

No. 24-879

**UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT**

YUGA LABS, INC.,
Plaintiff-Appellee,

v.

RYDER RIPPS, JEREMY CAHEN,
Defendants-Appellants,

and

DOES 1-10,
Defendants

On Appeal from United States District Court
for the Central District of California
U.S. District Court Case No. 2:22-cv-04355 (Hon. John F. Walter)

**BRIEF OF THE INTERNATIONAL TRADEMARK ASSOCIATION AS
AMICUS CURIAE IN SUPPORT OF PLAINTIFF-APPELLEE, YUGA
LABS, INC.**

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DISCLOSURE STATEMENT PURSUANT TO FED. R. APP. P. 26.1

Pursuant to Federal Rule of Appellate Procedure (“FRAP”) 26.1, *amicus curiae*, the International Trademark Association (“INTA”), states that it is not a publicly held corporation or other public entity. INTA does not have a parent corporation, and no publicly held corporation or other publicly held entity holds 10% or more of INTA’s stock.

CERTIFICATION PURSUANT TO FED. R. APP. P. 29

Pursuant to Federal Rule of Appellate Procedure 29(a)(2), *amicus curiae* certifies that not all parties have consented to the filing of this brief. For that reason, *amicus curiae* has filed a motion for leave to file it.

Additionally, in accordance with Federal Rule of Appellate Procedure 29(a)(4)(E), *amicus curiae* states that only INTA and its counsel authored this brief, and no part of this brief was authored by counsel to a party. No party or counsel for a party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than *amicus curiae* and its counsel made such a monetary contribution to its preparation or submission.

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INTA respectfully submits this brief in support of Plaintiff-Appellee, Yuga Labs, Inc. on the issue presented in this brief. INTA notes that there are a number of issues presented in the appeal to which INTA does not take any position. Thus, INTA takes no position on the ultimate issue of which party should prevail in the case.

INTEREST OF AMICUS CURIAE

Founded in 1878 as the United States Trademark Association, INTA is a not-for-profit organization dedicated to the advancement of trademarks and related intellectual property concepts as essential elements of trade and commerce. With more than 6,500 member organizations from 185 countries, and representing tens of thousands of trademark owners, professionals, and members of the academic community, INTA's members share the goals of fostering fair competition and informed decisions by consumers.

For decades, INTA has provided recommendations and assistance to legislators in connection with almost all major federal trademark and related legislation. In addition, INTA's members frequently are plaintiffs, defendants, and advisors in legal actions under the Lanham Act, including actions alleging trademark infringement and false advertising under the Lanham Act.

INTA is interested in the development of clear, consistent, and equitable principles of trademark and advertising law. Accordingly, INTA has participated as *amicus curiae* in numerous cases on significant Lanham Act issues.¹

At its core, the Lanham Act is about protecting consumers. Trademark protections and prohibitions against deceptive advertising enable consumers to identify the source of products and services, as well as to have an accurate understanding of the nature, characteristics, and qualities of those products and

¹ Cases in which INTA has filed amicus briefs since 2000 include: *Crocs, Inc. v. Effervescent, Inc., et. al*, No. 2022-2160 (Fed. Cir. 2023); *Jack Daniel's Props., Inc. v. VIP Prods., LLC*, No. 22-148; *Abitron Austria GmbH et al. v. Hetric Int'l, Inc.*, No. 21-1043 (pending); *U.S. PTO v. Booking.com B.V.*, 140 S. Ct. 2298 (2020); *Romag Fasteners, Inc. v. Fossil Grp., Inc.*, 140 S. Ct. 1492 (2020); *Peter v. NantKwest, Inc.*, 140 S. Ct. 365 (2019); *Iancu v. Brunetti*, 139 S. Ct. 2294 (2019); *Mission Prod. Holdings v. Tempnology, L.L.C.*, 139 S. Ct. 1652 (2019); *Matal v. Tam*, 582 U.S. 218 (2017); *B&B Hardware, Inc. v. Hargis Indus.*, 575 U.S. 138 (2015); *Hana Fin., Inc. v. Hana Bank*, 574 U.S. 418 (2015); *POM Wonderful L.L.C. v. Coca-Cola Co.*, 573 U.S. 102 (2014); *Herb Reed Enters., L.L.C. v. Fla. Ent. Mgmt., Inc.*, 574 U.S. 815 (2014); *Already, L.L.C. v. Nike, Inc.*, 568 U.S. 85 (2013); *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004); *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003); *Moseley v. V Secret Catalogue*, 537 U.S. 418 (2003); *Traffix Devices v. Mktg. Displays*, 532 U.S. 23 (2001); *Wal-Mart Stores v. Samara Bros.*, 529 U.S. 205 (2000); *Vans, Inc., et al. v. MSCHF Product Studio, Inc.*, No. 22-1006-cv (2d Cir. pending); *LTTB L.L.C. v. Redbubble, Inc.*, 840 F. App'x 148 (9th Cir. 2021); *Ohio State Univ. v. Redbubble, Inc.*, 989 F.3d 435 (6th Cir. 2021); *Ferring Pharms., Inc. v. Watson Pharms., Inc.*, 765 F.3d 205 (3d Cir. 2014); *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, 696 F.3d 206 (2d Cir. 2012); *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144 (4th Cir. 2012); *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 654 F.3d 958 (9th Cir. 2011) (on rehearing); *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97 (2d Cir. 2009); and *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, L.L.C.*, 507 F.3d 252 (4th Cir. 2007).

services. INTA therefore seeks to protect the interests of brand owners and consumers alike.

As applied to this case, INTA's principal interest is in ensuring that brand owners and the public have adequate and robust protections against trademark infringement, and that claims provided by Congress to address trademark infringement are not unnecessarily limited or foreclosed.

INTA takes no position on the ultimate merits of the underlying Lanham Act claims. Rather, INTA respectfully offers this submission to caution against overextension of the narrow holding in the Supreme Court's decision in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003),² that would

² This is not the first time that INTA has submitted an amicus brief cautioning against overextending *Dastar* (after having participated as amicus in *Dastar* to address issues not pertinent to the current appeal). In *Crocs, Inc. v. Effervescent, Inc.*, et. al, No. 2022-2160, INTA explained that the Supreme Court's holding in *Dastar* did not limit a claim under Section 43(a)(1)(B) of the Lanham Act, 15 U.S.C. § 1125(a)(1)(B). No. 2022-2160 (Fed. Cir. Mar. 15, 2023). In *American Society for Testing & Materials v. Public.Resource.Org, Inc.*, INTA explained that the unaccredited copying concerns in *Dastar* did not apply to Section 32 infringement claims and could not justify preclusion of Section 43(a) claims based on alleged use of another party's trademarks. No-17-7035 (D.C. Cir. Dec. 6, 2017). Among other concerns, INTA noted that an "overly-broad" interpretation of *Dastar* "would create a blunt and inflexible standard that would hamper trademark owners' right to protect and maintain quality control over their goods in any instance where those goods happen to contain or involve copyrightable materials." The Court of Appeals for the D.C. Circuit subsequently agreed that *Dastar* did not bar the trademark claims in that case. *Am. Soc'y for Testing & Materials v. Public.Resource.Org, Inc.*, 896 F.3d 437, 455 (D.C. Cir. 2018).

improperly foreclose any and all manner of nonfungible tokens (“NFTs”) from constituting “goods” under the Lanham Act.

SUMMARY OF ARGUMENT

A non-fungible token (“NFT”) is a unique cryptographic token that provides its owner rights in or access to one or more physical or digital assets or entitlements. The NFTs at issue here include digital images and entitlements representing membership in Appellee Yuga Labs, Inc.’s (“Appellee”) Bored Ape Yacht Club (“BAYC”).³

The NFTs at issue in this case, comprising both the cryptographic tokens and the associated digital images and entitlements, (the “Subject NFTs”) are “goods” subject to the Lanham Act because the Act covers any and all goods and does not exempt NFTs or any other digital goods. According to the U.S. Patent and Trademark Office (“USPTO”): “trademarks perform the same functions in NFT markets as they do in other markets: They identify the source of goods and services and distinguish the goods and services of one party from those of others. For example, trademarks can be used to indicate the source of underlying assets associated with NFTs, such as digital art, video clips of iconic sports moments, or

³ As discussed further in Section III, many different concepts are referred to as NFTs, and this case does not require the Court to determine whether all types of NFTs qualify for protection under the Lanham Act. Courts addressing NFT-related trademark claims have found that consumers using the term do not distinguish between the NFT and the underlying asset.

physical shoes. Trademarks also can indicate the source of services, such as unique entertainment experiences or club memberships, access to which is represented by NFTs.” Non-Fungible Tokens and Intellectual Property: A Report to Congress (U.S. Patent and Trademark Office and U.S. Copyright Office, March 2024 at 44, available at [Non-Fungible Tokens and Intellectual Property: A Report to Congress \(uspto.gov\)](https://www.uspto.gov/pressroom/2024/03/2024-03-01-nft-report)). Further, as recognized by the USPTO, the minting of NFTs is a “service” subject to the Lanham Act because the Act covers any and all services and does not exempt minting of NFTs.

The Subject NFTs represent entitlement to membership in the BAYC that Appellee operates as a service. They are sold and branded as part of the BAYC collection. BAYC is an identifier of the source of the Subject NFTs,⁴ and the underlying digital assets represented by the NFTs and the membership in the club are the basis for the NFTs’ commercial appeal. Accordingly, finding that the Subject NFTs are subject to the Lanham Act furthers the Lanham Act’s remedial purpose. Moreover, the District Court’s ruling that the Subject NFTs are covered by the

⁴ This brief argues only that the NFTs at issue *here* are subject to the Lanham Act, INTA is not taking a position in this brief as to all NFTs generally. Therefore, the parties’ dispute about the definition of NFTs and the scope of their activities in relation to their respective marks is not relevant to the core argument of this amicus brief, which is that the Lanham Act clearly applies to **any and all** goods and services, including goods and services that pertain to intangible goods.

Lanham Act is consistent with other courts' rulings that have considered the applicability of the Lanham Act to NFTs of this nature.

Appellants mischaracterize the Supreme Court's holding in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 31 (2003), and the Ninth Circuit's decision in *Slep-Tone Ent. Corp. v. Wired for Sound Karaoke & DJ Servs., L.L.C.*, 845 F.3d 1246, 1250 (9th Cir. 2017). Those cases simply do not limit the definition of "any goods or services" in the Lanham Act.

ARGUMENT

I. "GOODS" AND "SERVICES" ARE BROADLY DEFINED WHEN APPLYING THE LANHAM ACT.

The Lanham Act broadly covers all goods and services and does not support the limitations advanced by Appellants.

First, the Lanham Act permits trademark owners to "apply to register a mark for *any or all* of the goods or services on or in connection with which he or she is using ... the mark in commerce." 15 U.S.C. § 1112 (emphasis added). Similarly, Section 45, the construction and definition section of the Act, does not define "goods" or "services" and does not suggest that any good or service is exempt from Lanham Act protection. 15 U.S.C. § 1127.

Second, the Lanham Act creates various causes of action related to all goods and services. Under Section 1114, trademark owners can sue for infringement of a registered mark. Specifically, that section prohibits use of a registered trademark,

or a colorable imitation thereof, “in connection with the sale, offering for sale, distribution, or advertising *of any goods or services* on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. § 1114 (emphasis added).

Under Section 1125(a), trademark owners, with or without a federal registration, can sue for the use of any word or other device “in connection with *any goods or services*” when that word or device is likely to cause confusion, mistake or deception. 15 U.S.C. § 1125(a) (emphasis added).

Because the Lanham Act does not define “goods” or “services,” dictionary definitions can inform the statutory text, and those definitions further confirm Congress’s intent that the Lanham Act be broadly applied. For example, in *Radiance Foundation, Inc. v. NAACP*, the Fourth Circuit noted that while the Lanham Act does not define “good”, the Court could deduce its “meaning from other defined terms and common usage.” *Radiance Found., Inc. v. NAACP*, 786 F.3d 316, 323 (4th Cir. 2015). The Court then defined a “good” as “a valuable product, physical or otherwise.” *Id.* In support of its definition of “good”, the Court referenced the Black’s Law Dictionary’s definitions of “good”: “[t]hings that have value whether tangible or not,” and “services” as “an intangible commodity in the form of human effort, such as labor, skill, or advice.” *Id.* (quoting Black’s Law Dictionary 809,

1576 (10th ed. 2014)).⁵ The Court held that the definitions of goods and services under the Lanham Act should be “broad,” explaining that the Lanham Act “is meant to cover a wide range of products, whether ‘goods’ or ‘services,’” because “Congress intended the Lanham Act to protect consumers from confusion in the marketplace.” *Id.* at 322, 323-24. This approach ensures that the Lanham Act can adapt to the ever-evolving nature of commerce and protect consumers from deception and unfair competition in both established and newly-emerging markets.

In sum, there is no indication in the Lanham Act itself that the statute exempts the Subject NFTs from its reach. To the contrary, given how broadly courts have defined “goods” and “services,” when applying the Lanham Act, the Subject NFTs fall within the scope of the Lanham Act.

II. THE CASE LAW, INCLUDING THE SUPREME COURT’S DECISION IN *DASTAR*, SUPPORTS THE FINDING THAT THE NFTs AT ISSUE ARE PROTECTED BY THE LANHAM ACT.

As detailed below, the Supreme Court’s decision in *Dastar* does not preclude the finding that the Subject NFTs are subject to the Lanham Act. *Dastar* dealt only with communicative *content*, not communicative *products*. For that reason, district courts that have recently considered whether *Dastar* excludes all NFTs from the

⁵ The current Black’s Law Dictionary definition of “goods” continues to include the same definition – “things that have value, whether tangible or not.” *Black’s Law Dictionary* 809 (11th ed. 2019).

protections of the Lanham Act, including the Central District Court of California in the instant case, have rejected that contention.

A. Appellants’ Reliance on *Dastar* and *Slep-Tone* Is Misplaced.

1. *Dastar* does not exclude intangible assets from Lanham Act protection.

Appellants mischaracterize the Supreme Court decision in *Dastar*, asserting that the Lanham Act does not extend protection to “intangible goods” or “communicative products.” Appellants’ Opening Brief (“AOB”) at p. 49. Appellants further assert that “NFTs” are intangible goods, and, therefore, Appellee’s use in relation to the NFTs did not give rise to common law trademark rights. *Id.* at pp. 48 to 49.

Dastar, however, did not turn on a distinction between “tangible” and “intangible goods,” and certainly does not disqualify intangible goods from Lanham Act protections. Rather, in defining “origin of goods” as found in Section 43(a)(1)(A) of the Act, the Supreme Court distinguished between tangible goods and intangible *qualities* of those goods (such as authorship of communicative content) and held that copyright is the appropriate theory of protection for communicative content.

The circumstances of *Dastar* inform why Appellants’ characterization of the Supreme Court’s holding is misguided. The plaintiff in *Dastar* had failed to renew the copyright registration for a documentary series of video cassettes entitled

“CRUSADE IN EUROPE.” *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 25-26 (2003). The defendant copied that content, which had thus fallen into the public domain, edited it slightly, and distributed its own videocassettes of the content under the defendant’s own trademark. *Id.* at 26.

Nevertheless, the plaintiff argued that because it had been the “origin” of the footage,⁶ the defendant’s use of its own mark on the cassettes was a false designation of origin. *Id.* at 27. Accordingly, the question before the Supreme Court was the meaning of the term “origin of goods” as that term was used in Section 43(a)(1)(A) of the Act. *Id.* at 31.

Looking to consumer expectations when encountering the products, the Court distinguished between the tangible goods (the cassettes) and the intangible communicative content embodied in the goods (the filmed content). *Id.* at 31-32. For most goods, consumers understand trademarks as designating origin of the actual goods and not abstract qualities associated with the goods. *Id.* at 32. For example, consumers understand a trademark appearing on a can of soda as designating the origin of that particular can of soda, and not the origin of the formula of the soda. *Id.*

However, the Supreme Court also acknowledged that consumers have broader

⁶ While not essential to its ultimate decision, the Supreme Court did not accept Plaintiff’s assertion that it was the single “origin” of the series, noting that multiple parties had contributed to the creation of the documentary. *Dastar Corp.*, 539 U.S. at 35-36.

concerns as to origin in the case of “communicative products”—products such as books or movies that embody “communicative content.” *Id.* at 33. For example, the purchaser of a novel places importance on the identity of the author (perhaps more so than the identity of the publisher). *Id.* Nevertheless, the Supreme Court declined to include origin of content within its definition of “origin” because the proper form of protection for communicative content is copyright. *Id.* at 34. Extending the definition of “origin” (and therefore the scope of Lanham Act protection) to include the origin of communicative content (especially public domain content), would provide, for example, an end-run around the requirements of copyright for plaintiffs who had lost copyright protection. *Id.* To do so would, in the words of the Supreme Court, create a “mutant” form of copyright. *Id.*

Importantly, the Supreme Court in *Dastar* impliedly recognized that the Lanham Act squarely applies to communicative products. Justice Scalia noted that if the defendant had affixed its mark to the plaintiff’s cassettes, *Id.* at 31, or if the defendant had placed the plaintiff’s mark on cassettes manufactured by the defendant, *Id.* at 36, either scenario would give rise to a plausible unfair competition cause of action.⁷

⁷ Passing off (or palming off, as it is sometimes called) occurs when a producer misrepresents his own goods or services as someone else’s. “Reverse passing off, as its name implies, is the opposite: The producer misrepresents someone else’s goods or services as his own.” *Dastar Corp.*, 539 U.S. at 28 n.1 (citations omitted).

Accordingly, while the Supreme Court in *Dastar* declined to extend the Lanham Act to communicative *content*, it clearly envisioned Lanham Act coverage of communicative *products*.

2. *Step-Tone* did not involve customer confusion.

Appellants' reliance on *Slep-Tone Ent. Corp. v. Wired for Sound Karaoke & DJ Servs., LLC*, 845 F.3d 1246, 1250 (9th Cir. 2017), *see* AOB at pp. 48–50, also is misplaced. In *Slep-Tone*, the plaintiff produced karaoke music tracks marketed under the trademark SOUND CHOICE and released the tracks on “CD-G” discs, which accompany karaoke music with graphics, lyrics, and singing cues when played on compatible equipment. *Id.* at 1248. The content of CD-Gs can be copied onto computer hard drives via a process known as “media-shifting.” *Id.* The plaintiff sued the defendants for using unauthorized media-shifted versions of its SOUND CHOICE tracks at their karaoke business, in violation of the Lanham Act. The district court dismissed the claims, holding that they were an improper “attempt to stuff copyright claims into a trademark container.” *Id.* The Ninth Circuit affirmed the dismissal of the trademark claims in part because “[k]araoke patrons who [saw] [the defendants'] performances of [the] [p]laintiff's karaoke tracks [would] not be confused” about the source of the media-shifted digital files given that consumers “are not aware of” such files when experiencing the performances. *Id.* at 1250. By contrast, consumers are not only aware of the Subject NFTs, but they seek them out

as part of the overall commercial appeal of Appellee’s ape-themed digital assets, as further discussed below.

B. After *Dastar*, Other Courts Held that NFTs Are Protected Under the Lanham Act.

Recently, two district courts, including the Central District Court of California in the instant case, have considered whether *Dastar* somehow excludes NFTs from the protections of the Lanham Act. Both courts correctly rejected that contention.

1. *Hermès* Held that Claims Against MetaBirkins NFTs are Cognizable Under the Lanham Act.

In *Hermès Int’l v. Rothschild*, the defendant designed and marketed a collection of digital images depicting faux-fur-covered versions of the plaintiff’s famous BIRKIN handbags, titled “MetaBirkins.” 590 F. Supp. 3d 647, 650 (S.D.N.Y. 2022) (appeal docketed, 23-1081 (2d Cir. July 24, 2023)). The defendant used NFTs to “authenticate” the images. *Id.* Portraying the collection as a tribute to the plaintiff’s products, the defendant ultimately sold over a million dollars’ worth of such images. *Id.* The plaintiff sued for trademark infringement under the Lanham Act. *Id.* at 652-53.

The defendant argued, *inter alia*, that *Dastar* bars Lanham Act claims against the misuse of trademarks involving intangible goods. *Id.* at 654. The *Hermès* court, however, declined to dismiss the Lanham Act claim, noting that “*Dastar* says nothing about the general applicability of the Lanham Act to intangible goods.” *Id.*

In reaching its holding, the *Hermès* court explained that courts routinely apply the Lanham Act to intangible goods:

“. . . [N]either *Dastar* nor its progeny require that a defendant’s goods be tangible for Lanham Act liability to attach. Rather, the courts in those cases aimed to draw a sharper distinction between copyright and trademark by requiring consumer confusion as to the defendant’s goods -- whether tangible or intangible -- rather than with respect to their creative content.

Id. at 655.

2. The Decision Below Is Consistent With The *Hermès* Decision.

Quoting the *Hermès* decision at length, the District Court below noted that *Dastar* says “nothing at all about the general applicability of the Lanham Act to intangible goods.” *Yuga Labs Inc. v. Rider Ripps*, No. 22-4355, 2023 WL 3316748, at *5 (C.D. Cal. Apr. 21, 2023). Rather, the District Court concluded that the thrust of the *Dastar* decision was to delineate trademark protection from copyright protection in the context of content, and not to define or interpret the phrase “any goods or services.” *Id.* at *6-7.

The District Court further concluded that “although NFTs are virtual goods, they are, in fact goods for purposes of the Lanham Act.” *Id.* at *7. Explaining its holding, the District Court articulated qualities that digital goods share with tangible

goods.⁸ *Id.* at *7-8. Specifically, utilizing blockchain technology, digital goods can display labels indicating origin – a function previously performed solely by the affixation of a trademark to a physical object. Ownership can be exclusive, recorded and transferred. Digital goods are storable, and their content can be distinguished from other digital goods. *Id.* at *7.

Echoing the *Hermès* court, the District Court further noted that customers buy NFTs of the type at issue here “not to obtain the code contained in a token, but rather to exclusively own the content associated with the NFT.” *Id.* at *5, quoting *Hermès Int’l v. Rothschild*, 654 F. Supp. 3d 268, 278 (S.D.N.Y. 2023). In addition, the District Court, in referring to plaintiff’s sales and no-sales activities, concluded that plaintiff had acquired “significant brand reputation and goodwill.” *Id.* at *9. Defendant’s efforts to comment on plaintiff’s reputation corroborated plaintiff’s ownership of trademark rights. *Id.* at *9.

Finally, the District Court emphasized that NFTs “have specific uses and values that are dependent on the consumer.” *Id.* at *5 (internal quotation marks and citation omitted). They are sold “specifically for their connection to a particular brand, creator, or associated creative work” and are not mere “written instructions” for computers. *Id.*

⁸ See also Andrea McCollum, *Treating Non-Fungible Tokens as Digital Goods Under the Lanham Act*, 63 IDEA: L. Rev. Franklin Pierce Center for Intell. Prop. 415 (2023).

In summary, the District Court here correctly held that NFTs, if understood as digital goods comprising a set of tokens that reference underlying digital assets via the token metadata, are goods for purposes of the Lanham Act.

III. NFTS ARE SUBJECT TO THE LANHAM ACT WHEN THEY REFERENCE UNDERLYING DIGITAL ASSETS AND THAT CONNECTION IS THE BASIS FOR THEIR COMMERCIAL APPEAL

Many different concepts are referred to as NFTs, and this case does not require the Court to determine whether all types of NFTs qualify for protection under the Lanham Act. The Subject NFTs do qualify for protection under the Lanham Act, however, because their consumer appeal depends on the facts that: (1) they reference underlying digital assets via the token metadata; (2) the token represents an entitlement of membership in the BAYC that Appellee operates as a service; and (3) the underlying assets and services are independently protectable under the Lanham Act. Indeed, those assets and the membership services are the reasons why consumers purchase these NFTs. Each NFT sold by Appellee also conveyed commercial license rights for the purchaser to use the digital asset, which also adds to the commercial appeal. *Yuga Labs*, n.4 and accompanying text at *9.

Additionally, courts addressing NFT-related trademark claims have emphasized that consumers are drawn to this type of NFT because of its relationship to the digital asset it references. Considered in the context of consumers' actual experience in the marketplace, NFTs such as the RR/BAYC NFTs at issue in this

case are inextricably linked to the underlying digital assets they reference and the entitlement they represent and, therefore, are subject to trademark law just as the asset and entitlement alone would be subject to trademark law.

A. Consumers Do Not Experience the RR/BAYC NFTs as Mere Database Records.

In determining whether the Subject NFTs are subject to the Lanham Act, the Court should account for consumers' actual experience of that particular NFT in the marketplace, consistent with the concerns underlying trademark law. *See Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985) (“The Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers.”); *see also U.S. Patent & Trademark Office v. Booking.com B.V.*, 591 U.S. 549, 556 (2020) (recognizing “the Lanham Act’s focus on consumer perception” and holding that trademark registrability turns in part on the “meaning” of the trademark “to consumers”).

The term “NFT” is a catch-all used to describe a wide spectrum of blockchain tokens, including all tokens other than those that are fungible. *See* USPTO, *Non-Fungible Tokens and Intellectual Property: A Report to Congress* (Mar. 2024), <https://www.uspto.gov/sites/default/files/documents/Joint-USPTO-USCO-Report-on-NFTs-and-Intellectual-Property.pdf> (hereinafter “USPTO Report”), at iv, 2. The term “NFT” refers to a unique cryptographic token, the ownership of which is

recorded to a blockchain or other distributed ledger system, and which provides the owner rights in or access to one or more assets or entitlements. *Id.* at iv.⁹ While other NFTs may be akin to “database record[s]” that have no “inherent link” to any referenced property rights, AOB at pp. 6–7, the particular type of NFT at issue *in this case* has specific characteristics that trigger the application of the Lanham Act. The RR/BAYC NFTs adhere to the ERC-721 token protocol standard, a technical standard for the implementation of NFTs on the Ethereum blockchain. *See* ER189 (Cahen Dep. Tr. at 93); ER731 (Appellants’ Answer & Counterclaims ¶ 1).¹⁰ NFTs that adhere to the ERC-721 standard can be used to represent a set of rights in a physical asset, digital asset, or an entitlement (membership in the BAYC)—or, in this case, both a digital asset and an entitlement. *See* INTA Report at 37. Each RR/BAYC NFT has a unique identifier known as a Token ID and is managed by a so-called “smart contract”—a self-executing code or protocol that carries out a set of instructions that is verified on the blockchain. *Id.* at 37–38. The smart contract is used to create or “mint” the token and manage subsequent transactions. *Id.* The

⁹ NFT technology and blockchain networks present new opportunities for trademark owners to build their brands, reach new consumers with interactive products and services, document the provenance of products, and manage trademark rights. *Id.* at v.

¹⁰ *See also* Ethereum, *ERC-721 Non-Fungible Token Standard*, <https://ethereum.org/en/developers/docs/standards/tokens/erc-721/> (last accessed May 14, 2024).

NFT includes metadata that identifies the digital file linked to it (the underlying asset) and where it is stored. *Id.*

Because ERC-721 NFTs reference underlying digital assets via metadata, they are frequently used to track the transfer of rights pertaining to that underlying asset, set forth in a license that accompanies the NFT. In this context, the term “NFT” is typically used in the market to refer to both the Token ID and the underlying digital asset. Thus, buying or selling the “NFT” is understood to include buying or selling rights to the underlying asset. Ownership of these rights is reflected by associating the Token ID with the buyer. Ownership of the NFT is reflected by storing the Token ID with the user’s wallet ID, although the digital asset is typically stored elsewhere. Consumers thus experience such “NFTs” as comprising the unique token intertwined with the underlying assets referenced in their metadata and any entitlements, not as mere database records. *See Hermès Int’l*, 654 F. Supp. 3d at 273–74 (concluding that individuals do not purchase NFTs “to own a ‘digital deed’ divorced from any other asset: they buy them precisely so that they can exclusively own the content associated with the NFT”).

Appellee’s own terms and conditions mirror this understanding of the NFTs at issue. The terms and conditions describe the BAYC NFTs as “digital collectibles” that convey “ownership” in underlying Bored Ape art. ER277 (Terms and Conditions). The terms and conditions further state that BAYC NFTs also “double

as membership passes, giving you access to ape-only events, games, adventures, and more,” *see* BAYC, *About*, <https://www.boredapeyachtclub.com/about> (last accessed May 14, 2024). Appellants’ characterization of NFTs as mere database records that do not implicate trademark law cannot be squared with this type of NFT, including what it represents (*e.g.*, the digital asset and club membership) and how it is marketed to consumers and perceived by them.¹¹

Thus, the Subject NFTs should be subject to the Lanham Act.

B. The USPTO’s Registration Practice Is Consistent with Consumers’ Experience of the NFTs at Issue in This Litigation.

The USPTO recognizes trademark rights associated with NFTs. After conducting a detailed study on NFTs, the USPTO and the U.S. Copyright Office issued a Joint Report to Congress, referred to herein as the USPTO Report. The USPTO Report states:

Trademarks perform the same functions in NFT markets as they do in other markets: They identify the source of goods and services and distinguish the goods and services of one party from those of others. For example, trademarks can be used to indicate the source of underlying assets associated with NFTs, such as digital art [as is the case here with the underlying assets], video clips of iconic sports

¹¹ Given that NFTs can be used as digital passes for membership to the BAYC club, which is an ongoing service operated by Appellee, the NFTs also implicate trademark law in the context of “services” under the Lanham Act. *Cf. Playboy Enters. Int’l, Inc. v. www.playboyrabbitars.app*, 2021 WL 5299231, at *2 (S.D.N.Y. Nov. 13, 2021) (issuing a preliminary injunction to stop the defendants from counterfeiting Playboy’s marks in connection with the sale of fake Playboy NFTs on a website because the defendants counterfeited Playboy’s marks “for online retail services, and NFT services as Playboy, thereby confusing customers”).

moments, or physical shoes. Trademarks can also indicate the source of services, such as unique entertainment experiences or club memberships [as is the case here with the BAYC club membership that comes with the purchase of an NFT] access to which is represented by NFTs.¹²

“Non-Fungible Tokens and Intellectual Property: A Report to Congress (March 2024) (“UPSTO Report”) at 45 (footnotes omitted). NFTs, therefore, “present new opportunities for brand owners to strengthen their brand identity” by using their trademarks in connection with products and services “tied to” NFTs. *Id.* (internal quotation marks and citations omitted).

The USPTO’s registration requirements for NFT-related goods or services also reflect consumers’ experience of NFTs as intertwined with underlying digital assets.

The USPTO Report makes clear that the USPTO will register trademarks for NFT-related goods and services which describe the underlying assets or services tied to the NFT with sufficient specificity. For example, the USPTO classifies a range of goods or services authenticated by NFTs—such as “[d]ownloadable photographs” or “[d]ownloadable music files”—in International Class 9 in its Trademark Next

¹² The USPTO’s Trademark Next Generation ID Manual (ID Manual) sets forth a non-exhaustive list of identifications of goods and services the USPTO considers acceptable in trademark registrations. The ID Manual is updated regularly as market practices evolve and currently contains numerous entries for NFT-related goods and services.

Generation ID Manual.¹³ USPTO Report at 47; *see also* USPTO, *ID Master List*, <https://idm-tmng.uspto.gov/id-master-list-public.html> (last accessed May 15, 2024). It also classifies goods such as “[s]neakers” or “paintings” “authenticated by” NFTs in International Class 35. *See id.* The USPTO also permits registration in connection with goods and services related to other intangibles, such as mutual funds or real estate investments. *See* USPTO, *ID Master List*, <https://idm-tmng.uspto.gov/id-master-list-public.html> (last accessed May 15, 2024). The USPTO’s practice, therefore, supports applying the Lanham Act to the type of NFT at issue here.¹⁴

IV. INTA ADVOCATES FOR THE RECOGNITION OF CONSUMER AND BRAND OWNER EXPECTATIONS IN DETERMINING THE SCOPE OF LANHAM ACT COVERAGE.

For decades, existing legal frameworks have struggled to keep up with fast-developing platforms and landscapes—particularly in a way that would match

¹³ The USPTO uses trademark classes to organize the goods or services used in applications, assess fees, and help streamline searches in its database of registered and pending trademarks. *See* USPTO, *Goods and services*, <https://www.uspto.gov/trademarks/basics/goods-and-services> (last accessed May 15, 2024).

¹⁴ The USPTO’s rejection of Appellee’s trademark application was consistent with this practice and does not bar the application of trademark law here. The USPTO appears to have simply required Appellee to “specifically identify the underlying digital or physical items represented” by its NFTs—not outright rejected its application because it involved NFTs. *See* ER433 (Mar. 7, 2023 USPTO Nonfinal Office Action).

consumer and intellectual property owners’ expectations. The internet’s evolution into a digital marketing, distribution, and retail channel of commerce, demonstrates the need to recognize and enforce intellectual property rights online, in a manner consistent with consumer and brand owner expectations in the physical, brick-and-mortar world. Now, yet more recent technological developments have resulted in new digital ecosystems that include blockchain technology, cryptocurrency, NFTs, and the metaverse (collectively referred to herein as the “New Digital Ecosystems”). These New Digital Ecosystems have once again required courts to consider and decide the issues of applicability, recognition, and enforcement of intellectual property rights in this new landscape. The Southern District of New York first addressed some of these issues in *Hermès*; and this Court must address them again here. Because NFTs, along with other components of the New Digital Ecosystems, are integral to the modern economy, it is crucial to establish a framework that upholds trademark protection across digital platforms in a manner consistent with consumers’ and brand owners’ expectations.

NFTs have rapidly emerged as a significant component of the digital economy—in other words, NFTs are here and they are here to stay. There is thus a strong need to uphold intellectual property rights in relation to NFTs in a manner consistent with consumer expectations. By acknowledging that the Subject NFTs are “goods” under the Lanham Act, this Court can ensure its definition of NFTs

matches that of consumers’. This approach will empower consumers to navigate this dynamic landscape confidently and effectively as they would any other more familiar physical or digital marketplace, while upholding the purpose of the Lanham Act, which, at its core, is to protect consumers.

Brand owners also recognize the potential of NFTs as a tool for brand engagement and expansion in the digital sphere. Extending trademark protection to NFTs—as the USPTO has done for tokens linked to underlying assets—provides brand owners with the confidence that their investments in such NFTs are legally protected, thereby encouraging brand owners to leverage these digital assets to enhance their brand value, allowing brand owners to combat infringement and counterfeiting to protect their investments, and fostering consumer trust in NFTs and broader New Digital Ecosystems. Consistent application of trademark law is crucial to provide consumers and brand owners with the certainty needed to invest in NFTs confidently. The Subject NFTs at issue here are goods. In addition, creating and minting NFTs is a service. Operating the BAYC club is a service. The RR/BAYC designation is an identifier of the source of the NFTs including the digital assets associated with the tokens. By affirming these conclusions, this Court can and should construe the scope of the Lanham Act in a manner that is consistent with consumer and brand owner expectations.

Dated: June 5, 2024

Respectfully submitted,

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