

THE NINTH CIRCUIT’S SPLIT PERSONALITY: HOW NFTS HIGHLIGHT A CONCERNING SPLIT IN THE COURT’S APPLICATION OF TRADEMARK LAW TO WEB 3.0

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The Sleekcraft factors have been a cornerstone of the Ninth Circuit Court of Appeals’ trademark infringement jurisprudence since 1979. However, recent trends within the Circuit reveal a split in application, with some district courts favoring trademark prosecutors and others favoring defendants. This divide is exemplified in the case of Yuga Labs v. Ryder Ripps, where differing interpretations of the Sleekcraft factors could significantly impact emerging technology and e-commerce practices. This Article delves into the implications of this intra-circuit split and proposes solutions to promote consistency and fairness in judicial outcomes.

The Ninth Circuit uses two contrasting standards to weigh the Sleekcraft factors and evaluate trademark infringement cases, particularly in the context of the internet. While the Brookfield-GoTo.com standard emphasizes strict enforcement of intellectual property rights, the Brookfield-Network standard prioritizes flexibility and adaptation to evolving technologies. Each standard offers unique benefits and challenges, ranging from predictability and efficiency to innovation and understanding of technological nuances.

This Article explores the implications of applying either standard, highlighting the potential consequences for both litigants and the broader technological landscape. It advocates for a balanced approach that maintains consistency while allowing for consideration of broader market dynamics beyond the immediate parties involved. By addressing the current intra-circuit split and promoting a nuanced understanding of trademark issues in the digital age, the Ninth Circuit can foster a legal environment that supports innovation and entrepreneurship while ensuring fairness for all parties involved.

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I. INTRODUCTION

For over 44 years, courts in the Ninth Circuit have looked to the *Sleekcraft* factors to analyze trademark infringement claims.¹ The *Sleekcraft* test is similar to tests utilized by other circuit courts.² The problem is that *Sleekcraft*, like the majority of similar landmark trademark infringement cases in other circuits, was decided before the advent of the internet.³

As the internet grew in popularity, ubiquity, and prevalence in the economy,⁴ it clashed with trademark law.⁵ Due to the large concentration of internet and technology-oriented companies located on the West Coast, the

¹ AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 345 (9th Cir. 1979).

² See 1A GILSON ON TRADEMARKS § 5.02; the First Circuit utilizes the *Pignons* factors. *Pignons S. A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 487 (1st Cir. 1981). The Second Circuit utilizes the *Polaroid* factors. *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 493 (2d Cir. 1961). The Third Circuit utilizes the *Lapp* factors. *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 463 (3d Cir. 1983). The Fourth Circuit utilizes the *Pizzeria Uno* factors. *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984). The Fifth Circuit utilizes the *O'Neal* factors. *Roto-Rooter Corp. v. O'Neal*, 513 F.2d 44, 45-46 (5th Cir. 1975). The Sixth Circuit adopted the Ninth Circuit's *Sleekcraft* factors in their *Frisch* factors. *Frisch's Rests., Inc. v. Elby's Big Boy of Steubenville, Inc.*, 670 F.2d 642, 648 (6th Cir. 1982). The Seventh Circuit does not have a defined test for trademark infringement, but its analysis is similar to other circuits' tests. See *Sullivan v. CBS Corp.*, 385 F.3d 772, 776-77 (7th Cir. 2004); *Helene Curtis Indus., Inc. v. Church & Dwight Co.*, 560 F.2d 1325 (7th Cir. 1977). The Eighth Circuit utilizes the *Squirtco* factors. *Squirtco v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980). The Tenth Circuit largely utilizes § 729 of the *Restatement of Torts* with some additions. *Universal Money Centers, Inc. v. AT&T Co.*, 22 F.3d 1527, 1530 (10th Cir. 1994); see also *Restatement of the Law, Torts § 729*; *Avrick v. Rockmont Envelope Co.*, 155 F.2d 568 (10th Cir. 1946) (adopting the *Restatement* factors). The Eleventh Circuit adopted the Fifth Circuit's *O'Neal* factors. *Bonner v. City of Prichard*, 661 F.2d 1206, 1209 (11th Cir. 1981) (en banc) (adopting as precedent decisions of the Fifth Circuit rendered prior to October 1, 1981). The Federal Circuit utilizes the *du Pont* factors. *In re E. I. Du Pont de Nemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973). The D.C. Circuit Court has not officially adopted a set of factors but has previously followed the Second Circuit's *Polaroid* factors. See *Basile, S.P.A. v. Basile*, 899 F.2d 35, 37 (D.C. Cir. 1990). Compare *Sleekcraft* to *Pignons*; *Polaroid*; *Lapp*; *Pizzeria Uno*; *O'Neal*; *Frisch*; *Sullivan*; *Squirtco*; *Universal Money Centers*; and *du Pont*.

³ The internet was invented in 1989 by British scientist Tim Berners-Lee while working at CERN. *A Short History of the Web*, CERN (2024), <https://home.cern/science/computing/birth-web/short-history-web#:~:text=Where%20the%20Web%20was%20born,and%20institutes%20around%20the%20world.>

⁴ The value of physical goods sold over the internet has grown from \$231 billion in 2012 to \$871 billion in 2022—an average growth rate of 16% annually. *What is the Share of E-Commerce in Overall Retail Sales?*, CBRE (May 16, 2022), <https://www.cbre.com/insights/articles/omnichannel-what-is-the-share-of-e-commerce-in-overall-retail-sales#:~:text=Depending%20on%20sources%20and%20methodology,%25%20to%20more%20than%2020%25.>

⁵ See *Brookfield Commc'ns., Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1041 (9th Cir. 1999).

Ninth Circuit became the epicenter of trademark lawsuits dealing with the internet.⁶

However, the Ninth Circuit has struggled with how to treat the internet and how to weigh the *Sleekcraft* factors in the internet context.⁷ Over the years, the Ninth Circuit has developed two conflicting standards that weigh the *Sleekcraft* factors drastically differently. The first standard encourages courts to rule in favor of trademark prosecutors because it assumes internet users are credulous and that similar trademarks on the internet are likely to confuse consumers.⁸ The second standard favors defendants by imploring courts to consider the totality of the internet and the specifics of new technology.⁹

The flaws with this legal patchwork reveal themselves in the case *Yuga Labs v. Ryder Ripps*.¹⁰ Yuga Labs is a technology company seeking to expand the boundaries of traditional intellectual property rights to include Non-Fungible Tokens (NFTs),¹¹ whereas the artist defendant, Ryder Ripps, asserts his actions were a form of digital protest.¹² Like with the early internet trademark cases, the issue is how the Court (and future courts) should analyze NFT trademark infringement claims.

II. BACKGROUND

A. What is an NFT?

To understand what an NFT is, one must first understand the technology behind it. An NFT lives on what is called a blockchain.¹³ A blockchain is “a chain of blocks of transactions of a comprehensive, secure

⁶ See Eric He, *Silicon Valley Still Dominates U.S. Tech Industry, Study Finds*, PATCH (Aug. 23, 4:41 PM 2021), <https://patch.com/california/paloalto/silicon-valley-still-dominates-u-s-tech-industry-study-finds>

⁷ See *Brookfield*, 174 F.3d.

⁸ See *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1203 (9th Cir. 2000).

⁹ See *Network Automation, Inc. v. Advanced Sys. Concepts*, 638 F.3d 1137, 1142 (9th Cir. 2011).

¹⁰ See generally Complaint, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed June 24, 2022); Hailey Lennon, *A landmark NFT lawsuit seeks to determine how creators, owners, and investors can protect their intellectual property and Monetize Assets Moving Forward*, FORBES (2022), <https://www.forbes.com/sites/haileylennon/2022/07/05/a-landmark-nft-lawsuit-seeks-to-determine-how-creators-owners-and-investors-can-protect-their-intellectual-property-and-monetize-assets-moving-forward/?sh=6facaf6361ec> (last visited Nov. 17, 2022).

¹¹ See generally Complaint, *id.*; see also discussion *infra*, Parts II (A), II (C)(1).

¹² See generally Motion to Strike Complaint, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed Aug. 15, 2022); see also discussion *infra*, Parts II (C)(2), II (E).

¹³ Megan E. Noh, et. al., *GM! Time to Wake Up and Address Copyright and Other Legal Issues Impacting Visual Art NFTs*, 45 COLUM. J.L. & ARTS 315, 316 (2022).

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ledger authenticated by multiple parties.”¹⁴ The first blockchain, Bitcoin, was launched in 2008 by a pseudonymous person or entity known as Satoshi Nakamoto.¹⁵ Bitcoin was designed to be a virtual currency, a way to trade money across the world and circumvent banks and governments.¹⁶ When a sender wishes to send Bitcoins to someone, the sender has to pay a variable fee (colloquially called “gas”) to the Bitcoin blockchain to verify that the sender has the funds and to register the transaction on the network’s ledger.¹⁷ Other blockchains later emerged such as Ethereum,¹⁸ Litecoin,¹⁹ Cardano,²⁰ and others, that vary in their methods and features but perform the same function as Bitcoin.²¹ All of a user’s currency, NFTs, and other data on a blockchain are stored in their “wallet.” A wallet is a semi-anonymous address on the blockchain that verifies a user’s ownership of assets on the blockchain.²² Wallets are how users can verify the previous ownership and creator of an NFT.²³

In 2012, a project called Colored Coins was designed to allow other types of data besides financial transactions to be transacted on the Bitcoin blockchain.²⁴ The goal was to allow stock shares, coupons, property deeds, and other non-fungible items to be traded on the blockchain.²⁵ This project was the start to the concept of an NFT.²⁶

Nonfungible items are items that cannot be replaced and are unique.²⁷ “For example, a Babe Ruth baseball trading card is non-fungible--if you trade it for another card, you will have something completely

¹⁴ 1 INTERNATIONAL COMPUTER LAW § 1.17

¹⁵ See Usman Chohan, *A History of Bitcoin*, CRITICAL BLOCKCHAIN RESEARCH INITIATIVE, 8 (2017) (discussing how Bitcoin was started).

¹⁶ Björn Segendorf, *What is Bitcoin?*, 2 SVERIGES RIKSBANK ECONOMIC REVIEW, 73 (2014) (“Bitcoin is a decentralised virtual currency scheme with bidirectional flow, and a cryptocurrency. It was devised to be independent of governments, banks and other institutions.”).

¹⁷ See *id.* at 74 (discussing how the Bitcoin Blockchain verifies the transfer).

¹⁸ See generally Home, ETHERIUM, <https://ethereum.org/en/> (last visited Feb. 6, 2023).

¹⁹ See generally Home, LITECOIN, <https://litecoin.com/en/> (last visited Feb. 6, 2023).

²⁰ See generally Home, CARDANO, <https://cardano.org/> (last visited Feb. 6, 2023).

²¹ Martin Holovský, *Unhyped Comparison of Blockchain Platforms*, MEDIUM (Jan. 25, 2022), <https://medium.com/coinmonks/unhyped-comparison-of-blockchain-platforms-679e122947c1> (last visited Nov. 17, 2022).

²² See generally Jake Frankenfield, *What is a cryptocurrency wallet?*, INVESTOPEDIA (2022), <https://www.investopedia.com/terms/b/bitcoin-wallet.asp> (last visited Sept. 30, 2022).

²³ LCX Team, *How to verify NFT authenticity*, LCX (2022), <https://www.lcx.com/how-to-verify-nft-authenticity> (last visited Sep 30, 2022) (a blockchain explorer is used to verify previous ownership of an NFT).

²⁴ Yori Assia et al., *Colored Coins whitepaper*, ETORO, 3 (2015), <https://www.etoro.com/wp-content/uploads/2022/03/Colored-Coins-white-paper-Digital-Assets.pdf> (last visited Oct. 2, 2022) (discussing the goal of the project).

²⁵ *Id.* (listing potential uses for Colored Coins).

²⁶ 1-2.4 BLOCKCHAIN AND SMART CONTRACT LAW P 2.4.09.

²⁷ Gary Kohn, *NFTs and the Law*, 44 LOS ANGELES LAWYER 18, 20 (2021).

different.”²⁸ In contrast, if you trade a \$1 bill for a different \$1 bill, it is fungible because you still have a \$1 bill.²⁹ NFTs are nonfungible because they contain data that represents ownership of a digital or non-digital asset, and the ownership can be easily validated on the blockchain.³⁰

An NFT can be created in one of two ways: by manually coding it³¹ or by uploading the desired file to an NFT marketplace.³² Regardless of the creation method, this process is called “minting.”³³ When an NFT is minted, it begins the chain of ownership on the blockchain. Every time the NFT is sold or resold, its new owner is added to the chain. One way to understand an NFT is to think of it as a deed to real property and the blockchain like the local Register of Deeds. Someone questioning its authenticity can easily look at the chain of ownership and trace it back to the original owner.

The fact that the ownership of an NFT can be proven and that NFTs are easily transferable is what makes them intriguing.³⁴ Blockchains also have transformative potential: a potential to “redefine how society thinks of ‘ownership’ . . . to democratize industries such as art, film, and music, by enabling creators to profit from their works without using a middleman.”³⁵ NFTs are a promising technology that seeks to help usher in Web 3.0.³⁶

²⁸ *Id.*

²⁹ *Id.*

³⁰ 1-2.4 BLOCKCHAIN AND SMART CONTRACT LAW P 2.4.09 (discussing how blockchain mining validates transactions and adds them to the ledger).

³¹ See generally Sumi Mudgil, *How to mint an NFT (part 2/3 of NFT tutorial series)*, ETHEREUM (Apr. 22, 2021), <https://ethereum.org/en/developers/tutorials/how-to-mint-an-nft/> (last visited Sept. 30, 2022).

³² See generally Nicholas Rossolillo, *How to mint an NFT: A step-by-step guide*, THE MOTLEY FOOL (2022), <https://www.fool.com/investing/stock-market/market-sectors/financials/non-fungible-tokens/nft-minting/> (last visited Sept. 30, 2022).

³³ See generally Mudgil, *supra* note 31; *id.*

³⁴ See Mark Conrad, *Non-Fungible Tokens, Sports, and Intellectual Property Law Issues: A Case Study Applying Copyright, Trademark, and Right of Publicity Law to a Non-Traditional Ownership Vehicle*, 32 J. LEGAL ASPECTS OF SPORT 132, 134 (2022) (discussing the uses of NFTs).

³⁵ Rebecca Carroll, *The Latest Technology Challenging Copyright Law's Relevance Within a Decentralized System*, 32 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 979, 981 (2022).

³⁶ Web 3.0 is a catch-all term for a vision of the internet that is built on blockchain and where users own their digital data and assets. The exact meaning varies from person to person but is centered around a decentralized internet in comparison to today's internet, which is centralized around the Amazon, Google, and Meta platforms. See Bobby Allyn, *People are talking about web3. is it the internet of the future or just a buzzword?*, NPR (2021), <https://www.npr.org/2021/11/21/1056988346/web3-internet-jargon-or-future-vision> (last visited Nov. 17, 2022) (“[Web 3.0 is] an umbrella term for disparate ideas all pointing in the direction of eliminating the big middlemen on the internet. In this new era, navigating the web no longer means logging onto the likes of Facebook, Google or Twitter.”); Thomas Stackpole, *What is web3?*, HARVARD BUSINESS REVIEW (May 10, 2022), <https://hbr.org/2022/05/what-is-web3> (last visited Nov. 17, 2022) (“[Web 3.0] is a convenient shorthand for the project of rewiring how the web works, using blockchain to change how information is stored, shared, and owned. In theory, a blockchain-based web could shatter the monopolies on who controls information, who makes money, and even how networks and corporations work. Advocates argue that Web3 will create new economies, new classes of products, and new services online; that it will return democracy to the web; and that is going to define the next era of the internet.”); Gilad Edelman, *The father of web3 wants you to trust less*, WIRED (Nov. 29, 2021), <https://www.wired.com/story/web3-gavin-wood-interview/> (last visited Nov. 17, 2022) (Gavin Wood, who coined the term “Web 3.0” and co-founded Ethereum, discussing how Web 3.0 will be about trusting

B. Problems with NFTs and Intellectual Property Law³⁷

Crypto-evangelists³⁸ spread the message³⁹ that blockchain and NFTs will make the contemporary concept of law and society obsolete.⁴⁰ However, the idea that blockchain and NFTs will replace banks, government, and the

governments and regulatory agencies less and demanding more truth and transparency from them); Sean Michael Kerner, *What is Web 3.0?*, WHATIS.COM (2022), [https://www.techtarget.com/whatis/definition/Web-30#:~:text=Web%203.0%20\(Web3\)%20is%20the.providing%20website%20and%20application%20services](https://www.techtarget.com/whatis/definition/Web-30#:~:text=Web%203.0%20(Web3)%20is%20the.providing%20website%20and%20application%20services) (last visited Sept. 30, 2022) (discussing what Web 3.0 is and how NFTs will impact it).

³⁷ Beyond the trademark infringement case instituted by Yuga Labs, Ryder Ripps has filed a countersuit against Yuga Labs seeking a declaratory judgement stating that Yuga Labs does not have copyright to the BAYC NFTs. See Counterclaim at 48-49, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed Dec. 17, 2022). However, Yuga Labs alleges that the copyright of the BAYC NFTs cannot be challenged because the copyright is not registered. See Motion to Strike Counterclaims at 23-24, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed Jan. 18, 2023). Whether Yuga Labs owns the copyright is an important question because the company licenses the NFT owner's personal and commercial use of their NFT's image. See *Terms and Conditions*, BORED APE YACHT CLUB, <https://boredapeyachtclub.com/#/terms> (last visited Feb. 6, 2023). The problem for Yuga Labs is that "[e]ach Bored Ape is unique and programmatically generated from over 170 possible traits"; in other words, each one is computer-generated. Home, BORED APE YACHT CLUB, <https://boredapeyachtclub.com/#/home> (last visited Sept. 30, 2022). The question of BAYC's copyright comes in light of the Federal Circuit Court ruling that artificial intelligence and computer-generated images cannot be copyrighted, as well as the U.S. Copyright Office retroactively denying copyright to such works. *Thaler v. Vidal*, 43 F.4th 1207, 1209 (Fed. Cir. 2022); see generally Brian Cronin, *AI-created comic could be deemed ineligible for copyright protection*, CBR (Dec. 21, 2022), <https://www.cbr.com/ai-comic-deemed-ineligible-copyright-protection/> (last visited Feb. 12, 2023). Because the question of BAYC's copyright is only tangentially related to trademark infringement, it will not be discussed in depth.

³⁸ Crypto-evangelists are individuals who believe blockchain technology is a good investment and/or an important technological development. The most famous crypto-evangelist is billionaire investor and Dallas Mavericks owner Mark Cuban. See generally Bibhu Pattnaik, *Mark Cuban envisions some of the biggest crypto opportunities ahead*, BENZINGA (Oct. 2, 2022), <https://www.benzinga.com/markets/cryptocurrency/22/10/29110783/mark-cuban-talks-about-biggest-crypto-opportunities-here-are-they> (last visited Feb. 10, 2023); Cheyenne DeVon, *Mark Cuban still believes in crypto despite FTX collapse-here's why*, CNBC (Nov. 18, 2022), <https://www.cnbc.com/2022/11/18/mark-cuban-still-believes-in-crypto-despite-ftx-collapse.html> (last visited Feb. 10, 2023); Elaine Moore, *Crypto evangelists keep the faith as prices fall*, FINANCIAL TIMES (July 3, 2022), <https://www.ft.com/content/e15fdb19-9f5f-4fa9-b12c-fb2d1263ab16> (last visited Feb. 10, 2023).

³⁹ See JAMES DALE DAVIDSON & WILLIAM REES-MOGG, *THE SOVEREIGN INDIVIDUAL: MASTERING THE TRANSITION TO THE INFORMATION AGE*, 158-159 (1999) (outlining how an encryption algorithm, like cryptocurrency blockchains, would allow wealth to be transferred without governmental taxes); Parker Lewis, *Bitcoin is a rally cry*, UNCHAINED CAPITAL (Mar. 26, 2021), <https://unchained.com/blog/bitcoin-is-a-rally-cry/> (last visited Oct. 31, 2022) ("While bitcoin is valued for different reasons by different people, it consistently appeals to those that have identified the inherent level of freedom afforded by such a powerful tool, particularly in a world full of never-ending economic calamities."); Max Borders, *The progressive case for cryptocurrency*, FOUNDATION FOR ECONOMIC EDUCATION (June 29, 2021), <https://fee.org/articles/the-progressive-case-for-cryptocurrency/> (last visited Oct. 31, 2022) (discussing how cryptocurrency and blockchain can improve economic mobility for low-income groups); Max Borders, *The conservative case for cryptocurrency*, FOUNDATION FOR ECONOMIC EDUCATION (Apr. 7, 2021), <https://fee.org/articles/the-conservative-case-for-cryptocurrency/> (last visited Oct. 31, 2022) (discussing how cryptocurrency and blockchain support Jeffersonian economics and eliminate the need for a central bank).

⁴⁰ Joshua Fairfield, *Tokenized: The Law of Non-Fungible Tokens and Unique Digital Property*, 97 IND. L.J. 1261, 1289-1290 (2022) ("Law, then, was something that crypto evangelists expected to wither away, with digital wallets replacing banks and programs replacing contracts. This is a common theme among technologists, who do not have a sense of the history of law. With the internet, government power was supposed to wane. It did not. Copyright was purportedly dead with Napster. It was not. Virtual worlds were supposed to be free of real-world law. They were not. And likewise, smart contracts will not replace contract law, nor will oracles and code replace lawyers, judges, and juries. Providing strong legal analogies to what has gone before serves to put property tokens in the right relation with the reasoning of courts to date and gives courts a place to look when considering how to resolve disputes involving litigants who use a new technology to act in entirely recognizable ways.").

law is not in alignment with reality.⁴¹ While the expansion of intellectual property rights into the internet over the past thirty years has been successful, this expansion is far short of taming this new wild west.⁴² Regulatory agencies and legislatures have not kept pace with the ever-evolving trends and advancements of cyberspace.⁴³ Thus, the responsibility falls on the courts to fill in this gap.⁴⁴

⁴¹ *Id.*

⁴² *Id.* at 1267 (“The expansion of intellectual property rights online helped tame rampant piracy early in the internet’s development, but it now offers an inadequate foundation as NFTs and digital uniqueness enter the scene.”).

⁴³ See Gary Gensler, *Prepared Remarks of Gary Gensler on Crypto Markets Penn Law Capital Markets Association Annual Conference*, U.S. SECURITIES AND EXCHANGE COMMISSION (Apr. 4, 2022), <https://www.sec.gov/news/speech/gensler-remarks-crypto-markets-040422> (last visited Oct. 27, 2022) (discussing how cryptocurrencies and NFTs are currently treated as outside normal securities laws); Sunny J. Kumar et al., *The NFT Collection: A Brave NFT World – A Regulatory Review of NFTs (Part 2)*, XII THE NATIONAL LAW REVIEW (June 30, 2022), <https://www.natlawreview.com/article/nft-collection-brave-nft-world-regulatory-review-nfts-part-2> (last visited Oct. 27, 2022).

⁴⁴ See generally *The regulatory considerations of nfts in the United States*, COINTELEGRAPH (2023), <https://cointelegraph.com/cryptocurrency-regulation-for-beginners/the-regulatory-considerations-of-nfts-in-the-united-states> (last visited Feb. 12, 2023). The Federal Trade Commission (FTC) has limited authority over NFTs; the FTC only has authority if the NFT is involved in “[m]isleading or false NFT advertisements, terms of service, or IP and copyright agreements—such as those misrepresenting the transfer of ownership of copyright.” Kristen Busch, *Non-Fungible Tokens (NFTs)*, CONGRESSIONAL RESEARCH SERVICE, 12-13 (July 20, 2022), <https://crsreports.congress.gov/product/pdf/R/R47189> (last visited Feb. 12, 2023); see generally 15 U.S.C. § 45 (1994). Because NFTs such as BAYC can collect royalties from secondary sales, NFTs could be considered securities and fall under the jurisdiction of the Securities and Exchange Commission (SEC). Eva Su, *Digital Assets and SEC Regulation*, CONGRESSIONAL RESEARCH SERVICE, 20 (June 23, 2021), <https://crsreports.congress.gov/product/pdf/R/R46208> (last visited Feb. 12, 2023); see also Lisa Gibbons, *How does bored ape yacht club (BAYC) make money?*, BENZINGA (2022), <https://www.benzinga.com/money/how-does-bored-ape-yacht-club-bayc-make-money> (last visited Feb. 12, 2023). While Professor Brian L. Frye believes that NFTs should be securities, the SEC has not declared them to be securities yet. Brian Frye, *NFTs are securities and it's great*, COINDESK (Dec. 28, 2022), <https://www.coindesk.com/consensus-magazine/2022/12/28/nfts-are-securities-and-its-great/> (last visited Feb. 12, 2023); Su, *supra* note 44, at 20. The U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) issued a rule in 2011 that defined a money transmission service to be anything that accepts and transmits currency, funds, or “other value that substitutes for currency ... by any means.” 31 C.F.R. § 1010.100. By that definition, NFTs could be considered a money transmission service. Many states have similar laws; some even directly regulate cryptocurrencies, but none mention NFTs. See Cyrus Vance et al., *State by state cryptocurrency laws and regulations*, BLOOMBERG LAW (Jan. 18, 2022), <https://pro.bloomberglaw.com/brief/cryptocurrency-laws-and-regulations-by-state/> (last visited Feb. 12, 2023) (summarizing and citing each state’s laws regarding the regulation of cryptocurrencies and NFTs). New Jersey is set to vote on a bill that would require all individuals and businesses in the state who issue cryptocurrency or mint NFTs to register for a license with the state. N.J. S1756 (3)(A) (2022), available at https://www.njleg.state.nj.us/bill-search/2022/S1756/bill-text?f=S2000&n=1756_R1; see also Taylor Scott, *How New Jersey’s potential NFT regulation can set poor precedent*, BITCOINIST

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However, this field may evolve too fast for even the courts to handle. For example, the Supreme Court only recently opined on an intellectual property case regarding Andy Warhol's appropriation of artist Lynn Goldsmith's photograph of the musician Prince.⁴⁵ The issue before the Supreme Court was whether Warhol's appropriation of Goldsmith's work constituted fair use.⁴⁶ To resolve this issue, the Court had to answer "a growing number of questions regarding [intellectual property]."⁴⁷ What is art anyways? Is there a creative hierarchy when it comes to art and fair use? If so, should there be? Does the creation of art itself absolve otherwise unacceptable conduct?"⁴⁸

While Goldsmith and The Andy Warhol Foundation argued over intellectual property rights, a third party, Brian L. Frye, a law professor at the University of Kentucky College of Law, has extended this debate to the digital realm by selling his own NFTs of Warhol's appropriation of Goldsmith's photograph of Prince.⁴⁹

This move is not Frye's first foray into pushing the legal boundaries of NFTs and intellectual property.⁵⁰ In one of his shenanigans, Frye added his name to the list of people throughout history who have sold the Brooklyn Bridge.⁵¹ In Frye's case, it was via an NFT featuring a stock photo of the

(2023), <https://bitcoinist.com/new-jerseys-nft-regulation-poor-precedent/> (last visited Feb. 12, 2023). This source and the above source are contradictory to the crypto-evangelist message. See DAVIDSON & MOGG, *supra* note 39.

⁴⁵ Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith, 598 U.S. 508 (2023).

⁴⁶ See Transcript of Oral Argument at 3, Andy Warhol Foundation for the Visual Arts, Inc. v. Lynn Goldsmith, 598 U.S. 508 (2023) (No. 21-869), https://www.supremecourt.gov/oral_arguments/argument_transcripts/2022/21-869_g314.pdf ("Both courts below agreed and Goldsmith doesn't dispute that Warhol's Prince Series can reasonably be perceived to convey a fundamentally different meaning or message from Goldsmith's photograph. The question in this case is whether that different meaning or message should play a role, any role, in the fair use analysis."); see generally Ronald Mann, *Justices debate whether Warhol image is "fair use" of photograph of prince*, SCOTUSBLOG (Oct. 14, 2022), <https://www.scotusblog.com/2022/10/justices-debate-whether-warhol-image-is-fair-use-of-photograph-of-prince/> (last visited Nov. 17, 2022).

⁴⁷ Paris Sanders, *ART IS BIG BUSINESS: Fine Art, Fair Use, and Factor Four After Goldsmith*, 29 UCLA ENT. L. REV. 59, 89 (2021).

⁴⁸ *Id.*

⁴⁹ See generally Dorian Batycka, *To criticize 'excessive' copyright protection, a law professor minted nfts of a Warhol work that's now the subject of a Supreme Court case*, ARTNET NEWS (July 7, 2022), <https://news.artnet.com/art-world/warhol-nft-brian-frye-2143449> (last visited Sept. 30, 2022).

⁵⁰ See Brian Frye, *How to Sell NFTs Without Really Trying*, 13 HARV. J. OF SPORTS & ENT. LAW 113, 131 (2022) (discussing his project of selling the Brooklyn Bridge via NFT).

⁵¹ See generally Gabriel Cohen, *For you, half price*, THE NEW YORK TIMES (Nov. 27, 2005), <https://www.nytimes.com/2005/11/27/nyregion/thecity/for-you-half-price.html> (last visited Sept. 30, 2022) (discussing the history of the con artists who falsely sold the Brooklyn Bridge over history).

bridge, and someone purchased it.⁵² Frye uses his antics to argue that most NFT consumers do not care if the person selling the NFT actually owns what it purports to represent.⁵³ “When [someone] buy[s an] NFT, [they] aren’t buying those rights. [They’re] just buying a nominal relationship to the work. Defective title doesn’t necessarily make a defective NFT. If the market thinks the NFT is cool, it doesn’t matter who owns the work it represents.”⁵⁴ According to Frye, consumers purchase NFTs to have the perception of a relationship with the item the NFT purportedly represents, regardless of the item’s legal connection to the NFT.⁵⁵ With this consumer mentality and the issue of *Andy Warhol Foundation v. Goldsmith*⁵⁶ in mind, Professor Frye even notes that his NFT collection “provides some interesting hypotheticals about whether, when, and how NFTs might infringe [intellectual property rights].”⁵⁷

Frye’s hypotheticals have manifested into real questions. *Yuga Labs v. Ryder Ripps* seeks to test the boundaries of intellectual property as well as mold the legal patchwork to each party’s benefit. Without regulation or clear judicial precedent, the responsibility falls on federal district court judges to bring the law to this intellectual property wild west and determine the future of this rapidly growing market.

⁵² Frye, *supra* note 50; see also Brian L. Frye, Brooklyn Bridge, MINTABLE, <https://mintable.app/collectibles/item/Brooklyn-Bridge-I-have-a-bridge-to-sell-you/EDju7z5Kuhh0M-o> [https://perma.cc/RN8U-37FC] (last visited Dec. 17, 2021); Brian L. Frye (@brianlfrye), TWITTER (June 1, 2021, 2:27 PM), <https://twitter.com/brianlfrye/status/1399794706486280194> [https://perma.cc/8LQ6-XGFK].

⁵³ Frye, *supra* note 50, at 118.

⁵⁴ *Id.*

⁵⁵ Frye, *supra* note 50, at 134-35 (“NFTs aren’t just meaningless data. While NFTs have no formal legal connection to the works they represent, the perception of a relationship is critical to the value of an NFT. Nothing is stopping you from creating an NFT of anything you like, whether or not it belongs to you. After all, I created an NFT of the Brooklyn Bridge, which I didn’t own, any more than George C. Parker did. But the NFT market looks askance at people creating NFTs of works they didn’t create or otherwise control.”).

⁵⁶ See *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 598 U.S. 508 (2023).

⁵⁷ Brian Frye, *The Art of the Token*, 5 STAN J. BLOCKCHAIN L. & POL’Y 238, 260 (2022) (“1. If a copyright infringement claim exists, who is the copyright owner? Doubleday hired Andy Warhol to illustrate Amy Vanderbilt’s Complete Cookbook. Are the drawings Warhol created for Doubleday works made for hire? 2. Does cutting a picture out of a book, gluing it to a card, and selling it constitute copyright infringement? 3. If a work copies an original element of a copyrighted work, does reproducing the work infringe the copied work? What if an image of a particular copy of a work is reproduced for the purpose of selling that particular copy? 4. Does creating an NFT of a work necessarily implicate copyright ownership of the work? What if the NFT represents a work that incorporates original elements copied from another work? 5. If an NFT represents ownership of a unique copy of a work that incorporates a unique copy of another work protected by copyright, does using an image of the work represented by the NFT in order to sell the NFT implicate the copyright in the copied work? 6. If an NFT representing ownership of a unique copy of a work is burned in order to exchange the NFT for the copy, can the persistence of the webpage documenting the existence of the NFT implicate copyright?”).

C. The Parties

Pending before the United States District Court for the Central District of California is one ongoing case that has the potential to have wide-reaching effects in the world of NFTs and may set the legal precedent for NFTs and trademark law.⁵⁸ The case is *Yuga Labs v. Ryder Ripps*.⁵⁹ Yuga Labs⁶⁰ alleges that defendant Ryder Ripps⁶¹ violated its trademark by falsely designating the origin of his NFTs (15 U.S.C. § 1125(a)).

1. Yuga Labs

Yuga Labs is the creator behind the NFT collection known as the Bored Ape Yacht Club (“BAYC”).⁶² BAYC is one of the most popular NFT

⁵⁸ Gary Symons, *Feature report: Bored apes lawsuit may set precedent for IP protection in nfts*, THE LICENSING LETTER (July 4, 2022), <https://www.thelicensingletter.com/feature-report-bored-apes-lawsuit-may-set-precedent-for-ip-protection-in-nfts/> (last visited Sept. 30, 2022) (discussing the challenges of intellectual property protection with NFTs).

⁵⁹ *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal.).

⁶⁰ Yuga Labs was founded in February 2021 by four individuals who go by the pseudonyms “Gordon Goner” (later revealed that his real name is Wylie Aronow), “Gargamel” (later revealed that his real name is Greg Solano), “Emperor Tomato Ketchup,” and “Sass.” The company started several NFT projects including “The Bored Ape Yacht Club,” “Mutant Ape Yacht Club,” and “Bored Ape Kennel Club.” Recently, Yuga Labs has acquired the companies behind other popular NFT collections including “CryptoPunks” and “MeeBits.” Yuga Labs is a Web 3.0 company that aims to reinvent what real-world utility for NFTs looks like and advocates for a decentralized Web 3.0. See generally *Home*, YUGA LABS, <https://www.yuga.com/> (last visited Nov. 15, 2022); Yuga Labs (@YugaLabs), TWITTER (Jan. 3, 2022, 3:27 PM), <https://twitter.com/yugalabs/status/1478100695404449804?lang=en>; Eric James Beyer, *Yuga Labs: The NFT Company Taking over the Metaverse*, NFT NOW (May 24, 2022), <https://nftnow.com/guides/yuga-labs-an-overview-of-the-nft-company-taking-over-the-metaverse/#:~:text=What%20is%20Yuga%20Labs%3F,10%2C000%20unique%20Bored%20Ape%20NFTs> (last visited Nov. 15, 2022).

⁶¹ Ryder Ripps is a conceptual artist best known for his 2015 exhibit at Postmasters Gallery in New York City titled “HO.” Beyond his art, Ripps is the Creative Director of OKFocus, a digital marketing and design agency. He has created recognizable work for numerous companies and celebrities including Marvel, James Blake, Soylent, Bruno Mars, Nike, Travis Scott, Pornhub, and Kanye West. See generally *Ryder Ripps [WORKS]* (@ig.portfolio), INSTAGRAM, <https://www.instagram.com/ig.portfolio/?hl=en>; *Home*, OKFOCUS, <http://okfoc.us/> (last visited Nov. 15, 2022); *Ryder Ripps*, SHOWSTUDIO, https://www.showstudio.com/contributors/ryder_ripps (last visited Nov. 15, 2022); Shanti Escalante-De Mattei, *The art world's digital troll is determined to take down bored Ape Yacht Club's \$4 Billion Empire*, ART NEWS (Sept. 15, 2022), <https://www.artnews.com/list/art-news/news/bored-ape-yacht-club-lawsuit-ryder-ripps-1234638475/the-consequences-of-being-early/> (last visited Nov. 15, 2022).

⁶² Complaint at ¶ 1, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed June 24, 2022).

collections (if not the poster child for NFTs) on the market.⁶³ Some NFTs from this collection have sold for millions of dollars⁶⁴ and are owned by various celebrities such as Tom Brady, Justin Bieber, Eminem, Snoop Dogg, Logan Paul, Shaquille O’Neal, and others.⁶⁵

BAYC is a collection of 10,000 “unique and programmatically generated” NFT images consisting of apes with “over 170 possible traits, including expression, headwear, clothing, and more.”⁶⁶ Each NFT is a unique image, “but some are rarer than others.”⁶⁷ The Bored Ape Yacht Club Collection first sold in April of 2021 for \$190 per NFT, but by August 2022, the NFTs were selling for around \$150,000 each.⁶⁸

Yuga Labs has pending trademark applications for the registration of “The Bored Ape Yacht Club” name, logo, abbreviation, and other related materials.⁶⁹ “Since at least April 2021, Yuga Labs has used its BAYC Marks; they have been used for its logo, website, social media pages, marketing, and in connection with its partnerships, products, and services.”⁷⁰

2. *Ryder Ripps*

Ryder Ripps is a controversial artist “known for creating artwork that comments on the boundaries between art, the internet, and commerce.”⁷¹ Ripps’s artwork landed him as a member of the 2016 Forbes 30 Under 30 class.⁷² His most prominent work was his exhibition at Postmasters Gallery

⁶³ Frye, *supra* note 50, at 116 (“But the undisputed leaders of the NFT marketplace are the CryptoPunks and Bored Ape Yacht Club collections, examples of which sell for over a million dollars each.”).

⁶⁴ *Id.*

⁶⁵ See generally Sam Dunn, *The all-star owners of the Bored Ape Yacht Club*, BOARDROOM (May 13, 2022), <https://boardroom.tv/bored-ape-nft-celebrity-owners/> (last visited Sept. 30, 2022).

⁶⁶ BORED APE YACHT CLUB, *supra* note 37.

⁶⁷ *Id.*

⁶⁸ Daniel Van Boom, *Bored ape yacht club nfts explained*, CNET (Aug. 11, 2022), <https://www.cnet.com/culture/internet/bored-ape-yacht-club-nfts-explained/> (last visited Sept. 30, 2022) (“It took 12 hours for all 10,000 to sell out at a price of \$190. . . . Right now, the cheapest you can buy one for is \$150,000”).

⁶⁹ Complaint at ¶ 23-30, Yuga Labs v. Ryder Ripps et al., 2:22-cv-04355 (C.D. Cal. Filed June 24, 2022).

⁷⁰ *Id.* at ¶ 31.

⁷¹ Motion to Strike Complaint at 10, Yuga Labs v. Ryder Ripps et al., 2:22-cv-04355 (C.D. Cal. Filed Aug. 15, 2022); see also Adrian Chen, *Ryder Ripps: An Artist of the Internet*, THE NEW YORK TIMES (July 8, 2014), <https://www.nytimes.com/2014/07/10/fashion/ryder-ripps-an-artist-of-the-internet.html>.

⁷² See generally Michael Solomon, *30 under 30 2016: Art & Style*, FORBES (2016), <https://www.forbes.com/30-under-30-2016/art-style/#3df3a4205512> (last visited Sept. 30, 2022).

in New York City in 2015, which critiqued internet culture.⁷³ However, Ripps's most controversial art was a piece titled *Art Whore*. For this piece, he had used his commission "to pay 'sensual masseuses' from Craigslist to draw for him, to illustrate the point that he was 'being exploited as an artist.'"⁷⁴ Rhizome, a prominent art commissioning and sponsorship organization in New York City,⁷⁵ denounced Ripps's art as "unthinking, unethical, and dull."⁷⁶

Ripps's first foray into NFTs was on July 14, 2021, when he reminted CryptoPunk#3100, the second most expensive NFT of all time that had sold for \$7.58 million.⁷⁷ Ripps's reminting was done to test the "boundaries and meaning of digital images within a new paradigm of IP law, copyright, computer generated images, and Non-Fungible Tokens."⁷⁸ After defeating a Digital Millennium Copyright Act (DMCA) notice⁷⁹ from Larva

⁷³ See generally D. Creahan, *Ryder Ripps: "ho" at postmasters through February 28th, 2015*, ART OBSERVED (Feb. 16, 2015), <http://artobserved.com/2015/02/new-york-ryder-ripps-ho-at-postmasters-through-february-28th-2015/> (last visited Sept. 30, 2022).

⁷⁴ Emma Specter, *Who is Ryder Ripps, conceptual artist and Kanye's DM buddy?*, GARAGE (2018), https://garage.vice.com/en_us/article/8x7nwx/kanye-west-ryder-ripps (last visited Sept. 30, 2022).

⁷⁵ About, RHIZOME, <https://rhizome.org/about/> (last visited Sept. 30, 2022).

⁷⁶ Rhizome (@rhizome), TWITTER (Nov. 11, 2014, 3:26 PM), <https://twitter.com/rhizome/status/532268125291823105?s=20&t=zVDwHyhvmDoSJPkfsYieuw>.

⁷⁷ CryptoVantage Staff, *Top 10 Most Expensive NFTs of All Time*, CRYPTO VANTAGE (Dec. 28, 2022), <https://www.cryptovantage.com/news/beeple-cryptopunks-and-tweets-the-top-10-most-expensive-nfts/> (last visited Sept. 30, 2022).

⁷⁸ Ryder Ripps, RR/BAYC, <https://rrbayc.com/> (last visited Sept. 30, 2022).

⁷⁹ The DMCA was passed by Congress in 1998; the goal of the Act was to "(1) establish[] protections for online service providers in certain situations if their users engage in copyright infringement, including by creating the notice-and-takedown system, which allows copyright owners to inform online service providers about infringing material so it can be taken down; (2) encourage[] copyright owners to give greater access to their works in digital formats by providing them with legal protections against unauthorized access to their works; and (3) mak[e] it unlawful to provide false copyright management information (for example, names of authors and copyright owners, titles of works) or to remove or alter that type of information in certain circumstances." See *The Digital Millennium Copyright Act*, U.S. COPYRIGHT OFFICE, <https://www.copyright.gov/dmca/> (last visited Feb. 13, 2023). In effect, regarding Ripps's CryptoPunk#3100 were Section 512 and 1202 of the DMCA. Section 1202 requires websites that host user content to accurately display information regarding the content's ownership; if a work is infringing on another's copyright, the website is required to remove the content. See 17 U.S.C. § 1202. However, Section 1202 is only triggered when the true copyright holder provides notice to the infringing website that it is hosting infringing material and provides it time to remove the infringing content in exchange for not incurring liability for damages. See 17 U.S.C. § 512. On July 1, 2022, Larva Labs sent a DMCA takedown notice to Foundation, the NFT marketplace where Ripps's CryptoPunk#3100 was being sold. Daniel Kuhn, *Cryptopunks get punked*, YAHOO NEWS (July 6, 2021), <https://www.yahoo.com/video/cryptopunks-punked-181112751.html> (last visited Feb. 13, 2023). Ripps then sent a counter-notice to Foundation stating that his mint of CryptoPunk#3100 was fair use. *Id.* Foundation sided with Ripps and did not remove his NFT. *Id.*; see also Ryder Ripps, *Larva Labs LLC. takedown notice email*, FOUNDATION (July 1, 2021), https://foundation.app/@ryder_ripps/foundation/55151 (last visited Sept. 30, 2022) (an NFT copy of the DMCA Complaint sent to Ripps).

Labs, the creator of the CryptoPunk NFT collection, Ripps took the position that “you can't copy an NFT” and that remints are new NFTs entirely.⁸⁰

On May 13, 2022, Ripps began reminting Bored Ape Yacht Club images under his own NFT collection, RR/BAYC, to “recontextualize” the images as well as “illuminat[e the] truths about their origins and meanings.”⁸¹ Ripps, among others,⁸² believes that Yuga Labs has intentionally hidden Nazi symbols and racial stereotypes in its trademark and NFTs, and he seeks to call them out on it.⁸³

D. The Trademark Legal Regime

The concept of trademarks is likely older than recorded history; the practice likely began with cattle branding, but archaeologists regularly find clay pots around 3,000 years old with the potter's mark on them, thus making them the oldest known use of trademarks.⁸⁴ As civilization advanced, the ancient Greeks and Romans were known to mark their goods with symbols to identify the artisan.⁸⁵ The practice broadened and became more formal in the Middle Ages with the rise of artisan guilds.⁸⁶ It was not until 1584 in England that the concept of trademarks formally entered common law.⁸⁷ In the case of *Sandforth*,⁸⁸ the plaintiff was a well-respected clothier known across England, Wales, and “beyond the seas” for the quality of his goods, which were identified as his work by adding his mark “J.G.” onto his

⁸⁰ Ripps, *supra* note 78.

⁸¹ *Id.*

⁸² Ryder Ripps is the most famous defendant in this case, but he is one of four defendants. The other defendants to this case include Jeremy Cahen, Ryan Hickman, and Thomas Lehman. *See generally* Complaint, Yuga Labs v. Ryder Ripps et al., 2:22-cv-04355 (C.D. Cal. Filed June. 6, 2022); Complaint, Yuga Labs v. Hickman, 2:23-cv-111 (D. Nev. Filed Jan. 20, 2023); and Complaint, Yuga Labs v. Lehman, 1:23-cv-85 (N.D.N.Y. Filed Jan. 20, 2023).

⁸³ Motion to Strike Complaint at 11-14, Yuga Labs v. Ryder Ripps et al., 2:22-cv-04355 (C.D. Cal. Filed Aug. 15, 2022) (Ripps claiming that “Yuga Systematically Embedded Racist Messages and Imagery in Its Trademarks and Products”); *see also* Ryder Ripps, *Bored Ape Yacht Club is Racist and Contains Nazi Dog Whistles*, GORDON GONER (2022), <https://gordongoner.com/> (last visited Oct. 1, 2022).

⁸⁴ 1 GILSON ON TRADEMARKS § 1.06, citing *Preserving History: Trademark Timeline*, 82 TMR 1021, 1022 (1992).

⁸⁵ Edward S. Rogers, *Some Historical Matter Concerning Trade-Marks*, 9 MICH. L. REV. 29 (1910), reprinted at 62 TMR 239, 240 (1972).

⁸⁶ *Id.* at 247.

⁸⁷ 1 GILSON ON TRADEMARKS § 1.06.

⁸⁸ *See generally* Sandforth's Case, Cory's Entries, BL MS. Hargrave 123, fo. 168 (1584); Keith M. Stolte, *How Early Did Anglo-American Trademark Law Begin? An Answer to Schechter's Conundrum*, 8 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 505, 529-538 (1997) (discussing the Sandforth complaint and decision).

goods.⁸⁹ The defendant, knowing the quality of the plaintiff's goods, added the plaintiff's mark to his inferior goods and the defendant sold his goods under the plaintiff's mark for two years.⁹⁰ When merchants stopped doing business with the plaintiff because of the poor quality of the defendant's goods, the plaintiff sued the defendant for damages.⁹¹ Though the Court ultimately ruled against the plaintiff because there was no law at the time against the defendant's acts, the *Sandforth* case was nevertheless the first recorded trademark case.⁹²

The idea of trademark protection would become codified into law in 1845, when the State of New York enacted legislation "to prevent fraud in the use of false stamps and labels."⁹³ At the federal level, Congress had attempted on several occasions to enact trademark protection.⁹⁴ In 1791, Thomas Jefferson unsuccessfully attempted to persuade Congress to use its interstate commerce power to protect the exclusive right to use certain marks on sailcloth.⁹⁵ In 1870, Congress enacted the first federal trademark statute⁹⁶ and cited Article 1, Section 8, Clause 8 of the U.S. Constitution⁹⁷ as justification for its enactment. In 1879, the Supreme Court ruled the 1870 trademark statute unconstitutional.⁹⁸ In 1881, Congress passed the first federal trademark law that passed constitutional muster.⁹⁹ However, the

⁸⁹ 1 GILSON ON TRADEMARKS § 1.06 ("For some twelve years he used the mark 'J.G.,' with the design of a 'tucker's handle,' possibly a tool of the clothier's trade, on quality cloth that he sold at various locations in England, Wales, and 'beyond the seas.' During this time he built up a profitable business and enviable reputation among merchants, who could tell from the trademark, without even inspecting the goods, that they were of high quality.").

⁹⁰ *Id.* ("He marked his 'deceitful, insufficient and unmerchable' cloth with the same trademark and sold it to merchants familiar with the plaintiff's goods and his trademark.").

⁹¹ *Id.*

⁹² *Id.* ("One can only speculate as to the training or resources available to the lawyer in Elizabethan England who represented the plaintiff. Nevertheless, whether or not most of the facts he alleged could be proved, his instincts were definitely on target. He saw fit to allege all the ingredients of a modern case of intentional trademark infringement, including priority of use, development of goodwill and reputation, wrongful intent, actual confusion, and damage through injury to reputation.").

⁹³ Rogers, *supra* note 85, at 252.

⁹⁴ 1 GILSON ON TRADEMARKS § 1.06.

⁹⁵ Rogers, *supra* note 85, at 251-52.

⁹⁶ 16 Stat. 210.

⁹⁷ U.S. CONST. art. I, § 8, cl. 8 (aka the Copyright and Patent Clause) provides that Congress has the power "to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

⁹⁸ Trade-Mark Cases, 100 U.S. 82, 91 (1879) ("The ordinary trade-mark has no necessary relation to invention or discovery. The trade-mark recognized by the common law is generally the growth of a considerable period of use, rather than a sudden invention. It is often the result of accident rather than design, and when under the act of Congress it is sought to establish it by registration, neither originality, invention, discovery, science, nor art is in any way essential to the right conferred by that act.").

⁹⁹ See 21 Stat. 502.

modern American trademark regime was only born 65 years later. In 1946, Congress passed the Lanham Act, which overhauled U.S. trademark law.¹⁰⁰

The Lanham Act was enacted using the Commerce Clause of the United States Constitution, which gives Congress the power to “regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.”¹⁰¹ The purpose of the Act was “to provide for the registration and protection of trademarks used in commerce.”¹⁰² Section 43 of the Lanham Act¹⁰³ defines a trademark as including:

any word, name, symbol, or device, or any combination thereof used by a person, or which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Act, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.¹⁰⁴

Due to the word “includes,” “[t]he statutory definition is virtually limitless.”¹⁰⁵ The most common trademarks are “logos, word marks, and logos with a verbal component.”¹⁰⁶

There are two types of trademarks: unregistered and registered.¹⁰⁷ A registered trademark is a mark that has been filed with the U.S. Patent and Trademark Office (USPTO) and added to the agency’s Principal Register.¹⁰⁸ A registered mark enjoys several statutory benefits that also make prosecuting potentially infringing marks easier for the plaintiff.¹⁰⁹ An unregistered mark is a mark that is not registered on either the USPTO’s

¹⁰⁰ See 15 U.S.C. § 1051 et seq.

¹⁰¹ U.S. CONST. art. I, § 8, cl. 3.

¹⁰² Lanham Act preamble, appearing before 15 U.S.C. § 1051.

¹⁰³ Codified as 15 U.S.C. § 1125.

¹⁰⁴ 15 U.S.C. § 1127.

¹⁰⁵ 1 GILSON ON TRADEMARKS § 1.02.

¹⁰⁶ 1 GILSON ON TRADEMARKS § 2.08.

¹⁰⁷ See 1A GILSON ON TRADEMARKS § 4.01 (“Trademarks and service marks used in interstate commerce can be registered in the United States Patent and Trademark Office. . . . Trademarks may also be protected in court actions in the absence of federal trademark registration, under the Lanham Act’s Section 43(a) or under state statutory or common law.”).

¹⁰⁸ See generally 1A GILSON ON TRADEMARKS § 3.05.

¹⁰⁹ See *id.* (“A principal register registration communicates nationwide constructive notice of the registrant’s claim on the mark, constitutes prima facie evidence of the exclusive right to use the mark in interstate commerce, is prima facie evidence of the mark’s validity and ownership, can enable the right to use the mark to become incontestable under certain circumstances.”).

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Principal or Supplemental Register.¹¹⁰ However, both unregistered and registered trademarks are protected; the rights to the trademark are created by its use in commerce.¹¹¹

E. Bored Ape Yacht Club's Alleged Racism

1. Trademark

Ripps alleges that BAYC's logo is an imitation of the Nazi Schutzstaffel (SS) Totenkopf division emblem.¹¹² The Totenkopf emblem is, exactly as the German word translates into English,¹¹³ an image of a skull and crossbones. This emblem was infamously used on the SS Totenkopf uniform hat,¹¹⁴ honor ring,¹¹⁵ helmet emblem,¹¹⁶ and patch.¹¹⁷

The emblem on the patch bears the closest resemblance to BAYC's logo, according to Ripps.¹¹⁸ The Nazi emblem and BAYC's logo both prominently feature a white skull on a black jagged circular background with white arcing text above and below the skull, as well as two symbols (in BAYC's case, text) on both the left and right sides of the skull.¹¹⁹ While

¹¹⁰ See 1A GILSON ON TRADEMARKS § 4.01 ("Trademarks may also be protected in court actions in the absence of federal trademark registration, under the Lanham Act's Section 43(a) or under state statutory or common law.").

¹¹¹ See generally 1A GILSON ON TRADEMARKS § 3.02.

¹¹² See Motion to Strike Complaint at 9, Yuga Labs v. Ryder Ripps et al., 2:22-cv-04355 (C.D. Cal. Filed Aug. 15, 2022) ("For example, Yuga's 'BAYC logo' imitates the Nazi Totenkopf emblem for the Schutzstaffel (SS), which was the Nazi organization primarily responsible for the Holocaust.").

¹¹³ *Totenkopf*, CAMBRIDGE DICTIONARY, <https://dictionary.cambridge.org/us/dictionary/german-english/totenkopf> (last visited Oct. 27, 2022) (Totenkopf translates to "skull and crossbones").

¹¹⁴ Wolfmann, *German SS uniform. Peaked visor cap with skull emblem (Totenkopf)*, WIKIMEDIA COMMONS (2019), [https://commons.wikimedia.org/wiki/File:German_SS_uniform_Peaked_visor_cap_with_skull_emblem_\(Totenkopf\).Norwegian_Armed_Forces_Museum_\(Forsvarsmuseet\)_Oslo,_Norway_2019-03-31_DSC01645.jpg](https://commons.wikimedia.org/wiki/File:German_SS_uniform_Peaked_visor_cap_with_skull_emblem_(Totenkopf).Norwegian_Armed_Forces_Museum_(Forsvarsmuseet)_Oslo,_Norway_2019-03-31_DSC01645.jpg) (last visited Oct. 27, 2022).

¹¹⁵ Helfmann, *Totenkopf ring*, WIKIMEDIA COMMONS (2010), <https://commons.wikimedia.org/wiki/File:Totenkopfring.jpg> (last visited Oct. 27, 2022); see also CHRIS MCNAB, HITLER'S ELITE: THE SS 1939-45 100 (2013).

¹¹⁶ SS Division Totenkopf, WIKIMEDIA COMMONS (2008), https://commons.wikimedia.org/wiki/File:3_SS_Division_Totenkopf.png (last visited Oct. 27, 2022).

¹¹⁷ SS head, GRAHAM'S NAZI GERMANY THIRD REICH COVERS, <http://www.nazi-germany-third-reich-covers.com/sshead.jpg> (last visited Oct. 27, 2022).

¹¹⁸ Ryder Ripps, *Bored Ape Yacht Club is Racist and Contains Nazi Dog Whistles*, GORDON GONER (2022), <https://gordongoner.com/> (last visited Oct. 1, 2022).

¹¹⁹ See Ryder Ripps, *Bored Ape Yacht Club and Totenkopf Skull Overlay*, GORDON GONER, <https://gordongoner.com/YUGA-LABS-BORED-APE-YACHT-CLUB-NAZI-TOTENKOPF-SKULL.jpg> (last visited Oct. 27, 2022).

BAYC's logo and other trademarks will be discussed more in depth below,¹²⁰ it is important to highlight their alleged similarities, which form the foundation for Ripps's claim that BAYC's logo is a "neo-Nazi dog whistle."¹²¹

The Totenkopf division was not just any Nazi unit; it was the SS division assigned to guard the concentration camps. It was responsible for carrying out the Final Solution which resulted in the Holocaust and the death of 6 million Jews.¹²² One must wonder if anyone at Yuga Labs ever looked at BAYC's logo, noticed the skull on it, and asked, "Are we the baddies?"¹²³

However, the Totenkopf as an emblem (hereinafter referred to as "skull and bones" to avoid confusion with the SS Division) before the end of World War II did not always have such a dark connotation; it was the symbol of the Australian Army's 26th Cavalry Commando group in the Pacific theater during WWII;¹²⁴ the Polish Death Hussar's insignia during the Polish-Soviet War;¹²⁵ the symbol of the Russian Empire's 8th Army Shock Detachment during World War I;¹²⁶ the symbol of the British Army's 17th Lancer Brigade;¹²⁷ and the symbol used on the flags of numerous late-17th and early-18th century Caribbean pirates, including Samuel Bellamy.¹²⁸

¹²⁰ See discussion *infra*, Part III.B.1 (Similarity of the Marks).

¹²¹ See Motion to Strike Complaint at 9, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed Aug. 15, 2022); *What's the political meaning of 'dog whistle'?*, MERRIAM-WEBSTER (2017), <https://www.merriam-webster.com/words-at-play/dog-whistle-political-meaning> (last visited Feb. 19, 2023) (A "dog whistle" is a "a coded message communicated through words or phrases commonly understood by a particular group of people, but not by others.").

¹²² SAUL FRIEDLANDER, *THE YEARS OF EXTERMINATION: NAZI GERMANY AND THE JEWS, 1939–1945* 346–47 (2007).

¹²³ David Mitchell, Robert Webb, & James Bachman, *Episode 1*, That Mitchell and Webb Look (2006), <https://www.youtube.com/watch?v=ToKcmnrE5oY> (last visited Apr. 7, 2024) (timestamp: 00:00:40 – 00:00:52); see *Are We the Baddies?*, KNOW YOUR MEME, <https://knowyourmeme.com/memes/are-we-the-baddies> (last visited Apr. 7, 2024).

¹²⁴ *2-6th Cavalry Commando - New Guinea - Beer*, WIKIMEDIA COMMONS (2007), https://commons.wikimedia.org/wiki/File:2-6th_cavalry_commando_-_new_guinea_-_beer.jpg (last visited Oct. 27, 2022).

¹²⁵ *Odnaka dywizjonu huzarów śmierci wz. 1920 - replika*, WIKIMEDIA COMMONS (2009), https://commons.wikimedia.org/wiki/File:Odnaka_Dywizjonu_Huzar%C3%B3w_%C5%9A_mie_rei_wz._1920_-_replika.jpg (last visited Oct. 27, 2022).

¹²⁶ *Kornilovzy*, WIKIMEDIA COMMONS (2011), <https://en.wikipedia.org/wiki/File:Kornilovzy.jpg> (last visited Oct. 27, 2022).

¹²⁷ *17th Lancers - cap badge, original, antique*, WIKIMEDIA COMMONS (2013), https://en.wikipedia.org/wiki/File:17th_Lancers_-_cap_badge,_original,_antique.jpg (last visited Oct. 27, 2022) (the 17th Lancer Brigade is immortalized in the poem "Charge of the Light Brigade"); see Alfred Tennyson, *The Charge of the Light Brigade*, POETRY FOUNDATION (Nov. 1, 2017), <https://www.poetryfoundation.org/poems/45319/the-charge-of-the-light-brigade> (last visited Oct. 27, 2022); see also *Battle of Balaclava*, BRITISH BATTLES, <https://www.britishbattles.com/crimean-war/battle-of-balaclava/> (last visited Oct. 27, 2022).

¹²⁸ *Flag of Edward England*, WIKIMEDIA COMMONS (2006), https://en.wikipedia.org/wiki/File:Flag_of_Edward_England.svg (last visited Oct. 27, 2022).

While “pirates are fun,”¹²⁹ Mark Pitcavage, a senior research fellow at the American Defamation League’s (ADL) Center on Extremism, says that it is these prior uses of the skull and crossbones throughout history that support a finding that the symbol is not inherently racist.¹³⁰

2. Products

Beyond BAYC’s logo, Ripps also alleges that BAYC’s “NFTs display anthropomorphized apes in an act of simianization¹³¹—disparaging ethnic or racial groups by depicting them as apes.”¹³² “Historically, Africa and Africans have been the central targets of simianization discourses. But these were also directed against others subject to racist discrimination. This includes [but is not limited to] the simianization of the Irish,¹³³ the Japanese,¹³⁴ and even the Germans.”^{135,136}

On its website, BAYC states that “each Bored Ape is unique and programmatically generated from over 170 possible traits, including expression, headwear, clothing, and more.”¹³⁷ However, Ripps points to an interview with Yuga Labs’s co-founder, Greg Solano (aka “Gargamel”), where Ripps believes Solano admitted that not all the NFTs were randomly designed.¹³⁸

¹²⁹ David Mitchell, Robert Webb, & James Bachman, *supra* note 123 (timestamp: 00:01:23 - 00:01:28).

¹³⁰ Matt Wille, *Bored Ape Yacht Club Finally Responds to Neo-Nazism Accusations*, INPUT (2022), <https://www.inputmag.com/culture/bored-ape-yacht-club-nazism-racism-claims-yuga-labs-ryder-ripps> (last visited Oct. 27, 2022).

¹³¹ *Simianization*, DICTIONARY.COM, <https://www.dictionary.com/browse/simianization> (last visited Oct. 27, 2022) (“The disparaging comparison or likening of a member of a racial or ethnic minority group to an ape or monkey.”).

¹³² Motion to Strike Complaint, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 *13 (C.D. Cal. Filed Aug. 15, 2022).

¹³³ See *The Punch Cartoon That Depicted the Young Ireland Party as a Gorilla* (illustration), in Seamas O’Reilly, *Apes, psychos, alcos: How British cartoonists depict the Irish*, THE IRISH TIMES (July 11, 2017), <https://www.irishtimes.com/culture/art-and-design/apes-psychos-alcos-how-british-cartoonists-depict-the-irish-1.3149409> (last visited Oct. 27, 2022).

¹³⁴ See *FIGURE 1* (illustration), in Hannah Miles, *WWII Propaganda: the Influence of Racism*, ARTIFACTS JOURNAL (Mar. 30, 2012), <https://artifactsjournal.missouri.edu/2012/03/wwii-propaganda-the-influence-of-racism/> (last visited Oct. 27, 2022).

¹³⁵ See *Illustration of a Gorilla in a Kaiser-Helmet*, in “*Destroy This Mad Brute*” *The African Roots of World War I*, LAWRENCE WESCHLER (Aug. 21, 2014), <https://lawrenceweschler.com/library/article/destroy-this-mad-brute-the-african-roots-of-world-war-i> (last visited Oct. 27, 2022).

¹³⁶ WULF D. HUND, CHARLES W. MILLS & SILVIA SEBASTIANI, *SIMIANIZATION: APES, GENDER, CLASS, AND RACE*, 10-11 (2016).

¹³⁷ BORED APE YACHT CLUB, *supra* note 37.

¹³⁸ Motion to Strike Complaint at 14, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed Aug. 15, 2022) (quoting Jeff Wilser, *The Bored Ape Founders Haven’t Yet Joined the Yacht Club*, COINDESK (Sept. 1, 2021), <https://www.coindesk.com/business/2021/09/01/the-bored-apes-founders-havent-yet-joined-the-yacht-club/> (last visited Oct. 27, 2022)).

Specifically, Ripps points to two NFTs, BAYC #3721¹³⁹ and BAYC #6281,¹⁴⁰ as being the most obvious examples of simianization.¹⁴¹ BAYC #6281 is an image featuring a white ape wearing a kamikaze headband, which Yuga Labs refers to as “Sushi Chef Headband” trait. BAYC #3721 is an image featuring a pink ape with gold teeth, a golden jacket, and a gold chain, which Yuga Labs refers to as “Hip Hop” clothing trait, in reference to the popular musical genre and lifestyle pioneered by African Americans. Ripps claims that BAYC #3721 and BAYC #6281 siminize Japanese people and African Americans and are the most obvious examples of embedded simianization in the collection.¹⁴²

Mark Pitcavage and Carla Hill, senior researchers at the American Defamation League’s Center for Extremism, both argue that BAYC’s “Hip Hop” clothing trait¹⁴³ and “Sushi Chef” headwear¹⁴⁴ are problematic.¹⁴⁵ “‘Some of it is clearly offensive,’ Hill says. ‘It’s not exempt from criticism.’ But Pitcavage notes that [the “Hip Hop” and “Sushi Chef” traits are] a very small subset of the 10,000 available apes. ‘Some look problematic out of context,’ he says. ‘They look less so in the context of all the others.’”¹⁴⁶

However, Ripps’s argument that BAYC’s “Hip Hop” clothing trait constitutes simianization and is offensive to African Americans may have been turned on its head. Two famous BAYC owners, Snoop Dogg¹⁴⁷ and Eminem,¹⁴⁸ recently starred as their Bored Apes avatars at MTV’s 2022

¹³⁹ Bored Ape Yacht Club #3721, OPENSEA, <https://opensea.io/assets/ethereum/0xbc4ca0eda7647a8ab7c2061c2e118a18a936f13d/3721> (last visited Oct. 27, 2022).

¹⁴⁰ Bored Ape Yacht Club #6281, OPENSEA, <https://opensea.io/assets/ethereum/0xbc4ca0eda7647a8ab7c2061c2e118a18a936f13d/6281> (last visited Oct. 27, 2022).

¹⁴¹ Motion to Strike Complaint at 29, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed Aug. 15, 2022).

¹⁴² *Id.* at 13.

¹⁴³ See Bored Ape Yacht Club NFTs with Hip Hop Trait, OPENSEA, <https://opensea.io/collection/boredapeyachtclub> (last visited Oct. 27, 2022) (search “Hip Hop”).

¹⁴⁴ See Bored Ape Yacht Club NFTs with Sushi Chef Headband Trait, OPENSEA, <https://opensea.io/collection/boredapeyachtclub> (last visited Oct. 27, 2022) (search “Sushi Chef Headband”).

¹⁴⁵ Matt Wille, *Bored Ape Yacht Club Finally Responds to Neo-Nazism Accusations*, INPUT (2022), <https://www.inputmag.com/culture/bored-ape-yacht-club-nazism-racism-claims-yuga-labs-ryder-ripps> (last visited Oct. 27, 2022).

¹⁴⁶ *Id.*

¹⁴⁷ Snoop Dogg owns BAYC#6723; see Bored Ape Yacht Club #6723, OPENSEA, <https://opensea.io/assets/ethereum/0xbc4ca0eda7647a8ab7c2061c2e118a18a936f13d/6723> (last visited Oct. 27, 2022).

¹⁴⁸ Eminem owns BAY#9055; see Bored Ape Yacht Club #9055, OPENSEA, <https://opensea.io/assets/ethereum/0xbc4ca0eda7647a8ab7c2061c2e118a18a936f13d/9055> (last visited Oct. 27, 2022).

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Video Music Awards.¹⁴⁹ In the music video, the two rappers are willingly depicted as apes and perform as three-dimensional renderings of their NFTs. This music video can be viewed as poking a hole in Ripps's argument that BAYC is offensive, or it could be perceived as celebrities promoting offensive material.

Nevertheless, Ripps still believes that BAYC has engaged in intentional simianization and that the similarities between BAYC's logo and the SS Totenkopf support a finding that Yuga Labs has embedded neo-Nazi dog whistles in its products.¹⁵⁰

F. The Issue

The issue before the Central District of California is whether NFTs similar in appearance, minted, and tied to separate individuals, are distinct and dissimilar goods. At the heart of this case, the crypto-evangelist message that NFT ownership and creation are easily provable is being put on trial. At stake is the status quo of the NFT world and the potential involvement of heavier-handed intellectual property laws.

Yuga Labs argues that Ripps's use of its marks falsely designated the origin of the NFTs (15 U.S.C. § 1125(a)).¹⁵¹ Its chief argument for false designation of origin is that Ripps's RR/BAYC NFTs are indistinguishable from official BAYC NFTs to the ordinary consumer. Yuga Labs points to several RR/BAYC purchasers who have promoted their RR/BAYC NFTs as legitimate BAYC NFTs and have thus created confusion in the marketplace.¹⁵² To reinforce this claim, Yuga Labs also points to the RR/BAYC social media pages which use the same profile picture and cover art as the official BAYC social media pages.¹⁵³

Although not mentioned by either Yuga Labs or Ripps in their court filings, on June 20, 2022, RR/BAYC was supposedly the second most traded NFT collection on the popular NFT marketplace OpenSea, beating BAYC in trade volume.¹⁵⁴ However, this information is difficult to verify, as

¹⁴⁹ See *Eminem feat. Snoop Dogg performs "From the D 02 the LBC,"* 2022 MTV Video Music Awards (2022), YOUTUBE, <https://www.youtube.com/watch?v=0GW3TWBIQgE> (last visited Oct. 27, 2022).

¹⁵⁰ Ryder Ripps, *Bored Ape Yacht Club is Racist and Contains Nazi Dog Whistles*, GORDON GONER (2022), <https://gordongoner.com/> (last visited Oct. 1, 2022).

¹⁵¹ See Complaint at ¶ 60-8, *Yuga Labs v. Ryder Ripps*, 2:22-cv-04355 (C.D. Cal. Filed June 24, 2022) ("Yuga quietly embedded its company's trademarks, artwork, and products with these coded 'dog whistles,' drawing from neo-Nazi culture and racist communities.").

¹⁵² See *id.* at ¶ 58-59.

¹⁵³ See *id.* at ¶ 44-45.

¹⁵⁴ Cameron Ciletti, *RR/BAYC Delisted From OpenSea*, LUCKY TRADER (2022), <https://luckytrader.com/nft/rbayc/news/rr-bayc-delisted-from-open-sea> (last visited Oct. 1, 2022);

OpenSea has delisted RR/BAYC and deleted all statistics related to the collection.¹⁵⁵ However, Ripps asserts that he “created the RR/BAYC project with the specific aim of publicizing how Yuga Labs’s founders have embedded Yuga Labs and the BAYC collection with racist and neo-Nazi dog whistles”¹⁵⁶ and that he was commissioned by individuals to remind the BAYC NFTs, with each purchaser signing “a disclaimer acknowledging that the RR/BAYC NFTs are ‘a new mint of BAYC imagery, recontextualizing it for educational purposes, as protest and satirical commentary.’”¹⁵⁷

III. ANALYSIS

A. Jurisdiction

Before it can analyze the facts and claims of the case, the Court must first determine if it has jurisdiction to hear this case. Previously, U.S. Courts had jurisdiction over cases involving cryptocurrency and blockchain mainly because the defendants utilized servers in the United States for their websites.¹⁵⁸ However, since Yuga Labs filed its lawsuit against Ryder Ripps, the Ethereum blockchain has changed the method by which it processes transactions.¹⁵⁹ Technical considerations aside, the change to Ethereum was important, and its effects are already being felt. Since the change, 53% of the Ethereum blockchain is now validated by four companies,¹⁶⁰ raising fears that the network is becoming centralized.¹⁶¹

see also Ryder Ripps (@ryder_ripps), INSTAGRAM, <https://www.instagram.com/p/CfDWwJnOr0d/?hl=en>.

¹⁵⁵ *Id.*

¹⁵⁶ *Id.* at 19.

¹⁵⁷ *Id.*

¹⁵⁸ Jaak Poldma, *Dragged to the U.S. Courts (Part 2): Avoiding Personal Jurisdiction as a Non-U.S. Blockchain Company*, ORRICK HERRINGTON & SUTCLIFFE LLP, <https://blogs.orrick.com/blockchain/dragged-to-the-u-s-courts-part-2-avoiding-personal-jurisdiction-as-a-non-u-s-blockchain-company/> (last visited Oct. 1, 2022); *See generally* Alibaba Group Holdings Limited v. Alibabacoin Foundation, No. 18-CV-2897 (S.D.N.Y. Oct. 22, 2018) and *In re Tezos Securities Litigation*, No. 17-CV-06779-RS (N.D. Cal. May 25, 2018).

¹⁵⁹ Paul Wackerow, *Proof-of-stake (POS)*, ETHEREUM.ORG (2022), <https://ethereum.org/en/developers/docs/consensus-mechanisms/pos/> (last visited Oct. 1, 2022); *see also* Sam Kessler, *Ethereum Merge Explained: What Investors Should Know About the Shift to Proof-of-stake*, COINDESK (2022), <https://www.coindesk.com/learn/ethereum-merge-explained-what-investors-should-know-about-the-shift-to-proof-of-stake/> (last visited Oct. 1, 2022).

¹⁶⁰ Checkmate (@_Checkmatey), TWITTER (Sept. 15, 2022, 4:00 AM), https://twitter.com/_Checkmatey/status/1570321741603557379.

¹⁶¹ Best Owie, *Ethereum Merge Puts Spotlight on Potential Centralization Issues*, BITCOINIST.COM (2022), <https://bitcoinist.com/ethereum-merge-puts-spotlight-on-potential-centralization-issues/> (last visited Oct. 1, 2022).

The change may have also subjected all Ethereum transactions to U.S. jurisdiction, or so the U.S. Securities and Exchange Commission (SEC) claims. In a lawsuit separate and unrelated to Ripps and Yuga Labs, the SEC claims that a majority of Ethereum transactions are validated in the U.S. so the SEC and the U.S. Courts have jurisdiction over all Ethereum transactions.¹⁶² However, the SEC's claims are not unopposed. Professor Brian L. Frye claims that the SEC's claim is unprecedented.¹⁶³ Previous case law dealing with blockchain transactions has indicated that the transaction occurred at the location of the nodes that validated the transaction.¹⁶⁴ The SEC's claims also stand in opposition to the crypto-evangelist message that crypto is free from government regulation and control.

While Professor Frye says that the SEC's claims have no legal weight,¹⁶⁵ the question of whether and under what circumstances the U.S. has jurisdiction over crypto transactions is still being argued in courtrooms and debated in the halls of Congress.¹⁶⁶ While this question is still open and can have a drastic impact on cryptocurrency and NFTs, it will not be addressed further in this Article. Whatever consensus is eventually reached, it could maintain the status quo of this lawsuit or render Yuga Labs's claims nonjusticiable due to lack of jurisdiction.

B. False Designation of Origin

Yuga Labs is alleging that Ryder Ripps falsely designated the origin of his NFTs under 15 U.S.C. § 1125(a), also known as §43 of the Lanham Act. The law provides that "any person who in connection with any goods. . . uses in commerce any word, term, name, symbol, . . . which is likely to cause confusion . . . shall be liable by any person . . . likely to be damaged by such act."¹⁶⁷ In other words, to prevail on a claim of false designation of origin, a plaintiff must meet five elements. The first element is that the defendant either falsely designates the origin of the good or uses any word, term, name, device, or any combination thereof that may be associated with

¹⁶² Complaint at ¶ 69, U.S. Securities and Exchange Commission v. Ian Balina, 1:22-cv-00950 (W.D. Tex. Filed Sept. 19, 2022).

¹⁶³ Sander Lutz, *Sec Claims All of Ethereum Falls under US Jurisdiction*, DECRYPT (Sept. 19, 2022), <https://decrypt.co/110107/sec-ethereum-us-jurisdiction> (last visited Oct. 1, 2022).

¹⁶⁴ *In re Tezos Sec. Litig.*, No. 17-cv-06779-RS, 2018 U.S. Dist. LEXIS 157247, at *25 (N.D. Cal. Aug. 7, 2018).

¹⁶⁵ See Lutz, *supra* note 163.

¹⁶⁶ Brayden Lindrea, *Congress Will Likely Decide the Fate of Crypto Jurisdiction*, COINTELEGRAPH (Aug. 5, 2022), <https://cointelegraph.com/news/congress-will-likely-decide-the-fate-of-crypto-jurisdiction-lummis-staffer> (last visited Oct. 1, 2022).

¹⁶⁷ 15 U.S.C.S. § 1125.

another origin.¹⁶⁸ The second element is that the use is in interstate commerce.¹⁶⁹ The third is that the use is in connection with goods or services.¹⁷⁰ The fourth element is that the false designation is likely to cause confusion or deceive a consumer as to the origin of the good or the relationship between the defendant and the trademark holder.¹⁷¹ Finally, the plaintiff has been or is likely to be damaged by the defendant's actions.¹⁷²

At issue in *Yuga Labs v. Ryder Ripps* is the fourth factor, the likelihood of consumer confusion. Generally, similar goods in a similar market are "more likely than unrelated goods to confuse the public as to the producers of the goods."¹⁷³ To determine the likelihood of confusion, the Ninth Circuit Court of Appeals employs the eight-factor *Sleekcraft* test which examines the

- (1) strength of the mark, (2) proximity of the goods,
- (3) similarity of the marks, (4) evidence of actual confusion, (5) marketing channels used, (6) type of goods and the degree of care likely to be exercised by the purchaser, (7) defendant's intent in selecting the mark, and (8) likelihood of expansion of the product lines.¹⁷⁴

However, the *Sleekcraft* test is not exhaustive, and courts can look to other factors beyond the enumerated.¹⁷⁵ When it comes to the internet, the Ninth Circuit has previously placed greater emphasis on the similarity of the marks, the parties' use of the internet to market and sell their products, and the relatedness of the goods or services; these three factors are sometimes referred to as the "Internet Troika."¹⁷⁶

Although distinguishable, there are three cases from the Ninth Circuit that are important to discussing Yuga Labs's claim. The first case is *Brookfield Communications Inc. v. West Coast Entertainment Corporation*.

¹⁶⁸ *Zamfir v. Casperlabs, LLC*, 528 F. Supp. 3d 1136, 1140 (S.D. Cal. 2021); *see also* 4 MILGRIM ON TRADE SECRETS § 17.05.

¹⁶⁹ *Id.*

¹⁷⁰ *Id.*

¹⁷¹ *Id.*

¹⁷² *Id.*

¹⁷³ *Brookfield Commc'ns., Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1041 (9th Cir. 1999).

¹⁷⁴ *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 345 (9th Cir. 1979); *see also* 1A GILSON ON TRADEMARKS § 5.02.

¹⁷⁵ *E. & J. Gallo Winery v. Gallo Cattle Co.*, 955 F.2d 1327, 1338, 21 U.S.P.Q.2d 1824 (9th Cir. 1992); *see also* *Thane Int'l v. Trek Bicycle Corp.*, 305 F.3d 894, 901, 64 U.S.P.Q.2d 1564 (9th Cir. 2002) ("Unless properly used, this long list of factors has the potential to befuddle the inquiry.")

¹⁷⁶ *Interstellar Starship Services, Ltd. v. Epix, Inc.*, 304 F.3d 936, 942, 64 U.S.P.Q.2d 1514 (9th Cir. 2002); *see also* *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1205.

In 1993, Brookfield created a “computer software featuring a searchable database containing entertainment-industry related information” and marketed it under the name “Movie Buff.”¹⁷⁷ After getting the name Movie Buff trademarked in 1997, Brookfield began selling subscriptions to the database through its website “moviebuffonline.com.”¹⁷⁸ In October 1998, Brookfield learned that West Coast intended to launch its own searchable entertainment database similar to Movie Buff on “moviebuff.com.”¹⁷⁹

Ultimately, the Court found in favor of Brookfield, holding that West Coast’s product caused confusion among consumers and violated Brookfield’s trademark. The Ninth Circuit ruled that “the relatedness of each company’s prime directive isn’t relevant for the determination of likelihood of confusion.” Rather, “the focus is on whether the consuming public is likely somehow to associate each company’s products with each other.”¹⁸⁰

The next case, *GoTo.com Inc. v. Walt Disney Co.*, largely piggybacks off the rule in *Brookfield*. In 1997, GoTo.com launched a search engine that prominently featured its logo, a traffic light with the words “GO” and “TO” in a white font, stacked vertically within a green circle.¹⁸¹ In December of 1998, Disney launched “The Go Network” which was a search engine for its various owned websites. The Go Network’s logo was a traffic light, and within a green circle was the word “GO.”¹⁸²

The Ninth Circuit ultimately ruled in favor of GoTo.com, holding that the marks were similar and caused confusion among consumers.¹⁸³ The Court reached this conclusion by ruling that “navigating amongst websites involves practically no effort whatsoever, and arguments that Web users exercise a great deal of care before clicking on hyperlinks are unconvincing.”¹⁸⁴

However, NFTs, especially those in the BAYC and RR/BAYC collections, are expensive goods. The lowest-priced BAYC NFT (as of September 12, 2022) is on sale for \$126,000 (74 Eth);¹⁸⁵ purchasing an NFT is not comparable to clicking on a free website link. One would think that “the greater the value of the article, the more careful the typical consumer is expected to be.”¹⁸⁶ However, can that be the case when NFT consumers are

¹⁷⁷ *Brookfield*, 174 F.3d at 1041.

¹⁷⁸ *Id.* at 1042.

¹⁷⁹ *Brookfield*, 174 F.3d at 1042.

¹⁸⁰ *Id.* at 1041; *see also* 1A GILSON ON TRADEMARKS § 5.05.

¹⁸¹ *GoTo.com, Inc.*, 202 F.3d at 1203.

¹⁸² *Id.*

¹⁸³ *Id.* at 1211.

¹⁸⁴ *Id.* at 1209.

¹⁸⁵ *See* Bored ape yacht club - collection, OPENSEA (2021), <https://opensea.io/collection/boredapeyachtclub> (last visited Oct. 1, 2022).

¹⁸⁶ 3 BUSINESS TORTS § 28.04 (2022).

“buying” the Brooklyn Bridge?¹⁸⁷ *The Restatement (Third) of Unfair Competition* offers little guidance except suggesting the added element of observing “the characteristics of the prospective purchasers of the goods or services and the degree of care they are likely to exercise in making purchasing decisions.”¹⁸⁸ Perhaps then, while some NFT buyers may exercise due diligence and not be easily deceived, the law should seek to protect the credulous, and the ruling from *GoTo.com* should be viewed in that light.¹⁸⁹

The third case is *Network Automation v. Advanced Systems Concepts*. Both Network Automation (“Network”) and Advanced Systems Concepts (“Systems”) were in the business of selling job scheduling and management software.¹⁹⁰ Systems trademarked its product under the name “Active Batch” and Network named its product “Auto-Mate.”¹⁹¹ The trademark infringement claim emerged when Network began purchasing specific keywords so that when a potential customer searched “Active Batch” on the Google or Bing search engines, a sponsored link appeared directing users to Network’s website.¹⁹²

The District Court applied the Internet Troika factors and the rule from *GoTo.com* and found that because internet users exercise “generally a low degree of care,” there was a likelihood of confusion.¹⁹³ However, the Ninth Circuit Court of Appeals reversed the District Court because it had relied too heavily on the Internet Troika factors in its analysis.¹⁹⁴ Instead, the Court ruled that the *Sleekcraft* factors should be applied with flexibility.¹⁹⁵

Two competing standards for evaluating trademark infringement emerge when synthesizing the rules from *Brookfield*, *GoTo.com*, and *Network*. The first is the *Brookfield-GoTo.com* standard, a stricter standard whereby the intent of the infringing party is not relevant, and consumers on the internet are viewed as more likely to be confused by similar marks.¹⁹⁶ The second is the *Brookfield-Network* standard, a more relaxed and creative standard that calls for courts to develop their own trademark infringement

¹⁸⁷ See Frye, *supra* note 50.

¹⁸⁸ RESTATEMENT (THIRD) OF UNFAIR COMPETITION, § 21.

¹⁸⁹ See *Stork Rest., Inc. v. Sahati*, 166 F.2d 348 (9th Cir. 1948).

¹⁹⁰ *Network Automation, Inc. v. Advanced Sys. Concepts*, 638 F.3d 1137, 1142 (9th Cir. 2011).

¹⁹¹ *Id.*

¹⁹² *Id.*

¹⁹³ *Network Automation, Inc.*, 638 F.3d at 1143-44.

¹⁹⁴ *Id.* at 1154.

¹⁹⁵ *Id.*

¹⁹⁶ See 3 BUSINESS TORTS § 28.04 (2022).

standard that best fits the particular technology at hand.¹⁹⁷ However, the problem with the second standard is that it requires courts to understand the new technology and set rules for it.

Applying the *Brookfield-GoTo.com* rule, Yuga Labs's claim that Ripps confused consumers with RR/BAYC's trademark infringement is plausible. In the complaint, BAYC and RR/BAYC products are similar in appearance and name, which Mr. Ripps acknowledged, with the only distinguishing feature being the label denoting whether they were a part of the BAYC or RR/BAYC collections.¹⁹⁸ Adding to the likelihood of confusion, Ripps's marketing of RR/BAYC is similar to BAYC's. Finally, the *Brookfield-GoTo.com* rule sees internet users as credulous, so it renders null Ripps's concerted efforts to avoid confusion by having RR/BAYC purchasers sign a disclaimer.¹⁹⁹

Applying the *Brookfield-Network* rule yields the opposite conclusion. Under this analysis, a court is unlikely to find that RR/BAYC confused consumers. This is because BAYC's logo and marks, at worst, have become generic in the marketplace, or, at best, are not distinct enough to warrant protection; the internet is too broad and common of a channel to constitute similar marketing; and BAYC's products and trade dress have become too generic in the marketplace.

1. Similarity of the Marks

Importantly, Yuga Labs's trademarks are not yet registered marks.²⁰⁰ While BAYC's marks have been published in the Trademark Gazette, they are not yet on the Principal Register,²⁰¹ and Ripps's legal team has also filed opposition to the marks.²⁰² Registering a trademark on the U.S. Patent and Trademark Office's Principal Register offers benefits and rights not held by unregistered mark holders.²⁰³ Registration "serves as constructive notice of the registrant's claim of ownership of the mark. It also is prima facie evidence of the validity of the registered mark . . . and of the owner's

¹⁹⁷ *Network Automation*, 638 F.3d at 1148; see also *Brookfield Commc'ns., Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1041 (9th Cir. 1999).

¹⁹⁸ See Complaint at ¶ 33, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed June 24, 2022) and Motion to Strike Complaint at 23, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed Aug. 15, 2022).

¹⁹⁹ See *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1209.

²⁰⁰ See U.S. Trademark Application Serial No. 97125958 (filed Nov. 15, 2021); U.S. Trademark Application Serial No. 97126372 (filed Nov. 15, 2021); U.S. Trademark Application Serial No. 90739977 (filed May 27, 2021); U.S. Trademark Application Serial No. 90739987 (filed May 27, 2021).

²⁰¹ *Id.*

²⁰² *Id.*

²⁰³ *B&B Hardware, Inc. v. Hargis Indus.*, 575 U.S. 138, 138 (2015).

exclusive right to use the registered mark.”²⁰⁴ In certain cases, a mere federal trademark registration may “satisfy a determination of distinctiveness. However, while the registration adds something on the scales, a court must come to grips with an assessment of the mark itself.”²⁰⁵

Because Yuga Labs’s trademarks are not listed on the Principal Register, they are unregistered marks. Unregistered marks are still afforded some protection though, depending on the category into which they fall. The four categories of trademarks the Ninth Circuit recognizes are “(1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful terms.”²⁰⁶ Generic marks are words that identify the common name of the goods or services to which they are applied. They do not identify the source of the product.²⁰⁷ Descriptive marks “define qualities or characteristics of a product in a straightforward way that requires no exercise of the imagination to be understood.”²⁰⁸ To be protected, descriptive marks require secondary meaning, which means that they “become distinctive of the trademark applicant’s goods in commerce.”²⁰⁹ A suggestive mark does not describe the goods or services but instead refers to their distinctiveness and thus does not require a showing of secondary meaning.²¹⁰ An arbitrary mark is a common word unrelated to the goods or services, and a fanciful mark is a word or phrase “invented solely to function as a trademark.”²¹¹

a. Logo

The first element of the Internet Troika analysis is the similarity of the marks. The logo of RR/BAYC is similar to that of BAYC: both prominently feature a white-colored ape skull design on a black circular background and utilize white text.²¹² However, the logos are distinct in that BAYC’s logo features text that reads “Bored Ape” and “Yacht Club” on the top and bottom of the logo along with the initials “BA” and “YC” on the left and right sides of the skull.²¹³ In comparison, RR/BAYC’s logo features text

²⁰⁴ *Id.*; see also 15 U.S.C. § 1057(b) and 15 U.S.C.S. § 1072.

²⁰⁵ *Network Automation, Inc. v. Advanced Sys. Concepts*, 638 F.3d 1137, 1141 (9th Cir. 2011).

²⁰⁶ *Elliott v. Google, Inc.*, 860 F.3d 1151, 1155 (9th Cir. 2017).

²⁰⁷ *Id.*

²⁰⁸ *Entrepreneur Media v. Smith*, 279 F.3d 1135, 1138 (9th Cir. 2002).

²⁰⁹ *Rudolph Int’l, Inc. v. Realys, Inc.*, 482 F.3d 1195, 1197 (9th Cir. 2007).

²¹⁰ *Entrepreneur Media*, 279 F.3d at 1138 (“A suggestive mark is one for which a consumer must use imagination or any type of multistage reasoning to understand the mark’s significance, the mark does not describe the product’s features, but suggests them.”).

²¹¹ *Id.*; see also 3 BUSINESS TORTS § 28.01.

²¹² Motion to Strike Complaint at 9, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed Aug. 15, 2022).

²¹³ *Id.*

that reads “This logo is based” and “on the SS Totenkopf” on the top and bottom of the logo along with “18” and “teeth” on the left and right sides of the skull.²¹⁴ The fonts of the two logos are also different: BAYC’s logo uses a font with sharp edges whereas RR/BAYC’s logo uses a font with rounded edges.²¹⁵ Similarly, the spacing of the text differs: the letters on BAYC’s logo are more spaced out whereas the letters on RR/BAYC’s logo are closer together.²¹⁶ Graphic design analysis aside, while distinct in subtle ways, the differences between the two logos are not easily noticeable; when minimized, the logos are indistinguishable from each other.²¹⁷

b. “Bored Ape Yacht Club” Mark

BAYC’s trademark of its name, Bored Ape Yacht Club, likely falls under the descriptive marks category. BAYC’s NFT collection features images of apes in various outfits and accessories possessing bored expressions. BAYC refers to its NFT products as “Bored Apes.”²¹⁸ Even the public refers to BAYC’s NFTs as “Bored Apes.”²¹⁹ BAYC’s use of the term “Yacht Club” refers to the social aspects of owning a BAYC NFT, including participation in the member-only graffiti board and Discord server.²²⁰ Under this viewing of the mark, it appears that BAYC’s trademark is descriptive because it merely describes features of the NFT products. However, an argument can be made that the mark is instead suggestive. The term “Ape” is a slang term used primarily by individuals interested in investing and blockchain. Yuga Labs’s CEO, Nicole Muniz, says that “the term ape is used affectionately in the crypto community to mean early adopters.”²²¹ However, the term also refers to consumers who do not research an NFT before buying it.²²²

²¹⁴ *Id.*

²¹⁵ *Id.*

²¹⁶ *Id.*

²¹⁷ Complaint at ¶ 38, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed June 24, 2022); compare Motion to Strike Complaint at 24, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed Aug. 15, 2022).

²¹⁸ BORED APE YACHT CLUB, *supra* note 37.

²¹⁹ Lyle Daly, *What is bored ape yacht club?*, THE MOTLEY FOOL (Oct. 1, 2022), <https://www.fool.com/investing/stock-market/market-sectors/financials/non-fungible-tokens/bored-ape-yacht-club/> (“A Bored Ape is also a membership card to the online Yacht Club and has members-only benefits.”).

²²⁰ BORED APE YACHT CLUB, *supra* note 37.

²²¹ Sophie Haigney, *What makes bored ape nfts so desirable?*, THE WALL STREET JOURNAL (Oct. 1, 2022), <https://www.wsj.com/articles/bored-ape-nfts-so-expensive-11645709606>.

²²² Flori Blanca, *Ape in meaning in NFT*, SPIEL TIMES (Oct. 1, 2022), <https://www.spieltimes.com/nft/ape-in-meaning-in-nft/> (“a term to describe people who rush into purchasing a new NFT or currency without conducting thorough research or study. It all started

Yuga Labs does somewhat police the use of the term “Bored Ape” to protect its claim to its trademark. It has also filed oppositions to organizations seeking to trademark the term.²²³ Despite these efforts, there is evidence to suggest that the term “Bored Ape” has become generic and detached from the brand, now being associated with the product itself in the eyes of the public. For example, other products feature images of BAYC NFTS,²²⁴ and other NFT collections visually similar to BAYC utilize the term “Bored Ape.”²²⁵

with the ‘apes together, strong’ meme.”); *see also* Hiten Shah (@hnshah), TWITTER (Sept. 1, 2021, 1:02 AM), <https://twitter.com/hnshah/status/1432931834292158470?lang=en> (“Apeing is when a person buys an NFT or token soon after launch without much research.”).

²²³ *See generally* Docket, Yuga Labs v. Bored Ape, 91278161 (USPTO).

²²⁴ *See Bored Ape Sneakerhead Collection*, SNEAKER MATCH TEES (Oct. 2, 2022), <https://sneakermatchtees.com/Sneaker-Tees-category/bored-ape-sneakerhead/>; *Bored Ape NFT Graphic Tee*, AEROPOSTALE (Oct. 2, 2022), <https://www.aeropostale.com/bored-ape-nft-graphic-tee/60069086.html>; *BAYC™ #7285 Gender-Neutral T-Shirt for Adults*, OLD NAVY (Oct. 2, 2022), <https://oldnavy.gap.com/browse/product.do?pid=529848#pdp-page-content>.

²²⁵ 33D4A4, Bored ape bros, OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/bored-ape-bros>; Bored ape anime club, OPENSEA (Oct. 5, 2022), <https://opensea.io/collection/bored-ape-anime-club>; Bored ape galaxy club X nike edition, OPENSEA (Oct. 5, 2022), <https://opensea.io/collection/bored-ape-galaxy-club-x-nike-edition>; Bored ape legendary club [CocaCola edition], OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/bored-ape-legendary-club-cocacola-edition>; Bored ape pixie club, OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/bored-ape-pixie-club>; Bored ape punks club, MAGIC EDEN (Oct. 5, 2022), <https://magiceden.io/marketplace/boredapepunksclub>; Bored ape skull not club, OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/boredapeskullnotclub>; Bored ape social clubs, OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/boringapesocialclub>; Bored ape token club BATC, OPENSEA (Oct. 5, 2022), <https://opensea.io/collection/bored-ape-token>; Bored Ape Yacht Club [Legendary Edition], LOOKS RARE (Oct. 5, 2022), <https://looksrare.org/collections/0x3Ab9b8bcC97DB111BF14b04eBd4c08dce94CFD5b?queryID=b2125bc74a9969772af3f79ef85b44ed>; Bored Ape Yacht Club X COLORPENCIL, LOOKS RARE (Oct. 5, 2022), <https://looksrare.org/collections/0xeb341Fc2771f5057C72f2860233Ea0e60EdDD7C9?queryID=b2125bc74a9969772af3f79ef85b44ed>; Bored apes by famous artists, OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/bored-apes-by-famous-artists>; BoredApeFrens, BORED APE FRENS OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/boredapefrens>; Bored-Ape-Solana-Club, BORED APE SOLANA CLUB OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/bored-ape-solana-club>; Fake bored ape club, OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/fake-bored-ape-club-official>; Ghost bored ape yacht club, OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/ghost-bored-ape-yacht-club>; Graffiti bored ape yacht club, OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/graffiti-bored-ape-yacht-club>; JRS bored ape yacht club crew, OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/boredapeyachtclub-1>; Bored Ape Yacht Club, LOOKS RARE (Oct. 5, 2022), <https://looksrare.org/collections/0x99A6163b390a2b06B99B93a1829b55C5793d0fd?queryID=b2125bc74a9969772af3f79ef85b44ed>; So Bored Ape Yacht Club, LOOKS RARE (Oct. 5, 2022), <https://looksrare.org/collections/0xeD5125c5cB2A75d43fC8662B1b9EE7fE6528AC07?queryID=b2125bc74a9969772af3f79ef85b44ed>; Space bored ape yacht club, OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/spaceboredape>.

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Further supporting the argument that the mark is suggestive, the phrase “Yacht Club,” while consisting of common words, can be seen as unrelated to the goods and services offered by BAYC. A yacht club is “a club organized to promote and regulate yachting and boating,”²²⁶ that concept is unrelated to NFTs. However, “Yacht Club” could also be a reference to internet slang that has a different suggestive connotation,²²⁷ especially considering some of the features associated with owning a BAYC NFT.²²⁸ With that said, looking at the mark through the lens of internet slang does not paint a pleasant suggestive mark.²²⁹

Weighing against Yuga Labs’s claim that BAYC and its logo are a distinctive mark is the fact that its name has been falsely associated with other companies and that BAYC trademarks are used on many third-party products. Recently, a BAYC NFT holder added his BAYC NFT to a new line of hard seltzer alcoholic products, and media organizations have been implying that BAYC was a part of the drink’s creation.²³⁰ Sites such as Redbubble and Etsy.com have also used BAYC’s logo and trademark to impersonate BAYC²³¹ and sell products with BAYC’s marks.²³²

²²⁶ *Yacht Club Definition & meaning*, MERRIAM-WEBSTER (Oct. 1, 2022), <https://www.merriam-webster.com/dictionary/yacht%20club>.

²²⁷ *Yacht Club*, URBAN DICTIONARY (Oct. 1, 2022), <https://www.urbandictionary.com/define.php?term=yacht+club> (“Where all the bros get together in the bathroom to have an orgy and pray.”).

²²⁸ See *The Bathroom*, BORED APE YACHT CLUB, <https://boredapeyachtclub.com/#/home>.

²²⁹ See Flori Blanca, *Ape in meaning in NFT and Yacht Club*, URBAN DICTIONARY.

²³⁰ Chris Katje, *Bored Ape Yacht Club Hard Seltzer Coming: Here is Who's Behind New Drink*, BENZINGA (Oct. 1, 2022), <https://www.benzinga.com/markets/cryptocurrency/22/08/28466101/bored-ape-yacht-club-hard-seltzer-coming-here-is-whos-behind-new-drink>; *Happy Dad Banana Hard Seltzer Releases New Limited Edition Banana Flavor with an NFT Twist*, SELTZER NATION (Oct. 1, 2022), <https://www.seltzernation.com/happy-dad-hard-seltzer-releases-new-limited-edition-banana-flavor-with-an-nft-twist/> (“A hard seltzer featuring a Bored Ape Yacht Club NFT hit stores Thursday. Here’s a look at the Bored Ape used and the company behind the product. . . . Bored Ape Yacht Club is one of the most well-known NFT collections and one of the most valuable. Owners of the NFTs are able to license out their Apes or use them to build a brand. Happy Dad is using the Ape they own in the hard seltzer category that it entered in September 2021.”).

²³¹ Bored Ape Yacht Club, REDBUBBLE (Oct. 2, 2022), <https://www.redbubble.com/people/NFT0001/shop#profile>.

²³² AliceInCryptoland, ETSY (Oct. 2, 2022), https://www.etsy.com/shop/AliceInCryptoland?ref=simple-shop-header-name&listing_id=1273994896; Bored Ape Yacht Club Collection, MADDIE'S (Oct. 2, 2022), <https://maddies.co/collection/bored-ape-yacht-club/>; BoxCollider, APE SKULL STICKER REDBUBBLE (Oct. 2, 2022), <https://www.redbubble.com/i/sticker/Ape-Skull-by-BoxCollider/29013347.EJUG5>; Cryptographix, ETSY (Oct. 2, 2022), https://www.etsy.com/shop/Cryptographix?ref=simple-shop-header-name&listing_id=1250811177; Hilary Mayo, MODERN ATTIRE CO ETSY (Oct. 2, 2022), https://www.etsy.com/shop/ModernAttireCo?ref=simple-shop-header-name&listing_id=1207732085; InvestmenTees, ETSY (Oct. 2, 2022), https://www.etsy.com/shop/InvestmenTees?ref=simple-shop-header-name&listing_id=1242017008.

For the sake of argument, BAYC's trademark of its name will be treated as an unregistered descriptive mark. As such, to be protected, BAYC must prove that its mark has established secondary meaning.²³³ The Ninth Circuit has defined secondary meaning as "association, nothing more. The basic element of secondary meaning is the mental association by a substantial segment of consumers and potential consumers between the alleged mark and a single source of the product."²³⁴ This inquiry results in the question of whether the consumer was confused—a question which will be answered in Part III(B)(4).

c. Ape Skull Design

Besides the overall general similarities between BAYC and RR/BAYC's logos, the only concrete identical component of the logos is the use of BAYC's ape skull design. Both logos prominently feature the ape skull design in the same location and in roughly the same proportion. BAYC's ape skull design is published in the *Trademark Gazette*; however, it is yet to be listed on the Principal Register.²³⁵ As an unregistered trademark, the question is under which category of trademarks does the ape skull design belong?

It can be argued that BAYC's ape skull design is a victim of genericide and, as a result, has become a generic mark. Genericide is "when the public appropriates a trademark and uses it as a generic name for particular types of goods or services irrespective of its source."²³⁶ It can occur "as a result of a trademark owner's failure to police the mark, resulting in widespread usage by competitors leading to a perception of genericness among the public, who sees many sellers using the same [mark.]"²³⁷ To determine whether a mark has fallen victim to genericide, a court must ask "whether the primary significance of the [mark] in the minds of the consuming public is now the product and not the producer."²³⁸

The ape skull design is simply a two-dimensional image of an undescriptive primate skull. The mark itself is similar in design to other

²³³ Wal-Mart Stores v. Samara Bros., 529 U.S. 205, 216 (2000) ("We hold that, in an action for infringement of unregistered [trademark] under § 43(a) of the Lanham Act, a product's [mark] is distinctive, and therefore protectible, only upon a showing of secondary meaning.").

²³⁴ Levi Strauss & Co. v. Blue Bell, Inc., 778 F.2d 1352, 1353 (9th Cir. 1985); *see also* 1A GILSON ON TRADEMARKS § 5.11.

²³⁵ U.S. Trademark Application Serial No. 97125958 (filed Nov. 15, 2021).

²³⁶ Elliott v. Google, Inc., 860 F.3d 1151, 1154 (9th Cir. 2017).

²³⁷ Freecycle Network, Inc. v. Oey, 505 F.3d 898, 905 (9th Cir. 2007) (quoting 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 12:1 (2007)).

²³⁸ Elliott, 860 F.3d at 1154.

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artwork on the internet²³⁹ and other NFT collections logos.²⁴⁰ Ripps could argue that BAYC's ape skull design "does not identify the source of the product" or that the public associates the mark with the product and not the producer due to the numerous NFT collections utilizing the mark, making it a generic mark and not trademarkable.²⁴¹ However, BAYC's ape skull design could be considered arbitrary because it is a "common [image] unrelated to the goods or services."²⁴² In other words, an ape skull can be viewed as arbitrary because it (potentially) has no direct connection to the NFT market.

To defeat the argument that its mark is generic, BAYC will need to show how its mark is not similar to others' work and that it was intentionally designed. Here, Ripps's attacks against BAYC may work in BAYC's favor. Ripps asserts that BAYC's ape skull design and logo are an imitation of the Nazi Schutzstaffel (SS) Totenkopf emblem.²⁴³ This claim is supported by Ripps's observation that the ape skull design features 18 teeth, which Ripps

²³⁹ bazzier, VECTOR STOCK (Oct. 2, 2022), <https://www.vectorstock.com/royalty-free-vector/ape-skull-vector-1319535>; BoxCollider, REDBUBBLE (Oct. 2, 2022), <https://www.redbubble.com/i/sticker/Ape-Skull-by-BoxCollider/29013347.EJUG5>; freeject.net, ADOBE STOCK (Oct. 2, 2022), <https://stock.adobe.com/images/gorilla-skull-hand-drawn-line-art-vector-illustration/313626800>; Heavy Psych Sounds Records, APE SKULL - APE SKULL REPRESS BANDCAMP (Oct. 2, 2022), <https://heavypsychsoundsrecords.bandcamp.com/album/ape-skull-ape-skull-repress>; jkazanceva, Outline and colour illustration gorilla monkey skull, hand-drawn sketch isolated on white background, 123RF (Oct. 2, 2022), https://www.123rf.com/photo_143475830_outline-and-colour-illustration-gorilla-monkey-skull-hand-drawn-sketch-isolated-on-white-background.html; Nelson Gibbins, BEHANCE (Oct. 2, 2022), <https://www.behance.net/gallery/22597157/Ape-Farm-%28Tee%29>; RomanArt, Gorilla monkey skull vector image, VECTOR STOCK (Oct. 2, 2022), <https://www.vectorstock.com/royalty-free-vector/monkey-skull-vector-24281592>; saripuddin., FREEPIK (Oct. 2, 2022), https://www.freepik.com/premium-vector/ape-skull-logo-illustration-design_28345556.htm#query=gorilla%20skull&from_view=keyword

²⁴⁰ Bayctron, APENFT (Oct. 2, 2022), <https://apenft.io/collections/BAYCTron>; Bored ape galaxy club X nlke edition, OPENSEA (Oct. 5, 2022), <https://opensea.io/collection/bored-ape-galaxy-club-x-nlke-edition>; Bored ape legendary club [CocaCola edition], OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/bored-ape-legendary-club-cocacola-edition>; Bored ape skull not club, OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/boredapeskullnotclub>; Ghost bored ape yacht club, OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/ghost-bored-ape-yacht-club>; Graffiti bored ape yacht club, OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/graffiti-bored-ape-yacht-club>; GrandpaApeCountryClub, Grandpa Ape Country Club, OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/grandpaapecountryclub>; Rekt Ape Cope Club, OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/rektapecopeclub>; Reversed Ape Yatch Club, OPENSEA (Oct. 5, 2022), <https://opensea.io/collection/reversed-ape-yatch-club>; Skeleton Ape Society, OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/skeleton-ape-society>; Skeleton Apes, OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/skeletonapes>; Space bored ape yacht club, OPENSEA (Oct. 2, 2022), <https://opensea.io/collection/spaceboredape>; VAPES - Vertically Flipped Apes, OPENSEA (Oct. 5, 2022), <https://opensea.io/collection/vapes-vertically-flipped-apes>.

²⁴¹ See *Elliott*, 860 F.3d at 1155.

²⁴² *Entrepreneur Media v. Smith*, 279 F.3d 1135, 1138 (9th Cir. 2002); see also 3 BUSINESS TORTS § 28.01.

²⁴³ Motion to Strike Complaint at 9, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed Aug. 15, 2022).

alleges is an intentional reference to Adolf Hitler.²⁴⁴ If Ripps's allegation is true, it would support an argument that the ape skull design is an arbitrary mark because Nazi iconography is unrelated to the NFT market.

Even if BAYC's ape skull design is an imitation of the Nazi SS Totenkopf, that fact would not disqualify it from trademark registration and protection. The Supreme Court has held that offensive marks may be trademarked,²⁴⁵ because trademarks are private speech, not government speech, and cannot be subject to government viewpoint restraints.²⁴⁶

2. Similarity of Marketing Channels

The second element of the Internet Troika is to whether the marketing channels utilized are similar enough to cause confusion.²⁴⁷ To support the argument that RR/BAYC has caused confusion in the marketplace, BAYC points to the mimicry of its social media accounts by accounts allegedly connected to RR/BAYC.²⁴⁸ Specifically, BAYC points to three Twitter accounts:²⁴⁹ @RR_BAYC, @BoredApeV3,²⁵⁰ and Ryder Ripps's personal account, @ryder_ripps.²⁵¹

In its complaint, Yuga Labs alleges that @RR_BAYC used the same profile picture and header photo as the official BAYC Twitter page.²⁵² Yuga Labs claims that a May 28, 2022, tweet from @RR_BAYC reached "almost 200,000 'tweet impressions,' meaning its tweets were seen that many times over a period of two weeks."²⁵³ Yuga Labs's complaint is the only source of information about @RR_BAYC because the account is no longer available. According to the complaint, the accounts are visually similar.²⁵⁴ Undermining BAYC's claim, though, is the difference in the number of followers between the two accounts. BAYC's official account had more than

²⁴⁴ *Id.* at 11-12; *see also Hate Symbol 18*, ADL (Oct. 1, 2022), <https://www.adl.org/resources/hate-symbol/18>.

²⁴⁵ *Matal v. Tam*, 137 S. Ct. 1744, 1747 (2017); *see also* 1 GILSON ON TRADEMARKS § 3.08.

²⁴⁶ *Id.*

²⁴⁷ *Interstellar Starship Services, Ltd. v. Epix, Inc.*, 304 F.3d 936, 942, 64 U.S.P.Q.2d 1514 (9th Cir. 2002).

²⁴⁸ Complaint at ¶ 59, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed June 24, 2022).

²⁴⁹ *Id.* at ¶ 42-45.

²⁵⁰ Bored Ape Yacht Club (@BoredApeV3), TWITTER, <https://twitter.com/BoredApeV3>.

²⁵¹ Ryder Ripps (@ryder_ripps), TWITTER, https://twitter.com/ryder_ripps.

²⁵² Complaint at ¶ 42, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed June 24, 2022); *see also* Bored Ape Yacht Club (@BoredApeYC), TWITTER, <https://twitter.com/BoredApeYC>.

²⁵³ Complaint at ¶ 42, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed June 24, 2022).

²⁵⁴ *See id.*

965,000 followers at the time the complaint was filed, compared to @RR_BAYC, which only had 1,519.²⁵⁵

The difference in followers is even more striking when considering the other allegedly confusing account, @BoredApeV3. This account (at the time of writing) has a grand total of 35 followers.²⁵⁶ The reason that Yuga Labs alleges this account is causing confusion is because it uses the same profile picture and header photo as the official BAYC Twitter page and retweets tweets tagging the official BAYC Twitter account. The only connection this account appears to have to RR/BAYC is that its description reads “Created by @ryder_ripps.” Even if the account was created by Ryder Ripps, it does not promote anything related to RR/BAYC; if anything, it appears to promote BAYC.²⁵⁷

It is possible that @BoredApeV3 is little more than a fake account. Fake accounts are not uncommon on Twitter; in recent years, fake accounts have gained popularity and comprise a large portion of social media accounts.²⁵⁸ These fake accounts can be used for anything from protecting a user’s anonymity online²⁵⁹ to promoting products or messages that may otherwise not be seen.²⁶⁰

Finally, Yuga Labs argues that Ryder Ripps confuses consumers by advertising RR/BAYC on his personal Twitter account.²⁶¹ Specifically, Yuga Labs alleges that Ryder Ripps utilized a header image for his profile that featured the BAYC ape skull design in the bottom left corner.²⁶² As of writing, Ryder Ripps’s header image does not contain the BAYC ape skull design nor the image provided in Yuga Labs’s complaint; in fact, it is an entirely different image of cows on top of a trash pile.²⁶³

Despite the different header images, some tweets by Ryder Ripps can be construed as promoting RR/BAYC. One example is a tweet in which Ripps announces he is giving away one RR/BAYC NFT and then proceeds to post a picture of the corresponding identical BAYC NFT.²⁶⁴ However, this discussion can become challenging, as it deals more heavily with First Amendment and individual free speech issues than trademark infringement.

²⁵⁵ *Id.*

²⁵⁶ Bored Ape Yacht Club (@BoredApeV3), TWITTER, <https://twitter.com/boredapevc?lang=en>.

²⁵⁷ *Id.*

²⁵⁸ John P. Mello, *A third of US social media users creating fake accounts*, TECHNEWSWORLD (2022), <https://www.technewsworld.com/story/a-third-of-us-social-media-users-creating-fake-accounts-176987.html> (last visited Oct. 1, 2022).

²⁵⁹ *Id.*

²⁶⁰ 1 CYBER RISKS, SOCIAL MEDIA AND INSURANCE § 4.05 (2022).

²⁶¹ Complaint at 43, Yuga Labs v. Ryder Ripps et al., 2:22-cv-04355 (C.D. Cal. Filed June 24, 2022).

²⁶² *Id.*

²⁶³ Ryder Ripps (@ryder_ripps), TWITTER, https://twitter.com/ryder_ripps.

²⁶⁴ Ryder Ripps (@ryder_ripps), TWITTER (June 3, 2022, 12:01 AM), https://twitter.com/ryder_ripps/status/1532573276240683008.

Avoiding such complexity, Ripps does appear to acknowledge the possibility of consumer confusion on his Twitter account.²⁶⁵ In one Twitter thread discussing the similarity of BAYC and RR/BAYC, a Twitter user, @warrbo, rhetorically asks Ripps, “[I]sn’t the goal of trademark law to protect naive consumers to know the source of their goods? [S]o the standard is yes expecting illiteracy from consumers and protecting against their confusion by similar image marks, right?”²⁶⁶ Ripps then appears to concede to the user’s point by replying, “[D]id [you] buy an rrbayc thinking it was a bayc? [I]f not [I] think [you] should respectfully stfu.”²⁶⁷

Despite the argument of whether @RR_BAYC did everything Yuga Labs alleged and whether @BoredApeV3 is a real account or associated with RR/BAYC or Ryder Ripps, the determination of whether RR/BAYC and BAYC utilized similar marketing channels to promote their products hinges on the Court’s use of either of the two contrasting standards synthesized from *Brookfield*, *GoTo.com*, and *Network*.

The first standard, *Brookfield-GoTo.com*, says that if the marks utilized by the internet marketing channels are similar, then consumer confusion is likely. Accepting the claims made by Yuga Labs²⁶⁸ as true, @RR_BAYC is visually similar to BAYC’s Twitter page; @BoredApeV3 mimics BAYC’s official Twitter page, and Ryder Ripps appears to admit on his Twitter page that there may be consumer confusion caused by RR/BAYC. Under the first standard, a court may find RR/BAYC employed similar marketing channels as BAYC, which led to consumer confusion.

However, the second standard is more lenient and reaches an inverse conclusion. Under the *Brookfield-Network* standard, the Ninth Circuit Court of Appeals is likely to find that because so many products are advertised online, general online marketing does not support a likelihood of consumer confusion.²⁶⁹ This standard calls for courts to develop their own trademark infringement standards that best fit differing technologies. The Court in *Caryn Mandabach Productions v. Sadlers Brewhouse* provides an excellent

²⁶⁵ Ryder Ripps (@ryder_ripps), TWITTER (July 14, 2022, 9:48 PM), https://twitter.com/ryder_ripps/status/1547759874678788103 (@warrbo: “hmm yeah but exactly, this isn’t about brilliant minds, isn’t the goal of trademark law to protect naive consumers to know the source of their goods? [S]o the standard is yes expecting illiteracy from consumers and protecting against their confusion by similar image marks, right?” @ryder_ripps: “[D]id [you] buy an rrbayc thinking it was a bayc? [I]f not [I] think [you] should respectfully stfu”).

²⁶⁶ Ryder Ripps (@ryder_ripps), TWITTER (July 14, 2022, 9:48 PM), https://twitter.com/ryder_ripps/status/1547759874678788103.

²⁶⁷ *Id.*

²⁶⁸ Complaint at 42, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed June 24, 2022); see also Bored Ape Yacht Club (@BoredApeYC), TWITTER, <https://twitter.com/BoredApeYC>.

²⁶⁹ See generally *Caryn Mandabach Prods. v. Sadlers Brewhouse*, No. CV 20-10220-CBM-(JEMx), 2021 U.S. Dist. LEXIS 116713 (C.D. Cal. May 19, 2021).

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example of this approach. In this case, the defendants created a liquor line named after a Netflix show produced by the plaintiffs, also using quotes from the show.²⁷⁰ The defendants then advertised and sold their liquor online.²⁷¹ The Court ultimately held that,

‘Given the broad use of the Internet today,’ ‘it would be the rare commercial retailer that did not advertise online, and the shared use of a ubiquitous marketing channel [such as the internet] does not shed much light on the likelihood of consumer confusion.’ Accordingly, the marketing channels factor does not favor a finding of a likelihood of confusion.²⁷²

Thus, when viewing the facts in light of the second standard, RR/BAYC and BAYC’s use of similar marketing channels would not contribute to consumer confusion.

3. *Similarity of Products*

The third element of the Internet Troika is the similarity of the products themselves. On the surface, BAYC and RR/BAYC NFTs appear to offer identical products. In fact, Ripps does not seem to dispute that the products are visually identical.²⁷³ Because a credulous buyer would not visually be able to tell any difference between the two similar NFTs, the products would be similar under the *Brookfield-GoTo.com* standard.

However, the *Brookfield-Network* standard invites the Court to look beyond the surface and investigate the particular technology at hand to understand whether the two collections are identical. To determine whether goods are identical, “a court should consider whether the goods are . . . similar in use or function; or sold to the same class of purchasers.”²⁷⁴ If the goods are identical, “the danger presented is that the public will mistakenly assume there is an association between the producers of the related goods.”²⁷⁵ Accordingly, this Article will examine the similarity between the markets

²⁷⁰ *Id.* at 1.

²⁷¹ *Id.*

²⁷² *Id.* at 11 (quoting *Network Automation, Inc. v. Advanced Sys. Concepts*, 638 F.3d 1137, 1151 (9th Cir. 2011)).

²⁷³ Motion to Strike Complaint at 23, *Yuga Labs v. Ryder Ripps et al.*; Complaint at 43, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed June 24, 2022).

²⁷⁴ *Death Tobacco, Inc. v. Black Death USA*, No. CV 92-6437-WMB, 1993 U.S. Dist. LEXIS 20646, at *1 (C.D. Cal. June 30, 1993); *see also* 3 BUSINESS TORTS § 28.04.

²⁷⁵ *Id.*

purchasing both sets of NFTs, the use or function of both sets of NFTs, and the trade dress of both NFT collections.

a. Class of Purchasers Similarity

Discussion of whether the RR/BAYC and BAYC NFTs are sold to the same class of purchaser cannot easily be resolved. While both collections are sold to the broader NFT consumer market, it can be argued that RR/BAYC serves a niche market dedicated to opposing BAYC and Yuga Labs.

Under this view, the facts of the present case are similar to those of the case *Thane International v. Trek Bicycle Corporation*. Since 1977, Trek has manufactured bicycles under the name “Trek” and has become one of the most popular and recognized bicycle brands.²⁷⁶ It was granted a United States trademark in 1981 “for the use of TREK on bicycles and bicycle frames.”²⁷⁷ In 1997, Thane developed the “OrbiTrek,” which was a “dual directional elliptical glider stationary exercise machine for indoor use.”²⁷⁸ Thane claims the name “OrbiTrek” was developed independently of Trek Bicycles and was inspired by the television show Star Trek, which makes the OrbiTrek appear like a “space-age, high-tech, and futuristic product.”²⁷⁹

Ultimately, the Ninth Circuit Court of Appeals found that while both companies engaged in the broader sporting goods market, Thane served the niche stationary exercise machine market and did not infringe on Trek’s trademark.²⁸⁰ The rule from *Thane International v. Trek Bicycle Corporation* is that similar products and marks may not be identical if the defendant is famous in a niche market not served by the claimant.²⁸¹

This is where Ripps’s disclaimer agreement with every RR/BAYC purchaser²⁸² and the RR/BAYC sales volume figures²⁸³ come into play. Depending on whether the *Brookfield-GoTo.com* or *Brookfield-Network* standard is applied, these facts can yield different conclusions.

A court applying the *Brookfield-GoTo.com* standard is likely to find that Ripps’s intent to minimize consumer confusion by having purchasers

²⁷⁶ *Thane Int’l v. Trek Bicycle Corp.*, 305 F.3d 894, 898 (9th Cir. 2002).

²⁷⁷ *Id.* at 899.

²⁷⁸ *Id.*

²⁷⁹ *Thane Int’l*, 305 F.3d at 900.

²⁸⁰ *Id.* at 909.

²⁸¹ *Id.* at 908, 913.

²⁸² See Motion to Strike Complaint at 19, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed Aug. 15, 2022).

²⁸³ See Cameron Ciletti, *RR/BAYC delisted from OpenSea*, LUCKYTRADER (June 21, 2022), <https://luckytrader.com/nft/rrbayc/news/rr-bayc-delisted-from-open-sea>; see also Ryder Ripps (@ryder_ripps), INSTAGRAM, <https://www.instagram.com/p/CfDWwJnOr0d/?hl=en>.

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accept a disclaimer agreement should not be a factor in determining whether a consumer was confused. Further, the sales figures lend support that some of those purchasers may have thought they were purchasing a BAYC NFT. It is also likely that a court would be unconvinced that there is a niche market revolving around anti-BAYC and anti-Yuga Labs sentiment because the NFT market is already a niche market within the cryptocurrency market.²⁸⁴

However, a court applying the *Brookfield-Network* standard could find that the two collections serve different markets. Ripps's disclaimer agreements indicate that he attempted in good faith to mitigate any potential consumer confusion. The sales data show that consumers, with knowledge that the collections are different, were willing to purchase the NFTs and support Ripps's message and allegations against Yuga Labs. A niche marketplace against BAYC and Yuga Labs can also be found on social media where users on Twitter²⁸⁵ and TikTok²⁸⁶ call for BAYC owners to "burn" their NFTs (send them to an invalid wallet and render them unusable).²⁸⁷

This niche market, though negative towards BAYC and Yuga Labs, is still one BAYC can enter. It would not be unprecedented for an individual or organization to make money off hatred directed toward itself; Elvis is perhaps the best example of this. Elvis's manager sold merchandise in opposition to the legendary musician to profit off the anti-Elvis market.²⁸⁸ However, "any fame [Yuga Labs and BAYC] may acquire for [their products] in the future in the [niche market that opposes them] could not preclude [Ryder Ripps and RR/BAYC] from [selling his products] in that market."²⁸⁹

b. Similarity of Use or Function

The next question is whether BAYC and RR/BAYC are similar in use and function. In order to compare and contrast the two, the features of each need to be known.

Besides being a speculative investment, BAYC offers two features to its owners: the social features, including the graffiti board and Discord

²⁸⁴ Florian Zandt & Felix Richter, *NFT marketplaces remain a niche phenomenon in crypto*, STATISTA (May 10, 2022), <https://www.statista.com/chart/27412/estimated-worldwide-revenue-of-cryptocurrency-nft-platforms/> (last visited Oct. 1, 2022).

²⁸⁵ #burnbayc, TWITTER, <https://mobile.twitter.com/hashtag/burnbayc>.

²⁸⁶ #burnbayc, TIKTOK, <https://www.tiktok.com/tag/burnbayc>.

²⁸⁷ *What is Burning an NFT? A Complete Guide and Explanation*, NFTEXPLAINED.INFO (2022), <https://nftexplained.info/what-is-burning-an-nft-a-complete-guide-and-explanation/> (last visited Oct. 1, 2022).

²⁸⁸ *The ingenious way Elvis Presley even made money off his haters*, CBC RADIO (July 9, 2018), <https://www.cbc.ca/radio/undertheinfluence/the-ingenious-way-elvis-presley-even-made-money-off-his-haters-1.4739772> (last visited Oct. 1, 2022).

²⁸⁹ *Thane Int'l*, 305 F.3d at 909.

server, as well as the commercial rights to the NFT.²⁹⁰ To access the social features, users must connect their wallets and verify that they own a BAYC NFT. BAYC is a collection of 10,000 “programmatically generated” NFTs featuring images of apes in different clothing, expressions, and accessories.²⁹¹

RR/BAYC, on the other hand, does not offer any direct features. It is also a remind of BAYC, meaning the images are the same and their numbering corresponds to the same image in the BAYC collection.²⁹² Instead, RR/BAYC serves as a token of the purchasers’ commitment:

“(1) to bring attention to Yuga’s use of racist and neo-Nazi messages and imagery, (2) to expose Yuga’s use of unwitting celebrities and popular brands to disseminate offensive material, (3) to create social pressure demanding that Yuga take responsibility for its actions, and (4) to educate the public about the technical nature and utility of NFTs.”²⁹³

In other words, RR/BAYC was a part of Ripps’s “vision to create an army of educators’ with respect to Yuga’s connections to neo-Nazi and alt-right culture.”²⁹⁴

Depending on whether a court applies the *Brookfield-GoTo.com* or *Brookfield-Network* standard, it could arrive at drastically different conclusions on whether BAYC and RR/BAYC are similar products and whether BAYC’s products deserve protection.

Applying the first standard, it is likely that a court would find that BAYC and RR/BAYC are similar products. It could reach this conclusion by finding that both products contain the same images and utilize the same product names and by disregarding the differences in features because the intent of the infringing party does not matter. A court applying this standard would also likely find that BAYC’s products deserve protection because they entered the market first. It is likely to be unconvinced by the technical argument that all NFTs are inherently different.

A court applying the second standard is likely to find that the products are similar but that BAYC’s products do not deserve protection.

²⁹⁰ BORED APE YACHT CLUB, *supra* note 37.

²⁹¹ *Id.*

²⁹² Ripps, *supra* note 78.

²⁹³ Motion to Strike Complaint at 14, Yuga Labs v. Ryder Ripps et al., 2:22-cv-04355 (C.D. Cal. Filed Aug. 15, 2022).

²⁹⁴ *Id.* at 15.

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This finding would be the result of finding that BAYC's products have fallen victim to genericide and/or that every NFT is inherently distinct due to the technology behind NFTs.

c. Similarity of Trade Dress

The design and image of the BAYC NFTs fall under the category of trade dress. Trade dress "refers generally to the total image, design, and appearance of a product and may include features such as size, shape, color, color combinations, texture or graphics."²⁹⁵ Trade dress protection only extends to elements of a product that are nonfunctional.²⁹⁶ To determine what elements are functional, courts must consider the product's individual elements in the context of the whole product.²⁹⁷ If a feature "is essential to the use or purpose of the article or if it affects the cost or quality of the article," then it is considered functional and cannot receive trade dress protection.²⁹⁸ "Trade dress cannot, however, be both functional and purely aesthetic."²⁹⁹ To prove a trade dress infringement, the Ninth Circuit requires that a plaintiff prove "(1) that its claimed dress is nonfunctional; (2) that its claimed dress serves a source-identifying role either because it is inherently distinctive or has acquired secondary meaning; and (3) that the defendant's product or service creates a likelihood of consumer confusion."³⁰⁰ Regarding the requirement of secondary meaning, "the trade dress of a product or service attains secondary meaning when the purchasing public associates the dress with a particular source."³⁰¹ One factor supporting a trade dress's attainment of secondary meaning and the likelihood of consumer confusion is it having been deliberately copied.³⁰²

The first question that must be answered is whether BAYC's art is nonfunctional. The answer to this question is uncertain; it requires the opinion of consumers and revolves around whether the characteristics and elements of each BAYC NFT affect its value. This is a subjective question and one that would likely require a survey to answer. However, data suggests that the price of each BAYC NFT is affected by its traits and design.³⁰³ If it

²⁹⁵ Clicks Billiards, Inc. v. Sixshooters Inc., 251 F.3d 1252, 1256 (9th Cir. 2001).

²⁹⁶ *Id.*

²⁹⁷ *Id.*

²⁹⁸ *Id.*

²⁹⁹ *Id.*

³⁰⁰ *Id.*

³⁰¹ *Id.*

³⁰² *Id.*

³⁰³ Pedro Herrera, *How to Value Bored Apes Yacht Club NFTs*, DAPPRADAR (2022), <https://dappradar.com/blog/how-to-value-bored-apes-yacht-club-nfts> (last visited Oct. 1, 2022).

is determined that the NFT's design does affect its price, then the design is a functional feature and not protected.³⁰⁴

The second question is whether the design of each BAYC NFT has acquired secondary meaning. There are two arguments a court could use to find secondary meaning. The first is that it has attained secondary meaning because RR/BAYC and other NFT collections have copied or created unlicensed derivatives of BAYC NFTs. The second is that because so many NFT collections have outright copied or created unlicensed derivatives, BAYC has failed to protect its rights and is now a victim of genericide.

Genericide occurs "when the public appropriates a trademark and uses it as a generic name for particular types of goods or services irrespective of its source."³⁰⁵ It can occur "as a result of a trademark owner's failure to police the mark, resulting in widespread usage by competitors leading to a perception of genericness among the public, who sees many sellers using the same [mark]."³⁰⁶ The danger of genericide is "that the public will mistakenly assume there is an association between the producers of the related goods. When it is more likely that the public will make such an association, less similarity in the marks is required for a finding of likelihood of confusion."³⁰⁷

This Article has already discussed how many other NFT collections beyond RR/BAYC are utilizing marks similar to or exactly like the BAYC marks. Beyond this, many of these collections are visually similar due to having the same art style or the same features.³⁰⁸ Some even use the same

³⁰⁴ See *Clicks Billiards, Inc.*, 251 F.3d at 1256.

³⁰⁵ *Elliott v. Google, Inc.*, 860 F.3d 1151, 1154 (9th Cir. 2017).

³⁰⁶ *Freecycle Network, Inc. v. Oey*, 505 F.3d 898, 905 (9th Cir. 2007) (quoting 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 12:1 (2007)).

³⁰⁷ *Death Tobacco, Inc. v. Black Death USA*, No. CV 92-6437-WMB, 1993 U.S. Dist. LEXIS 20646, at *1 (C.D. Cal. June 30, 1993); see also 1A GILSON ON TRADEMARKS § 5.05.

³⁰⁸ 0xApes-Official, 0xApes trilogy, OPENSEA (2022), <https://opensea.io/collection/0xapes-trilogy> (last visited Oct. 2, 2022); 33D4A4, Bored ape bros, OPENSEA (2021), <https://opensea.io/collection/bored-ape-bros> (last visited Oct. 2, 2022); Bayctron, APENFT, <https://apenft.io/collections/BAYCTron> (last visited Oct. 2, 2022); Bored ape anime club, OPENSEA, <https://opensea.io/collection/bored-ape-anime-club> (last visited Oct. 5, 2022); Bored ape galaxy club X nlke edition, OPENSEA (2022), <https://opensea.io/collection/bored-ape-galaxy-club-x-nlke-edition> (last visited Oct. 5, 2022); Bored ape legendary club [CocaCola edition], OPENSEA (2022), <https://opensea.io/collection/bored-ape-legendary-club-cocacola-edition> (last visited Oct. 2, 2022); Bored ape pixie club, OPENSEA (2022), <https://opensea.io/collection/bored-ape-pixie-club> (last visited Oct. 2, 2022); Bored ape punks club, MAGIC EDEN, <https://magiceden.io/marketplace/boredapepunksclub> (last visited Oct. 5, 2022); Bored ape skull not club, OPENSEA (2021), <https://opensea.io/collection/boredapeskullnotclub> (last visited Oct. 2, 2022); Bored ape social clubs, OPENSEA (2021), <https://opensea.io/collection/boringapesocialclub> (last visited Oct. 2, 2022); Bored ape token club BATC, OPENSEA (2021), <https://opensea.io/collection/bored-ape-token> (last visited Oct. 5, 2022); Bored Ape Yacht Club [Legendary Edition], LOOKS RARE,

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image merely reoriented. Visually, it is hard to tell such collections apart from each other and BAYC.

Moreover, individuals online are advertising their services to copy, redesign, or create new images in the BAYC art style.³⁰⁹ This reality “throws

<https://looksrare.org/collections/0x3Ab9b8bcC97DB111BF14b04eBd4c08dce94CFD5b?queryID=b2125bc74a9969772af3f79ef85b44ed> (last visited Oct. 5, 2022); Bored Ape Yacht Club X COLORPENCIL, LOOKS RARE, <https://looksrare.org/collections/0xeb341Fc2771f5057C72f2860233Ea0e60EdDD7C9?queryID=b2125bc74a9969772af3f79ef85b44ed> (last visited Oct. 5, 2022); Bored apes by famous artists, OPENSEA (2022), <https://opensea.io/collection/bored-apes-by-famous-artists> (last visited Oct. 2, 2022); Bored Phayc, OPENSEA (2021), <https://opensea.io/collection/bored-phaycs> (last visited Oct. 2, 2022); BoredApeFrens, Bored ape frens, OPENSEA (2021), <https://opensea.io/collection/boredapefrens> (last visited Oct. 2, 2022); Bored-Ape-Solana-Club, Bored ape solana club, OPENSEA (2022), <https://opensea.io/collection/bored-ape-solana-club> (last visited Oct. 2, 2022); cakedapescreator, Caked apes official, OPENSEA (2022), <https://opensea.io/collection/cakedapesofficial> (last visited Oct. 2, 2022); Dope Ape Club Community, Dopeapeclub, OPENSEA (2022), <https://opensea.io/collection/dopeapeclub-1> (last visited Oct. 2, 2022); Fake bored ape club, OPENSEA (2022), <https://opensea.io/collection/fake-bored-ape-club-official> (last visited Oct. 2, 2022); Ghost bored ape yacht club, OPENSEA (2021), <https://opensea.io/collection/ghost-bored-ape-yacht-club> (last visited Oct. 2, 2022); Graffiti bored ape yacht club, OPENSEA (2021), <https://opensea.io/collection/graffiti-bored-ape-yacht-club> (last visited Oct. 2, 2022); GrandpaApeCountryClub, Grandpa Ape Country Club, OPENSEA (2022), <https://opensea.io/collection/grandpaapecountryclub> (last visited Oct. 2, 2022); Habibi Ape Club, OPENSEA (2022), <https://opensea.io/collection/habibiapeclub> (last visited Oct. 2, 2022); JRS bored ape yacht club crew, OPENSEA (2021), <https://opensea.io/collection/boredapeyachtclub-1> (last visited Oct. 2, 2022); Lady Ape Club, OPENSEA (2022), <https://opensea.io/collection/ladyapeclub5668> (last visited Oct. 2, 2022); Inwtrue.eth, Bored Ape Yacht Club, LOOKS RARE, <https://looksrare.org/collections/0x99A6163b390a2b06B99B93a1829b55C5793d0fdf?queryID=b2125bc74a9969772af3f79ef85b44ed> (last visited Oct. 5, 2022); LoserApeKevin, Loser Ape School Club, OPENSEA (2022), <https://opensea.io/collection/loserapeschoolclub> (last visited Oct. 2, 2022); OkayApesClub, Okay apes club, OPENSEA (2021), <https://opensea.io/collection/okay-apes-club> (last visited Oct. 2, 2022); Rekt Ape Cope Club, OPENSEA (2022), <https://opensea.io/collection/rektapecopeclub> (last visited Oct. 2, 2022); Reversed Ape Yatch Club, OPENSEA (2021), <https://opensea.io/collection/reversed-ape-yatch-club> (last visited Oct. 5, 2022); Skeleton Ape Society, OPENSEA (2022), <https://opensea.io/collection/skeleton-ape-society> (last visited Oct. 2, 2022); Skeleton Apes, OPENSEA (2022), <https://opensea.io/collection/skeletonapes> (last visited Oct. 2, 2022); Sketchyapes, OPENSEA (2022), <https://opensea.io/collection/sketchyapes> (last visited Oct. 2, 2022); So Bored Ape Yacht Club, LOOKS RARE, <https://looksrare.org/collections/0xeD5125c5cB2A75d43fC8662B1b9EE7fE6528AC07?queryID=b2125bc74a9969772af3f79ef85b44ed> (last visited Oct. 5, 2022); Space bored ape yacht club, OPENSEA (2021), <https://opensea.io/collection/spaceboredape> (last visited Oct. 2, 2022); Twisted ape yacht club, OPENSEA (2021), <https://opensea.io/collection/twistedapes> (last visited Oct. 2, 2022); VAPES - Vertically Flipped Apes, OPENSEA (2021), <https://opensea.io/collection/vapes-vertically-flipped-apes> (last visited Oct. 5, 2022); Zullup, 3D BAYC derivatives by Zullup, OPENSEA (2021), <https://opensea.io/collection/3d-apes-by-zullup> (last visited Oct. 2, 2022).

³⁰⁹ crypto_port, “I will create generative nft collection 1k, 10k, 100k for opensea,” FIVERR, <https://www.fiverr.com/share/z90lyv> (last visited Oct. 2, 2022); darpankumar12, “I will draw, design or create layers, traits and accessories for your nft characters,” FIVERR,

a wrench” in BAYC’s claim that each BAYC NFT is “unique.”³¹⁰ How can a project be “unique” when there are numerous copycats? The answer lies in what is missing from Yuga Labs’s complaint. Throughout the complaint, Yuga Labs mentions how RR/BAYC utilizes the same images as BAYC NFTs.³¹¹ However, nowhere in the complaint does Yuga Labs mention claims of copyright or trade dress infringement. If Yuga Labs fails to defend the rights it assigned to BAYC owners, then all parties involved lose their rights.

The fact that BAYC is claiming trademark infringement, but not copyright infringement,³¹² has dire consequences for assigning commercial rights to BAYC owners.³¹³ This problem is worsened by individuals registering their NFTs’ copyright in their name, despite not being assigned that right,³¹⁴ and by an individual’s recent trademark application of what is presumably a BAYC NFT.³¹⁵

<https://www.fiverr.com/share/pz19jp> (last visited Oct. 2, 2022); goldy83527, “I will create best ape nfts,” FIVERR, <https://www.fiverr.com/share/ea4b83> (last visited Oct. 2, 2022); pmvdesigner, “I will do a creative 2d,3d amazing nft art that you can sell as a collectible,” FIVERR, <https://www.fiverr.com/share/V0Wbje> (last visited Oct. 2, 2022); primecreator9, “I will design unique nft character,” FIVERR, <https://www.fiverr.com/share/R08E72> (last visited Oct. 2, 2022); pro_design72, “I will do unique nft art collection with 100k, 10k, 1k nfts,” FIVERR, <https://www.fiverr.com/share/W6ydNL> (last visited Oct. 2, 2022); yoshikio7, “I will design an ape nft,” FIVERR, <https://www.fiverr.com/yoshikio7/design-an-ape-nft> (last visited Oct. 2, 2022); and, yuugen_animeart, “I will create 100 plus unique nft apes for you,” FIVERR, <https://www.fiverr.com/share/2e20Y8>.

³¹⁰ BORED APE YACHT CLUB, *supra* note 37.

³¹¹ Complaint at ¶¶ 33-34 and 54, Yuga Labs v. Ryder Ripps et al., 2:22-cv-04355 (C.D. Cal. Filed June 24, 2022).

³¹² Copyright is any “artistic, literary, or intellectually created works, such as novels, music, movies, software code, photographs, and paintings that are original and exist in a tangible medium, such as paper, canvas, film, or digital format.” Compare that to trademarks, which are a “word, phrase, design, or a combination that identifies your goods or services, distinguishes them from the goods or services of others, and indicates the source of your goods or services.” The name “Coca-Cola” is a great example of a trademark, whereas the song lyrics to “Let It Go” from the movie “Frozen” are an example of copyright. *Trademark, patent, or copyright*, U.S. PATENT AND TRADEMARK OFFICE, <https://www.uspto.gov/trademarks/basics/trademark-patent-copyright> (last visited May 18, 2024).

³¹³ See BORED APE YACHT CLUB, *supra* note 37.

³¹⁴ #4683 – Branson, Copyright Registration No. VA0002304144; #9768 – Rockstar Robbie, Copyright Registration No. VA0002304242; Bored Ape Yacht Club #1652, Copyright Registration No. VA0002301661; Bored Ape Yacht Club #6207, Copyright Registration No. VA0002301660; Bored Ape Yacht Club #7090, Copyright Registration No. VA0002301657; Bored Ape Yacht Club #7796, Copyright Registration No. VA0002301648; Bored Ape Yacht Club #8824, Copyright Registration No. VA0002301641; BORED APE, Copyright Registration No. VA0002312310; Mutant Ape Yacht Club #1699, Copyright Registration No. VA0002297217; Mutant Ape Yacht Club #9314, Copyright Registration No. VA0002301654; MUTANT APE, Copyright Registration No. VA0002312309; and SMOKING APE, Copyright Registration No. VA0002312305.

³¹⁵ U.S. Trademark Application Serial No. 97587648 (filed Sept. 12, 2022).

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These registrations are a new step between the NFT world and real-world ownership. The question, and issue, then becomes: what happens to the registrations if the owners sell or accidentally transfer the NFT? The token itself is transferred but not the registration. How can that be fair to the purchaser if they purchase an NFT thinking they bought all the rights associated with it, but it turns out the previous owner still maintains the copyright and/or trademark?

This new legal dilemma is worse regarding trademarks. At the time of writing, there is a pending application to register, presumably, BAYC #4440.³¹⁶ The application is for a mark that “consists of an image of an ape wearing a cowboy hat, an earring, and a tank top.”³¹⁷ If this application is approved and registered on the Principal Register, what does that mean for BAYC #5771,³¹⁸ another image of an ape wearing a cowboy hat, an earring, and a tank top? Is the owner of BAYC #5771 now unable to trademark his NFT? What if the trademark application is to trademark an RR/BAYC or some other NFT collection’s rendition of BAYC #4440? Could an individual who has held a similar-looking NFT longer later come along and claim trademark infringement?

This lack of enforcement of rights by BAYC has the potential to implode the American copyright and trademark systems. The only way to avoid a massive copyright and trademark debacle is for BAYC to begin heavily policing the copyright and trade dress of its products and protecting its customers’ rights or for BAYC and related NFT collections to be deemed generic products.

Even though BAYC cannot obtain, or would have difficulty obtaining, the identities of the users who created these infringing NFT collections due to only their anonymous wallet being publicly available, BAYC can still bring lawsuits against them. The issue, of course, would be serving the unknown defendant(s). However, two recent cases, one from a New York state court³¹⁹ and another from the High Court of England,³²⁰ have authorized the service of process by NFTs. In both cases, the plaintiffs minted an NFT of their complaint and summons and sent it to the unidentified defendants’ crypto wallet. Although these are two isolated

³¹⁶ *Id.*; see also Bored Ape Yacht Club #4440, OPENSEA, <https://opensea.io/assets/ethereum/0xbc4ca0eda7647a8ab7c2061c2e118a18a936f13d/4440> (last visited Oct. 4, 2022).

³¹⁷ U.S. Trademark Application Serial No. 97587648 (filed Sept. 12, 2022).

³¹⁸ Bored Ape Yacht Club #5771, OPENSEA, <https://opensea.io/assets/ethereum/0xbc4ca0eda7647a8ab7c2061c2e118a18a936f13d/5771>.

³¹⁹ LCX AG v. 1.274M United States Dollar Coin, 2022 NYLJ LEXIS 961.

³²⁰ Fabrizio D'Aloia v. Persons Unknown, Binance Holdings Ltd. and Others, EWCH 1723 (Ch) BL-2022-001008 (June 24, 2022).

cases, service of process by NFTs could enable plaintiffs to sue and serve individuals attempting to hide behind their anonymity online.

d. The NFT's Transaction History Accurately Designates Its Origin Argument

Even if a court does not find that BAYC's NFTs have fallen victim to genericide and that the numerous copycat collections demonstrate that BAYC NFTs have developed secondary meaning, the question of trademark infringement is not entirely settled. A third question asks if there was consumer confusion. While question three will be discussed in more detail in Part III (B)(4), Ripps could still take up the crypto-evangelist argument that all NFTs, by the very technology that empowers them, are inherently unique and distinct. This argument is based on the fact that every NFT can be traced back to its original creator.

To better understand this argument, it is helpful to compare and contrast the facts of the present case to those in *Wal-Mart Stores v. Samara Brothers*. In 1996, Wal-Mart contracted with one of its suppliers to produce children's clothes and sent the supplier photos of Samara Brothers' products on which to base their designs.³²¹ That same year, Wal-Mart sold and marketed its products, which were very similar to Samara Brothers' products except for a few modifications.³²² The only distinguishable difference between the products was the tags inside the clothes denoting the manufacturer. Consumer confusion manifested when consumers called Samara Brothers asking why its products were being sold cheaper at Wal-Mart.³²³ The Supreme Court ruled that trade dress that acquires distinctiveness is protected.³²⁴ The important analogy between *Wal-Mart* and *Yuga Labs* is that in *Wal-Mart*, the tags of the similar products denoted the different manufacturers and origins, but that did not impact the Court's finding that Wal-Mart infringed on Samara Brothers' trademark.

Ripps argues that the metadata of RR/BAYC's NFTs indicates that he is the creator of the NFT, not BAYC.³²⁵ Every NFT contains a unique token ID (also referred to as an NFT's "hash").³²⁶ The token ID can be entered on a blockchain explorer, like Etherscan.io for the Ethereum

³²¹ *Wal-Mart Stores v. Samara Bros.*, 529 U.S. 205, 207 (2000).

³²² *Id.* at 208.

³²³ *Id.*

³²⁴ *Id.* at 216.

³²⁵ Motion to Strike Complaint at 24, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed Aug. 15, 2022).

³²⁶ *Where can I check the history of an NFT?*, OPENSEA, <https://support.opensea.io/hc/en-us/articles/1500003082601-Where-can-I-check-the-history-of-an-NFT-> (last visited Oct. 1, 2022).

blockchain, and the entire ownership history of the NFT can be viewed.³²⁷ However, the token ID will only display the wallet address—a random assortment of letters and numbers—of the owners and creator. Unless the wallet owner has publicly declared their ownership of a wallet address, ownership of the wallet remains anonymous.³²⁸

For example, take BAYC #3683.³²⁹ Because the marketplace OpenSea is kind enough to display the NFT's transaction history on its website, a blockchain explorer can display the entire transaction history of the NFT.³³⁰ From there, it can be determined from whom the current owner received the NFT, and this chain of transactions can be traced back to BAYC's wallet.³³¹ The same can be done for RR/BAYC NFTs. Because, as Ripps argues, an NFT can be traced back to the original creator, it does not falsely designate the origin and is a distinct product.³³² Another way of looking at this argument is that the NFT's data functions similarly to a tag on a product or a chain of title at the Register of Deeds.

It should be noted that investigating the transaction history of an NFT is not easy, unlike reading the information on a product tag. This difference between the two processes is exacerbated by the fact that reading a product tag is a physical process that can be easily accomplished by any consumer, whereas the process of manually investigating the origin of an NFT requires computer skills, technical knowledge, and significant amounts of time.

4. Likelihood of Confusion

Tying this discussion all together is the final and most important question in a trademark infringement analysis: was there consumer confusion? The above discussion of all the *Sleekcraft* factors has been an attempt to answer this question. As demonstrated, the answer depends

³²⁷ LCX Team, *How to verify NFT authenticity*, LCX AG (Feb. 10, 2022), <https://www.lcx.com/how-to-verify-nft-authenticity/> (last visited Apr. 8, 2024).

³²⁸ Harith Kamarul, *Public Name Tags, Labels & Public Notes*, ETHERSCAN INFORMATION CENTER (2021), <https://info.etherscan.com/public-name-tags-labels/> (last visited Oct. 1, 2022).

³²⁹ See 3683, Bored Ape Yacht Club, OPENSEA, <https://opensea.io/assets/ethereum/0xbc4ca0eda7647a8ab7c2061c2e118a18a936f13d/3683> (last visited Oct. 1, 2022).

³³⁰ See Token 3683, ETHERSCAN, <https://etherscan.io/token/0xbc4ca0eda7647a8ab7c2061c2e118a18a936f13d> (last visited Oct. 1, 2022).

³³¹ See BAYC Token Contract, ETHERSCAN, <https://etherscan.io/token/0xbc4ca0eda7647a8ab7c2061c2e118a18a936f13d> (last visited Oct. 1, 2022).

³³² Ripps, *supra* note 78.

entirely on whether the Court applies the *Brookfield-GoTo.com* or *Brookfield-Network* standard.

Generally, to prove a likelihood of consumer confusion, the plaintiff must provide “sufficient evidence to permit a rational trier of fact to find that confusion is probable, not merely possible.”³³³ Even if the plaintiff has their trademark registered on the Principal Register and their mark is incontestable, they still must show a likelihood of confusion.³³⁴

A court applying the *Brookfield-GoTo.com* standard is likely to find that RR/BAYC did cause consumer confusion. Such a court is likely to reach this conclusion by viewing all the above-mentioned facts through a lens of forward confusion (when “consumers believe that goods bearing the junior mark came from, or were sponsored by, the senior mark holder”³³⁵) and by not considering Ryder Ripps’s intent not to confuse consumers.³³⁶

Applying the Internet Troika factors—similarity of marks, marketing channels, and products—, RR/BAYC’s marks are similar to BAYC’s. RR/BAYC uses a name very similar to BAYC, RR/BAYC’s logo is visually similar to BAYC’s, and BAYC’s marks can be viewed as being protected. Also, because Ripps promoted RR/BAYC on his personal Twitter account, because other accounts claiming to be associated with RR/BAYC impersonated BAYC on Twitter, and because RR/BAYC was listed on NFT marketplaces alongside BAYC, a court could find that RR/BAYC utilized the same marketing channels as BAYC. Further, RR/BAYC intentionally copying the images of BAYC NFTs arguably allowed BAYC’s NFTs to acquire secondary meaning and become protected trade dress. All these factors satisfy the Internet Troika test and are sufficient to satisfy the *Sleekcraft* factors; thus, a court applying the *Brookfield-GoTo.com* standard is likely to find that RR/BAYC likely caused consumer confusion and infringed BAYC’s trademark.

However, a court applying the *Brookfield-Network* standard is unlikely to find that RR/BAYC likely causes consumer confusion. A court applying this standard is likely to reach such a conclusion by looking beyond the two present parties and instead considering RR/BAYC and Ripps’s actions in light of the entire market.

The first step in this analysis is to look beyond the Internet Troika factors.³³⁷ This is because the Internet Troika approach provides too much rigidity, especially since “emerging technologies require a flexible

³³³ Thrive Nat. Care v. Thrive Causemetics, No. CV 20-9091 PA (ASx), 2021 U.S. Dist. LEXIS 201284, at *1 (C.D. Cal. Oct. 6, 2021); *see also* 3 BUSINESS TORTS § 28.04.1.

³³⁴ M2 Software, Inc. v. Madacy Entm’t, 421 F.3d 1073, 1076 (9th Cir. 2005).

³³⁵ Ironhawk Techs., Inc. v. Dropbox, Inc., 2 F.4th 1150, 1158 (9th Cir. 2021).

³³⁶ Pom Wonderful Ltd. Liab. Co. v. Hubbard, 775 F.3d 1118, 1121 (9th Cir. 2014).

³³⁷ Network Automation, Inc. v. Advanced Sys. Concepts, 638 F.3d 1137, 1141 (9th Cir. 2011).

approach.”³³⁸ Instead, a court should consider “whether the defendant[’s] actual practices are likely to produce confusion in the minds of consumers about the origin of the goods in question.”³³⁹ In doing so, the court must reject the rule from *GoTo.com* and not consider NFT consumers to be unreasonable, imprudent, and inexperienced in its analysis.³⁴⁰ As such, “confusion on the part of a negligible number of consumers is insufficient for the trademark holder to prevail. Rather, a trademark holder must establish that an appreciable number of people will be confused as to the source of the product.”³⁴¹ Further, “mere speculation is not evidence of consumer confusion regarding trademarks”³⁴² because “when the marketplace is replete with products using a particular trademarked symbol, it indicates not only the difficulty in avoiding its use but also, and directly, the likelihood that consumers will not be confused by its use.”³⁴³

The key facts that a court applying the *Brookfield-Network* standard will find are the lack of distinctiveness of BAYC’s logo, the numerous NFT collections utilizing BAYC’s marks, and the numerous NFT collections selling copycat or derivative products. To overcome these facts, the plaintiff will likely need to provide conclusive or definitive evidence that customers were confused. Namely, “two sorts of evidence [that] are probative of actual confusion [are] evidence of actual instances of confusion and survey evidence.”³⁴⁴

Surveys can help a plaintiff prove trademark infringement. For a survey to be admitted into court, it must be conducted by experts using a sizeable population and in accordance with professional principles.³⁴⁵ A survey can not only help a plaintiff demonstrate previous confusion and likelihood of future confusion but also demonstrate that a plaintiff’s marks are distinctive in the eyes of the public.³⁴⁶ As long as the survey relates to the issues in the lawsuit and is conducted properly, it can strengthen a plaintiff’s entire case.³⁴⁷

However, the most persuasive proof that a plaintiff can present is instances of actual confusion.³⁴⁸ Social media sites such as Twitter and

³³⁸ *Id.*

³³⁹ *Marketquest Grp., Inc. v. BIC Corp.*, 862 F.3d 927, 931 (9th Cir. 2017).

³⁴⁰ *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1174 (9th Cir. 2010).

³⁴¹ *M2 Software, Inc. v. Madacy Ent.*, 421 F.3d 1073, 1085 (9th Cir. 2005).

³⁴² *Survivor Media, Inc. v. Survivor Prods.*, 406 F.3d 625, 634 (9th Cir. 2005).

³⁴³ *JL Bev. Co., LLC v. Jim Beam Brands Co.*, 828 F.3d 1098, 1101 (9th Cir. 2016).

³⁴⁴ *BBK Tobacco & Foods LLP v. Cent. Coast Agric. Inc.*, No. CV-19-05216-PHX-MTL, 2022 U.S. Dist. LEXIS 127964, at *58 (D. Ariz. July 19, 2022) (citing *Fortune Dynamic, Inc. v. Victoria’s Secret Stores Brand Mgmt.*, 618 F.3d 1025, 1035-36 (9th Cir. 2010)).

³⁴⁵ *M2 Software, Inc.*, 421 F.3d at 1076.

³⁴⁶ *Re/Max Int’l, Inc. v. Help-U-Sell, Inc.*, No. CV 89-7416 KN (Ex), 1991 U.S. Dist. LEXIS 20040, at *1 (C.D. Cal. Aug. 19, 1991).

³⁴⁷ *NFL Props. v. Wichita Falls Sportswear, Inc.*, 532 F. Supp. 651, 654 (W.D. Wash. 1982).

³⁴⁸ *M2 Software, Inc.*, 421 F.3d at 1076.

Reddit provide ideal places to look for such instances. These platforms are the forums where consumers are most likely to discuss their purchases and reveal directly or indirectly that they were confused. Using this method of identification, the plaintiff would need to collect an appreciable number of actual confusion instances.³⁴⁹

Ultimately, the question of whether there is a likelihood of confusion depends on which standard a court utilizes. The *Brookfield-GoTo.com* standard is weighted in favor of the plaintiff because it strictly follows the Internet Troika factors and focuses exclusively on the present parties. Meanwhile, the *Brookfield-Network* standard favors the defendant in this case because it considers confusion in the market and not just between the present parties.

5. The District Court's Ruling

Regrettably, Yuga Labs was granted summary judgment by the District Court.³⁵⁰ In its ruling, the Court made a series of findings that are detrimental to the internet and do not align with modern standards.

Firstly, the judge found that BAYC's unregistered trademarks were protected.³⁵¹ Although this may be true, the judge failed to state the strength of BAYC's marks and ignored the possibility of genericide.³⁵² The judge adopted the *Brookfield-GoTo.com* standard and declared that since the marks and products in this case were identical, the first *Sleekcraft* factor, which is the strength of the mark,³⁵³ favored Yuga Labs.³⁵⁴

Secondly, the Court declined to rule on whether consumers were actually confused. Although Yuga Labs submitted evidence purportedly showing actual consumer confusion, the Court ruled that such evidence is usually "unclear or insubstantial."³⁵⁵ The judge noted that this factor was not necessary to rule on because he found that the other *Sleekcraft* factors weighed in favor of Yuga Labs.³⁵⁶

However, the next two determinations by the Court ring like a dial-up tone from the days of *GoTo.com*. In step with the *Brookfield-GoTo.com* standard, the District Court found that NFT consumers are credulous and do

³⁴⁹ *Id.* at 1085.

³⁵⁰ See generally *Yuga Labs, Inc. v. Ripps*, No. CV 22-4355-JFW(JEMx), 2023 U.S. Dist. LEXIS 71336 (C.D. Cal. Apr. 21, 2023).

³⁵¹ *Id.* at *6.

³⁵² *Id.*

³⁵³ See *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 345 (9th Cir. 1979).

³⁵⁴ *Yuga Labs*, 2023 U.S. Dist. LEXIS 71336, at *11.

³⁵⁵ *Id.* at *12.

³⁵⁶ *Id.*

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not take the necessary steps to prevent their own confusion.³⁵⁷ These failures occur despite the efforts of NFT marketplaces like OpenSea, which verify an NFT's ownership history and the collection it originated from, presenting it to the potential buyer in an easy-to-understand format.³⁵⁸

Most harmfully and outdatedly, the Court found that the internet and large social media sites are one marketing channel.³⁵⁹ In three sentences, the judge found that because RR/BAYC and BAYC both advertised on Twitter, they had similar marketing channels.³⁶⁰ Twitter, a platform hosting over 368.4 million users,³⁶¹ a number larger than the United States population,³⁶² is considered by this judge to be one marketing channel. The Twitter accounts noted in the complaint have an insignificant user following if they are even tied to Ripps or RR/BAYC.³⁶³ Even Ripps's personal Twitter account does not enjoy the same reach as BAYC's.³⁶⁴ Nevertheless, the judge found that this *Sleekcraft* factor supported Yuga Labs.³⁶⁵

However, in a similar case decided around the same time as *Yuga Labs v. Ryder Ripps* in the same federal District Court but with a different judge, the outcome was opposite. In *Vida Enter. Corp. v. Angelina Swan Collection, Inc.*, Vida Enterprise Corporation sued Angelina Swan Collection for violating its trademarks on the words "ANGELINA" and "SWAN."³⁶⁶ Vida argued that because both it and Angelina Swan Collection ("ASC") marketed their products on Facebook, they used similar marketing channels.³⁶⁷ However, the Facebook pages served two different audiences: Vida's was oriented toward wholesale buyers, while ASC's advertised to retail consumers.³⁶⁸ Ultimately, the judge ruled that the potential overlap in marketing channels "is minimal, such that any overlap is unlikely to cause

³⁵⁷ *Id.* at *12-13; see *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1209.

³⁵⁸ See *Where can I check the history of an NFT?*, *supra* note 326.

³⁵⁹ *Yuga Labs*, 2023 U.S. Dist. LEXIS 71336, at *12.

³⁶⁰ *Id.*

³⁶¹ *Number of Twitter users worldwide from 2019 to 2024*, STATISTA, <https://www.statista.com/statistics/303681/twitter-users-worldwide/> (last visited May 7, 2023).

³⁶² *U.S. and World Population Clock*, UNITED STATES CENSUS BUREAU, <https://www.census.gov/popclock/> (last visited May 8, 2023) (as of May 7, 2023, the U.S. population was 334.7 million).

³⁶³ See Complaint at ¶ 42, *Yuga Labs v. Ryder Ripps et al.*, 2:22-cv-04355 (C.D. Cal. Filed June 24, 2022).

³⁶⁴ Compare Bored Ape Yacht Club (@BoredApeYC), TWITTER, <https://twitter.com/BoredApeYC>; to Ryder Ripps (@ryder_ripss), TWITTER, https://twitter.com/ryder_ripss (BAYC's Twitter account has over 1 million followers, whereas Ripps's only has 36.4 thousand followers, a ratio of almost 28 to 1).

³⁶⁵ *Yuga Labs*, 2023 U.S. Dist. LEXIS 71336, at *12.

³⁶⁶ *Vida Enter. Corp. v. Angelina Swan Collection, Inc.*, No. 2:22-cv-00915-ODW (JCx), 2023 U.S. Dist. LEXIS 63686, at *1 (C.D. Cal. Apr. 11, 2023).

³⁶⁷ *Id.* at *27.

³⁶⁸ *Id.*

consumer confusion."³⁶⁹ The Court in that case thus adopted the *Brookfield-Network* standard and found that large social media sites and the internet as a whole are not one marketing channel.

The same marketing channel analysis applied in *Vida Enter. Corp.* should have been applied in *Yuga Labs*. BAYC and Ripps's Twitter pages serve two different functions, just as in *Vida Enter. Corp.* BAYC's Twitter promotes the BAYC collection and other collections by Yuga Labs.³⁷⁰ Meanwhile, Ripps's account promotes his personal views and projects.³⁷¹ Given Ripps's hostility toward BAYC on Twitter,³⁷² it is difficult to imagine how any consumer could be confused and believe that Ripps had a relationship with or was sponsored by Yuga Labs.³⁷³ Had the same marketing channel analysis used in *Vida Enter. Corp.* been applied to *Yuga Labs*, the Court would have similarly found that the internet and large social media sites do not make up similar marketing channels.

Instead, the *Yuga Labs* Court made a ruling harmful to the future of the internet. It failed to analyze the strength of BAYC's marks in the totality of the market rather than its strength within the case. The Court failed to consider the sophistication of consumers in this niche market and the availability of tools offered to assist credulous buyers in avoiding confusion.³⁷⁴ Worst of all, the Court wrongly concluded that large social media sites and the internet as a whole are one marketing channel.³⁷⁵ This opinion is purely *Brookfield-GoTo.com* standard-based and rings of the dial-up tones from when *GoTo.com* was decided.

³⁶⁹ *Id.* at *28.

³⁷⁰ See Bored Ape Yacht Club (@BoredApeYC), TWITTER (Mar. 29, 2023, 4:22 PM), <https://twitter.com/BoredApeYC/status/1641174127758254082>.

³⁷¹ See Ryder Ripps (@ryder_ripps), TWITTER (May 8, 2023, 12:04 PM), https://twitter.com/ryder_ripps/status/1655604544498434048; Ryder Ripps (@ryder_ripps), TWITTER (May 6, 2023, 10:09 AM), https://twitter.com/ryder_ripps/status/1654850928670015488; Ryder Ripps (@ryder_ripps), TWITTER (May 3, 2023, 06:01 AM), https://twitter.com/ryder_ripps/status/1653701309793730560.

³⁷² See Ryder Ripps (@ryder_ripps), TWITTER (June 23, 2022, 4:35 AM), https://twitter.com/ryder_ripps/status/1539889773862699009; Ryder Ripps (@ryder_ripps), TWITTER (Jan. 2, 2022, 7:48 PM), https://twitter.com/ryder_ripps/status/1477803972115464194?lang=en.

³⁷³ See *Zamfir v. Casperlabs, LLC*, 528 F. Supp. 3d 1136, 1140 (S.D. Cal. 2021) (paraphrasing 15 U.S.C. § 1125(a) by stating that the fourth element of a claim of false designation of origin is that the false designation is likely to cause confusion or deceive a consumer as to the relationship between the defendant and the trademark holder).

³⁷⁴ See *Where can I check the history of an NFT?*, *supra* note 326.

³⁷⁵ *Yuga Labs*, 2023 U.S. Dist. LEXIS 71336, at *12.

IV. CONCLUSION

The *Brookfield-GoTo.com* and *Brookfield-Network* standards are two legal analyses that view the same facts in divergent ways. Both standards weigh the facts relevant to the *Sleekcraft* factors differently, yielding different conclusions. When courts are faced with a trademark infringement case involving the internet, which legal standard they apply will have a profound effect on their decision.

If the *Brookfield-GoTo.com* standard is applied, the outcome will likely be akin to a new sheriff arriving in a wild west town. This new sheriff will enforce intellectual property rights with a heavy hand; those who infringe, copy, or derive the work of others must beware. This standard cares not about the conditions in the overall market but only about the parties named in the complaint. Strict adherence to the *Brookfield-GoTo.com* rule could smother any new technology.

However, applying this standard would provide consistency and predictable judicial outcomes. The Internet Troika factors are easy to identify and weigh. This simplicity may enable parties to settle infringement claims more easily outside of court and discourage them from going to court when the outcome is formulaic. This formulaic aspect of the *Brookfield-GoTo.com* standard is what makes it less adaptable to changing technology.

On the other hand, the *Brookfield-Network* standard is a less predictable one but offers greater flexibility for dealing with new technology. This approach seeks to better understand the technology and to create rules for it that reflect its purpose. The drawback of this standard is that it requires a court to understand the new technology, to look at the current and future market for the technology, and to engage in more analysis than the three-factor Internet Troika.

While courts may be hesitant to delve into every new technology or internet niche, the *Brookfield-Network* standard encourages innovation and entrepreneurship. In contrast, the streamlined *Brookfield-GoTo.com* standard promotes judicial efficiency, which is key given our courts' heavy workload, but at the cost of fully understanding each case's nuances. To address these concerns, courts could compromise by keeping the Internet Troika as the default analysis for internet trademark infringement cases but allowing parties to submit evidence about the use of the mark from the market as a whole and beyond just the present parties. For example, defendants could demonstrate that other entities are also using the mark, while plaintiffs could provide evidence of agreements with third parties highlighting the distinctiveness of the mark. By adopting such an approach, courts could reach a fair and just decision that does not unfairly harm any party.

Moreover, this current intra-circuit split within the Ninth Circuit is damaging to both the internet and the fairness of the courts. When judges have the discretion to apply different legal standards, the outcome of a case can be unpredictable, leaving the parties with little recourse. It is essential that the Ninth Circuit resolve this split before it stifles innovation and impedes the progress of technology. By doing so, the Court will not only foster a more consistent and predictable legal landscape but also encourage innovation and entrepreneurship.