advertisers who pay the stations to broadcast commercial messages to the listeners.”). Trademark law struggled to determine how to treat uses of trademarks in connection with those broadcasts for some time, precisely because their intangibility frustrated trademark law’s traditional orientation to physical goods. See id. Other than trade names of businesses, which could be thought of as a type of service mark, service marks were not generally protectable until the mid-twentieth century. See James M. Treece, Developments in the Law of Trademarks and Service Marks—Contributions of the Common Law, the Federal Act, State Statutes and the Restatement of Torts, 58 CALIF. L. REV. 885, 895 (1970) (“Prior to 1946 the term service mark had not appeared in common law decisions and prior trademark acts had not mentioned it.”).
are stored remotely in the cloud and dispersed users utilize the program through interfaces on their individual computers.  

But in a world in which 3D printing technology is becoming mainstream, this phenomenon will not be limited to media products. Indeed, 3D printing technology makes possible the digitization of nearly any product that can be conceived. No longer must consumers purchase physical items like toys, tools, or even handbags. Rather, they can create or obtain digital files containing 3D printing instructions and print the items in their homes or anywhere they have access to a 3D printer. From trademark law’s perspective, the significant point is that 3D printing technology radically separates the design and production processes. Trademarks have traditionally been understood to indicate the source of goods’ production, but production and design typically went hand-in-hand. In a 3D printing world, design can be done by anyone with access to a CAD program, and production can take place anywhere there is a 3D printer, including an individual’s home.

That separation has potentially destabilizing consequences for trademark law, which has overwhelmingly been oriented toward indications of the origin of physical goods. For one thing, digitization brings much more of trademark law into contact with Dastar, raising difficult questions about whether, and under what circumstances, digital files count as “goods” for Lanham Act purposes. More broadly, a world of increasing digitization implicates important concerns about the boundaries of trademark law vis-à-vis other areas of IP as well. See Timothy R. Holbrook & Lucas S. Osborn, Digital Patent Infringement in an Era of 3D Printing, 48 U.C. Davis L. Rev. 1319 (2015) (analyzing 3D printing and patent infringement); Mark A. Lemley, IP in a World Without Scarcity, 90 N.Y.U. L. Rev. 460 (2015); Lucas S. Osborn, Of PhDs, Pirates, and the Public: Three-Dimensional Printing Technology and the Arts, 1 Tex. A&M L. Rev. 811 (2014) (analyzing 3D printing and copyright law).

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14 See IT Glossary: Software as a Service (SaaS), GARTNER, http://www.gartner.com/it-glossary/software-as-a-service-saas (last visited Jan. 24, 2017) (“Gartner defines software as a service (SaaS) as software that is owned, delivered and managed remotely by one or more providers. The provider delivers software based on one set of common code and data definitions that is consumed in a one-to-many model by all contracted customers at anytime on a pay-for-use basis or as a subscription based on use metrics.”).


16 3D printing technology involves several file formats. CAD files are the design files, which are usually converted into a 3D printing file like STL files before printing. Lucas S. Osborn, The Limits of Creativity: Copyright, CAD Files, and Lockout Codes, 4 Tex. A&M J. Prop. L. (forthcoming 2017). Users can create a CAD file from scratch by drawing it in a CAD program, scan an existing physical object with a 3D scanner, or download CAD files from the internet. Osborn, supra note 15, at 559.

vis other areas of IP law, and it raises profound questions about the meaning of source indication and the role of trademark law in the digital world.

We argue that the question of whether we should treat digital files as relevant goods is irreducibly one of policy, and it should not be reduced to mere formalism. Digital files should be treated as goods only when consumers' interactions with the files sufficiently resemble their interactions with physical goods that they warrant the same treatment. In particular, we argue that digital files should be treated as goods only when the origin of the files as such (not the content of those files) is material to consumers. That, we argue, may turn out to be relatively rare. Indeed, we suggest that a world of greater digitization might well be a world in which trademark law has less relevance relative to design patent and copyright.

I. DOCTRINAL CHALLENGES

The TurboSquid website contains digital models of numerous branded products, including Hermes and Louis Vuitton handbags, Rolex watches, and Nike shoes. A shopper looking for an image of a Rolex watch, for example, would look in the collection of “Watch 3D Models.” After clicking on a particular watch image, the shopper would reach a page with multiple images of the watch from various angles. That page prominently displays the name of the object depicted in the image (often by brand name) as well as the name of the artist who created the model (JGCosta, in the image below):

These kinds of uses raise a series of difficult doctrinal questions. What role does the Rolex mark play here? Does it indicate the source of the digital model? Or would the shopper instead assume that the artist identified under the name of the product created the model? After all, the artist is the source of the digital model, even if Rolex is (presumably) the source of the watch’s
What if, as in the iPad example below, the page displaying the digital model includes a clear statement that “[t]he intellectual property depicted in this model, including the brand ‘apple,’ is not affiliated with or endorsed by the original rights holders and must be used under editorial use restrictions”?

**FIGURE 3**

Most importantly for our purposes, even if users would assume that Rolex (or Apple) created, or at least licensed, the digital models, is that assumption legally relevant? Are digital models “goods” for purposes of the Lanham Act? Does the labeling of the digital models with the name “Rolex Submariner Date” or “iPad Pro Silver” matter to that determination?

A. Dastar and the Definition of “Goods”

These kinds of digital trademark uses run headlong into the Supreme Court’s decision in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, which held that “origin of goods,” for purposes of the Lanham Act, refers only to the origin of tangible goods; it does not, and cannot be understood, to refer to the origin of intangible creative content.20

*Dastar* involved the unattributed use of public domain material from a television series that was based on President Dwight Eisenhower’s book *Crusade in Europe*.21 Though the book remained in copyright, Twentieth Cen-

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18 In reality, it’s unclear whether Rolex itself designed the watch or if it instead may have hired a design firm to do so. But in the physical world, that distinction doesn’t matter, because we assume that Rolex stands behind the quality of the produced watch, which embodies the design.


21 *Id.* at 25–26.
tury Fox failed to renew the copyright on the television series, thereby inadvertently allowing it to fall into the public domain. Dastar edited footage from the television series and added some new material to make its “World War II Campaigns in Europe” video set. Neither Dastar’s advertising nor the videos themselves made any reference to Fox or to the Crusade television series; instead Dastar advertised the series as having been “Produced and Distributed by: Entertainment Distributing,” a Dastar subsidiary.

Fox claimed that Dastar was passing off Fox’s content as though it were Dastar’s own, thereby falsely designating the origin of the video series in violation of section 43(a) of the Lanham Act. This was not a fanciful claim—indeed, there was some precedent for reverse passing off claims of this sort. Not only had the Ninth Circuit allowed reverse passing off claims in cases of “bodily appropriation” of a creative work, the Second Circuit recognized reverse passing off claims in cases in which the defendant’s unauthorized work was “substantially similar” to the plaintiff’s, borrowing the test of copyright infringement. Some commentators continue to endorse these claims even after Dastar.

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22 Id. at 26.
23 Id. at 26–27 (“To make Campaigns, Dastar purchased eight beta cam tapes of the original version of the Crusade television series, which is in the public domain, copied them, and then edited the series. Dastar’s Campaigns series is slightly more than half as long as the original Crusade television series. Dastar substituted a new opening sequence, credit page, and final closing for those of the Crusade television series; inserted new chapter-title sequences and narrated chapter introductions; moved the ‘recap’ in the Crusade television series to the beginning and retitled it as a ‘preview’; and removed references to and images of the book. Dastar created new packaging for its Campaigns series and (as already noted) a new title.”).
24 Id. at 27.
25 Id.
26 Id. That section makes actionable the use of any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.
27 See, e.g., Cleary v. News Corp., 30 F.3d 1255, 1261 (9th Cir. 1994); Summit Mach. Tool Mfg. Corp. v. Victor CNC Sys., Inc., 7 F.3d 1434, 1436–37 (9th Cir. 1993). Slight modifications to the material were not sufficient to avoid liability. See id. at 1437 (“A defendant may also be guilty of reverse palming off by selling or offering for sale another’s product that has been modified slightly and then labeled with a different name.” (quoting Roho, Inc. v. Marquis, 902 F.2d 356, 359 (5th Cir. 1990))).
28 See, e.g., Waldman Publ’g Corp. v. Landoll, Inc., 43 F.3d 775, 782–84 (2d Cir. 1994) (using the copyright infringement test as the test for determining false designation of origin under the Lanham Act); Scholastic, Inc. v. Stouffer, 124 F. Supp. 2d 836, 841–45 (S.D.N.Y. 2000).
29 See, e.g., Jane C. Ginsburg, *The Right to Claim Authorship in U.S. Copyright and Trademarks Law*, 41 Hous. L. Rev. 263 (2004); Glynn S. Lunney, Jr., *Distinguishing Dastar: Con-
Nevertheless, the Supreme Court rejected Fox’s claim, concerned about the implications for copyright law if Lanham Act claims were allowed in these settings. Since the material Dastar copied had fallen into the public domain, the Court insisted that Dastar had an unqualified right to use it, even without attribution. But the Court’s concerns were not limited to claims involving public domain material, and it therefore did not rest its holding on the status of the material Dastar copied. Instead the Court resolved the case by interpreting the phrase “origin of goods” in section 43(a) to mean to “the producer of the tangible product sold in the marketplace.”

The concept of origin “might be stretched,” the Court allowed, “to include not only the actual producer,” but the party who “(‘stood behind’) production of the physical product.” But “origin” is “incapable of connoting the person or entity that originated the ideas or communications that ‘goods’ embody or contain.” Goods are definitively physical objects.

It’s not that the Court didn’t recognize that the intellectual origins of creative works might be relevant to consumers. As the Court said, “The purchaser of a novel is interested not merely, if at all, in the identity of the producer of the physical tome (the publisher), but also, and indeed primarily, in the identity of the creator of the story it conveys (the author).” The Court simply held that indications of the origins of intangible works are irrelevant to trademark law. It did so because “according special treatment to communicative products . . . causes the Lanham Act to conflict with the law of copyright, which addresses that subject specifically.” Indeed, allowing a cause of

sumer Protection, Moral Rights and Section 43(a), in Consumer Protection in the Age of the 'Information Economy' 121 (Jane K. Winn ed., 2006).

30 Dastar, 539 U.S. at 33.
31 Id. at 31.
32 Id. at 31–32. Here, the Court presumably meant to acknowledge that “source” and “origin” in modern trademark law include parties who did not themselves produce the goods, but who have sponsored or are affiliated with the actual producer or its goods. Notably, however, the Court referred to those parties as “standing behind” the physical good, a formulation that suggests a somewhat narrower understanding of “sponsorship” and “affiliation” than lower courts have generally accepted. See Mark A. Lemley & Mark McKenna, Irrelevant Confusion, 62 Stan. L. Rev. 413 (2010) (arguing for a narrower interpretation of sponsorship or affiliation, one focused on responsibility for quality of goods). Regardless, allegations of “sponsorship” or “affiliation” confusion regarding intangible content merit the same treatment as those regarding “origin,” lest such claims undermine Dastar’s central holding.

33 Dastar, 539 U.S. at 32.
34 Id. at 33 (“For such a communicative product (the argument goes) ‘origin of goods’ in § 43(a) must be deemed to include not merely the producer of the physical item . . . but also the creator of the content that the physical item conveys . . . .”).
35 Id. As one of us has previously explained, a rule requiring attribution of intellectual origin would allow claimants to evade the functionality doctrine in the context of physical goods, and it would potentially enable Coca-Cola to assert a claim against a party that reverse engineered Coca-Cola and sold that product under its own name, a result that would undermine an important limit in trade secret law. See Mark P. McKenna, Dastar’s Next Stand, 19 J. Intell. Prop. L. 357, 370–73 (2012); see also Dastar, 539 U.S. at 37 (noting
action under section 43(a) for misrepresentation of the origin of creative content “would create a species of mutant copyright law that limits the public’s ‘federal right to copy and to use’ expired copyrights.”

The Court also had pragmatic concerns about an interpretation of “origin” that would include the creator of expressive content. Because many creative works are highly collaborative, and because many of those contributors are often invisible to consumers, efforts to identify the “true” intellectual origin(s) of creative content could degenerate into absurdity.

In many cases, figuring out who is in the line of “origin” would be no simple task. Indeed, in the present case it is far from clear that respondents have that status. Neither SFM nor New Line had anything to do with the production of the Crusade television series—they merely were licensed to distribute the video version. While Fox might have a claim to being in the line of origin, its involvement with the creation of the television series was limited at best. Time, Inc., was the principal, if not the exclusive, creator, albeit under arrangement with Fox. And of course it was neither Fox nor Time, Inc., that shot the film used in the Crusade television series. Rather, that footage came from the United States Army, Navy, and Coast Guard, the British Ministry of Information and War Office, the National Film Board of Canada, and unidentified “Newsreel Pool Cameramen.” If anyone has a claim to being the original creator of the material used in both the Crusade television series and the Campaigns videotapes, it would be those groups, rather than Fox.

As the Court said, the Lanham Act does not require a “search for the source of the Nile and all its tributaries.”

Perhaps most significantly, the Court clearly felt that Fox’s claim put Dastar in an impossible double bind: Fox claimed that Dastar falsely designated the origin of its video series because it had failed to attribute the content, but there was a real risk, under another line of cases, that Dastar would have reverse passing-off claims directed at intellectual origins not barred, the “plaintiff [in TrafFix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23 (2001)], whose patents on flexible road signs had expired, and who could not prevail on a trade dress claim under § 43(a) because the features of the signs were functional, would have had a reverse-passing-off claim for unattributed copying of his design.”.

36 See Dastar, 539 U.S. at 34 (internal quotations omitted) (quoting Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 165 (1989)).

37 See id. at 35–36.

38 Id. at 35. Commentators have criticized this logic on the ground that trademark law is not generally concerned with the identities of actual contributors to a product; it is instead concerned only with legal source (the entity responsible for quality). See Laura A. Heymann, The Birth of the Authorym: Authorship, Pseudonymity, and Trademark Law, 80 Notre Dame L. Rev. 1377, 1442 (2005) (“Trademark law does not concern itself with the actual source of any good or service (or its progenitors). . . . [but] concerns itself with maintaining the integrity of the organizational system.”). As one of us has explained elsewhere, while there is something to that criticism, it is unfair on the facts of Dastar. See McKenna, supra note 35, at 372–73.

39 Dastar, 539 U.S. at 36.
have been exposed to a claim under section 43(a) if it had attributed. 40 That is to say that an attribution requirement quickly becomes an effective measure of control over content, since the only way to avoid liability is to seek permission. 41

Ultimately, the Court’s construction of “origin of goods” was fatal to Fox’s claim because there was no doubt that Dastar (and not Fox) was the actual source of its physical videotapes, even if Dastar was not the source of the footage embodied in those tapes. Thus, when it designated the source of its tapes with its own name, Dastar was not falsely designating their origin: It was telling the truth. Consistent with its emphasis on physicality, however, the Court insisted that Fox’s claim of reverse passing off “would undoubtedly have been sustained if Dastar had bought some of New Line’s Crusade videotapes and merely repackaged them as its own.”42 In that case, Dastar would have been misrepresenting the origin of the physical tapes.

A number of courts have read Dastar to bar false designation of origin claims where the claims were based on the defendant’s misattribution of intellectual origin.43 Courts have even relied on Dastar to bar false advertisement

40 See id. (“On the one hand, [Dastar] would face Lanham Act liability for failing to credit the creator of a work on which their lawful copies are based; and on the other hand they could face Lanham Act liability for crediting the creator if that should be regarded as implying the creator’s ‘sponsorship or approval’ of the copy.” (alteration in original) (quoting 15 U.S.C. § 1125(a)(1)(A) (2012))); see also Graeme B. Dinwoodie, Concurrence and Convergence of Rights: The Concerns of the U.S. Supreme Court, in INTELLECTUAL PROPERTY LAW 2004: ARTICLES ON CROSSING BORDERS BETWEEN TRADITIONAL AND ACTUAL 5, 20 (F. Willem Grosheide & Jan J. Brinkhof eds., 2005) (noting the “risk of being sued no matter what attribution strategy [one follows]”); Justin Hughes, American Moral Rights and Fixing the Dastar “Gap,” 2007 UTAH L. REV. 659, 682; Michael Landau, Dastar v. Twentieth Century Fox: The Need for Stronger Protection of Attribution Rights in the United States, 61 N.Y.U. ANN. SURV. AM. L. 273, 303 (2005) (“Although it sounds cliché, bad facts do make bad law. In Dastar, the facts were terrible; they presented the quintessential ‘damned if you do, damned if you don’t’ conundrum. At first blush, it seems that Dastar probably would have been sued for ‘false designation of origin’ under section 43(a) of the Lanham Act whether it gave credit to Twentieth Century Fox or not.”).

41 Compare Waldman Publ’g Corp. v. Landoll, Inc., 43 F.3d 775, 781–84 (2d Cir. 1994) (holding failing to credit the original creator of the work that is subsequently modified is actionable as reverse passing off), with Gilliam v. Am. Broad. Cos., 538 F.2d 14, 23–25 (2d Cir. 1976) (that crediting the original creator of the work that is subsequently modified is actionable as passing off). Professor Lunney argues that this dilemma can be averted by requiring “proper labeling.” Lunney, supra note 29, at 124. But as these cases reflect, “proper” labeling is in the eye of the beholder, and the plaintiff never thinks the labeling was proper. Cf. Dastar, 539 U.S. at 36 (“[I]t is hard to have confidence in [Fox’s] assurance that they ‘would not be here on a Lanham Act cause of action’ if ‘Dastar had simply ‘copied [the television series] as Crusade in Europe and sold it as Crusade in Europe,’ without changing the title or packaging (including the original credits to Fox),” (third alteration in original) (quoting Transcript of Oral Argument at 35, Dastar, 539 U.S. 23 (No. 02-428))).

42 Dastar, 539 U.S. at 31.

43 See, e.g., Kehoe Component Sales Inc. v. Best Lighting Prods., Inc., 796 F.3d 576, 587–88 (6th Cir. 2015) (finding plaintiff’s reverse passing off claim barred by Dastar when
ing claims where the allegedly false statement related to the “origin” of content, despite the fact that *Dastar* itself expressly left the door open to some types of false advertising claims in cases in which the alleged falsity is not about origin.

But in general courts have been somewhat inconsistent in applying *Dastar*, in part because they have sometimes had difficulty accepting its central holding. In *Gensler v. Strabala*, for example, the architectural firm Gensler sued Strabala, its former employee, for reverse passing off when Strabala claimed to have designed five buildings for which Gensler had been the architect of record. The district court had dismissed the complaint on the ground that *Dastar* limited section 43(a) claims to false designation of the origin of goods, while Gensler’s claim concerned designation of the origin of plaintiff alleged that defendant was manufacturing and selling “cloned” products under defendant’s own name; noting that “[t]aking tangible goods and reselling them as your own constitutes a Lanham Act violation; taking the intellectual property contained in those goods and incorporating it into your own goods does not” (quoting Stolle Mach. Co. v. RAM Precision Indus., 605 F. App’x 473, 487 (6th Cir. 2015)); *Romero* v. Buhimschi, 396 F. App’x 224 (6th Cir. 2010) (rejecting false designation of origin claim based on denial of authorship credit); Nat’l Bus. Dev. Servs., Inc. v. Am. Credit Educ. & Consulting, Inc., 299 F. App’x 509 (6th Cir. 2008) (rejecting plaintiff’s Lanham Act claims for incorporating copyrighted materials into defendant’s own materials); *Zyla* v. Wadsworth, Div. of Thomas Corp., 360 F.3d 243, 251–52 (1st Cir. 2004) (finding Lanham Act claims for failing to attribute authorship of college textbook barred by *Dastar*); *Dorchen/Martin Assocs., Inc. v. Brook of Cheboygan, Inc.*, 838 F. Supp. 2d 607 (E.D. Mich. 2012) (rejecting plaintiff’s false designation of origin claim where the defendant’s alleged use of a design for an assisted living facility was based on a design the plaintiff had presented to the defendant and which the plaintiff did not authorize the defendant to reuse); *Dutch Jackson IATG, LLC v. Basketball Mktg. Co.*, 846 F. Supp. 2d 1044 (E.D. Mo. 2012) (barring plaintiff’s claim that was based on defendants’ use of the plaintiff’s musical work as part of the soundtrack to a basketball DVD).

44 *See, e.g.*, *Kehoe*, 796 F.3d at 586–89 (rejecting plaintiff’s false advertising claim under *Dastar* because plaintiff alleged only false representation of the intellectual origin of the goods); *Romero*, 396 F. App’x at 224; *Baden Sports, Inc. v. Molten USA, Inc.*, 556 F.3d 1300, 1308 (Fed. Cir. 2009) (rejecting the false advertising claim based on defendant’s claim that its basketball technology was “innovative” on the ground that claim was “fundamentally about the origin of an idea”); *Dutch Jackson*, 846 F. Supp. 2d at 1048 (rejecting the plaintiff’s false advertising claim on the ground that characterizing defendant’s inclusion of the musical work as an implicit misrepresentation of the originality of the work (its “nature and characteristics”) was an “impermissible work-around” of *Dastar*); *ZS Assocs., Inc. v. Synygy, Inc.*, No. 10-4274, 2011 WL 2038513 (E.D. Pa. May 23, 2011) (rejecting plaintiff’s false advertising claims that were based on allegedly false attribution in a press release of the authorship of “sales performance management solutions”).

45 *Dastar*, 539 U.S. at 38 (“If, moreover, the producer of a video that substantially copied the Crusade series were, in advertising or promotion, to give purchasers the impression that the video was quite different from that series, then one or more of the respondents might have a cause of action—not for reverse passing off under the ‘confusion . . . as to the origin’ provision of § 43(a)(1)(A), but for misrepresentation under the ‘misrepresents the nature, characteristics [or] qualities’ provision of § 43(a)(1)(B),” (alterations in original)).

services. Though it ultimately rejected the plaintiff’s claim on confusion grounds, the Seventh Circuit disagreed with the district court on the *Dastar* issue, noting that, while the Supreme Court “held that the absence of a false or misleading designation of goods’ origin nixed a Lanham Act claim, [ ] that was because the suit involved only goods. The Supreme Court did not read ‘services’ out of the Lanham Act.”

That conclusion was undoubtedly correct, as far as it went—*Dastar* did not directly address services, a blind spot for which it has fairly been criticized. But the Seventh Circuit went further, attempting to distinguish *Dastar* on the basis of what was designated. Regarding Fox’s claim:

*Dastar* correctly identified itself as the producer of the physical objects that embodied the intellectual property; doing so satisfied both statutes, the Court held. Twentieth Century Fox, which had owned the copyright before its expiration, did not contend that *Dastar* had falsely identified itself as the videos’ creator, wrongly imputed the newly made copies to Twentieth Century Fox, or made any other false claim. Because the origin of goods had been correctly designated, and no false statement made, the Court held that § 43(a) did not supply a claim for relief.

Gensler’s claim was different, according to the court, because, unlike Fox, Gensler “d[id] assert there ha[d] been a false claim of origin—though of services rather than goods. Gensler maintain[ed] that Strabala falsely claim[ed] to have been the creator of intellectual property (the designs of the five buildings).”

But that distinction depends on a mischaracterization of *Dastar*. Fox most certainly did allege that *Dastar* had falsely identified itself as the (intangible) video content’s creator—indeed, that was the entire basis of Fox’s claim. The Supreme Court simply concluded that designation of the origin of the intangible content was irrelevant, because only designation of the origin of the physical videotapes matters for Lanham Act purposes. Gensler’s claim cannot be distinguished on the ground that it alleged false designation of the origin of content.

Nor can *Dastar* be distinguished on the ground that it did not involve services. The central point of the *Dastar* decision was that “origin” cannot

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47 Id.

48 Id. The Seventh Circuit also said that *Dastar* did not hold “that a false claim of origin is the only way to violate § 43(a).” Id. While it is undoubtedly true that false designation of origin is not the only way to violate section 43(a), the court’s citation of *POM Wonderful LLC v. Coca-Cola Co.*, 134 S. Ct. 2228 (2014), a false advertising case, suggests it was unclear about the relationship between section 43(a)(1)(A) and section 43(a)(1)(B). As the Seventh Circuit acknowledged, there was no dispute in *POM Wonderful* "about who made what, as opposed to whether one seller was trying to deceive consumers about what its product contained." *Gensler*, 764 F.3d at 736–37. Which is to say that *POM Wonderful* was not about designation of origin.


50 *Gensler*, 764 F.3d at 737.

51 Id.
refer to the creator of intangible content.\textsuperscript{52} Whatever the significance of the goods/services distinction, it beggars the imagination to suggest that the Court’s animating concern (about use of the Lanham Act to claim authorship) is irrelevant if the plaintiff can characterize its claim as one relating to services.\textsuperscript{53}

Indeed, a number of other courts have recognized that \textit{Dastar} bars claims of false attribution even where services are involved,\textsuperscript{54} and Professor McCarthy concurs, describing the \textit{Gensler} opinion as “perplexing” because it “seems to say that \textit{Dastar} was not a bar to a case in which plaintiff alleged that defendant ‘falsely claims to have been the creator of intellectual property (the designs of the five buildings).’” Such a claim would appear to be clearly

\textsuperscript{52} See \textit{Dastar Corp. v. Twentieth Century Fox Film Corp.}, 539 U.S. 23, 34 (2003) (“Assuming for the sake of argument that Dastar’s representation of itself as the ‘Producer’ of its videos amounted to a representation that it \textit{originated the creative work} conveyed by the videos, allowing a cause of action under \textsection 43(a) for that representation would create a species of mutant copyright law that limits the public’s ‘federal right to “copy and to use” expired copyrights’” (emphasis added) (quoting \textit{Bonito Boats, Inc. v. Thunder Craft Boats, Inc.}, 489 U.S. 141, 165 (1989))).

\textsuperscript{53} The \textit{Gensler} court justified its holding by noting that “[a]rchitects’ success in winning clients depends on what they have accomplished; Gensler has a strong interest in defending its reputation for creativity and preventing a false claim that someone else did the design work.” \textit{Gensler}, 764 F.3d at 737. But \textit{Dastar} recognized the authorial attribution interest explicitly, and it nevertheless held that the Lanham Act does not provide a remedy for reverse passing off. See \textit{Dastar}, 539 U.S. at 33 (“And the author, of course, has at least as much interest in avoiding passing off (or reverse passing off) of his creation as does the publisher.”).

\textsuperscript{54} See, \textit{e.g.}, \textit{Romero v. Buhimschi}, 396 F. App’x 224, 233 (6th Cir. 2010) (holding that “any advertising or promotional claim” by a research team that omitted attribution to co-researcher was barred by \textit{Dastar} because it “related to authorship, rather than the nature, characteristics, or qualities of the research”); \textit{Logan Developers, Inc. v. Heritage Bldgs., Inc.}, No. 7:12-CV-323, 2013 WL 5460757 (E.D.N.C. Sept. 30, 2013) (holding that home designer’s alleged copying of plaintiff’s blueprints and failure to attribute plaintiff was not actionable under \textit{Dastar}); \textit{Sidem, S.A. v. Aquatech Int’l Corp.}, No. 10-81, 2010 WL 2573882, at *8 (W.D. Pa. June 23, 2010) (rejecting plaintiff’s attempt to evade \textit{Dastar} by characterizing its claim as one regarding the origin of services, noting, “The Supreme Court’s concern in \textit{Dastar} was the potential conflict with copyright or patent law. Plaintiffs’ claim under \textsection 43(a)(1)(B), regardless of its characterization as one involving goods, services, or commercial activities, implicates that same concern highlighted by the Supreme Court noting.”); \textit{Tao of Sys. Integration, Inc. v. Analytical Servs. & Materials, Inc.}, 299 F. Supp. 2d 565, 572 (E.D. Va. 2004) (holding that defendant’s taking credit for engineering services provided by plaintiff was not actionable under the Lanham Act); \textit{Carroll v. Kahn}, No. 03-CV-0656, 2003 WL 22927299, at *6 (N.D.N.Y. Oct. 9, 2003) (“Defendants are accused only of failing to identify someone who contributed not goods, but ideas or communications (or, for that matter, ‘services’) to Defendants’ product.” (emphasis added)); \textit{Williams v. UMG Recordings, Inc.}, 281 F. Supp. 2d 1177, 1184 (C.D. Cal. 2003) (“Plaintiff [an alleged contributor to a movie] contends that his claim survives \textit{Dastar} because he provided ‘services’ as opposed to ‘goods.’ However, to the contrary, his claim fails for this reason.”).
barred by the *Dastar* rule.)."55 The Seventh Circuit simply was unwilling to accept the implications of *Dastar*.56

Other courts have similarly struggled with *Dastar*'s basic holding. In *Masck v. Sports Illustrated*,57 Masck, a photographer, alleged that third parties engaged in reverse passing off when they made copies of his photos without permission and failed to attribute the photos to him.58 Despite the case's clear similarity to *Dastar*, the *Masck* court refused to grant a motion to dismiss because it was "not ready . . . to conclude that Plaintiff's photo [was] an intangible item."59 The court particularly focused on the fact that the plaintiff sold tangible copies of his photos and that the defendants were also selling tangible goods.60 Of course the same was true in *Dastar*—both Fox's and *Dastar*'s movies were sold in tangible form. And in *Masck* the defendants truly were the origin of the tangible photos they were selling, just as *Dastar* was truly the origin of its tapes.61

55 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 27:78.30, n.5 (4th ed. 2016). Nor does it matter, as the *Gensler* court suggested, that Strabala did not make or sell copies of any plans or drawings in which Gensler claimed a copyright matter. The fact that "[a] false claim of authorship, without the making of copies (or some other act covered by 17 U.S.C. § 106), is outside the scope of copyright law" does not make false designation of origin a viable claim. *Gensler*, 764 F.3d at 737 ("Gensler's only plausible federal claim rests on § 43(a).") The Supreme Court's interpretation of section 43(a) ruled out claims based on false claims of authorship; the holding did not depend on whether there was a viable copyright claim available. Indeed, Fox did not have a viable copyright claim as to the film. Nor did the lack of a copyright claim matter in *Romero v. Buhimschi*, 396 F. App’x. 224 (6th Cir. 2010), where the court barred the advertising/promotional claim based on a research group’s taking full credit for research services to which the plaintiff allegedly contributed. See *id.* at 233.

56 None of this is to say that *Gensler* was necessarily wrong on all interpretations of the facts. If one interpreted Strabala's claims to have designed the buildings as statements of historical fact rather than as statements of authorship, and if, in fact, he was not involved in the design in the way he implied, then perhaps a false advertising claim (focused on statements of fact regarding his role and not statements of authorship) could have survived. To establish such a claim, Strabala would have had to prove, among other things, that the allegedly false statement had the capacity to deceive a substantial segment of potential consumers and that the deception was likely to influence the consumers' purchasing decision. See, e.g., *Pizza Hut, Inc. v. Papa John’s Int’l, Inc.*, 227 F.3d 489, 495 (5th Cir. 2000). For that distinction between false advertising and false designation of origin claims to hold, courts would need to be diligent about distinguishing material false statements of fact from claims of authorship that *Dastar* found irrelevant, lest the false advertising option swallow the *Dastar* rule. And as *Gensler* perhaps suggests, that distinction may turn out to be too fine in practice, and therefore not worth the candle.

58 *Id.* at *3.
59 *Id.*
60 See *id.*
61 The court later came to grasp *Dastar*'s import, granting summary judgment because the defendants were the actual manufacturers of the tangible photos about which Masck complained. *Masck v. Sports Illustrated*, 5 F. Supp. 3d. 881, 885–86 (E.D. Mich. 2014).
As the next Section illustrates, courts have had particular difficulty applying *Dastar* in cases involving digital goods. That’s not terribly surprising, of course, since the Supreme Court clearly was focused on creative works distributed in tangible form and was not contemplating the complexities of the digital world.62 But the challenge here is increasingly important.

### B. *Dastar* in the Digital Era

Courts applying *Dastar* in the digital context have had to confront squarely the question of what things count as “goods” in modern trademark law, and what kinds of indications of those goods’ origin may give rise to a Lanham Act claim.

In *Cisco Technology, Inc. v. Certification Trendz, Ltd.*,63 for example, Cisco alleged that the defendants’ copying of Cisco’s copyrighted certification exam questions and answers constituted copyright infringement and false designation of origin in violation of section 43(a) of the Lanham Act.64 Cisco developed a series of exams for the purpose of certifying the competency of users of Cisco’s information technology products and services. The defendants operated several anonymously registered websites in the United Kingdom through which they sold practice exams that purportedly prepared people for Cisco’s certifications.65 According to Cisco, the practice exams contained exam questions and answers that were “identical or substantially similar to Cisco’s . . . copyrighted questions and answers.”66 Defendants moved to dismiss the false designation of origin claim, arguing that, by including “original materials such as explanations” in addition to Cisco’s copyrighted questions and answers, they had created “a new product which, under *Dastar*, cannot support a false designation of origin claim under the Lanham Act.”67

Though the court acknowledged the significance of *Dastar* and its holding that “origin of goods” refers only to the origin of tangible goods, it believed that the viability of the false designation of origin claim could turn on the presence of explanations and other similar content, “which could theoretically create a ‘new’ product based upon the original.”68 That conclusion was a reaction to the distinction the Supreme Court made between

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64 *Id.* at 733.

65 *Id.* at 734. Defendants delivered those practice exams electronically (via download) and through the mail. *Id.*

66 *Id.* Some of defendants’ products also were allegedly advertised as including “Expert Verified Answers . . . With Explanations.” *Id.*

67 *Id.* at 737.

68 *Id.*
Dastar’s unaccredited use of Fox’s content,\(^{69}\) which was not actionable,\(^{70}\) and “mere repackaging” of physical videotapes. As the Court made clear, had Dastar merely bought some Crusade videos and physically repackaged them, a false designation of origin claim would “undoubtedly [have been] sustained.”\(^{71}\)

According to Cisco Technology, if the defendants had added content when creating their practice exams, the false designation of origin claim would likely have failed, since in that case the defendants would have created a new “good” and not simply “repackaged” the exam materials as their own.\(^{72}\) The obvious implication is that reuse of the Cisco material without alteration could be actionable because, in that court’s understanding, that would have constituted mere repackaging.

Such an understanding of Dastar is badly mistaken, for it misses the fact that the Court’s reference to repackaging was meant precisely to differentiate precisely a claim based on physical packaging from one focused on the content of works. If the Cisco Technology court were right that Dastar would not bar a claim based on reuse of material without alteration, then Dastar would have utterly failed in preventing use of the Lanham Act as some “mutant” “species” of copyright,\(^{73}\) for claims would survive Dastar in inverse relation to the likelihood that the conduct constituted copyright infringement.

But Cisco Technology is not the only case in which a court has struggled with the meaning of “repackaging” in this sense. In Do It Best Corp. v. Passport Software, Inc., the court similarly refused to dismiss a false designation of origin claim based on the defendant’s removal of digital copyright notices from

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\(^{69}\) Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23, 31 (2003) (“[Dastar] took a creative work in the public domain . . . copied it, made modifications (arguably minor), and produced its very own series of videotapes.”).

\(^{70}\) Id. at 37.

\(^{71}\) Id. at 31.

\(^{72}\) Cisco Tech., 177 F. Supp. 3d at 737. The court then suggested that defendants’ use of the description “REAL Exam Questions and Answers from the ACTUAL Test” might subject them to liability since that statement “may have implied to potential consumers both the authorization to release such questions and the presence of such questions in the public domain.” Id. at 738. According to the court, that implication would give rise to a “traditional confusion” claim under section 43(a)(1)(A), since consumers might be confused about sponsorship or affiliation. Id. We agree with the court that a claim based on that statement might not be barred by Dastar, but only if it was understood as the sort of false advertising claim to which the Supreme Court explicitly left the door open. See Dastar, 539 U.S. at 38 (“If, moreover, the producer of a video that substantially copied the Crusade series were, in advertising or promotion, to give purchasers the impression that the video was quite different from that series, then one or more of the respondents might have a cause of action—not for reverse passing off under the ‘confusion . . . as to the origin’ provision of § 43(a)(1)(A), but for misrepresentation under the ‘misrepresents the nature, characteristics [or] qualities’ provision of § 43(a)(1)(B).” (alterations in original)). We do not believe that a claim based on an implication of public domain status can reasonably be conceived of as a “traditional confusion claim.”

\(^{73}\) See Dastar, 539 U.S. at 34 (‘[T]hat representation would create a species of mutant copyright law. . . . ’).
portions of software programs and replacement of those notices with its own.\textsuperscript{74} According to the court, the challenged conduct could give rise to a claim because it was possible that the replacement of copyright notices constituted “mere repackaging” of the programs, even though no physical packaging was involved.\textsuperscript{75}

Similarly in \textit{Cvent, Inc. v. Eventbrite, Inc.}, the plaintiff alleged reverse passing off when defendant Eventbrite scraped the information about hotels, restaurants, and bars from the plaintiff’s site rather than aggregating the information itself.\textsuperscript{76} While admitting that it found the Supreme Court’s “tangible goods” language in \textit{Dastar} “confusing, and tend[ing] to suggest that electronic products are not covered by the Lanham Act,”\textsuperscript{77} the court rejected Eventbrite’s motion to dismiss. According to the court, the Supreme Court “used that language [about tangible goods] simply to distinguish goods and products offered for sale (which receive Lanham Act protection) from any ‘idea, concept, or communication embodied in those goods’ (which are protected only by copyright laws).”\textsuperscript{78} Since Cvent did “not assert that Eventbrite ha[d] passed off its ideas as its own, but rather that Eventbrite ha[d] re-branded and re-packaged its product (the CSN venue database),” the court denied Eventbrite’s motion to dismiss.\textsuperscript{79} Of course, Cvent’s product was content.

In all of these cases, courts have failed to internalize the fact that the Supreme Court’s reference to repackaging was meant to distinguish physical goods from intangible content. Dastar didn’t simply copy Fox’s ideas when it made its video series—it copied the content of Fox’s television series, metaphorically “repackaging” it as Dastar’s own—which was every bit as much a “repackaging” as Eventbrite’s use of Cvent’s data. But that was not the sense in which the Supreme Court used “repackaging.” It’s not that the Court did not appreciate that intangibles are sometimes the relevant economic unit; it simply rejected the idea that the Lanham Act permitted courts to define “goods” in those economic terms. “Goods,” for Lanham Act purposes, are physical things. Repackaging is a physicalist concept.

Even aside from the question of repackaging, courts in several false designation of origin cases have fallen for the “economic unit” reasoning and accepted that intangible content was a relevant good. In \textit{Bob Creeden \& Associates v. Infosoft, Inc.}, for example, the plaintiff alleged that Infosoft’s attempts to sell Creeden’s computerized ordering systems to a competitor and its development of a retail order capture system “based entirely or largely on

\textsuperscript{75} \textit{Id}. at *16–18.
\textsuperscript{76} \textit{Cvent, Inc. v. Eventbrite, Inc.}, 739 F. Supp. 2d 927 (E.D. Va. 2010).
\textsuperscript{77} \textit{Id}. at 936.
\textsuperscript{78} \textit{Id}. (quoting \textit{Dastar}, 539 U.S. at 37).
\textsuperscript{79} \textit{Id}.
Creedens software constituted reverse passing off. The court determined that the tangible good at issue was the software system that Infosoft purportedly derived from Creedens system, and that, under Dastar, Infosoft was the origin of that system, even if it was based on Creedens underlying work. As a result, Infosofts designation of the system as its own did not constitute reverse passing off. That was, in our view, the right result, but it depended on the incorrect conclusion that an intangible software product can be a relevant tangible good.

In Fortres Grand v. Warner Bros., the developer of a desktop management program called Clean Slate sued Warner Brothers for using the words clean slate to describe a fictional hacking program in The Dark Knight Rises. According to Fortres Grand, sales of its Clean Slate software dropped significantly after the release of the movie, which it claimed was due to potential customers mistakenly believing that its Clean Slate software [was] illicit or phony on account of Warner Bros. use of the name the clean slate in The Dark Knight Rises. By the time the case reached the Seventh Circuit, Fortres Grand pressed its claim only in reverse confusion terms. Thus, according to the court,

Fortres Grand must plausibly [have] allege[d] that Warner Bros. use of the words clean slate in its movie to describe an elusive hacking program that can eliminate information from any and every database on earth [caused a likelihood] that consumers w[ould] be confused into thinking that Fortres Grand’s Clean Slate software emanate[d] from, [was] connected to, or [was] sponsored by [Warner Bros.]

As the Seventh Circuit recognized, Fortres Grand was an unusual case because it involved the question of confusion between a senior users product and a fictional product in a junior users creative work. The court understood Dastar to require a comparison “between the senior users product” (here, the Clean Slate software) “and the junior users creative work,” and “not any fictional product therein.” The court then proceeded to characterize the movie and the software as tangible product[s] for purposes of comparison.

In fact, in forward confusion cases where the allegedly infringing use is in a junior users movie, the Supreme Court’s interpretation of goods in § 1125 likely compels lower courts to look to the movie, since it is the junior users only tangible product in the marketplace about which consumers could be confused. In reverse confusion based on a junior users movie, however, it is not so cut-and-dried. Because the confusion is about the origin, sponsor-

81 Fortres Grand Corp. v. Warner Bros. Entm’t Inc., 763 F.3d 696 (7th Cir. 2014).
82 Id. at 700.
83 Id. at 701–02 (last alteration in original).
84 Id. at 702.
85 Id.
86 Id. at 702–03.
ship, or approval of the senior user’s product, which is tangible, there is no clear command that we compare that product (the software) to Warner Bros.’ tangible product (its movie) when considering the factor. Regardless, because the infringing act is the junior user’s use of the mark “in connection with any goods,” 15 U.S.C. § 1125, we think the word “goods” must mean the same thing there (tangible goods) that it means in the later clause, and so we conclude that Warner Bros.’ movie—its tangible good—is the correct comparator product, even while using the product-similarity factor to analyze reverse confusion.87

In a footnote, the court defended its characterization of the plaintiff’s software as a tangible product:

We assume the Supreme Court would view a downloaded file from a website as the tangible product sold by Fortres Grand in this context, even though it is not literally tangible. We think, in general, the relevant question of source in the context of a download is which entity is responsible for the file hosted on the server which is downloaded by the consumer.88

The question of the circumstances under which a downloadable digital file should count as a tangible object, and the further question of whether use in a movie could indicate the origin of that tangible object (as opposed to indicating the origin of the intangible content of that file), is one we take up at length below. For our purposes here, we simply highlight the court’s willingness to treat the movie as a tangible good, without even attempting to identify a tangible embodiment, let alone any designation of the origin of the tangible embodiment as such.

This was not new for the Seventh Circuit. In Eastland Music Group, LLC v. Lionsgate Entertainment, Inc., the court rejected Eastland Music’s claim that Lionsgate’s use of “50/50” as the title of a film infringed its rights in the marks “Phifty–50” and “50/50,” which Eastland used as the name of a rap duo.89 But it did so on the ground that confusion was unlikely. According to the court, “[t]he title of a work of intellectual property can infringe another author’s mark only if the title falsely implies that the latter author is its origin.”90 Thus, the only reason “[t]he titles of Truman Capote’s novella Breakfast at Tiffany’s, and the movie of the same name, do not infringe the rights of Tiffany & Co.” is that “no reasonable reader or moviegoer thinks that the jeweler is the source of the book or the movie.”91 Though it acknowledged that Dastar required a focus on confusion about the origin of tangible goods, the court ignored the fact that use in a title indicates no such origin. Resolving the case simply on confusion grounds, the court held that “Eastland Music’s complaint d[id] not (and could not plausibly) allege that consumers

87 Id. (footnotes omitted).
88 Id. at 703 n.8.
89 Eastland Music Grp., LLC v. Lionsgate Entm’t, Inc., 707 F.3d 869 (7th Cir. 2013).
90 Id. at 872 (citing Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23 (2003)).
91 Id.
treat it as the producer or source of the film 50/50, or treat Lionsgate as the producer of the 2003 rap album.”

The Ninth Circuit has had its own difficulties evaluating digital goods. In Harbour v. Farquhar, the plaintiff alleged that defendants violated the Lanham Act “by licensing [plaintiffs’] digitalized musical compositions to various television and film producers and falsely representing that [defendants] had provided the musical services, composed the music, and produced the digital goods.” The court ultimately rejected the claim, concluding that the “goods” at issue were the completed television programs, or the products offered for sale to the public. [Plaintiffs’] musical compositions were ‘idea[s], concept[s], or communication[s] embodied within those goods.’ That conclusion was odd in that the defendants weren’t selling completed television programs, so the indication of the origin of the programs wasn’t at issue in the case. The claims related to defendants’ designation of the origin of the musical compositions offered to third parties for use in television programs and films. The compositions may not have been tangible goods, and the indication of their “origin” may have referred only to the origin of the creative content, but it was those compositions that should have been the court’s focus. Compounding that erroneous focus, the court entirely missed the significance of Dastar, making no effort to evaluate whether completed television shows were in any meaningful sense “tangible” simply because they were offered to the public.

Perhaps the best illustrations of the challenges of digital goods are the hundreds of cases filed by Slep–Tone Entertainment (now Phoenix

92 Id. In most circuits, these kinds of cases would be resolved under Rogers v. Grimaldi, 875 F.2d 994 (2d Cir. 1989), which held that use of a mark in the title of an expressive work (like a movie) is insulated from liability unless it has “no artistic relevance” to the underlying work or it “explicitly misleads as to the source or the content of the work.” Id. at 999; see also, e.g., Brown v. Elec. Arts, Inc., 724 F.3d 1235, 1245–46 (9th Cir. 2013) (applying Rogers and rejecting Jim Brown’s Lanham Act claim against video game that included his likeness); Univ. of Ala. Bd. of Trs. v. New Life Art, Inc., 683 F.3d 1266, 1269 (11th Cir. 2012) (alleging a violation based on the depiction of university football team logos and uniforms in oil paintings); E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc., 547 F.3d 1095, 1097 (9th Cir. 2008) (claiming a violation based on imitation of logo and building décor in video game). Despite the Rogers test’s concern with the First Amendment implications of allowing claims against uses of marks in expressive works, the Seventh Circuit steadfastly refuses to engage Rogers because of that case’s constitutional footing. See Eastland Music Gp., 707 F.3d at 871 (“Nor need we decide whether to follow Rogers v. Grimaldi . . . . Rogers treated that doctrine as an application of the first amendment rather than the Lanham Act, and courts should avoid unnecessary constitutional adjudication.”). For an argument against treating expressive use cases as ordinary likelihood of confusion cases, see William McGeveran & Mark P. McKenna, Confusion Isn’t Everything, 89 Notre Dame L. Rev. 253 (2013).

93 Harbour v. Farquhar, 245 F. App’x 582, 582–83 (9th Cir. 2007) (mem.).

94 Id. at 583 (alterations in original) (quoting Dastar, 539 U.S. at 37).

95 Full disclosure: one of us (McKenna) was the lead author on amicus briefs in two cases involving Slep–Tone, both of which argued against Slep–Tone’s position. Brief of Amici Curiae Intellectual Property Law Professors in Support of Appellees, Phx. Entm’t
Entertainment) and other purported owners of karaoke tracks. Slep–Tone produces audiovisual karaoke tracks under its Sound Choice mark. These tracks set music to an audiovisual display that scrolls through the lyrics of the song and other background visual content. Slep–Tone’s tracks display the Sound Choice trademark at the beginning and end of each track, and Slep–Tone sued various bars and restaurants that it alleged were using counterfeit Sound Choice karaoke tracks. In some cases, Slep–Tone alleged that the bars and restaurants had illegally downloaded the tracks or copied them from authorized physical copies (DVDs) owned by third parties. In other cases, Slep–Tone complained that the bars and restaurants had violated Slep–Tone’s space-shifting policies by making additional, unauthorized copies of tracks from legitimately purchased DVDs and transferring them to playback machines.

These kinds of allegations, if true, obviously make for straightforward cases of copyright infringement (setting aside any sort of fair use argument regarding space-shifting). But prior to its recent loss in the Seventh Circuit, Slep–Tone had never alleged copyright infringement in any of its complaints. It had instead only asserted trademark infringement claims, alleging that the use of the Sound Choice mark within the unauthorized karaoke tracks falsely represented the origin of the tracks, and that reproduction of the visual layout of the tracks infringed their trade dress in the layout.

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96 See Sybersound Records, Inc. v. UAV Corp., 517 F.3d 1137, 1143–44, 1146 (9th Cir. 2008) (relying on Dastar to dismiss Lanham Act claim where the plaintiff, which did not have standing to sue for copyright infringement, alleged that the defendant was misrepresenting the licensing status of karaoke tracks, and that such status was “part of the nature, characteristics, or qualities of the karaoke products,” and holding that “the nature, characteristics, and qualities of karaoke recordings under the Lanham Act are more properly construed to mean characteristics of the good itself, such as the original song and artist of the karaoke recording, and the quality of its audio and visual effects”).

97 Rumsey, 829 F.3d at 819.

98 Id. at 820.

99 See, e.g., Slep–Tone Entm’t Corp. v. Sellis Enters., Inc., 87 F. Supp. 3d 897 (N.D. Ill. 2015) (asserting false designation of origin claim against bar owner that contracted with karaoke operators that used unauthorized duplicate tracks in which the Sound Choice mark was displayed).

100 See, e.g., Rumsey, 829 F.3d at 821.

101 Id. at 831.

In early versions of these cases, Slep–Tone straightforwardly based its claims on allegations of confusion regarding authorship of the tracks. Specifically, Slep–Tone claimed that consumers would wrongly believe that Slep–Tone was the author of the content of the tracks, which it says it was not because the defendants’ copies were unauthorized. Those claims are quite plainly barred by Dastar, as they flatly allege confusion regarding the origin of intangible creative content. Put simply, even if Slep–Tone were right that consumers are likely to be confused about who created the content of the karaoke tracks (and query whether they would be, since of course these were reproductions of the Sound Choice tracks and therefore consisted of the same content), that kind of confusion is irrelevant for Lanham Act purposes.

Nevertheless, district courts were sometimes persuaded by Slep–Tone’s claims because they could identify the copies of the karaoke tracks as new “goods.” In Slep–Tone v. Sellis, for example, the court held that Slep–Tone’s claims were not barred by Dastar because “[t]he media and format shifting operate[d] as an independent creation event, placing a new ‘good’ in the marketplace.” According to the court, taking a Slep–Tone CD and copying the tracks onto another CD would create a new good, and one that Slep–Tone did not create.

The same was true in Dastar; just as making an exact copy of Fox’s Crusade series would have made Dastar the originator of a new tangible product sold in the marketplace, the media-shifter making an exact copy of Slep–Tone’s tracks is the originator of a new tangible product in the marketplace.

As a result, the court held, even if the media-shifted tracks were identical to the original tracks, “[b]ecause the producer of the new good (karaoke jockeys) and the markholder of the mark on the goods (Slep–Tone) [did]

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824 (“We are told [Slep–Tone] does not [own the copyright].”). Since these tracks quite obviously are derivative works, however, their creators would ordinarily own the copyrights to the extent they have made lawful use of the underlying works. That raises the possibility that Slep–Tone has made unauthorized use of the underlying musical works, as has been implied in some of the cases.

103 See, e.g., Slep–Tone Entm’t Corp. v. Karaoke Kandy Store, Inc., No. 1:10CV 00990, 2011 WL 5105803, at *3 (N.D. Ohio Oct. 26, 2011) (“Slep–Tone argues that [display of its mark in the karaoke performance] falsely leads the participants . . . to believe that the recordings are being used with the authorization of Slep–Tone.”), rev’d, 517 F. App’x 339 (6th Cir. 2013); Brief of Appellant at 20, Slep–Tone Entm’t Corp. v. Canton Phx. Inc., No. 14-36018 (9th Cir. 2015) (complaining about “defendants’ presentation of counterfeit copyrightable content, with trademarks that attribute such [content] to Slep–Tone”); id. at 20–21 (“Canton also included Slep–Tone’s registered marks and presented those marks in association with the ‘intangible expression.’”).

104 See Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23, 37 (2003).

105 Sellis, 87 F. Supp. 3d at 905.

106 Id.

107 Id. (citation omitted) (citing Dastar, 539 U.S. at 36).
not match, the alleged use of SlepTone’s mark on the copied tracks [was] a false designation of origin covered by the Lanham Act.” 108

Of course, since Dastar itself involved new goods (Dastar’s new videotapes), one would think recognition of a new good would be the beginning of the analysis, not its conclusion. Even if the media-shifted tracks constituted new goods, the important issue is whether consumers are likely to be confused about the origin of those tracks as such. But the Sellis court did not engage that question, instead simply treating the use of the Sound Choice mark within the content of the tracks as a false designation of the origin of the digital track.

Even when courts have rejected Slep–Tone’s claims, they often have misunderstood the relevant goods at issue. In Slep–Tone v. Canton Phoenix,109 for example, the court rejected Slep–Tone’s claim on the ground that Canton did not create a new good when it transferred the karaoke tracks. According to the court, the relevant “goods” were the karaoke tracks themselves, and Slep–Tone had not alleged that the transfer somehow affected the quality of the audio recording or visual display.110 The court then contemplated two ways in which Slep–Tone might have had a legitimate claim. First,

[i]f transferring the karaoke tracks to the hard drive degraded their quality in some way, the tracks would no longer [have been] in their original and unadulterated forms as produced by Slep–Tone, and yet they still would have carried Slep–Tone’s [sic] registered mark as if they were original goods. This type of confusion as to the quality of the goods normally produced and sold by Slep–Tone would be an actionable trademark claim.111

And second, “if Canton had recorded or obtained additional karaoke tracks and added them to its hard drive and affixed the Sound Choice mark to them, that too would have created an actionable trademark violation.” 112

The court did not consider with respect to either of those claims, however, how the identified conduct would have caused material confusion about the origin of any tangible goods. Even if Canton’s transferral of the files to its hard drive degraded their quality, the only indication of the origin of the digital files still would have been the Sound Choice mark within the content of the karaoke track. It is entirely unclear why that use would indicate anything to consumers about the origin of the file as such, or why, even if it did, that internal use should be relevant. Nor is it clear why adding additional karaoke tracks would change anything about indication of the origin of the tangible file.

Over time, Slep–Tone developed a more sophisticated version of the argument the Sellis court accepted. Particularly in cases involving copies of the karaoke tracks on users’ hard drives, rather than copies shifted onto new

108 Id.
110 Id. at *2.
111 Id.
112 Id. at *3.
CDs, Slep–Tone argued that the digital files in which the bars and restaurants reproduced the karaoke tracks were tangible goods, and the unauthorized reproduction of Slep–Tone’s Sound Choice mark within those tracks would cause confusion. As the Seventh Circuit summarized the claim in its recent *Phoenix Entertainment Partners, LLC v. Rumsey* decision:

Slep–Tone’s theory of the case proceeds as follows. When a person, without authorization from Slep–Tone, copies a Sound Choice karaoke track onto a different medium (a computer hard drive, for example) from the original CD+G or MP3+G medium distributed by Slep–Tone, that person creates a new good that is distinct from Slep–Tone’s product. But the copy, when played, will still display both the registered Sound Choice marks along with each of the other elements of the trade dress we have described. Thus, when an unauthorized copy is played at The Basket Case, patrons of the pub will think that the copy is a genuine Sound Choice track that was manufactured by Slep–Tone and purchased by or otherwise licensed to the defendants. In fact, however, it is not a Sound Choice product, but rather is being passed off as such by the defendants.113

That argument has a sort of “one from column A and one from column B” character. There is some confusion (column A), and there are tangible objects (column B), therefore a claim under the Lanham Act is appropriate.114 The difficulty, of course, is the lack of connection between any such confusion and the tangibility of the files. Slep–Tone did not seriously allege that consumers were confused about the origin of the digital files as such. And for good reason—the bars and restaurants in those cases were not selling or otherwise distributing the digital files but were instead simply allowing customers to play the files back from the machines in the bars. Indeed, the users likely had no idea whether the tracks were playing from a DVD or a digital file, or streaming from YouTube.

This is an issue that the Supreme Court didn’t have to confront in *Dastar*, since the Court clearly was imagining a world in which creative works were distributed in tangible form. But it’s worth noting that, in fact, Dastar produced tangible goods (the videotapes), and the Court accepted that the external labeling of those physical videotapes was the only indication of origin that mattered.115 In other words, the Court didn’t even contemplate inferring anything about the origin of the tangible goods from the intangible content of those goods.

We think that reveals something important about the scope of *Dastar*, namely that tangibility is a necessary but not sufficient condition. Not all uses in relation to tangible goods survive *Dastar*; courts need to focus on whether the alleged confusion relates specifically to the origin of the goods as physical objects. In other words, courts will need to determine whether the “tangible”

113 *Phx. Entm’t Partners, LLC v. Rumsey*, 829 F.3d 817, 823 (7th Cir. 2016).
114 We thank Rebecca Tushnet for suggesting this characterization.
115 See *supra* Section I.A.
objects are material to consumers. This is true even though much expressive material is conveyed in physical form, and so strategic plaintiffs might often claim that their case is about the source of irrelevant physical goods.

The requirement that the tangibility of the digital file be material to consumers is important, as a number of the cases that have struggled with *Dastar* have gone astray precisely because they have treated the existence of a new digital file in a highly formalistic way, without considering whether any potential confusion would relate to the origin of those goods. Cases like *Sellis*, for example, miss the mark because they fixate on the existence of a physical good without making an effort to determine how the origin of that good was indicated or whether consumers would ever interact with the physical good. The Seventh Circuit clearly understood this when it decided *Phoenix Entertainment Partners, LLC v. Rumsey*:

A consumer of karaoke services like a patron of The Basket Case never sees a disc that is wrapped in Slep–Tone or Sound Choice packaging. He never sees a website offering downloads of Sound Choice tracks. As we have said, the defendants’ patrons are not direct purchasers of karaoke tracks. They simply see and hear the karaoke tracks that The Basket Case plays for them. They have no interaction with the medium from which the tracks are played, in the way that a karaoke jockey might. Any confusion, in short, is not about the source of the tangible good sold in the marketplace, as *Dastar* requires.

And that understanding is spreading. In its more recent decision in *Slep–Tone Entertainment Corp. v. Wired for Sound Karaoke & Dj Services, LLC*, the Ninth Circuit similarly rejected Slep–Tone’s argument that consumers would be confused about the origin of the digital files because of their content:

We agree with the Seventh Circuit, which held, in addressing a similar claim by this very Plaintiff against another karaoke operator, that “the ‘good’

116 For arguments in favor of materiality playing a more important role generally in trademark law, see Lemley & McKenna, supra note 32; Rebecca Tushnet, *Running the Gamut From A to B: Federal Trademark and False Advertising Law*, 159 U. Pa. L. Rev. 1305 (2011).

117 Formalism as to tangible computer memory could extend even further. That is, the files qua files are not tangible; they are information. The information is stored on a tangible object (CD, memory stick, or other computer memory). Taking the formalistic approach to its extreme would result in asking about the source of the storage medium—the company that produced, or at least stands behind, the (blank) thumb drive, hard drive, or CD, which in most of the cases we are discussing is irrelevant. *Cf. Capitol Records, LLC v. ReDigi Inc.*, 934 F. Supp. 2d 640 (S.D.N.Y. 2013) (holding that “phonorecords” under the Copyright Act referred only to a physical medium on which a file is stored, and that the only way a lawfully purchased iTunes file could be lawfully transferred to another is by physically transferring the consumer’s hard disk). In most Internet file “transfers,” the medium is not transferred; rather, a copy of the information contained in the file is transferred to the recipient’s storage medium.

118 *Rumsey*, 829 F.3d at 829.

119 845 F.3d 1246 (9th Cir. 2017) (per curiam).
whose ‘origin’ is material for purposes of a trademark infringement claim is the ‘tangible product sold in the marketplace’ rather than the creative content of that product.” Karaoke patrons who see Defendants’ performances of Plaintiff’s karaoke tracks will not be confused about “the source of the tangible good sold in the marketplace.” Consumers are not aware of the new, media-shifted digital files about which Plaintiff asserts confusion.120

Importantly, even in cases in which digital files might count as relevant goods, Dastar precludes arguments that the origin of copies of creative works can be inferred from their intangible content. Recall here that Dastar created physical copies of its videos.121 The Court nevertheless implicitly refused to infer from the creative content anything about the origin of those physical copies when it concluded that Dastar had correctly identified the origin of its videos by marking the physical copies with its own name. Dastar thus precludes arguments that confusion about the origin of tangible copies of works will be caused by the content of the works fixed in those files.122 To be cognizable, a claim must assert likely confusion attributable to a designation external to the file itself.123

If it were otherwise, creative plaintiffs could always avoid Dastar simply by embedding their marks within a creative work. Disney could prevent others from selling copies of Steamboat Willie even after its copyright expired by arguing that, because Mickey Mouse is in the movie and is Disney’s trademark, consumers will be confused about the source of physical copies of the movie. Absent a rule prohibiting arguments based on the content of a work, that claim would survive Dastar because it is nominally focused on the source of physical goods, even though in reality it amounts to an assertion that consumers will think Disney authorized the reproduction of the content. This would create precisely the sort of “mutant copyright law” the Supreme Court rejected.124 As the Seventh Circuit said, rejecting Slep–Tone’s argument

120 Id. at 1250 (emphasis added) (citations omitted) (quoting Rumsey, 829 F.3d at 828, 829).
121 Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23, 27 (2003).
122 The Wired for Sound court came close to grasping this point when it stated that “Defendants make allegedly unauthorized use of the content of Plaintiff’s karaoke tracks, which Dastar precludes as a trademark claim.” Wired for Sound, 845 F.3d at 1250. The court implied, however, that its holding might be limited to situations in which the defendant is not selling the digital file. See id. We agree that the case for applying Dastar is clearest when the defendant does not sell the files, but we believe Dastar’s rule is more general. Indeed, Dastar itself involved the sale of a good containing the plaintiff’s content.
123 Several recent decisions have understood that, if the plaintiff’s only claim of confusion comes from the reproduction of the expressive content of a work, then Dastar ought to apply, because origin cannot be inferred from the content alone. See, e.g., Pulse Entmt Corp. v. David, No. CV 14-4732 (C.D. Cal. Sept. 17, 2014) (holding that Dastar barred false designation of origin claim based on explicit misattribution of hologram to wrong creator; hologram was creative work like a cartoon); Masck v. Sports Illustrated, 5 F. Supp. 3d 881 (E.D. Mich. 2014) (holding that Dastar barred a false designation of origin claim based on copying of photos).
124 Dastar, 539 U.S. at 34.
that confusion would result from playback of karaoke tracks in which their marks were embedded:

That the Sound Choice mark is embedded in the creative content of the karaoke track and is visible to the public whenever the track is played does not falsely suggest that Slep–Tone is endorsing the performance, as the plaintiffs have alleged. The producers of communicative goods often embed their marks not only on the packaging of the good but in its content. . . . [A] movie theater may freely exhibit a copy of Universal Studios’ 1925 silent film, *The Phantom of the Opera*, which is now in the public domain, without fear of committing trademark infringement simply because Universal’s registered trademark will be displayed when the film is played.125

We think consumers will rarely be materially confused about the origin of a digital file, but we recognize that such confusion is possible in some circumstances. Indeed, we can imagine situations in which the origin of a particular copy would be important to consumers. Take, for example, a website through which users can download Microsoft Word. Undoubtedly consumers value the content of the Microsoft Word executable file, and the Microsoft trademark gives them information about the origin of that content. But it also seems quite likely to us that consumers would care about the origin of the particular downloadable file, precisely because they would want assurance that their downloaded software would work properly. Thus, use of a mark to designate the origin of executable files might well meet our standard. That use would, however, have to be “external” to the file—meaning it would not be enough that Microsoft trademarks are embedded within the downloadable software file.

C. The Future of Dastar in the Digital Era

The focus on tangibility and materiality has important implications for digital uses that will proliferate with the distribution of digital files involved in 3D printing and other technologies.

Tangibility dictates that the proper inquiry must be whether consumers are likely to be confused about the source of some tangible good sold by the defendant, not the good depicted within the creative content. Consumers who download a digital file that allows them to print their own Louis Vuitton handbags would need to be confused not about the origin of the design of the handbags, but about the *origin of the digital file itself*. And any confusion about the source of the digital file would have to be traceable to something other than the content of that file—confusion regarding the source of a digital file containing a digital model of a Louis Vuitton handbag cannot be caused by the appearance of Louis Vuitton marks within the digital model.

Consider the usage complained of in the *BMW v. TurboSquid* case: TurboSquid used a computer program to create a digital model of a BMW car, which included, in digital form, the same marks as would appear on a

“real” BMW car. Although TurboSquid removed its files depicting BMW models in response to the litigation, a similar file of a model of a Tesla car is depicted below:126

**FIGURE 4**

On our reading, *Dastar* requires courts to confront uses like this by asking what consumers who encounter the Tesla marks on TurboSquid’s website believe those marks signify. Do they signify the origin of the content of the digital file—that is, the design of a Tesla car—or the origin of the digital file itself? We think it is very unlikely that consumers would regard the use of the Tesla marks within the content of the file as indications of the origin of the digital file, even if they suggest the origin of the content or idea embodied in the computer model. The file contains a rendering of a Tesla car—a real product that can be found in the physical world and cannot be realistically represented without the use of Tesla’s trademarks.

But this is not ultimately an empirical question, for even if consumers were likely to think that usage within the content indicated something about the origin of the file itself, any resulting confusion would be irrelevant under *Dastar*.127 Only indicia external to the file should be considered in evaluating potential confusion. That’s important, because visitors to the TurboSquid website encounter a number of external indications of the origin of the files on the site. Most obviously, the website prominently displays the TurboSquid mark. Visitors who spend more than a moment on the website also quickly learn that the site hosts thousands of files depicting a wide variety

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127 For this reason, it would not matter whether the digital image in the TurboSquid listing above included a different company’s trademark or even whether the image depicted a Tesla logo on a vehicle the design of which was a product of the creator’s imagination (rather than realistically representing a vehicle designed and sold by Tesla).
of branded goods, and that the site touts TurboSquid’s and its contributors’ ability to create quality digital models. That context makes clear that TurboSquid (or its community of contributors) is the origin (creator) of the files on the site.128

A visitor who clicks on the particular image of the Tesla also sees (near the top right in the image above) a description of the model and the name of the party that created the model. Of all the indicia that identify the creator of the file, the words “by HKV Studios” are the clearest.129 Coupled with the creator’s name are the words “2014 Tesla Model S.” Although that use of the Tesla name is external to the digital model, it is a clear example of nominative fair use.130 The only simple way to direct a visitor to a model of a 2014 Tesla Model S car is to label it as such.131

Finally, the TurboSquid site includes a clear disclaimer (the text on the right below the creator’s name; there is a second disclaimer if one scrolls down the webpage). Given our analysis above, we do not believe a disclaimer is needed. Nevertheless, a disclaimer can further dispel any potential confusion, particularly in the context of a nominative use.132

128 Some websites, like peer-to-peer networks such as thepiratebay.org, tout their ability to flaunt intellectual property law and would even further indicate that files found therein are not created or endorsed by a brand owner.

129 If one scrolls down the screen on TurboSquid’s website, there is a prominent section denoting the “artist” that reads something like “HKV Studios; TurboSquid Member Since October 2005; Currently sells 277 products.” See supra note 126.

130 Nominative fair use refers to a party’s use of another’s trademark in a manner that is necessary to describe the party’s own product or service. See, e.g., Toyota Motor Sales, U.S.A., Inc. v. Tabari, 610 F.3d 1171, 1175 (9th Cir. 2010) (“The Tabaris are using the term Lexus to describe their business of brokering Lexus automobiles; when they say Lexus, they mean Lexus. We’ve long held that such use of the trademark is a fair use, namely nominative fair use. And fair use is, by definition, not infringement.”).


With many well-known trademarks, such as Jell-O, Scotch tape and Kleenex, there are equally informative non-trademark words describing the products (gelatin, cellophane tape and facial tissue). But sometimes there is no descriptive substitute, and a problem closely related to genericity and descriptiveness is presented when many goods and services are effectively identifiable only by their trademarks. For example, one might refer to “the two-time world champions” or “the professional basketball team from Chicago,” but it’s far simpler (and more likely to be understood) to refer to the Chicago Bulls. In such cases, use of the trademark does not imply sponsorship or endorsement of the product because the mark is used only to describe the thing, rather than to identify its source.

Id.

132 See Tabari, 610 F.3d at 1177 (noting that the inclusion of words like “independent” “will usually negate any hint of sponsorship or endorsement”); see also Volkswagen Aktiengesellschaft v. Church, 411 F.2d 350, 351–52 (9th Cir. 1969) (emphasizing the defendant’s “prominent use of the word ‘Independent’ whenever the terms ‘Volkswagen’ or ‘VW’ appeared in his advertising” of his “Modern Volkswagen Porsche Service” auto repair business, which specialized in repairs of VW and Porsche vehicles).
With many other digital files, the context will likewise make clear that the files—be they software programs, 3D printable CAD files, or others—originate from someone other than the owner of the trademarks appearing within the file.\footnote{133} What makes the case of 3D printable files more challenging is that those files can be used to print physical goods. Obviously a nonconfused transferee of such a file who merely prints the trademarked item for personal use is not infringing, since she has not used the mark in commerce.\footnote{134} But the possibility that the 3D printable file might be used to create a tangible good raises the prospect of a post-sale confusion claim based on the theory that, even if the consumers of the digital files would not be confused about the origin of the 3D printed bags, third parties who viewed those bags in use would be confused.\footnote{135}

The post-sale confusion doctrine is controversial, not least because claims of post-sale confusion often really do not depend on confusion at

\footnote{133} Discussion of consumer expectations regarding digital content calls to mind the Supreme Court’s \textit{Wal-Mart} decision, where the Court suggested that consumers generally did not expect product design features to indicate source. See Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 213 (2000).

\footnote{134} See Cognotech Servs. Ltd. v. Morgan Guar. Tr. Co. of N.Y., 862 F. Supp. 45, 51 (S.D.N.Y. 1994) (‘Cognotech has failed to allege that any of the infringing materials were disseminated ‘in commerce.’ Indeed, the amended complaint makes clear that Morgan developed a program to use internally for its currency customers. In other words, Morgan’s program is not disseminated ‘in commerce’ as is required by a § 43(a) claim.’) (citation omitted) (citing Licata & Co. v. Goldberg, 812 F. Supp. 403, 409 (S.D.N.Y. 1993)); Obolensky v. G.P. Putnam’s Sons, 628 F. Supp. 1552, 1556 (S.D.N.Y. 1986), aff’d, 795 F.2d 1005 (2d Cir. 1986) (holding that, even assuming defendant publisher’s book catalogs falsely indicated that plaintiff’s book had been published by defendant, there could be no liability under section 43(a) where defendant did not publish or ship the book because the goods did not enter into commerce); Osborn, supra note 15, at 583 n.190. Even if such private use could be considered use in commerce, it’s difficult to imagine it would be in \textit{interstate} commerce. See Hunn v. Dan Wilson Homes, Inc., 789 F.3d 573, 588 (5th Cir. 2015), \textit{cert. denied}, 136 S. Ct. 592 (2015) (mem.) (holding that there can be no false designation of origin claim where plaintiff’s actions (submitting allegedly misleading architectural plans to city) were entirely local and thus did not meet the requirement “that the allegedly false designation enter into and/or have an effect on interstate commerce” (citing King v. Ames, 179 F.3d 370, 373–74 (5th Cir. 1999))).

all. The Supreme Court has never endorsed the doctrine, and it has many detractors. But whatever the merits of post-sale confusion with respect to sales of physical goods, it has limited, if any, application in the context of digital files. For one thing, purchasers of TurboSquid’s digital model of the BMW car will likely use that file in a video game or other audiovisual work. That ultimate use is very unlikely to be deemed infringing, either because the claim is barred under Dastar (since confusion would be based on the content of an expressive work), or because it is insulated from liability under Rogers v. Grimaldi.

But even in the context of 3D printed goods like handbags, we think post-sale confusion is inapplicable. First, the post-sale confusion cases uniformly involve an initial sale of tangible goods. The focus in these cases is on downstream viewers of those tangible goods rather than their initial purchasers, but the alleged confusion, insofar as it exists, relates to the origin of that same tangible good originally sold by the party accused of infringement. Things are different with respect to digital files, since the creator or disseminator of the file does not sell the good that ultimately causes the confusion; in most cases the downstream product is not the file purchased from TurboSquid, but a copy of that file. In TurboSquid’s case, any potential (though unlikely) confusion would result from third-party use of the (copied) content, and not from consumer interaction with the digital file sold by TurboSquid. TurboSquid’s use should therefore not be actionable on post-sale confusion grounds, or post-sale confusion would simply become a backdoor means of circumventing Dastar.

To see why this is so, suppose we buy a knock-off handbag at a flea market, or we find instructions for how to make a knock-off handbag. If we use that bag or those instructions as the basis to make ten more identical handbags and then sell those copies, the flea market operator cannot be liable as a direct infringer for the ten handbags we create. At most, the trademark owner would have a claim against the flea market operator for indirect infringement, which is applicable in trademark law when a party “intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trade-

136 See Mark P. McKenna, A Consumer Decision-Making Theory of Trademark Law, 98 Va. L. Rev. 67, 104 (2012) (“It is pretty obvious to anyone who reads these cases fairly that they are not really motivated by concern about the impact of confusion on observers of the defendant’s goods. They are instead clearly intended to preserve for the mark owner the prestige value of the mark irrespective of confusion.” (footnote omitted)); see also Jeremy N. Sheff, Veblen Brands, 96 Minn. L. Rev. 769, 783 (2012) (suggesting that, in post-sale confusion cases, the “chain of events culminating in a trademark injury appears to be assumed sub silentio”).

137 See, e.g., Sheff, supra note 136, at 776 (proposing that the “post-sale confusion doctrine should be discarded entirely”). Some courts have applied the doctrine with an apparent lack of enthusiasm. See, e.g., Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP, 429 F.3d 539, 549, 552 (6th Cir. 2005) (rejecting plaintiff’s post-sale confusion argument because the accused’s guitars were not “clearly inferior” to the plaintiff’s).

138 875 F.2d 994 (2d Cir. 1989).
mark infringement.” 139 Similarly, in the case of 3D printed goods, the printed item should not qualify for post-sale confusion because it is not the same thing as the digital file purchased from sites like TurboSquid. 140

The recipient of a CAD file could, of course, be directly liable for trademark infringement if she printed multiple tangible copies and sold those copies bearing their accompanying trademarks. Likewise, a party could be secondarily liable if it intentionally transferred or facilitated the transfer of a CAD file knowing or having reason to know that the particular transferee would use the file in an infringing way. 141 But the ordinary distribution of digital files should not itself subject the seller to trademark liability. And unlike with 3D printable files, downstream uses of digital files in audiovisual works are themselves unlikely to be infringing creative uses. As a result, even secondary liability seems unlikely in those cases. 142

II. Conceptual Challenges

As our discussion of these doctrinal challenges suggests, digitization raises profound questions about the meaning of source indication and the role of trademark law. First, digitization calls into question the conventional understanding of trademarks as providing information about the characteristics of the goods with which they are used so that consumers can affix responsibility for the quality of those goods. That understanding is premised on the assumption that the mark owner actually produces, or at least stands behind the production of, the goods with which consumers ultimately interact. Digitization challenges that assumption because it holds the possibility of radically separating the design of products from their production. That separation casts substantial doubt on trademark law’s role, particularly vis-à-vis other forms of IP protection.

139 Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 854 (1982). Inwood’s knowledge requirement is particularized; general or probabilistic knowledge that some unidentified parties are infringing is not enough. See Tiffany (N.J) Inc. v. eBay Inc., 600 F.3d 93, 107 (2d Cir. 2010).

140 Other commentators have discussed 3D printing technology’s effects on post-sale confusion, but they have not recognized the fundamental incongruity of the doctrine as applied to digital files that have been sold and then subsequently used to make physical goods. See, e.g., James Grace, Note, The End of Post-Sale Confusion: How Consumer 3D Printing Will Diminish the Function of Trademarks, 28 HARV. J.L. & TECH. 263, 275–81 (2014) (discussing how 3D printing changes consumer perception of source and its effects on post-sale confusion, but not discussing the fact that a 3D printing product is distinct from the digital file).

141 On the requirement of particularity of the knowledge requirement, see Mark P. McKenna, Probabilistic Knowledge of Third-Party Trademark Infringement, 2011 STAN. TECH. L. REV. 10.

142 An important issue is whether Inwood applies to an intermediary who merely facilitates other parties’ exchanges. See Tiffany, 600 F.3d at 107–10 (applying Inwood where the intermediary had “more than a general knowledge or reason to know that its service is being used to sell counterfeit goods” and instead had “contemporary knowledge of” (or willful blindness to) specific acts that “are infringing or will infringe in the future”).
Second, digitization profoundly disrupts trademark law’s traditional orientation toward physical goods, putting ever more pressure on the already unstable distinction between goods and services. That has potentially significant doctrinal consequences, since *Dastar* quite notably did not address services.\(^{145}\) It also threatens broader destabilization of the boundaries of trademark law’s domain.

A. When Are Intangibles “Goods”?

Trademark law’s deep structure is oriented toward physical goods. That orientation undoubtedly owes much to trademark law’s origins, and the particular problem of attributing ownership of, or responsibility for, a physical good separated from its owner or producer.\(^{144}\) “Use of marks to indicate ownership of goods was particularly important for owners whose goods moved in transit, as those marks often allowed owners to claim goods that were lost. Producers relied on identifying marks, for example, to demonstrate ownership of goods recovered at sea.”\(^{145}\) Marks were also critical “to the operation of the guild system in medieval England,” as guilds “required their members to affix distinguishing marks to their products” so that they could identify goods as originating with a guild member “to restrict membership and . . . punish members” producing substandard products.\(^{146}\)

Though trademark law developed over time to focus on individual producer goodwill rather than the collective goodwill of guilds,\(^{147}\) it retained a strong sense that marks were not protected as such, but only when used to denote the source of tangible goods sold in the marketplace. As Francis Upton described the traditional understanding in his classic treatise, a trademark “is not the abstract right to the exclusive use of a certain name, letters, mark, device or symbols, which can be acquired and possessed. It is such use

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143 See generally *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003).
145 Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 Notre Dame L. Rev. 1839, 1849 (2007) (citing Schechter, *supra* note 144, at 26–31); see also id. at 1849 n.25 (“Owners also carved identifying marks into the beaks of swans they were allowed to own by royal privilege.” (citing Schechter, *supra* note 144, at 35–37)).
146 Id. at 1850; see also Schechter, *supra* note 144, at 38–63; Diamond, *supra* note 144, at 273–77.
147 Thus, according to Francis Upton, the fundamental policy of trademark law was “to protect the manufacturer, who by his skill and industry, has produced an article of merchandise, that has found favor with the public, and which he has designated by a particular name or mark.” Francis H. Upton, *A Treatise on the Law of Trade Marks* 22–23 (Albany, W.C. Little 1860). Someone other than the manufacturer could use the mark, but only with permission of the manufacturer. Id. at 23 (“It is not doubted that the merchant, who imports and sells the article, may acquire the right, and be alike entitled to protection—but he must acquire it by virtue of his relationship to the manufacturer, which has vested in him an exclusive right to sell.”).
only, in connection with, and as a designation of, the particular property to which it is affixed.”

A number of traditional features of trademark law followed from (or were a reflection of) this conception of marks as attached to physical goods. Most obvious was the centrality of affixation as a defining characteristic of a trademark. The affixation requirement was not only a formal requirement of registration, it substantively reflected the fundamental understanding of trademarks as being separate from, and applied to, the goods they designated. Because of the affixation requirement, trademark law long refused to recognize service marks. Indeed, courts didn’t settle on the appropriate test for evaluating service marks until decades after the Lanham Act was passed.

This conception of trademarks as indications of the origin of physical goods was also ingrained in trademark law’s long refusal to accept licensing or assignment of a mark. Under traditional rules, a party could not assign or license a trademark unless it also transferred the related business. It could not because trademarks indicated the actual origin of manufacture of goods, and when disassociated from that actual, historical origin, use of the mark was essentially fraudulent.

148 Id. at 22.
150 Uncertainty about protection for services persisted into the Lanham Act era. See Walter J. Derenberg, The Lanham Trade-Mark Act of 1946: Practical Effects and Experiences After One Year’s Administration, 38 TRADEMARK REP. 831, 841–45 (1948) (noting that, of the approximately 1300 service mark applications submitted by mid-1948, only ten were actually granted registration).
151 See In re Universal Oil Prods. Co., 476 F.2d 653, 655 (C.C.P.A. 1973) (rejecting the argument that service mark registration was “set up ‘not for services alone, but for intangible things’” and requiring evidence of “direct association” between the claimed service mark and the offering of services for others).
153 See, e.g., Chadwick v. Covell, 23 N.E. 1068, 1068–69 (Mass. 1890) (refusing plaintiff’s attempt to enjoin a defendant from using the same name on the ground that, although plaintiff purportedly received a gift of one of Dr. Spencer’s recipes and trademarks for medicines, she made the medicine with her own ingredients, tools, plant, and contrivances and did not succeed to Dr. Spencer’s manufactory or plant).
This is not to say that trademark law has never accommodated a broader view—few of the rules we’ve discussed were absolute,\textsuperscript{154} and modern law has assimilated service marks and developed a much more liberal view of assignment and licensing. And one can understand why. Consumers sometimes get valuable information from designations of intangibles, and in those situations, use of the same mark by multiple parties threatens genuine trademark harm to the mark owner. But the general focus on indications of physical goods sensibly distinguishes trademarks from the subject matter of copyright, which is the conceptual mirror image: copyright attaches to the intangible work of authorship, not to the tangible copy in which it is fixed.\textsuperscript{155} Indeed, copyright’s distinction between the intangible work and the tangible object is the basis for the first sale doctrine, which allows the owners of tangible copies of works to sell or otherwise dispose of those copies without infringing the copyright.\textsuperscript{156}

These conceptual boundaries are blurred when trademark law extends to designations of the intangible, just as the boundaries between trademark and utility and design patent are blurred when trademark reaches product design. And of course, trademark law has long struggled with the question of whether the design of a product itself can serve as a trademark.\textsuperscript{157} For many years courts refused to recognize product design in part because a trademark was, by definition, something \textit{separate} from the goods. As the court said in \textit{Davis v. Davis}, “A trade-mark is some arbitrary or representative device attached to or sold with merchandise and serving to designate the origin or manufacture of that merchandise. I do not think that the merchandise itself, or any method of arranging the various packages, can be registered as a trade-mark.”\textsuperscript{158} Indeed, courts generally did not even recognize product

\textsuperscript{154} \textit{See, e.g.}, Lone Ranger, Inc. v. Currey, 79 F. Supp. 190 (M.D. Pa. 1948) (enjoining a travelling performer not only from using the Lone Ranger name, but also from using the appearance of the Lone Ranger); \textit{see also} Lone Ranger, Inc. v. Cox, 124 F.2d 650 (4th Cir. 1942); Clemens v. Belford, Clark & Co., 14 F. 728 (C.C.N.D. Ill. 1883) (holding that Belford’s unauthorized reprinting of Mark Twain’s book did not infringe on the trademark “Mark Twain”).

\textsuperscript{155} 17 U.S.C. § 102 (2012) (“Copyright protection subsists . . . in original works of authorship fixed in any tangible medium of expression . . . .”).

\textsuperscript{156} Id. § 109 (“Notwithstanding the provisions of section 106(3), the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.”).

\textsuperscript{157} Amanda Scardamaglia, \textit{Flashpoints in 3D Printing and Trade Mark Law}, 23 J.L. INFO. & SCI. 30, 44 (2015) (“3D printing and the registration of 3D shapes may open up old wounds concerning the function of trade mark law, the rationale for the registration of shapes and other non-conventional signs as trade marks, and the expansion of registrable subject matter more generally.”).

\textsuperscript{158} \textit{Davis v. Davis}, 27 F. 490, 491–92 (C.C.D. Mass. 1886); \textit{see also} Lucien Lelong, Inc. v. Lenel, Inc., 181 F.2d 5, 4 (5th Cir. 1950) (“It is elementary that a color or container cannot be a trade-mark.”); A.Y. McDonald & Morrison Mfg. Co. v. H. Mueller Mfg. Co., 183 F. 972, 974 (8th Cir. 1910) (“But one manufacturer cannot create a monopoly, to be by him enjoyed, because he has adopted a shape or form of a product, and particularly when such
packaging as a trademark. That categorical view obviously has evolved, but not without significant struggle, largely because of the difficulty of separating the source-designating function of product design features from the other functions of the articles.

Assertion of trademark rights in relation to digital goods brings all of those challenges to the fore, and it puts pressure on central aspects of trademark theory. When should digital “goods” count as goods, and what sorts of indications of those “goods” should be relevant to trademark law?

According to the standard account, trademarks provide information about the source of goods primarily so that consumers can use the source information to set expectations about the physical qualities or characteristics of those goods. As courts routinely say, trademark protection gives producers incentives to offer goods of consistent quality. That is, as many working in the law and economics tradition have told us, especially important for goods with unobservable characteristics—features that aren’t apparent on normal product is one of general use.”); E. Regensburg & Sons v. Juan F. Portuondo Cigar Mfg. Co., 142 F. 160, 162 (3d Cir. 1905) (stating, as to a cigar-band product, “[c]ertainly the color alone could not be appropriated by the complainant as a trade-mark, nor the shape alone, nor the material alone; and even the combination of these three elements could not make a valid trade-mark”); In re Dennison Mfg. Co., 39 F.2d 720, 720 (C.C.P.A. 1930) (“It is well settled that the configuration of an article having utility is not the subject of trademark protection.”); Adams, 31 F. at 280 (“It is well settled that a person cannot obtain the monopoly incident to a trade-mark by the mere form of a vendable commodity that may be adopted. In this case the complainants could not obtain a trade-mark for the form of the sticks of chewing gum they might manufacture . . . .”).

For a description of the persistent challenges in functionality doctrine, see Mark P. McKenna, (Dys)functionality, 48 Hous. L. Rev. 823 (2011).
inspection of the product but may relate, for example, to the quality of production or “under the hood” elements. 162

That theory of trademark law presumes that a mark owner produces, or at least stands behind the production of, goods with which consumers interact and for which consumers can hold the mark owner responsible for the characteristics—otherwise there could be no incentive relating to the production of goods. This is why, in order to meet their quality control requirements, licensors typically are expected to inspect the physical products offered under their mark, not simply the use of the mark itself.163

Digitization puts enormous pressure on this conception. If “producers” are now just “designers” and have little to no involvement with or responsibility for the production of tangible products, then the informational content of trademarks will have to be understood quite differently. In the ordinary case, it seems unlikely that consumer expectations about the quality of the tangible products will have much to do with the origin of the intangible content.164

Take the example of a 3D printable file of a shoe. Consumers may well recognize (and perhaps even care) that the file depicts the design of a Nike shoe, though that conclusion derives from an understanding that Nike in fact produces physical shoes having that design. But to the extent consumers have the capacity to print the shoes themselves or through some intermediary, the more important question is whether consumers would know or care whether Nike is the source of the particular digital file in which that design is fixed, and what relationship that understanding would have to expectations

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162 See, e.g., Nicholas S. Economides, The Economics of Trademarks, 78 Trademark Rep. 523, 526–27 (1988) (“In many markets, sellers have much better information as to the unobservable features of a commodity for sale than the buyers. . . . Unobservable features, valued by the consumer, may be crucial determinants of the total value of the good. . . . [I]f there is a way to identify the unobservable qualities, the consumer’s choice becomes clear. . . . The economic role of the trademark is to help the consumer identify the unobservable features of the trademarked product. This information is not provided to the consumer in an analytic form, such as an indication of size or a listing of ingredients, but rather in summary form, through a symbol which the consumer identifies with a specific combination of features.”).

163 See, e.g., Lanham Act, Pub. L. No. 79-489, § 45, 60 Stat. 427, 443 (codified as amended in scattered sections of 15 U.S.C.) (defining “related company” to mean “any person who legitimately controls or is controlled by the registrant or applicant for registration in respect to the nature and quality of the goods or services in connection with which the mark is used”); Barc America Int’l USA Tr. v. Tyfield Imps., Inc., 289 F.3d 589 (9th Cir. 2002) (invalidating the mark for lack of consistent inspection of goods); Dawn Donut Co. v. Hart’s Food Stores, Inc., 267 F.2d 358, 367 (2d Cir. 1959) (requiring licensor to police the activities of the licensee).

164 See Scardamaglia, supra note 157, at 44 (stating that 3D printing “may even lead to a re-evaluation of the function of the trade mark beyond its economic function as a badge of origin”).
about the quality of any physical embodiment of the shoes that is derived from the digital file.165

This is not to deny that consumers in some cases might value the content very much, or even that they might care who created that content. And in that sense perhaps digitization pushes even harder on questions of attribution.166 But even if consumers are interested in knowing who created a design, that does not mean they care about the origin of a particular copy of a design, and that distinction matters enormously because trademark law is hardly the only—or even the best—way of dealing with control over (or attribution regarding) the design as such.167 In fact, we have an entire legal regime devoted to incentivizing ornamental designs for utilitarian objects—the design patent system168—and a copyright regime that encourages aesthetic creations.169 Focusing on the origin of physical goods is important if we are to maintain the integrity of trademark law’s boundaries.

Indeed, increasing digitization might well mean less of a role for trademark law and greater roles for copyright, utility patent, or design patent. That is not to say that every digital good will, or should, enjoy patent or copyright protection; only that those other regimes will have to balance the benefits of control against free competition in a manner relevant to the creation of digital works. There are obvious implications in that kind of shift for those other areas of IP.170 But, in our view, those are implications that should be

165 Consumers, of course, may want to buy directly from a brand they like to show support for it. Consumers can be assured of buying directly from the brand owner by shopping at the source, such as the brand owner’s webpage. This again demonstrates why indications external to the file continue to play an important trademark role with digital files.


167 See Rebecca Tushnet, Naming Rights: Attribution and Law, 2007 Utah L. Rev. 789, 789 (arguing against modifications to copyright law to provide greater attribution rights on the ground of its impracticability, noting that “identifying authors is beyond [copyright law’s] grasp”).


169 We also do not deny that utilitarian design as embodied in a digital file will have an effect on the 3D printed product. A file containing a digital model of a car engine with a misshaped piston will lead to a misshaped physical piston. With traditionally manufactured cars, consumers did not need to separate design from production: the purchaser would blame the producer (e.g., Toyota), whether that producer actually designed the car or not, because the producer stood behind production of the physical car. With 3D printing, users may care about safety, but that does not mean they care about the origin of the actual copy of the file (as opposed to the origin of the design itself). The costs of making design safety a trademark issue as opposed to, or in addition to, a products liability issue are high, as Dastar indicates.

170 See Holbrook & Osborn, supra note 17 (detailing 3D printing technology’s effects on patent law); Lemley, supra note 17; Osborn et al., supra note 15 (analyzing how digital technology reduces the costs of innovation and thus calls into question the patent system’s current balance): cf. Osborn, supra note 15 (analyzing 3D printing technology’s effects on various aspects of the legal regime).
dealt with, when necessary, in those other systems, rather than trying to shoe-horn into trademark law concerns that increasingly might not fit well.

B. Blurring the Line Between Goods and Services

As we have noted, the Supreme Court decided *Dastar* at a time in which goods were distributed primarily in physical form. The Court’s emphasis on the origin of tangible goods was therefore meant to distinguish between the physical object sold in the marketplace and the intangible content that might be fixed in that physical object. But the Court clearly never had in mind circumstances in which there was no physical reference point at all.

As commentators quickly pointed out, the Court’s framing ignored the fact that section 43(a) refers to false designations of the origin of goods or services. Given the nature of Fox’s claim, which wasn’t directed to services, that oversight was understandable. But since the Court’s approach emphasized tangibility and services are obviously necessarily intangible, courts have struggled to determine *Dastar*’s applicability to claims involving services.

That struggle is really not surprising, as the challenge of assimilating service marks into a system traditionally focused on marks affixed to physical goods is an old one. Indeed, prior to the Lanham Act, service marks could be protected, if at all, only under unfair competition. Service marks were such a conceptual misfit for trademark law that even in the years immediately after the Lanham Act was passed, the Trademark Office remained hostile, rejecting the earliest applications at a high rate. But in the latter part of the twentieth century, as the economy continued to expand and diversify and companies increasingly interrelated products and services, “the boundary between products and services blurred.” With time, many courts began to discount any serious distinction between goods and services, except in the unique context of registration.

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171 Actually, the statute is even broader than that—it refers to use in commerce of “any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.” 15 U.S.C. § 1125(a)(1)(A) (2012) (emphasis added).


173 See *supra* note 143.

174 See *In re* Radio Corp. of Am., 205 F.2d 180, 182 (C.C.P.A. 1953) (“Prior to the enactment of the Lanham Act, no statutory authority was available to protect the owners of service marks as such.”).

175 See *Derenberg*, *supra* note 150, at 841–45 (noting that, of the approximately 1300 service mark applications submitted by mid-1948, only ten were actually granted registration).


177 See, e.g., Frehling Enters., Inc. v. Int’l Select Grp., Inc., 192 F.3d 1390, 1334 n.1 (11th Cir. 1999) (“[W]hile the distinction between a trademark and a service mark may be
Although courts have never articulated a fully developed distinction between goods and services, many pre-digital cases seemed not to require one: handbags are goods, and financial advice is a service. Even software was originally sold on CDs or diskettes, planting it firmly in the goods category. But as companies began to distribute software in downloadable form, the distinction became less clear. Now, the aptly named “software as a service” model houses the software remotely in the cloud, allowing consumers to interact with it on a subscription basis. The same could be said of expressive works like music and movies. Once distributed in physical form, these works are now downloaded or streamed, raising the question of whether photographs and videos delivered over the internet are goods or services.

Dastar’s emphasis on physical goods elevates the distinction between goods and services at the very same time that the digital revolution is putting enormous pressure on that distinction. If trademark law treats goods and services differently, plaintiffs will have a strong incentive to characterize alleged infringers’ digital uses as indicators of the origin of services. Indeed, we can already see this with Phoenix Entertainment’s (previously Slep–Tone)
lawsuit against additional karaoke companies in the Southern District of Texas. In its latest complaint, Phoenix emphasizes its own service marks and focuses its claims on the defendants’ infringing “services.”

One solution to this problem would be for courts to develop better rules for meaningfully differentiating goods and services. Courts could, for example, start with the Trademark Office’s extensive rules for ascertaining whether an applicant should be permitted to register a mark as a service mark.

The problem with that approach is that the Trademark Office’s rules haven’t succeeded in producing clarity in the difficult emerging cases. In In re JobDiva, for example, JobDiva initially registered two service marks for its software, which it supplies to customers in connection with personnel placement and recruitment services. The software “generally provides a database of employment applications that a hiring manager or recruiter might use to fill a job opening.” The Trademark Trial and Appeal Board (TTAB) cancelled the registrations on the ground that JobDiva did not use the marks in connection with services because it only used the marks to identify the software, a good. More particularly, the Board held, JobDiva did nothing in addition to supplying the software, and that did not qualify as offering a service. The Federal Circuit reversed, faulting the Board for using a “bright-line rule” by requiring JobDiva to show it supplied services other than the software, rather than asking whether JobDiva delivered the software as a service (i.e., hosted the software itself).

As JobDiva illustrates, the problem of distinguishing goods from services isn’t merely lack of adequate rules; it is instead that digital technology calls the distinction itself into question. As courts and scholars in areas as disparate as tax, products liability, and commercial law have already discovered, if there ever was an ontological difference between goods and

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183 See, e.g., id. at ¶ 8 (indicating that the defendant operates a business “at least one purpose of which is to provide karaoke-related services”).
184 See, e.g., In re Advert. & Mktg. Dev., Inc., 821 F.2d 614, 619 (Fed. Cir. 1987) (defining a service broadly as “the performance of labor for the benefit of another” (emphasis omitted) (quoting In re Canadian Pac. Ltd., 754 F.2d 992, 994 (Fed. Cir. 1985))); In re Television Digest, Inc., 169 U.S.P.Q. (BNA) 505 (T.T.A.B. 1971) (finding that services normally incidental to production or sale of goods are not registerable as services); Ex parte Bank of Am. Nat’l Tr. & Sav. Ass’n, 118 U.S.P.Q. (BNA) 165 (Comm’r Pat. & Trademarks 1958) (applying the “goods in the trade” rationale in refusing to issue a trademark registration for printed forms used in rendering banking services); TMEP, supra note 179, § 1301.01(a) (stating a test for what constitutes a registerable service).
185 See, e.g., In re Advert. & Mktg. Dev., Inc., 821 F.2d 614, 619 (Fed. Cir. 1987) (defining a service broadly as “the performance of labor for the benefit of another” (emphasis omitted) (quoting In re Canadian Pac. Ltd., 754 F.2d 992, 994 (Fed. Cir. 1985))); In re Television Digest, Inc., 169 U.S.P.Q. (BNA) 505 (T.T.A.B. 1971) (finding that services normally incidental to production or sale of goods are not registerable as services); Ex parte Bank of Am. Nat’l Tr. & Sav. Ass’n, 118 U.S.P.Q. (BNA) 165 (Comm’r Pat. & Trademarks 1958) (applying the “goods in the trade” rationale in refusing to issue a trademark registration for printed forms used in rendering banking services); TMEP, supra note 179, § 1301.01(a) (stating a test for what constitutes a registerable service).
186 Id. at 937.
187 Id.
188 Id. at 939.
189 Id. at 937, 941.
services, it’s simply harder to conceive of it now. Products liability law and commercial law have both attempted to tackle the issue, sometimes succumbing to the temptation to put the new wine of the digital era into the old wineskins of pre-digital categories without considering theory or policy.\footnote{193} Given these fundamental difficulties, courts can’t avoid the services problem in the trademark context simply by drawing a brighter line. They need instead to functionally evaluate a claim that focuses on services to determine whether it alleges a false designation of a service distinct from the offering of content.

Indeed, courts have in a number of cases rightly resisted claims that merely attempt to evade \textit{Dastar} by recharacterizing as services conduct that is fundamentally directed at the origin of intangible content.\footnote{194} As these courts have recognized, plaintiffs’ claims should be barred when they allege confusion about the origin of services and the services merely consist of providing intangible content. A movie theater that shows a public domain movie produced by MGM cannot be subject to an infringement claim if MGM simply alleges that the presence of the MGM lion at the beginning of the film causes confusion about the source or sponsorship of the theater’s entertainment services. For the same reason, Slep–Tone’s claims should be barred to the extent the services it alleges are falsely designated consist of providing karaoke tracks, and that should be true regardless of the format in which either party distributes the tracks. Claims involving parties providing access to movies or 3D printable files should fall in the same category.


\footnote{193} \textit{See Osborn, supra note 15, at 568–69} (noting a gap in the analysis of software under products liability law).

\footnote{194} \textit{See Phoenix Entm’t Partners, LLC v. Rumsey}, 829 F.3d 817 (7th Cir. 2016); \textit{see also Aviation Fin. Co. v. Chaput}, No. 14 Civ. 8313; No. 14 Civ. 8315, 2015 U.S. Dist. LEXIS 32043, at *58 (S.D.N.Y. Mar. 12, 2015) (“Although \textit{Dastar} was decided in the context of tangible goods, its reasoning applies equally well to reverse palming off of services”); \textit{cf. LaFrance, supra note 49, at 254–55} (noting the ease with which certain cases can be described as involving either goods or services).
So should have the plaintiff’s claims in *Craigslist Inc. v. 3Taps Inc.* In that case, Craigslist alleged that the defendant aggregated and republished Craigslist’s online advertisements by scraping the listings “in real time, directly from the Craigslist website” so as to “essentially replicate[ ] the entire craigslist website.” The court refused to dismiss the false designation of origin claim, notwithstanding *Dastar.* Among other things, the court distinguished *Dastar* on the ground that it only held that *goods* must be tangible, while Craigslist alleged that defendants’ use of the mark “create[d] the false and misleading impression that Defendants’ products or services are provided by craigslist.” According to the court, the mere presence of an allegation regarding services was sufficient to survive a motion to dismiss.

But the services at issue in that case consisted only of the aggregation and delivery of content (database entries of items for sale). Thus, Craigslist’s allegation that the defendant was passing off its services amounted to a claim that it was falsely designating the origin of the content, or that the content was the subject matter that falsely indicated the source of the site. On either interpretation, *Dastar* should have applied and barred the claim.

Somewhat more difficult, but still in our view barred by *Dastar,* are claims of false designation of the origin of ancillary services provided by the defendant where the source of those services is alleged to be indicated by use of a mark within intangible content provided by the defendant. So, for example, a restaurant that shows a movie that includes the production company’s trademark cannot be liable for causing confusion as to the source or sponsorship of its services, notwithstanding the superficial focus on restaurant services.

We acknowledge, however, that the situation with respect to services is more complicated than with respect to goods, as use of service marks in the digital context does in some cases implicate real trademark concerns. Consider the use of the Chase marks on the website at chase.com.

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196 Id. at 966.
197 See id. at 977–80.
198 The court also said that *Dastar* was inapplicable because Craigslist alleged passing off rather than reverse passing off. “Craigslist allege[d] that Defendants used the ‘craigslist’ mark to falsely pass off Defendants’ products as being provided or endorsed by Craigslist.” Id. at 978. Thus, the court reasoned, the claim did not “raise the ‘perpetual patent and copyright’ concerns that the Supreme Court identified in *Dastar,*” as the claim “relates to Defendants’ content, not Craigslist’s.” Id. (emphasis omitted) (quoting Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23, 37 (2003)). But of course Craigslist’s allegation was precisely that defendant’s content was Craigslist’s content.
199 Id. at 979 (quoting First Amended Complaint at 30, *Craigslist,* 942 F. Supp. 2d. at 962 (No. 3:12-cv-03816)).
200 If, on the other hand, the defendant had created a website that attempted to trick the user into thinking it was actually Craigslist’s site, such as by telling users they were at a site operated or endorsed by Craigslist and using Craigslist’s marks in places external to the digital files, the case would fall into the second category, and *Dastar* would not bar consideration of the marks.
Here the website is really a conduit for the underlying financial services, and the Chase mark identifies the source of those services. Because the website is a creative work, a broad rule prohibiting any consideration of service marks embedded in creative content would preclude a Lanham Act suit against a third party that “spoofs” (i.e., deceptively imitates) the original website. But unlike claims that allege that use of a mark within creative content cause confusion about the origin of the content itself, a claim based on use of the Chase mark on the fake website alleges confusion about the origin of the financial services for which the website is merely a conduit. That sort of claim does not represent an attempt to control the content as such. Thus, in our view, courts should not read *Dastar* to preclude claims in which marks—although embedded in a creative work—indicate the origin of services performed through the website.

This kind of distinction ought to have informed the court’s analysis of Microsoft and various financial institutions’ lawsuit against the organizers of the Shylock botnet.201 The Shylock botnet hijacked users’ computers, allowing remote users to control the computers and to extract sensitive personal information from them.202 Shylock is able to change the Windows operating system files of a user’s computer and can display fake webpages to users, tricking them into divulging information.203

Microsoft and its co-plaintiffs alleged that use of their trademarks by the botnet violated the Lanham Act. Entering a default judgment, the court agreed, finding infringement because the “botnet generates and uses unauthorized copies of Microsoft’s [and the financial institutions’] registered and

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203 Id. at *7.
famous trademarks . . . During a Shylock attack, these counterfeit marks deceive computer users into believing they are using legitimate versions of the Windows operating system and are accessing Plaintiffs’ bona fide websites.”

The court also found that because users’ computers may run slower when infected, customers “may attribute poor performance by Microsoft software.”

But of what goods or services did the marks used by the botnet indicate the source? To the extent the marks simply indicated the origin of software or a website, one might legitimately ask whether the claim related to the software’s intangible origin (i.e., whether the content is genuine). If they did, then they should have been barred by Dastar. The claim might not be barred, however, if the botnet’s uses of the various trademarks, particularly those of the financial institutions whose websites were mirrored, can be seen as falsely designating the origin of the underlying services of those institutions—services available through the websites.

As this analysis implies, courts will need to be sensitive to the particular services of which the origin is alleged to have been falsely designated. Where the claims, however denominated, really assert the right to control content, they should be barred by Dastar. Claims that plausibly allege false designation of other services, even if perhaps offered through a creative web site, should not be barred. Similarly, Dastar will often not bar claims based on advertisements of services, even though the advertisements themselves are creative works. A billboard or a television commercial, for example, will often constitute a creative work. But allegations of infringement based on misleading use in those advertisements focus on designation of the origin of the services advertised, not the content of the advertisement.

CONCLUSION

Just as they have in many other areas of law, digital technologies challenge central principles of trademark law. In particular, digitization puts significant pressure on trademark law’s traditional orientation toward indications of the origin of physical goods. As technology enables the radical separation of the design of goods from their production, trademarks may increasingly be unnecessary to identify the producers of those goods. Consumers may themselves be the producers. But reorienting trademark law to

204 Id. at *11.
205 Id.
206 Nor would Dastar bar false advertising claims when the allegations relate to false statements of fact regarding characteristics of the goods or services advertised. Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23, 38 (“If, moreover, the producer of a video that substantially copied the Crusade series were, in advertising or promotion, to give purchasers the impression that the video was quite different from that series, then one or more of the respondents might have a cause of action—not for reverse passing off under the ‘confusion . . . as to the origin’ provision of § 43(a)(1)(A), but for misrepresentation under the ‘misrepresents the nature, characteristics [or] qualities’ provision of § 43(a)(1)(B).” (alterations in original)).
indications of the origins of intangible designs would collapse important distinctions between trademark law and copyright and design patent.

We argue that courts should apply the Supreme Court’s *Dastar* decision to reinforce those distinctions, permitting claims in the digital context only when consumers are likely to be materially confused about the origin of the digital file itself, and barring claims that really focus on the origin of any content fixed in that digital file. To make that rule meaningful, courts also should insist that the allegedly false designation be external to the file. Plaintiffs should not, in other words, be able to claim confusion about the origin of a digital file based on its content. Finally, while digitization also significantly complicates the distinction between goods and services, courts should apply *Dastar* to bar claims of false designation of the origin of services when the claim is really about the origin of the creative work.