Trademarks in the Metaverse
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Several recent cases have involved allegations of infringement based on uses of trademarks in relation to non-fungible tokens (NFTs).¹ Hermes sued Mason Rothschild, for example, over Rothschild’s creation of digital images depicting fur-covered Birkin bags, which he titled “MetaBirkins.”²

Rothschild sold NFTs connected to the MetaBirkins images, and he transferred ownership of the MetaBirkins along with the NFTs.³ Hermes initially alleged that the images infringed its rights in the design of the Birkin bag and the MetaBirkins

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1 An NFT is token that is linked to some digital or physical asset and that can be traded on the blockchain. NFTs are “nonfungible” in the sense that each token is unique, even if many tokens can be associated with copies of the same asset.
2 Hermes v. Rothschild complaint. Full disclosure: my firm, Lex Lumina PLLC, represents Rothschild in this case.
3 Rothschild SJ brief.
title infringed its rights in the Birkin word mark. But in its summary judgment motion, Hermes claimed that its case was always based entirely on Rothschild’s use of the MetaBirkins name for the NFTs themselves, which Hermes argued were distinct from the images with which they were always associated.

In another high-profile case, Nike sued online sneaker retailer StockX for its sales of NFTs in relation to Nike shoes. StockX says that the NFTs are connected to genuine, physical Nike shoes – indeed, the StockX business model is premised on its authenticity guarantee, and the NFTs are meant to serve as the certificates of authenticity and ownership. StockX’s vault NFT program ties an NFT to each pair of shoes StockX sells. Those NFTs use Nike’s trademarks in relation to the shoes with which they’re associated. Nike claims that StockX’s verification process is imperfect, and that some of the “verified” shoes are not, in fact, genuine shoes. But Nike also complains about StockX’s sales of NFTs that use the Nike trademarks, seemingly separate from the sales of the allegedly illegitimate Nike shoes.

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4 Complaint, Response to MTD.
5 Hermes Motion for SJ
7 Id. at ¶ 5.
8 Id. at ¶¶ 5-6.
These cases raise interesting questions about how courts will understand NFTs and how that will affect their application of existing legal doctrines. In the MetaBirkins case, for example, Rothschild sold digital images – artworks – that are fanciful depictions of handbags. Remove the NFT issue from the case, and it is, or should be, a pretty straightforward *Rogers v. Grimaldi* case.\(^9\) Under the *Rogers* framework, the MetaBirkins are not infringing so long as the designs of the MetaBirkins images and the name MetaBirkins are minimally artistically relevant and use of the name and designs are not explicitly misleading.\(^10\) But Hermes insists that *Rogers* does not apply at all because, according to Hermes, the NFTs are separate commodities, not artworks, even though the NFTs have always been associated with fanciful images of Birkin bags.\(^11\) The court’s understanding of the nature of an NFT—

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\(^9\) 875 F.2d 994 (2d Cir. 1989).

\(^10\) *Id.* at 999 (“In the context of allegedly misleading titles using a celebrity’s name, that balance will normally not support application of the Act unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work.”). That framework has now been adopted by every court to consider the issue. See, e.g., Twentieth Century Fox v. Empire; University of Alabama Board of Trustees v. New Life Art; Florabama.

\(^11\) Hermes SJ brief
whether it has any character aside from what it points to—therefore looms large in that case.\(^{12}\)

Likewise, strip away the NFTs from the StockX case, and it’s a first sale case where the question is whether the fact that StockX’s authentication process is imperfect makes it a counterfeiter\(^{13}\) – and maybe, as trademark owners have argued in other cases, whether third parties can ever claim to verify the authenticity of someone else’s goods.\(^{14}\) But there too, Nike suggests that the minting and sale of NFTs in relation to the Nike shoes creates a new and different question.\(^{15}\)

These kinds of cases implicate different trademark doctrines, but they raise familiar questions about whether new technologies create fundamentally new legal problems, or whether instead the underlying issues are the same and the new technology simply needs to be demystified. Both cases are also ordinary trademark cases in the sense that they involve trademark owners asserting rights based on their

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\(^{12}\) At trial, the court characterized the NFTs as the artworks, essentially accepting that, for legal purposes, the NFTs are not separable from the images they are associated with. Jury Instruction 10 (“Collectively, these NFTs and their associated images are here referred to as ‘MetaBirkins NFTs.’”). Unfortunately, the court instructed the jury to apply Rogers as a defense only after having determined whether Rothschild infringed Hermes’ rights, and it instructed the jury that Rothschild’s intent was the determining factor under Rogers. Instructions 14-15. Neither of those instructions is consistent with Second Circuit law.

\(^{13}\) See Prestonettes, Inc. v. Coty, 264 U.S. 359 (1924) (finding defendant’s repackaging and resale of legitimate goods noninfringing).


\(^{15}\) Complaint at ¶¶ 5-6.
use of marks in relation to traditional, physical goods – the mark owners are just claiming that those rights are broad enough to enforce in contexts that involve NFTs.

There’s another recent development that represents a much more fundamental challenge to the conceptual and theoretical structure of trademark law, and that is the explosion of parties claiming trademark rights specifically in relation to “digital goods,” primarily for use in “the metaverse.” These parties claim that they are themselves using their marks for digital goods—so that, when another party depicts that mark in relation to digital goods, that other party is making a directly competing use.

For the most part, these companies have claimed rights in relation to digital versions of the physical goods they sell in real space. Nike, for example, claims rights in its Nike+Swoosh logo for digital shoes.¹⁶

Johnson & Johnson, which sells Band-Aid brand bandages to cover actual flesh wounds, claims rights in the Band-Aid mark for digital bandages, presumably for

¹⁶ Nike App. Ser. No. 97096366 (“Downloadable virtual goods, namely, computer programs featuring footwear, clothing, headwear, eyewear, bags, sports bags, backpacks, sports equipment, art, toys and accessories for use online and in online virtual worlds.”)
avatar “flesh” wounds.\textsuperscript{17} Scott applied to register a stylized ORTHO mark\textsuperscript{18} for a variety of virtual lawn care products, including grass seed, fertilizer, and hoses.\textsuperscript{19}

In some cases, companies have included NFTs in their descriptions, implying that the NFTs are themselves distinct goods. Burberry, for example, applied to register its well-known plaid pattern for, among other things, “non-fungible tokens (NFTs) or other digital tokens based on blockchain technology” in addition to “downloadable virtual goods,” including “virtual bags, textile goods, clothing, headgear, footwear, eyewear all displayed or used online and/or in virtual environments.”\textsuperscript{20}

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\item\textsuperscript{17} App. Ser. No. 97307619 (“Virtual wound care and first-aid products; virtual antiseptic and antibacterial preparations for wound care; virtual hydrocolloid facial adhesive patches; virtual hot/cold gel pack for medical use; virtual non-medicated preparations for preventing and treating blisters; downloadable multimedia files containing artwork, text, audio, and video files and non-fungible tokens; downloadable loyalty cards, incentive cards, reward cards that may be redeemed for or used towards the purchase of products.”)
\item\textsuperscript{18} ORTHO
\item\textsuperscript{19} App. Ser. No. 97246074 for “downloadable virtual goods, namely, computer programs featuring grass seed, fertilizer, lawn food, herbicides, pesticides, insecticides, irrigation systems, hoses, ice melt, powered and non-powered lawn and garden tools, gloves, t-shirts, hats and accessories for use online and in online virtual worlds.”
\item\textsuperscript{20} Appl. Ser. No. _____ for “Non-fungible tokens (NFTs) or other digital tokens based on blockchain technology; downloadable digital graphics; downloadable digital collectibles; downloadable clothing and accessories; downloadable interactive characters, avatars and skins; downloadable virtual goods; virtual bags, textile goods, clothing, headgear, footwear, eyewear all displayed or used online and/or in virtual environments; video games and downloadable video game software; downloadable digital materials, namely, audio-visual content, videos, films, multimedia files, and animation, all delivered via global computer networks and wireless networks.”
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Ace of Spades Holding Co. applied to register the design of the Armand De Brignac Ace of Spades bottle for “fungible and non-fungible token-based goods and downloadable virtual goods, namely, computer programs featuring beverages, barware, furniture, paper products, music, clothing, jewelry, bags, household products, toys, fragrances, sports equipment for use online and in online virtual worlds.”

21 App. Ser. No. 97184470 (“The mark consists of a three-dimensional configuration of a bottle in gold with a relief of a stylized spade design with a stylized letter "A" and vine design on the neck of the bottle. The broken lines depicting the shape of the bottle indicate placement of the mark on the goods and are not part of the mark.”)
Sometimes the claimed marks are representations of characters, and parties have claimed those images are trademarks for, essentially, the various things in which those characters might be depicted. One example is the recent application to register this mark for a long list of “goods”, including “digital materials, namely, art, stories, graphics, illustrations featuring characters and stories.”

Thus far, the Trademark Office has treated these applications as basically normal. Examiners have frequently required amendments of the descriptions of goods and services to conform to the terminology the office seems to have settled on for digital

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22 App. Ser. No. 97232622 (“Digital materials, namely, art, stories, graphics, illustrations featuring characters and stories; Digital media, namely, art, illustrations, stories, comics featuring characters and stories; Downloadable graphic novels; Downloadable image files containing fictional characters; Downloadable series of children’s books; Downloadable series of fiction books; Downloadable series of fictional short stories; Downloadable art, stories, graphics, illustrations via the internet and wireless devices; Electronic books featuring art, stories, graphics, illustrations recorded on computer media; Electronic publications, namely, art, stories, books, graphics, illustrations, media featuring fictional characters recorded on computer media.”).
goods, and they have sometimes refused applications on the ground that the specimen did not show use of the mark for the goods specified. But the Office has not expressed any fundamental concerns about these claims.

That is a mistake. As I argue more fully below, recognition of these kinds of trademark rights threatens to finally break trademark law and turn trademark rights into abstract protection for brands. “Digital goods” are not goods in any meaningful sense. Digital shoes do not have any of the characteristics of actual shoes. Marks used in relation to these “goods” do not convey any of the sorts of information that trademark law and theory have always taken to be central—specifically, they give no information about the nature or characteristics of the goods as such. They are pure representation.

To be sure, a number of developments in trademark law over the last several decades have pushed in the direction of abstract protection. Most importantly, the dramatic expansion of the concept of confusion has made it possible for the owners of well-known marks to argue that virtually any use of their marks is infringing, such that confusion is often a fig leaf. The merchandising cases in particular have

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23 See Office Action on Application Serial No. 97184470 (October 11, 2022) (requiring clarification of the initial description of goods and services from “Fungible and non-fungible token-based goods” to “Downloadable virtual goods, namely, computer programs featuring crypto collectibles, and digital collectibles authenticated by non-fungible tokens (NFTs)”).

24 CITES

25 The same is true with respect to virtual versions of real-world services (as opposed to the services of offering virtual platforms or digital marketplaces). Virtual lawn care services are not analogous to actual lawn care services.

26 Lemley & McKenna, Irrelevant Confusion; Mark P. McKenna, A Consumer Decision-Making Theory of Trademark Law.
stretched (perhaps beyond the breaking point) the notion that plaintiffs must show confusion regarding the source of the actual goods the defendant is selling.\textsuperscript{27} The Trademark Office’s expansive interpretation of “services,” famous people have essentially been able to claim that they are trademarks for themselves. Other theoretical limits like the naked licensing rule are rarely enforced.

But trademark theory still insists that trademarks are not rights in gross and that trademarks only exist because of the information they provide about the characteristics of the goods with which they’re used. That understanding is connected to trademark law’s origin story, and it is deep in trademark law’s doctrinal structure. We are now at an inflection point where we have to decide whether we are ready to give up the charade completely. In most contexts, trademark protection for “digital goods” is nothing more than a reproduction right. Accepting these rights will require a completely new conceptual and theoretical framework, and it would have more radical consequences than might first appear.

That kind of radical change might be necessary if there was a substantial risk of harm to consumers from failure to protect marks in this context. But in fact the opposite is probably true. Especially to the extent these digital goods are acquired and transferred via transactions on the blockchain, they are likely to involve technology that is capable of carrying information about the origin of a particular digital asset, making trademarks much less important as the means of conveying provenance.

\textsuperscript{27} Boston Hockey; Dogan & Lemley Fragile Theory or Fait Accompli?
I. Trademarks as Information about the Characteristics of Goods

Trademark law has always understood trademarks to convey information about the characteristics of the goods with which they’re used. Goods can have a range of different “characteristics,” but fundamentally the focus has always been on the physical characteristics of those goods. Trademarks identify the source of goods, but that matters so that consumers can develop expectations about the goods themselves.

Indeed, consumers need not even be able to identify the actual source of goods bearing a particular mark, so long as they recognize that mark as indicating a single consistent source.\(^{28}\) That rule prioritizes a trademark’s role in conveying information about the goods—it is consistency of information about the goods that matters. So too with trademark law’s long acceptance of the fact that the same entity often provides many different branded alternatives in the same category. Marriott owns and operates hotels under more than two dozen brands,\(^ {29}\) and Proctor & Gamble sells consumer goods under dozens of brands, including at least nine different brands of laundry detergent.\(^ {30}\) The differences between these branded products may in many cases be illusory, but the point is that trademark law accepts that all of those brands can come from one company because the marks at least theoretically convey different product information, and that information is primary.

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\(^{28}\) This is the so-called “anonymous source rule.” See McCarthy

\(^{29}\) https://www.marriott.com/marriott-brands.mi.

\(^{30}\) https://us.pg.com/brands/#Baby-Care#Fabric-Care#Family-Care#Feminine-Care#Grooming#Hair-Care#Home-Care#Multi-brand-Programs#Oral-Care#Personal-Health-Care#Skin-and-Personal-Care
The primacy of information about the goods is implicit in the dominant search costs theory. Protection of trademarks enables consumers to rely on marks to identify the goods they want – and specifically to rely on the marks instead of having to engage in other, costlier forms of search. Those alternative forms of search nearly always have to do with discovery of the characteristics of the goods. When consumers see a bottle of Coca-Cola, they can rely on prior experience and confidently predict what the soda will taste like. They don’t need to open it and taste it to find out anew every time. Consumers’ ability to rely on trademarks in this way is especially important for experience goods—goods whose characteristics are not readily determinable simply by looking at the products. When a consumer sees a pair of Nike shoes, they use the mark as a proxy for characteristics like durability that cannot easily be observed at purchase.

It’s not just search cost theory – the idea that marks convey not only source information but information about the nature of the goods is central to every theoretical construct in trademark law. This is what Barton Beebe calls the triadic structure of trademark law: the sign (the mark) is the signifier, the source is the signified, and the goods are the referent. Those three elements are all distinct but essential.

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31 Posner & Easterbrook; McKenna, A Consumer Decision-Making Theory of Trademark Law
[I]n the case of a trademark such as Nike, the signifier is the word “nike,” the signified is the goodwill of Nike, Inc., and the referent is the shoes or other athletic gear to which the “nike” signifier is attached.... To maintain the structural integrity of the mark, the law does not merely enforce linkages among the mark’s three elements. It also enforces separations among them. The mark’s elements must be related, but they may not be identical.\(^{33}\)

Precisely to reinforce the separation of those elements, trademark law traditionally denied that the configuration of a product or its package could be a trademark—trademarks were, by definition, separate from and affixed to the goods.\(^{34}\)

That rule has its conceptual origins in the oldest purposes of trademarks, specifically


\(^{34}\) See 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.” Id. at 492. (“I do not think that the merchandise itself, or any method of arranging the various packages, can be registered as a trade-mark.”); see also JAMES LOVE HOPKINS, THE LAW OF TRADEMARKS, TRADENAMES AND UNFAIR COMPETITION § 47 (2d ed. 1905) (“It is obvious that if a commercial article itself could constitute a trademark, there would be little use for patent laws. As Judge Carpenter said, ‘in the very nature of the case ... the trademark must be something other than, and separate from, the merchandise.’”).
in identifying and fixing responsibility for goods that traveled at distance from their maker.\(^\text{35}\)

Of course, the fact that information about goods is central to trademark theory does not mean that marks don’t also frequently carry other kinds of information that consumers might care about. As the Supreme Court has recently recognized, marks often communicate messages far broader than source.\(^\text{36}\) Many marks are valuable as a way of signaling something about the consumer—that the wearer is fashionable, or rich, or supports a certain lifestyle.\(^\text{37}\) But the fact that marks can also carry lots of other meaning doesn’t undermine the point. All of that additional meaning is necessarily attached to and travels with the source meaning, which is the only meaning that is necessary for something to be a trademark. That source meaning brings along information about the goods, and that is the information trademark theory and doctrine put at the center.

This focus on information about the nature of goods obviously needs some adjustment to accommodate services, which don’t have physical characteristics. It’s worth noting that trademark law did not traditionally recognize service marks,\(^\text{36}\) Tam; Brunetti.\(^\text{37}\) Brand literature
largely because marks cannot be affixed to intangible services. But the evolution of the law on this score was based on a sort of analogy to trademarks: whereas trademarks gave information about the nature of the goods with which they were used, service marks identified the characteristics of the services and especially their connection to the entities that actually rendered them. It’s telling in this regard that early advocates of equal treatment for service marks emphasized the marks used by craftsmen to identify their services. So while service marks can’t convey information about physical characteristics, they can convey information about essential characteristics of the services and the party rendering them.

As the next several sections describe in detail, this conception of trademarks is not just theoretical. It pervades trademark doctrine.

A. Distinctiveness and Scope

Nothing is more foundational to trademark law than the notion that trademark rights are not rights in gross—the rights arise out of use in connection with particular goods or services, and they exist only in relation to those goods or services. As the Supreme Court famously said more than a century ago, “[t]here is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed.” For that reason, eligibility for trademark protection depends on a claimed mark’s

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38 See McCarthy
relationship to the goods and services with which it’s used. We determine whether a party has a valid mark by asking how much and what kind of information the purported mark provides about the relevant goods or services.\textsuperscript{41} Ivory for soap is treated differently than ivory for goods made from elephant tusks because the latter use provides more direct information about the nature of the goods.\textsuperscript{42} Safari can simultaneously be the generic name of a type of hat and a trademark as applied to boots.\textsuperscript{43}

Distinctiveness can only be assessed in this contextual way—it’s not possible to evaluate distinctiveness without the context of the goods or services. Critically, the information that’s relevant here is information about the nature of the goods – about their characteristics as physical objects as they are offered in the world. Arbitrary and fanciful terms are treated as inherently distinctive because they convey no relevant information about the goods or service, unlike descriptive terms, which “identify[y] a characteristic or quality of an article or service, such as its color, odor, function, dimensions, or ingredients.”\textsuperscript{44} Suggestive terms are treated as inherently distinctive because they provide that information only indirectly, but courts

\textsuperscript{41} For word marks, we do this by categorizing a claimed word mark along the Abercrombie spectrum. \textit{Abercrombie & Fitch Co. v. Hunting World, Inc.}, 537 F.2d 4, 9 (2d Cir. 1976) (“Arrayed in an ascending order which roughly reflects their eligibility to trademark status and the degree of protection accorded, these classes are (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful.”).
\textsuperscript{42} \textit{Id.} at 9 fn 6.
\textsuperscript{43} \textit{Id.} at 12.
\textsuperscript{44} Zatarain’s, Inc. v. Oak Grove Smokehouse, Inc., 698 F.2d 786, 790 (5th Cir. 1983)
sometimes recognize that suggestive terms can be weak because they convey something important about the nature of the goods.\footnote{See RiseandShine Corp. v. PepsiCo, Inc., 41 F.4\textsuperscript{th} 112, 122 (2d Cir. 2022) (finding the mark RISE BREWING suggestive but weak for coffee). \textit{Id.} (“If the suggestion conveyed by a suggestive mark conjures up an essential or important aspect of the product, while the description conveyed by a descriptive mark refers to a relatively trivial or insignificant aspect of the product, the particular suggestive mark could be deemed weaker than the descriptive.”).}

Because distinctiveness (and therefore validity) can only be assessed in relation to goods or services, the same word can be (and frequently is) used by different parties for different goods or services. Just to name a few of the many examples: Pandora jewelry co-exists with Pandora streaming services; Delta Airlines poses no problem for Delta Faucets; Chevrolet makes a car called the Equinox while another company operates luxury fitness facilities under the name Equinox.\footnote{46}
The reason those companies can use the same term without conflict is that rights arise in relation to the goods with which they’re used, and the nature of those goods also bounds the scope of the user’s rights. Pandora jewelry co-exists with Pandora streaming services because consumers are unlikely to be confused about whether there is a relationship between the companies—we assume that the same company probably does not offer both jewelry an streaming services. The relevant skills needed to make jewelry simply don’t translate to streaming services. Likewise, companies that run airlines generally don’t also make faucets; car companies typically don’t run luxury gyms.

Modern conglomerates certainly put some pressure on those assumptions, but it is still relatively rare for one company to offer wide-ranging products under the same brand. So while trademark law uses the strength of a mark to moderate the scope of its protection—giving strong marks “broad, muscular” protection—\(^{47}\) it is still true that most marks, even ones that are reasonably well known in their product categories, are defined in some relation to the goods and services with which they’re used. When Chevrolet introduced the Equinox, it was using the same word to brand its cars as the fitness company was using for its gyms, but Chevrolet was not using the fitness company’s mark because that mark exists only in relation to gyms and

\(^{47}\) Virgin Enters. Ltd. v. Nawab, 335 F.3d 141, 147 (2d Cir. 2003) (“the law accords broad, muscular protection to marks that are arbitrary or fanciful in relation to the products on which they are used, and lesser protection, or no protection at all, to marks consisting of words that identify or describe the goods or their attributes”).
other fitness-related goods and services.\textsuperscript{48} Put differently, trademark law’s orientation toward scope assumes that marks are not just the words or symbols but are necessarily defined by their connection to the goods or services with which they’re used.\textsuperscript{49}

That treatment is largely consistent with the marketing literature on brand extensions, which suggests that most brands are not freely transferable across products and services. According to David Aaker and Kevin Lane Keller, marketers most frequently use product attributes or characteristics to position a brand.\textsuperscript{50} But a brand also can have associations with particular use situations, types of product users, places, and/or product classes.\textsuperscript{51} Collectively, the functional and symbolic brand attribute associations comprise brand image, and brand image appears to be

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\textsuperscript{48} Cf. E. & J. Gallo Winery v. Gallo Cattle Co., 967 F.2d 1280 (9th Cir. 1992) (finding assignment and license back of GALLO SALAME mark valid in part because assignment was part of settlement of prior litigation and therefore the assignment did not transfer goodwill that originally belonged to Gallo Salame but instead was merely returning goodwill that always belonged to E. & J. Gallo).

\textsuperscript{49} The concept of confusion has broadened substantially, of course, such that plaintiffs can now allege confusion regarding a wide range of possible relationships. As I discuss further below, the breadth modern confusion doctrine does loosen the connection between a mark and the goods in some important ways. But to prevail on any of those claims, a plaintiff must still do more than show that the defendant used the same word or symbol—it must show that the defendant used the plaintiff’s mark.

\textsuperscript{50} Id.

\textsuperscript{51} Id. For example, consumers might associate Lowenbrau with relaxing with good friends; Mercedes with wealthy, discriminating people; and Toyota with Japan. Id. Brands like Budweiser, Chevrolet, Levi’s, and Bank of America also might have strong product-class associations, and those product-class associations may themselves have additional associations. Id.
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largely product-category specific.\textsuperscript{52} Brand image, in other words, cannot readily be disentangled from the products or services offered under the brand.

Given the connectedness of brand image and product category, it is probably not surprising that the transferability of brand associations to new products or services depends in substantial part on the extent to which consumers believe a parent brand owner can use its people, facilities, and skills to make the new product or offer the new service.\textsuperscript{53} Consumers favorably evaluate extension products when the core brand is high quality, and they perceive the extension product as a good fit with existing products.\textsuperscript{54} Conversely, when an extension is not perceived as a good fit, the goodwill associated with the core brand will not lead to favorable evaluations of the extension products.\textsuperscript{55}

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\textsuperscript{52} George S. Low & Charles W. Lamb, Jr., \textit{The Measurement and Dimensionality of Brand Associations}, 9 \textit{J. PRODUCT \& BRAND MGMT.} 350, 352 (2000).
\textsuperscript{53} \textit{Id.}
\textsuperscript{54} While in one study Aaker and Keller found that extensions from high-quality brands may still be evaluated favorably even when they are somewhat more remote—that is, high-quality core brands “stretch farther”—the relatively dissimilar products in that study were still quite close to those offered under the core brand. \textit{See id.} at 40–44 (testing extensions deemed close, medium, and far from the core brand product, where ice cream was the “far” extension of a brand known for potato chips).

\textsuperscript{55} \textit{Id.} at 45. Fit in this context can be measured in terms of complementarity, substitutability, and transferability. Complementarity refers to the extent to which consumers view the extension product and the goods offered by the parent brand as complements. Products are complementary if both are consumed jointly to satisfy some particular need. \textit{Id.} Substitutability refers to the extent to which consumers view the extension product as a substitute for the goods offered by the parent brand. Substitute products tend to have common applications and use contexts such that one product could replace the other in usage and satisfy the same needs. \textit{Id.} Finally, transferability relates to the relevance of a brand owner’s expertise in the extension product category. Transferability is related to credibility, which is a function of perceived expertise and trustworthiness.
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Consumer evaluation of an extension product can also depend on transfer of particular concrete (involving tangible product characteristics) or abstract (involving intangible image characteristics) brand attribute associations. Extension evaluations will depend primarily on whether the specific attribute or benefit associations for the core brand are viewed as relevant in the extension product category and, if so, how favorable those inferred associations are in the context of the extension product. Consumers may value a particular brand association highly in one context but not in another, even when there is fit between the products or services. The extent to which particular brand attribute associations transfer to the extension product therefore depends “not only on the strength of the association” with the parent brand, but also the “appropriateness of the association” in the new context and “whether cues are present to activate an association.”

These marketing studies reinforce the basic notion that trademarks exist only in relation to goods or services, and that connection to the goods or services generally corresponds to consumer understanding of brands. Critically, the connection here is to the characteristics of the goods themselves.

B. Use and Acquisition

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56 Id. at 36–37.
57 Id.
58 Despite the similarity between products, for example, consumers may value thickness in tomato-based juices but not in children’s fruit-flavored drinks. Aaker and Keller, supra note __, at 28. Likewise, pulp is related to high quality in orange juice but to low quality in apple juice. Id.; Zeithaml, supra note 112, at 7.
59 Aaker and Keller, supra note 104, at 29.
The essential connection between trademarks and the goods with which they’re used also underlies the rules regarding the nature of the use necessary for acquisition of rights. Trademark rights arise out of use of a mark in a way that identifies the source of the goods and distinguishes those goods from the goods sold by others. That rule has many dimensions, but the basic point is that the use must invite consumers to make a connection between the claimed mark and goods of particular characteristics. That is why the use must be consumer-facing; internal uses are not sufficient. The use also must also be for the actual goods whose source the mark is intended to identify.

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61 McCarthy at § 16:7 (“use of the mark must be in a bona fide open sale sufficient to create an impact on the relevant class of buyers”).

62 Id. (“Internal, non-public transactions are not proper ‘trademark’ usage since the relevant class of prospective buyers is not exposed to the mark.”) citing McQuay-Norris Manufacturing Company v. H-P Tool Mfg. Corp., 141 U.S.P.Q. 405, 406, 1964 WL 7843 (T.T.A.B. 1964) (Transactions “entirely between and within opposer’s organizations and therefore [do] not constitute a public use of the mark. Thus, such activities cannot be relied upon for any purpose herein.”); see also Blue Bell, Inc. v.
This can be very focused on the specific characteristics of the goods, in the sense that courts are sometimes unwilling to accept use even when it is for the same type of goods for which the mark is claimed, if the earlier use is for goods with different characteristics than the goods the mark is ultimately intended to be used with. The most obvious example here is *Blue Bell v. Farah*, in which the court refused recognize as bona fide use Blue Bell’s attachment of new Time Out labels to several hundred pairs of slacks that already bore the “Mr. Hicks” trademark. According to the court, “[t]he new tags, of varying sizes and colors, were randomly attached to the left hip pocket button of slacks and the left hip pocket of jeans. Thus, although no change occurred in the design or manufacture of the pants, on July 5 several hundred pair left EL Paso with two tags.”

In the court’s view, that use of the Time Out mark—which met the formal requirement of affixation and which was for the same kind of product (pants) for which it sought priority—was not a bona fide use in the ordinary course of trade. The problem wasn’t that the pants bore two marks—as the court noted, that is a common practice. The problem was that the Mr. Hicks pants were not the same pants Blue

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*Farah Mfg. Co.*, 508 F.2d 1260 (5th Cir. 1975) (a mark is “used” when affixed to the goods and the goods are “sold, displayed for sale, or otherwise publicly distributed”).

63 *Blue Bell*, 508 F.2d at 1267.

64 Id. at 1263.

65 Id. at 1267 (“Blue Bell's attachment of a secondary label to an older line of goods manifests a bad faith attempt to reserve a mark. We cannot countenance such activities as a valid use in trade.”).

66 Id.
Bell intended to sell under the Time Out mark. As the court said, “[e]lementary tenets of trademark law require that labels or designs be affixed to the merchandise actually intended to bear the mark in commercial transactions.”

Put simply, Blue Bell’s purported use didn’t count because the Time Out mark would convey the wrong information about the characteristics of the goods. That’s a problem because “the usefulness of a mark derives not only from its capacity to identify a certain manufacturer, but also from its ability to differentiate between different classes of goods produced by a single manufacturer.”

C. Loss of Rights

Because trademark rights are a function of use, a party abandons its rights when it has ceased using the mark and has no intent to resume use. The continued use necessary to avoid abandonment is not just any use of the mark—here just like in the context of acquisition of rights, “use” means “the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.” And for use to be bona fide, it must be for the same goods or services for which the

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67 Id. (“Here customers had ordered slacks of the Mr. Hicks species, and Mr. Hicks was the fanciful mark distinguishing these slacks from all others. Blue Bell intended to use the Time Out mark on an entirely new line of men’s sportswear, unique in style and cut, though none of the garments had yet been produced.”).
68 Id. See also Mountain Top Bev. Group, Inc. v. Wildlife Brewing, N.B., Inc., 338 F.Supp.2d 827, 835 (S.D. Ohio 2003) (“Moreover, even if the display of the dummy sample actually did occur, showing samples in bottles lacking the necessary labeling where the sample did not contain the merchandise actually intended to bear the mark does not constitute “use” as a matter of law.”).
69 Blue Bell, 508 F.2d at 1267.
70 15 U.S.C. § 1127. Nonuse for three consecutive years shall be prima facie evidence of abandonment. Id.
71 Id.
party claims continuing rights. So, for example, the Fourth Circuit found that Emergency One had ceased use of the AMERICAN EAGLE mark for fire trucks when it stopped producing new fire trucks; use of that mark on products other than fire trucks, including promotional merchandise, did not count as use for fire trucks.\textsuperscript{72} Continuation of rights depends on continuity of use in relation to particular goods or services. Even uses that are meant to remind consumers of the prior use are not sufficient.\textsuperscript{73}

The same idea that a trademark conveys specific meaning regarding the characteristics of products underlies the requirement that a licensor control the quality of the goods or services bearing the purported mark.\textsuperscript{74} As Professor McCarthy explains:

\begin{quote}
The key to quality control in a license is to ensure predictability. Customers are entitled to assume that the nature and quality of goods and services
\end{quote}

\textsuperscript{72} Emergency One, Inc. v. American FireEagle, Ltd., 228 F.3d 531, 536 (4th Cir. 2000). That court found that continued use of the mark on merchandise was sufficient to create a fact issue on the question of whether Emergency One intended to resume use for fire trucks, and it therefore remanded the case for a new trial. Id. at 541. On remand, the jury determined that Emergency One had not intended to resume use of the mark. See \textit{Emergency One, Inc. v. American Fire Eagle Engine Co., Inc.}, 332 F.3d 264, 266 (4th Cir. 2003).

\textsuperscript{73} See \textit{Unuson Corp. v. Built Entertainment Group, Inc.}, 2006 WL 194052, *5 (N.D. Cal., Jan. 23, 2006) (finding abandonment of “The U.S. Festival” mark for concert event services and specifically rejecting as evidence of continued use “the distribution of memorabilia associated with the concerts, the exchange of ‘memories’ by concertgoers, and the labeling of audio and video recordings with the name of the concert at which they originated”).

\textsuperscript{74} See 15 U.S.C. § 1055 (“Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration.”); id. at § 1027 (defining a “related company” as “any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used.”).
sold under the mark at all licensed outlets will be consistent and predictable. Also, customers are entitled to assume that at any one trademarked outlet, the nature and quality of goods and services sold under the mark will be substantially the same over time and will not suddenly and unexpectedly change without warning. Someone must be responsible for maintaining consistent levels of the nature and quality of the licensed goods and services. That someone is the trademark licensor.75

Given the purpose of the quality control requirement, it should be no surprise that, at least absent a special relationship, courts require evidence that the licensor actually engaged in quality control—licensors generally cannot rely on the licensees to control quality,76 and they cannot avoid abandonment by simply showing that the quality of the licensed goods remained high.77 Critically, control over the presentation of the mark is not sufficient—only control over the quality of the goods or services counts.78

Consistency of information about the goods or services mark identifies is also central to the prohibitions on assignments in gross. Under the modern rule, trademark owners can assign rights in their marks, but only if the assignment also

75 McCarthy at § 18:55.
76 Stanfield v. Osborne Indus., Inc., 52 F.3d 867, 872 (10th Cir. 1995) (“In cases in which courts have found that a licensor justifiably relied on a licensee for quality control, some special relationship existed between the parties.”)
77 See Barcamerica Intern. USA Trust v. Tyfield Importers, Inc., 289 F.3d 589, 597-98 (9th Cir. 2002) (“Whether Renaissance's wine was objectively ‘good’ or ‘bad’ is simply irrelevant. What matters is that Barcamerica played no meaningful role in holding the wine to a standard of quality—good, bad, or otherwise.”).
78 See, e.g., Slep-Tone Entm’t Corp. v. Coyne, 141 F.Supp.3d 813, 824 (N.D. Ill. 2015) (rejecting argument that quality control was shown by license terms prohibiting the licensee from “modify[ing] the manner in which the marks are electronically displayed, will not apply the marks to any non-original track, and will not disparage, mutilate, or modify the marks,” noting that “[t]he ‘control’ required for the use in commerce requirement is not control over the mark, but rather control over the service that the mark identifies”).
conveys the associated goodwill. An assignment that does not convey the goodwill is an invalid assignment *in gross*—it treats the mark as if it exists apart from the goodwill, which it does not. The goodwill of a mark is necessarily defined in relation to the goods or services with which that mark was used, so the validity of an assignment is evaluated in terms of the similarity between the goods and services for which the assignor and assignee use the mark. In some (mostly older cases), courts found abandonment even when the assignee continued to sell the same type of goods or services because the assignee changed the quality or nature of the goods offered under the mark. In one case, for example, the court invalidated an assignment of the SOLAR mark because the original manufacturer had used that mark for alum baking powder and the assignee substituted phosphate for alum.

All of these rules have something important in common: they reinforce the essential connection between a mark and the goods or services with which they are used—not just a connection in some abstract sense, but in terms of the information provided about the characteristics of those goods or services.

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79 McCarthy at § 18:2 (“Because a trademark is the tangible representation or symbol of good will, it cannot be separated from that good will. A trademark has no independent significance apart from the good will it symbolizes.”); see also Mister Donut of America, Inc. v. Mr. Donut, Inc., 418 F.2d 838, 842 (9th Cir. 1969) (“there are no rights in a trademark alone .... no rights can be transferred apart from the business with which the mark has been associated. Such was the common law rule and is now made a part of the Lanham Act.”).

80 Id at § 18:3 (“Applying this approach means that an assignment will not be invalidated as being ‘in gross’ so long as the transaction ensures that there is a continuity of good will and a meeting of consumer expectations as to the nature and quality of the goods or services sold by the assignee.”).

D. Dastar and Actionable Confusion

The essential connection between marks and the characteristics of tangible goods is central to the Supreme Court’s decision in *Dastar Corp. v. Twentieth Century Fox Film Corp.*

*Dastar* is often characterized as a boundary-policing case, and specifically as being motivated by a concern about parties using trademark law to protect works that are in the public domain as a copyright matter. And there is no doubt that the Court was concerned about misuse of trademark law—it said explicitly that allowing action under §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.” It said that, however, to help explain its construction of the Lanham Act, and particularly to explain why it would not make a special rule for communicative products that deviated from what the Court understood to be the ordinary way of thinking about trademarks.

*Dastar* did not hold that §43(a) claims are unavailable when a party claims rights in relation to public domain works. Instead, the Court rejected Fox’s claim because it was inconsistent with the language of §43(a), as the Court interpreted it. Fox was alleging that Dastar falsely designated the origin of intangible creative content, but, the Court held, the phrase “origin of goods” in section 43(a) means only “the producer of the tangible product sold in the marketplace.” And while the concept of origin

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83 Id at _.
84 Id at _.
“might be stretched to include not only the actual producer,” but the party who 
“(‘stood behind’) production of the physical product,” the focus is always on the origin 
of the tangible good. “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, “[t]he 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, which is fundamentally 
concerned with information about the characteristics of goods as goods. To treat 
communicative products differently would be to accord them special treatment, which

\footnotesize{\begin{itemize}
\item \textbf{85} Id. at _.
\item \textbf{86} Id.
\item \textbf{87} As I have previously noted, 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, \textit{Dastar’s Next Stand}, 19 J. INTELL. PROP. L. 357, 370–73 (2012); see also 
\textit{Dastar}, 539 U.S. at 37 (noting that, were reverse passing off claims directed at 
intellectual origins not barred, the “plaintiff [in \textit{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.”).
\item \textbf{88} Id. at _.
\end{itemize}
would cause “the Lanham Act to conflict with the law of copyright, which addresses that subject specifically.”

Under the rule of *Dastar*, trademark protection is denied to expressive content as such even if that content identifies the creator of the content (as opposed to identifying the source of tangible goods). Even when the plaintiff has valid trademark rights that could be enforced in other circumstances, it cannot enforce those rights against uses of its mark that do not identify the source of a relevant tangible good.

*Dastar* is particularly clear in its insistence that trademarks be connected to tangible goods, but even before *Dastar* courts recognized that a creative work cannot be a trademark for itself. A trademark is a symbol for something: it is a shorthand

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89 Id. The *Dastar* rule does not depend on whether the creativity at issue is protected by copyright law. See Williams v. UMG Recordings, 281 F. Supp. 2d 1177, 1185 (C.D. Cal. 2003) (“[T]he Supreme Court’s holding [in Dastar] did not depend on whether the works were copyrighted or not . . . Rather, in being careful not to extend trademark protections, the Court noted that protection for communicative products was available through copyright claims.”).

90 See Slep- Tone Entm’t Corp. v. Wired for Sound Karaoke & DJ Servs., LLC, 845 F.3d 1246, 1249 (9th Cir. 2017).

91 Phoenix Entm’t Partners v. Rumsey, 829 F.3d 817, 828 (7th Cir. 2016).

92 See EMI Catalogue P’ship v. Holliday, Connors, Cosmopolos Inc., 228 F.3d 56, 63 (2d Cir. 2000) (“Trademark law is concerned with protection of the symbols, elements or devices used to identify a product in the marketplace and to prevent confusion as to its source[, i]t does not protect the content of a creative work of artistic expression as a trademark for itself.”). See also Oliveira v. Frito–Lay, Inc., 251 F.3d 56, 62 (2d Cir. 2001) (“granting to a song the status of trademark for itself would stretch the definition of trademark too far”) (emphasis in original); Pellegrino v. Epic Games, Inc., No. 19-1806, 2020 WL 1531867, at *11 (E.D. Pa. Mar. 31, 2020) (rejecting claim based on video game’s copying of artist’s allegedly signature move; “the law is clear that a trademark cannot serve as a trademark for itself”); RDF Media Ltd. v. Fox Broad. Co., 372 F. Supp. 2d 556, 563 (C.D. Cal. 2005) (concluding
that identifies the origin of goods or services and enables consumers to understand and expect a certain set of qualities from those products or services. It cannot simply provide information about itself.\textsuperscript{93} Put somewhat differently, a trademark is not simply a recognizable representation, it must be linked to something else and convey information about the characteristics of that something else.\textsuperscript{94}

As I argue further below, many of the claims of trademark rights in relation to digital goods call into question this fundamental understanding of trademarks. To the extent those claims relate to the digital goods themselves, they are essentially claims that the digital representations are trademarks for themselves.

II. Cracks in the Foundation

Several developments in trademark law over the last few decades have at least loosened the connection between marks and goods and undermined the idea that marks convey information about the characteristics of goods as goods. Expansive

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\textsuperscript{93} Comedy III Prods., Inc. v. New Line Cinema, 200 F.3d 593, 595 (9th Cir. 2000) (rejecting plaintiff’s contention that the content of a video clip can falsely indicate origin).

\textsuperscript{94} See Beebe, supra note _ (“In holding that a popular song could not function as a “trademark for itself,” the Second Circuit held more fundamentally that a trademark signifier cannot be identical to its referent. It did so for the same reason that the Third Circuit denied protection to the design of a Grecian-style plastic planter. The design was “constitutive of the product itself.” Unlike a trademark, it had no “dialectical relationship to the product.” The signifier at issue did not refer to something external to itself.”) (quoting Oliveira and Duraco Prods., Inc. v. Joy Plastic Enters., Ltd., 40 F.3d 1431 (3d Cir. 1994).
interpretation of the infringement standard, in particular by construing broadly the idea of “sponsorship or affiliation” confusion, has allowed marks owners in some cases to assert claims against uses that can’t plausibly be cast in terms of information that the defendant’s use conveys about the characteristics of goods.

The most obvious examples here are the merchandising cases. Those cases involve use of university or professional sports teams’ logos or other imagery on t-shirts, hats, and other promotional goods. There are good reasons to think consumers want goods bearing those images because they want to show allegiance to their teams and not because the images or marks on those products indicate their source. Nevertheless, courts have sometimes accepted as sufficient for infringement arguments that consumers would associate the university or team’s trademark with the plaintiff, rather than asking whether use of that mark indicates the source of the goods on which those marks are used. Predictably, opinions in those cases have been

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95 In that respect, those images or marks are really ornamental and not functioning as trademarks. See LTTB LLC v. Redbubble, Inc., 840 Fed.Appx. 148, 151 (9th Cir. 2021) (finding “Lettuce Turnip the Beet” marks aesthetically functional because consumers buy goods bearing that phrase because they want the phrase and not because they identify LTTB as the source). For a thorough discussion of the concept of failure to function, see Alexandra J. Roberts, Trademark Failure to Function, 104 Iowa L. Rev. 1977 (2019); see also Mark A. Lemley & Mark P. McKenna, Trademark Spaces and Trademark Law’s Secret Step Zero, 75 STAN. L. REV. 1 (2023) (describing uses on the front of t-shirts and other merchandise as presumptively not functioning as trademarks).

96 See, e.g., Univ. of Ga. Athletic Ass’n v. Laite, 756 F.2d 1535, 1546 (11th Cir. 1985) (holding that actionable confusion “may relate to the public’s knowledge that the trademark, which is ‘the triggering mechanism’ for the sale of the product, originates with the plaintiff”); Bos. Prof’l Hockey Ass’n v. Dall. Cap & Emblem Mfg., 510 F.2d 1004, 1012 (5th Cir. 1975) (“The certain knowledge of the buyer that the source and origin of the trademark symbols were in plaintiffs satisfies the
cloaked in the language of confusion, complete with reminders that trademark law now covers confusion of any kind, and later cases have recast even extreme cases like Boston Hockey in more conventional sponsorship or affiliation confusion terms.

In Kentucky Fried Chicken Corp. v. Diversified Packaging Corp., for example, the court insisted that

Boston Hockey also reiterated our unbroken insistence on a showing of confusion . . . . Under the circumstances there—invoking sales to the consuming public of products bearing trademarks universally associated with Boston Hockey—the fact that the buyers knew the symbols originated with Boston Hockey supported the inescapable inference that many would believe that the product itself originated with or was somehow endorsed by Boston Hockey.

Not every merchandising case has come out in favor of the mark owner, but many now regard it as conventional wisdom that universities and sports teams have the

requirement of the act.”); Nat’l Football League Props. v. Consumer Enters., 327 N.E.2d 242, 246 (Ill. App. Ct. 1975) (finding infringement because “the buying public has come to associate the trademark with the sponsorship of the NFL or of the particular member team involved”).

97 See Boston Hockey, 510 F.2d at 1012 (noting that “the act was amended to eliminate the source of origin as being the only focal point of confusion” and finding “[t]he argument that confusion must be as to the source of the manufacture of the emblem itself . . . unpersuasive, where the trademark, originated by the team, is the triggering mechanism for the sale of the emblem”).

98 510 F.2d 1004 (5th Cir. 1975).

99 549 F.2d 368, 389 (5th Cir. 1977); see also Supreme Assembly, Order of Rainbow for Girls v. J.H. Ray Jewelry Co., 676 F.2d 1079, 1082 n.3 (5th Cir. 1982) (explaining that, even after Boston Hockey, “a claimant must still prove a likelihood of confusion, mistake or deceit of ‘typical’ purchasers, or potential purchasers, as to the connection of the trademark owner with the infringing product”).

100 See, e.g., Bd. of Governors of the Univ. of N.C. v. Helpingstine, 714 F. Supp. 167, 173 (M.D.N.C. 1989) (rejecting the plaintiff’s claim on the ground it failed to provide “evidence establishing that individuals do make the critical distinction as to sponsorship or endorsement, or direct evidence of actual confusion”); Univ. of Pittsburgh v. Champion Prods., 566 F. Supp. 711, 713, 716 (W.D. Pa. 1983) (finding no likelihood of confusion, in part because Champion clearly indicated it was the source of origin of the goods, and finding the logos functional as used by Champion).
right to prevent unauthorized use of their marks on merchandise.\textsuperscript{101}

But it’s worth noting that these cases have come in for heavy criticism by scholars and sometimes even courts precisely because they diverge from the conceptual model of trademark law. In particular, scholars have routinely noted that these cases ignore the fact that trademarks are supposed to provide information about the \textit{goods} they identify; they are not supposed to be the goods themselves.\textsuperscript{102} And there may be renewed hope that courts will revisit the issue. In a recent decision denying summary judgment to Penn State in a case against a company selling merchandise bearing vintage imagery associated with Penn State, the court drew heavily on academic criticism of a broad merchandising right, particularly work by Stacey Dogan and Mark Lemley, and wondered whether the multi-billion dollar collegiate licensing industry was really a house “built on sand.”\textsuperscript{103} The court specifically invited additional empirical evidence on several “essential questions”: “[W]hat percentage of consumers are confused about the source or sponsorship of Vintage Brand’s products? Does this belief vary by logo or merchandise type? And does it stem from their belief

\textsuperscript{101} See Stacey L. Dogan & Mark A. Lemley, The Merchandising Right: Fragile Theory or Fait Accompli?, 54 Emory L.J. 461 (2005) (questioning the legal foundation of a merchandising right but noting the explosive growth of the licensing market and acknowledging that “we might be stuck with” consumer expectations that merchandise is licensed, and recommending limited injunctive relief in the form of a disclaimer in most cases).

\textsuperscript{102} Dogan & Lemley; Mark P. McKenna, A Consumer Decision-Making Theory of Trademark Law, 98 Virginia L. Rev. 67, 97-98 (2012).

\textsuperscript{103} Pennsylvania State University v. Vintage Brand, LLC, 2022 WL 2760233, *10 (M.D. Pa., July 14, 2022) (“The modern collegiate trademark-and licensing-regime has grown into a multibillion-dollar industry. But that a house is large is of little matter if it's been built on sand.”).
that the law requires Penn State's permission?"\textsuperscript{104}

Peter Karol has also made a strong case that brand owners are taking advantage of the service mark’s relatively weak registration requirements to protect brands in the abstract, divorced from use with particular products or services of importance.\textsuperscript{105} As Karol describes, many service mark registrations are not for marks like the ones that motivated the move toward sameness of treatment (the names of craftsmen whose personal involvement in offering the services could be understood as a crucial feature of the service). Lots of modern service marks are really just slogans that companies want to stake claim to—where the argument is really that consumers associate the \textit{phrase} with the company, and where the goods and services are really just an afterthought.\textsuperscript{106}

And, of course, there are reasons to think that courts are not always especially serious about enforcing the naked licensing or assignment in gross rules. Some courts have created new rules broadening the special relationship exception to the expectation of quality control, allowing mark owners to claim to rely on purported licensees for control over quality.\textsuperscript{107}

\textsuperscript{104} Id.
\textsuperscript{105} See Peter J. Karol, Affixing the Service Mark: Reconsidering the Rise of an Oxymoron, 31 Cardozo Arts & Ent. L.J. 357 (2013).
\textsuperscript{106} Id. at 397-98. See also William A. McGeveran, Selfmarks, 56 Hous. L. Rev. 333 (2018) (describing the use of service marks by celebrities essentially for the purpose of claiming themselves as trademarks, where the “service” is really just being a celebrity).
\textsuperscript{107} See, e.g., Lawn Managers, Inc. v. Progressive Lawn Managers, Inc., 959 F.3d 903, 910-11 (8th Cir. 2020) (finding no naked licensing despite no evidence of quality control where the license agreement was the result of divorce where parties
But the fact that courts have not enforced these limits rigorously enough is reason to criticize the departures; it is not reason to abandon the fundamental concept on which the doctrines are premised. In my view, uncritical acceptance of trademark rights for “digital goods” in this respect has the potential to completely break trademark law and sever it from the connection to information about goods. It turns marks into pure abstract brand value, even if that brand value was developed originally in relation to actual goods.

III. Digital Goods are Not “Goods”

To the extent these new trademark claims relate to the digital goods themselves—when, for example, the claim is that use of the Nike swoosh on digital shoes works as a trademark for the digital shoes, they are not uses in relation to goods in any meaningful sense.

Courts in the post-\textit{Dastar} era have already had to confront the question of what counts as a relevant good under a rule that allows Lanham Act claims only against uses that cause confusion about the origin of tangible goods.\footnote{For a discussion of many of these cases, see Mark P. McKenna & Lucas S. Osborn, \textit{Trademarks and Digital Goods}, 92 Notre Dame L. Rev. 1425, 1439-51 (2017).} And they have often struggled, in part because many courts have not really understood the significance of

\footnote{would “in effect, operate parallel, almost identical companies using the same name and similar equipment and vehicles but in different zip codes”}; see id. at 915 (Kobes, J. dissenting) (noting that the plaintiff admitted there was “no way possible” for him to control quality; “This is the first time a court has approved a license without an ongoing relationship to monitor and prevent misleading uses of the mark.”)
Dastar’s focus on tangibility. Some courts, for example, have simply refused to accept that the Court held what it did and insisted that the decision was only about public domain material. Others have misunderstood the question should focus on whether the defendant has created a new economic unit, not specifically whether that economic unit is a tangible good.

These newer claims to ownership of marks for digital goods present that same issue more directly and more pervasively. Understanding these claims in terms of the information the marks convey demonstrates what a departure they are from traditional understandings of trademarks as providing information about the characteristics of goods. Digital goods do not have characteristics as goods. Digital shoes are not shoes—marks on them don’t convey information about durability or comfort, suitability for running, or anything analogous. They are pure representation. They may be associated with a real-world producer in the same way that marks

109 See, e.g., Fortres Grand Corp. v. Warner Bros., Entm’t Inc., 763 F.3d 696 (7th Cir. 2014) (characterizing the both the plaintiff’s Clean Slate software and the defendant’s movie as “tangible products”).

110 See, e.g., Hermes Int’l v. Rothschild, 603 F.Supp.3d 98, 107 n.7 (S.D.N.Y. 2022) (rejecting Rothschild’s Dastar arguments on motion to dismiss and describing Rothschild’s argument that the Lanham Act does not cover claims about the origin or sponsorship of intangible content as “unduly narrow” and characterizing Dastar as holding that § 43(a) “does not prevent the unaccredited copying of a copyrighted work”); id. (“The Supreme Court rejected an argument that the Lanham Act provided trademark protection akin to copyright rights by distinguishing between creative ideas and “tangible goods that are offered for sale.”).

111 See, e.g., Bob Creeden & Assocs. v. Infosoft, Inc., 326 F. Supp. 2d 876, 877–78 (N.D. Ill. 2004) (determining that a software system was a tangible good because it was a new economic unit); Slep–Tone Entm’t Corp. v. Sellis Enters., Inc., 87 F. Supp. 3d 897, 905 (N.D. Ill. 2015) (concluding that plaintiff’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”).
represented in paintings or referred to in songs are associated with a brand owner. But that does not mean they convey information about the source of any particular good when they are purely represented in that space.

Nor should these claimants be able to escape the reality that the digital goods are not meaningfully goods by pointing to some nominal tangible embodiment. That is a move some have attempted in order to avoid *Dastar*. In the *Slep-Tone* cases, for example, where the plaintiff alleged trademark infringement based on defendants’ copying of karaoke tracks that visually depicted the plaintiff’s mark in the content of the track, Slep-Tone unsuccessfully tried to distract from the fact that its claims were fundamentally about copying of intangible content by claiming that the digital files (which consumers never saw or interacted with) were tangible goods.\(^{112}\) Courts in those cases correctly saw through the nominal tangibility, but the reasons for rejecting those arguments might be easier to understand in terms of the information allegedly conveyed by the mark. Except in unusual cases, visual representation of a

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\(^{112}\) *Phx. Entm’t Partners, LLC v. Rumsey*, 829 F.3d 817, 823 (7th Cir. 2016) (describing and rejecting plaintiff’s claim that defendant’s copying of karaoke tracks created tangible copies (digital files) because consumers never interact with those files and therefore cannot be confused about their origin); see also *Slep–Tone Entertainment Corp. v. Wired for Sound Karaoke & DJ Services, LLC*, 845 F.3d 1246, 1250 (9th Cir. 2017) (per curiam) (“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.”).
digital good will not convey material information about the characteristic of a digital file as a digital file.\textsuperscript{113}

It’s not just that recognizing rights in relation to digital goods would be hard to square with trademark doctrine writ large, which, as demonstrated above, is shot through with the conceptual focus on information regarding the characteristics of goods. It is also that failure to adhere to that understanding makes it much harder to distinguish 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{114}

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{115} For many years courts refused to recognize product design in part because a trademark was, by definition, something separate from the goods.\textsuperscript{116} That categorical view obviously has evolved, but not without

\begin{footnotesize}
\begin{enumerate}
\item See McKenna & Osborn, supra note _ at 1451 (arguing that consumers will rarely be materially confused about the origin of a digital file, but recognizing as a possible exception use of marks identifying software programs like Microsoft Word).
\item 17 U.S.C. § 102 (2012) (“Copyright protection subsists . . . in original works of authorship fixed in any tangible medium of expression . . . .”)
\item See Mark P. McKenna, (Dys)Functionality; Caitlin P. Canahai & Mark P. McKenna, The Case Against Product Configuration Trade Dress.
\item See Davis v. Davis, 27 F. 490, 491–92 (C.C.D. Mass. 1886); see also 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,
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.

A. Other Functions of Marks in the Digital Context

One argument about the role of trademarks in at least some digital contexts will likely focus on the characteristics of digital goods as digital artifacts. It may, for example, be true that certain digital shoes have different characteristics within different environments, and those characteristics might affect their compatibility and usability in different ways. That consideration might well support disclosure rules and false advertising principles to regulate information about compatibility. It may also say something, as I elaborate on below, about the role of trademarks in clarifying who is operating the environment and even in identifying the party delivering a digital feature. But there is no strong reason to think that consumers will rely on the depiction of a mark as a feature of a digital good (a Nike swoosh on the side of a digital shoe) to understand how that digital good will work in some environment that the

because he has adopted a shape or form of a product, and particularly when such product is one of general use.”); 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 . . . .”).
mark owner does not control. At the very least, consumer expectations about this kind of information seem highly speculative at this point, and also very likely to be shaped by legal rules. Like in the merchandising context, there is a real risk here that consumer understanding will be shaped by the legal rules more than the legal rules being shaped by consumer understanding.

Relatedly, some might say that, even if trademarks on digital goods don’t convey any information about the characteristics of digital goods, they might still convey information that matters to consumers. Perhaps it matters to consumers that digital Nike shoes actually come from Nike just because they care about “authenticity” as such—not because those digital shoes have characteristics as shoes, or even because the digital Nike shoes from Nike will “work” differently than other digital Nike shoes. Or perhaps consumers value scarcity and want someone to control the number of digital Nike shoes (no doubt Nike wants that).

Those arguments echo the one rejected by the Supreme Court in *Dastar* that, in the context of communicative goods, the source of the tangible object was less important than the source of the content. They are also very much like the arguments sometimes marshalled in favor of trademark protection for luxury brands,

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117 Things might be different in environments the mark owners do control, but in that case it’s unlikely consumers will need to rely on the markings on the digital goods themselves, since they will be in an environment with lots of other information, all of which is under the mark owner’s control.

118 See *Dastar* at __.
especially in support of post-sale confusion.119 Those arguments have always fit uneasily in trademark law precisely because they depend on control unrelated to confusion. But these arguments are especially weak in the context of digital goods.

The promise of the metaverse is that all of these digital artifacts can carry their own information about provenance, and that information can be recorded on the blockchain. If you want to know if my avatar’s digital shoes really came from Nike, that information can be carried in the token. We rely on trademarks in real space because provenance of goods cannot easily be conveyed another way, especially once the goods have traveled from the producer. The trademark is the information about provenance. There is no reason that need be so in the digital environment, and indeed technology is more likely to adapt in that way in the absence of trademark protection.

B. Digital Goods vs. Services

My focus thus far has been on claims in relation to digital goods themselves—Nike’s use of the swoosh on the side of a digital shoe, Johnson & Johnson’s use of Band-Aid to brand virtual bandages, or Scott’s use of the ORTHO mark to brand digital lawn fertilizer. As I’ve argued, those uses don’t convey information about the goods in any meaningful way, because digital goods are not goods with the sorts of characteristics trademark law is typically concerned with.

119 See Ferrari S.P.A. v. Roberts, 944 F.2d 1235, 1245 (6th Cir. 1991) (embracing the theory of post-sale confusion and describing the harm in relation to loss of exclusivity: “The DAYTONA SPYDER design is well-known among the relevant public and exclusively and positively associated with Ferrari. If the country is populated with hundreds, if not thousands, of replicas of rare, distinct, and unique vintage cars, obviously they are no longer unique.”)
Some of the recent claims have a different character, however, particularly where they relate to the offering of services akin to operating online stores. Here I mean to distinguish genuine use of marks to identify online marketplaces—use of the Nike mark not as a visual feature of a digital shoe, but to identify the virtual store where consumers can buy virtual or real-world products120—from claims to virtual lawncare services, which are the equivalent of digital shoes, or even to entertainment services where the actual use is just as a feature of a virtual good. If it matters to consumers that they get their digital Nike shoes from Nike, others shouldn’t be able to impersonate Nike in selling those shoes even if they are allowed to sell their own digital shoes with the same design. False advertising law’s principles of falsity and materiality are likely to be helpful in this delineating these claims.

We can distinguish some of these different types of claims by looking at Tyson Foods’ recent application to register its stylized Tyson logo.121 On one hand, Tyson claims it will use its mark for some of the sorts of virtual goods I have argued should not be recognized—specifically “downloadable virtual goods, namely, food for use online and in online virtual worlds.”122 Tyson has also claimed it will use the mark for a digital marketplace, and that use might be legitimate to the extent it resembles

120 In its application to register the NIKE+Swoosh mark, Nike’s description of goods and services included “retail store services featuring virtual goods, namely, footwear, clothing, headwear, eyewear sports bags, backpacks, sports equipment, art, toys and accessories for use online; on-line retail store services featuring virtual merchandise, namely, footwear, clothing, headwear, eyewear, bags, sports bags, backpacks, sports equipment, art, toys and accessories.”
121 App. Ser. No. 97296138.
122 Id.
the branding of an online store. Finally, Tyson claims it will use the mark for “entertainment services, namely, providing online virtual food for use in virtual environments.” That claim is ambiguous, but it seems likely it is precisely the sort of disingenuous recharacterization I have described. If the provision of virtual goods is in the form of an online store where consumers can purchase virtual food, then this part of the description is redundant, since Tyson has already claimed the mark in relation to an online store. It seems more likely that this is just another way of describing use of that mark to identify virtual food—the sort of service mark claim Karol criticized.

IV. Conclusion

The “metaverse” is still only coming into view, and it remains somewhat unclear exactly what it will become and what role trademarks will play in it. But one thing that is already clear is that mark owners are not interested in waiting—they are aggressively seeking to claim rights and to preclude others from offering digital versions of their real-world goods. Those claims need to be seriously evaluated and not simply treated as ordinary extensions of existing rights. In fact, many of these claims are fundamentally inconsistent with trademark law’s theory and structure, and they may permanently break trademark law’s connection to goods and services. We need to tread carefully here, before it is too late.

123 Id. ("Provision of an online marketplace and registry for buyers and sellers of digital assets, digital collectibles, digital tokens and non-fungible tokens (NFTs)").
124 Id.