

# The Trademark Reporter®



**The Law Journal of the International Trademark Association**

## **EMERGING IP ENFORCEMENT IN ONLINE MARKETS AND DIGITAL SPACES**

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Rising Above Liability: The Digital Services Act as a Blueprint for the Second Generation of Global Internet Rules

*Martin Husovec*

Confusion in Trademarked NFTs

*Andrew C. Michaels*

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# The Trademark Reporter®

(USPS 636-080)

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|----------|-------------------------|-------|
| Vol. 115 | November–December, 2025 | No. 6 |
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# The Trademark Reporter®

## EDITOR'S NOTE:

### THEME ISSUE—EMERGING IP ENFORCEMENT IN ONLINE MARKETS AND DIGITAL SPACES

Artificial intelligence (“AI”) has received significant attention in recent years, including in last year’s end-of-year issue of *The Trademark Reporter* (“TMR”)<sup>1</sup> and the INTA 2024 New York Conference titled “The Business of Artificial Intelligence: Practical Applications in the IP Ecosystem” (for which I served as a speaker), for its impact on intellectual property practice and doctrine. However, technological developments have long influenced the evolution of intellectual property law, and trademark law is no exception. From domain name dispute resolution to new market structures for creating and offering products, technology has left its indelible mark on trademark law. This is an ongoing evolution. As the world moves online, trademark use and infringement are increasingly occurring through technological mediums. In 2025, beyond the changes brought by AI, developments in online markets and digital spaces have posed new challenges and approaches for trademark rights and enforcement. We are delighted to devote this end-of-year issue of the TMR to these other important topics at the nexus of trademark law and technology.

In this issue, we share a selection of some of the best academic literature on trademark law and digital spaces in the past three years. This innovative research highlights the evergreen challenges of practicing trademark law in an evolving world.

#### **A New Litigation Strategy for E-Commerce Infringements**

In “A SAD Scheme of Abusive Intellectual Property Litigation,”<sup>2</sup> Eric Goldman offers the first comprehensive analysis of what has been called “Schedule A” litigation, and which Goldman refers to as the “Schedule A Defendants Scheme” (or the “SAD Scheme”). This litigation tactic involves a rights owner filing a sealed complaint against many different, unrelated online sellers offering products

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<sup>1</sup> 114 Trademark Rep. 691 (2024) (Artificial Intelligence Issue).

<sup>2</sup> 123 Colum. L. Rev. F. 183 (2023).

that allegedly infringe upon the same intellectual property, and the filing of *ex parte* temporary restraining orders and preliminary injunctions that seek to oblige third-party service providers to impose asset freezes and take other actions against the accused sellers. The growth of global e-commerce over the past thirty years has helped facilitate online sales of infringing products to ever larger audiences. In response, in the past decade, thousands of Schedule A cases have been filed, mostly in the Northern District of Illinois, but also in other jurisdictions such as the Southern District of Florida and the Southern District of New York. Goldman identifies this strategy and its typical characteristics, but he also offers a robust criticism of it. Goldman offers several criticisms, including how Schedule A litigation can rely upon generic pleadings, violate several rules of civil procedure such as personal jurisdiction, deprive courts of proper filing fees through misjoinder, and elude adjudication on the merits. Since the publication of this article, courts have taken greater notice of Schedule A litigation, including some judges introducing specific rules of practice on Schedule A matters.

Sarah Fackrell expands on these and other themes in “The Counterfeit Sham,”<sup>3</sup> within the context of the misuse of the term “counterfeit” in policy narratives and litigation. As trademark practitioners know, “counterfeit” has a specific meaning under the Lanham Act: a spurious mark that is identical with, or substantially indistinguishable from, a registered mark.<sup>4</sup> Yet, Fackrell notes, many apply the word to design patents (and copyrights) too, muddying the conceptual clarity of the word while strategically employing its powerful rhetoric for their own ends. One of the prime examples of this type of “counterfeit rhetoric,” says Fackrell, is Schedule A litigation. While the bulk of Schedule A litigation has been aimed at trademark infringement, the strategy has been imported to design and utility patents and copyrights. This article is an important reminder of the power of language and the need to be precise with words that have sustained legal meaning.

### Developments in Secondary Liability

Instead of seeking to hold the infringers themselves liable, there have also been developments in standards for holding online platforms and others secondarily liable for their users’ infringements. The question of the proper scope of contributory liability—one formulation of secondary liability—at least for copyright law, is currently before the U.S. Supreme Court in *Cox*

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<sup>3</sup> 138 Harv. L. Rev. 471 (2024).

<sup>4</sup> 15 U.S.C. § 1127.

*Communications, Inc. v. Sony Music Entertainment*.<sup>5</sup> In “The Structure of Secondary Copyright Liability,”<sup>6</sup> Felix Wu offers a critique of how contributory copyright liability has evolved, arguing that it focuses too much on *mens rea* and fault. Unlike patent cases, where the alleged secondary infringer typically targets a particular patent, copyright claims generally involve the alleged secondary infringer offering general purpose technologies or services. Wu proposes that a better structure for copyright law would be to focus on properly calibrating deterrence, such as through limiting removal obligations to exact copies or reasonable situations and eliminating statutory damages for secondary infringement.

Secondary liability has also evolved in other jurisdictions. In “The Role, Responsibility, and Liability of Online Intermediaries Under EU IP Law,”<sup>7</sup> Eleonora Rosati discusses how liability for online intermediaries has evolved in recent years in Europe, offering new enforcement options for rightsholders. The old standard paradigm of Internet safe harbors under the E-Commerce Directive<sup>8</sup> has started to show cracks. First, in certain circumstances, platforms may be held liable for infringing user content not just as secondary infringers, but also as direct infringers. A platform’s own actions could result in direct infringement, and the Court of Justice of the European Union has gradually expanded direct liability for platforms in cases such as *YouTube*<sup>9</sup> and *Louboutin*<sup>10</sup> by importing requirements such as knowledge and intent, which are typically considered under secondary liability. Article 17 of the Digital Single Market Directive<sup>11</sup> has further provided that online content-sharing service providers can be directly liable for storing user-generated content. Second, injunctions are now more broadly available against online intermediaries that may force them to block the websites of infringers, disclose information about them, or undertake other appropriate actions to counter infringement.

Taking a step back, in “Rising Above Liability: The Digital Services Act as a Blueprint for the Second Generation of Global Internet Rules,”<sup>12</sup> Martin Husovec suggests how the European

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<sup>5</sup> *Sony Music Ent. v. Cox Commc’ns, Inc.*, 93 F.4th 222 (2024), *cert. granted*, *Cox Commc’ns, Inc. v. Sony Music Ent.*, No. 24-171 (June 30, 2025), <https://www.supremecourt.gov/docket/docketfiles/html/public/24-171.html> (last visited Nov. 17, 2025).

<sup>6</sup> 61 Hous. L. Rev. 385 (2023).

<sup>7</sup> Eleonora Rosati, *The Role, Responsibility, and Liability of Online Intermediaries Under EU IP Law*, in *Handbook of Fashion Law* 68 (Eleonora Rosati & Irene Calboli eds., 2025).

<sup>8</sup> Directive 2000/31/EC, 2000 O.J. (L 178).

<sup>9</sup> *Peterson v. Google LLC*, C-682/18 and C-683/18, EU:C:2021:503.

<sup>10</sup> *Christian Louboutin v. Amazon Europe Core Sàrl*, C-148/21 and C-184/21, EU:C:2022:422.

<sup>11</sup> Council Directive (EU) 2019/790, 2019 O.J. (L 130/92).

<sup>12</sup> 38 Berkeley Tech. L.J. 883 (2023).

Union's Digital Services Act ("DSA")<sup>13</sup> might offer a blueprint for new global Internet regulation. Husovec explains how the Internet has expanded significantly beyond that for which the conditional immunity rules of the U.S. Digital Millennium Copyright Act ("DMCA")<sup>14</sup> and the European E-Commerce Directive<sup>15</sup> were created. In response, the European Union enacted the DSA. While Husovec understands that other jurisdictions may consider the DSA "too European," he nonetheless suggests that they can still learn from the principles animating the DSA. Husovec identifies five key DSA principles: accountability, not liability; horizontality of regulations; shared burden; empowerment of users; and ecosystem solutions. Like how Europeans adapted the DMCA to their own traditions and values in the E-Commerce Directive, other jurisdictions can likewise draw upon these principles to craft their own optimal regulations for the new era of the Internet.

### Confusion in the Metaverse

Last but not least, we turn to that technological development that caught the world's attention before generative AI: non-fungible tokens ("NFTs"). While interest in NFTs has deflated from the exuberance of 2021 and early 2022, they nonetheless remain an intriguing case study of how technology can disrupt doctrine. In regard to intellectual property doctrine, NFTs are perhaps most often cited for their potential to circumvent the limitations on copyright's first sale doctrine due to reproduction of digital content, as held in *Capitol Records, LLC v. ReDigi Inc.*<sup>16</sup> In "Confusion in Trademarked NFTs,"<sup>17</sup> Andrew Michaels examines NFT-related trademark litigation—namely *Yuga Labs, Inc. v. Ripps*,<sup>18</sup> *Hermes International v. Rothschild*,<sup>19</sup> and *Nike, Inc. v. StockX LLC*<sup>20</sup>—to interrogate the limits of the likelihood of confusion analysis and the First Amendment. Based on his analysis, Michaels proposes three potential improvements for courts when evaluating NFTs and trademark infringement cases more generally: consider whether the use of the trademark will affect purchasing decisions by conferring clout; determine likelihood of confusion as a question of law (contrary to the majority of U.S. circuit courts); adopt a flexible

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<sup>13</sup> Regulation (EU) 2022/2065, 2022 O.J. (L 277).

<sup>14</sup> 17 U.S.C. § 512.

<sup>15</sup> Directive 2000/31/EC, 2000 O.J. (L 178).

<sup>16</sup> 910 F.3d 649 (2d Cir. 2018).

<sup>17</sup> 7 Stan. J. Blockchain L. & Pol'y 1 (2024).

<sup>18</sup> 144 F.4th 1137 (9th Cir. 2025).

<sup>19</sup> 678 F. Supp. 3d 475 (S.D.N.Y. 2023), on appeal, No. 23-1081 (2d Cir.).

<sup>20</sup> *Nike, Inc. v. StockX LLC*, No. 22-CV-0983 (VEC), 2024 WL 3361411 (S.D.N.Y. July 10, 2024). The litigation has settled. Stipulation and Order of Dismissal, No. 22-CV-0983 (VEC), ECF No. 341 (Sept. 3, 2025).

approach when applying the *Rogers*<sup>21</sup> test to consider confusion; and do not apply the first sale doctrine to digital assets representing purchased physical ones. While opinions on these proposals may vary, they are nonetheless useful in thinking about how technology can reveal broader concerns in doctrinal practice.

### Online Marketplaces' Actions: Further Reading

In their article “Amazon’s Quiet Overhaul of the Trademark System,” recently published in the *California Law Review*,<sup>22</sup> Jeanne Fromer and Mark McKenna examine the influence of Amazon’s Brand Registry on U.S. trademark applications.

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As the first-ever Guest Editor of the TMR, and as a trademark scholar, it is my honor to share this innovative scholarship. I hope this collection of works will provide you with new perspectives for navigating trademark doctrine and practice in digital spaces.

Michael P. Goodyear  
*Associate Professor, New York Law School*  
*Guest Editor*

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<sup>21</sup> *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989).

<sup>22</sup> 113 Calif. L. Rev. 1169 (2025).



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VOL. 123

NOVEMBER 20, 2023

PAGES 183–207

## A SAD SCHEME OF ABUSIVE INTELLECTUAL PROPERTY LITIGATION

*Eric Goldman*<sup>\*1</sup>

*This Piece describes a sophisticated but underreported system of mass-defendant intellectual property litigation called the “Schedule A Defendants Scheme” (the “SAD Scheme”), which occurs most frequently in the Northern District of Illinois and principally targets online merchants based in China. The SAD Scheme capitalizes on weak spots in the Federal Rules of Civil Procedure, judicial deference to IP rightsowners, and online marketplaces’ liability exposure. With substantial assistance from judges, rightsowners can use these dynamics to extract settlements from online merchants without satisfying basic procedural safeguards like serving the complaint and establishing personal jurisdiction over defendants. This paper explains the scheme, how it bypasses standard legal safeguards, how it has affected hundreds of thousands of merchants, and how it imposes substantial costs on online marketplaces, consumers, and the courts. The Piece concludes with some ideas about ways to curb the system.*

## INTRODUCTION

This Piece identifies an underreported system of abusive intellectual property (IP) litigation.<sup>2</sup> Indeed, the system is so obscure that it doesn’t

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1. In 2021, the author filed a declaration in a SAD Scheme case in support of a defendant’s motion for attorneys’ fees. See Declaration of Dean Eric Goldman at 3, *Emoji Co. v. Individuals, Corps., Ltd. Liab. Cos., P’ships, & Uninc. Ass’ns Identified on Schedule A Hereto*, No. 21-cv-1739 (N.D. Ill. filed Aug. 16, 2021), <https://digitalcommons.law.scu.edu/cgi/viewcontent.cgi?article=3534&context=historical> [<https://perma.cc/YS6W-JAUV>] [hereinafter *Emojico Declaration*].

2. For prior work on mass-defendant intellectual property enforcement, see generally Shyamkrishna Balganesh & Jonah B. Gelbach, *Debunking the Myth of the*

have an official name yet. This paper calls it the “Schedule A Defendants” scheme (the “SAD Scheme”) because the rightsowner-plaintiffs often identify the defendants<sup>3</sup> in a separately filed and sealed “Schedule A”<sup>4</sup> attachment to the complaint.

Rightsowners use the SAD Scheme to combat the sale of allegedly infringing<sup>5</sup> items via online marketplaces (such as Amazon and Wish)<sup>6</sup> by

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Copyright Troll Apocalypse, 101 Iowa L. Rev. Online 43 (2016), [https://ilr.law.uiowa.edu/sites/ilr.law.uiowa.edu/files/2023-01/Balganesh\\_Gelbach.pdf](https://ilr.law.uiowa.edu/sites/ilr.law.uiowa.edu/files/2023-01/Balganesh_Gelbach.pdf) [<https://perma.cc/VK2H-UN4D>] (suggesting that some legal literature defines the phenomenon of “copyright trolls,” who acquire copyrights solely to litigate copyright infringement, too broadly and overstates the problem within the United States); Shyamkrishna Balganesh, *The Uneasy Case Against Copyright Trolls*, 86 S. Cal. L. Rev. 723 (2013) (discussing the connection between the policy goals of copyright enforcement and the problematic rise of copyright trolls); Colleen V. Chien, *Of Trolls, Davids, Goliaths, and Kings: Narratives and Evidence in the Litigation of High-Tech Patents*, 87 N.C. L. Rev. 1571 (2009) (evaluating litigation data of high-tech patents to highlight the most common types of patent suits and who is most likely to bring the claim); Brad A. Greenberg, *Copyright Trolls and Presumptively Fair Uses*, 85 U. Colo. L. Rev. 53 (2014) (“[C]ourts should impose a presumptive bar on troll-related litigation. Such burden shifting is warranted under traditional fair use analysis . . . .”); Brad A. Greenberg, *Copyright Trolls and the Common Law*, 100 Iowa L. Rev. Bulletin 77 (2015) (concluding that trolling-related litigation is best addressed through ad hoc judicial determinations rather than per se legislative classifications), <https://ilr.law.uiowa.edu/sites/ilr.law.uiowa.edu/files/2023-01/Greenberg.pdf> [<https://perma.cc/SRV6-536V>]; Michael S. Mireles, *Trademark Trolls: A Problem in the United States?*, 18 Chap. L. Rev. 815 (2015) (“[T]his Paper discusses patent trolls and separates ‘trolling behavior’ from other troubling trademark enforcement practices such as ‘bullying.’ This Paper then gives the reasons why trademark trolls are likely not a problem in the United States.”); Matthew Sag, *Copyright Trolling, An Empirical Study*, 100 Iowa L. Rev. 1105 (2015) (discussing multi-defendant John Doe lawsuits); Matthew Sag & Jake Haskell, *Defense Against the Dark Arts of Copyright Trolling*, 103 Iowa L. Rev. 571 (2018) (proposing a legal framework for defending against copyright trolls).

3. There are many variations, but a typical SAD Scheme complaint caption might refer to the defendants as “the Individuals, Corporations, Limited Liability Companies, Partnerships, and Unincorporated Associations Identified on Schedule A Hereto.” See *infra* note 15 and accompanying text.

4. In addition to “Schedule A,” plaintiffs have also used the titles “Exhibit 1,” “Exhibit A,” “Annex A,” and other synonyms. See *infra* Part III.

5. Rightsowners may overclaim infringement. For example, a SAD rightsowner-plaintiff may characterize the defendants’ items as “counterfeits,” even when those items are noninfringing knockoff goods, gray market goods, goods that have leaked out of the rightsowner’s official distribution channels, used or refurbished goods, or otherwise noninfringing goods. See generally Sarah Burstein, *Guest Post, Against the Design-Seizure Bill*, *Patently-O* (Jan. 3, 2020), <https://patentlyo.com/patent/2020/01/against-design-seizure.html> [<https://perma.cc/XC4K-2PYG>] [hereinafter Burstein, *Against the Design-Seizure Bill*] (discussing how “counterfeit” allegations may be rhetorically deceptive).

6. Rightsowners also sometimes use the SAD Scheme against nonmarketplace service providers such as payment processors and other financial institutions. This Piece doesn’t separately address the unique considerations these nonmarketplace players may encounter, but much of the Piece’s analysis about marketplaces applies equally to the other service providers.

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third-party merchants.<sup>7</sup> The rightsowners bring lawsuits on an ex parte basis and obtain injunctions that freeze the merchant's relationship with online marketplaces.<sup>8</sup> Most SAD Scheme cases are trademark lawsuits filed in the Northern District of Illinois.<sup>9</sup> The SAD Scheme has likely affected hundreds of thousands of online merchants and deprived the federal government of a quarter-billion dollars of court filing fees.<sup>10</sup>

The SAD Scheme addresses an ongoing problem for rightsowners:<sup>11</sup> how to cost-effectively redress high volumes of infringement in online marketplaces,<sup>12</sup> especially when the alleged infringers are located in China or other foreign countries and hide their identities and locations.<sup>13</sup> Unfortunately, the SAD Scheme advances this goal by subverting existing intellectual property and civil procedure rules. Each step in this process superficially appears to comply with the applicable rules, but the combination of ex parte proceedings and extrajudicial actions by the online marketplaces produces unjust outcomes, including unwarranted settlements.

Thus, the SAD Scheme goes far beyond just curbing online infringement and instead causes substantial harm to innocent

7. Samuel Baird & Noel Paterson, *How Some Brands Are Successfully—and Cost-Effectively—Combating Online Counterfeiters*, IPWatchdog (Oct. 13, 2022), <https://ipwatchdog.com/2022/10/13/brands-successfully-cost-effectively-combating-online-counterfeiters/id=152088/> [https://perma.cc/U2MN-CUNK].

8. *Id.*

9. See *infra* Part II.

10. See *infra* Part II.

11. Rightsowners can always take advantage of the copyright notice-and-takedown provisions of 17 U.S.C. § 512 or the de facto notice-and-takedown scheme for trademarks suggested by *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 99–107 (2d Cir. 2010). Instead, at least some rightsowners apparently have adopted the SAD Scheme as their preferred alternative to the venerable notice-and-takedown approach.

12. “Brand owners and their attorneys view the lawsuits as one of the few available tactics to counter an enormous rise in counterfeit merchandise flowing into the US from elusive foreign sellers.” Riddhi Setty & Isaiah Poritz, *Brands Flock to Chicago Court in War on Internet Counterfeiters*, Bloomberg L. (Apr. 5, 2023), <https://www.bloomberglaw.com/product/blaw/bloomberglawnews/ip-law/BNA%2000000187-3842-d882-abcf-f85a8b3d0001> (on file with the *Columbia Law Review*).

Rightsowners increasingly may be able to locate and sue online marketplace merchants due to laws like the Arkansas Online Marketplace Consumer Inform Act, which requires some merchants to publicly display a physical address, Act 555, ch. 119, 2021 Ark. Acts 2450 (codified at Ark. Code Ann. § 4-119-103(a)(2)(B) (2023)), and the similar INFORM Consumers Act passed by Congress in 2022, Collection, Verification, and Disclosure of Information by Online Marketplaces to Inform Consumers, Pub. L. No. 117-328, sec. 301, 136 Stat. 5555 (2022) (codified at 15 U.S.C.A. § 45f (2023)). China's recent Electronic Commerce Law might also facilitate locating and suing these merchants. See Daniel C.K. Chow, *Strategies to Combat Internet Sales of Counterfeit Goods*, 52 Seton Hall L. Rev. 1053, 1071–81 (2022).

13. Dave Bryant, *How Chinese Sellers Are Manipulating Amazon in 2023*, EcomCrew (Aug. 2, 2023), <https://www.ecomcrew.com/chinese-sellers-manipulating-amazon/> [https://perma.cc/578U-CWXJ] (last updated Aug. 21, 2023) (estimating that nearly two-thirds of Amazon marketplace merchants are based in China).

merchants,<sup>14</sup> online marketplaces, and marketplace consumers. It also undermines public trust and confidence in the courts. Although eliminating the SAD Scheme will undoubtedly make it costlier for rightsowners to do their enforcement work, the rule of law requires it.

Part I of the Piece describes how the SAD Scheme works. Part II quantifies its prevalence. Part III describes how the SAD Scheme abuses the legal system. Part IV discusses some ways to curb the SAD Scheme.

I. HOW THE SAD SCHEME WORKS

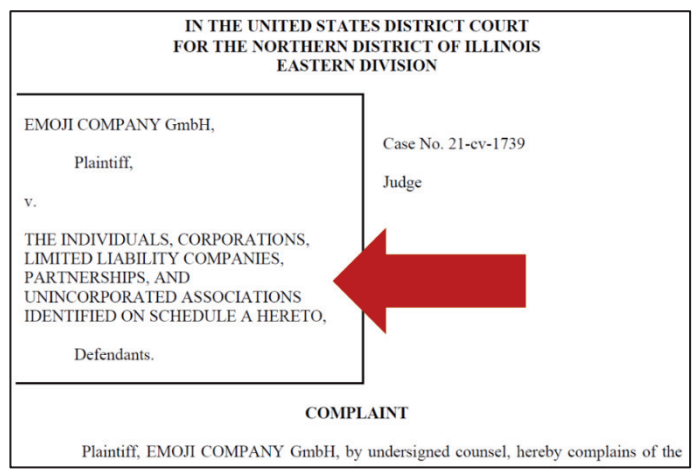
This Part describes how the SAD Scheme works and provides a case study of an abusive SAD Scheme lawsuit.

A. *The SAD Scheme in Eight Steps*

Rightsowners use the SAD Scheme to redress purported infringement taking place in online marketplaces. A rightsowner will identify a cohort of defendant-merchants whose marketplace listings suggest that the merchants are selling items that infringe the rightsowner’s IP rights. After developing a cohort of potential defendants, the rightsowner proceeds using this eight-step protocol:

*Step 1.* A rightsowner files a complaint with a caption referencing defendants listed on a Schedule A, as indicated by the red arrow below:<sup>15</sup>

FIGURE 1. EXAMPLE GENERIC DEFENDANT NAME ON COMPLAINT



14. See Setty & Poritz, *supra* note 12 (citing William Stroeve, an attorney at Cole Schotz PC, as “acknowledg[ing] that non-infringing sellers may get tied up in these suits, but . . . [saying] that’s an inevitable risk with all kinds of litigation”).

15. Complaint at 1, *Emoji Co. v. Individuals, Corps., Ltd. Liab. Cos., P’ships, & Uninc. Ass’ns Identified on Schedule A Hereto*, No. 21-cv-1739 (N.D. Ill. filed Mar. 31, 2021). This and other images in this Piece are on file with the *Columbia Law Review*.

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SAD SCHEME

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The complaint will generically contain sparse factual assertions that are not particularized to any defendant, which makes it easy to clone-and-revise the complaint for subsequent cases.

*Step 2.* The rightsowner files the Schedule A defendant list separately from the complaint (with a different docket entry number) and asks the judge to seal it. An example docket:<sup>16</sup>

FIGURE 2. EXAMPLE DOCKET WITH SCHEDULE A  
DEFENDANT FILING

|                            |               |                         |  |
|----------------------------|---------------|-------------------------|--|
| <input type="checkbox"/> 1 | Aug. 07, 2020 | <a href="#">View</a>    | COMPLAINT filed by John Doe; Jury Demand. Filing fee \$ 400, receipt number 0752-17293091.(Hierl, Michael) (Entered: 08/07/2020)     |
| <input type="checkbox"/> 2 | Aug. 07, 2020 | <a href="#">Request</a> | SEALED DOCUMENT by Plaintiff John Doe Exhibit 1 (Hierl, Michael) (Entered: 08/07/2020)   |
| <input type="checkbox"/> 3 | Aug. 07, 2020 | <a href="#">Request</a> | CIVIL Cover Sheet (Hierl, Michael) (Entered: 08/07/2020)   |
| <input type="checkbox"/> 4 | Aug. 07, 2020 | <a href="#">Request</a> | ATTORNEY Appearance for Plaintiff John Doe by Michael A. Hierl (Hierl, Michael) (Entered: 08/07/2020)                                |
| <input type="checkbox"/> 5 | Aug. 07, 2020 | <a href="#">Request</a> | ATTORNEY Appearance for Plaintiff John Doe by William Benjamin Kalbac (Kalbac, William) (Entered: 08/07/2020)                        |
| <input type="checkbox"/> 6 | Aug. 07, 2020 | <a href="#">Request</a> | MOTION by Plaintiff John Doe to seal document Plaintiff's Motion for Leave to File Under Seal (Hierl, Michael) (Entered: 08/07/2020) |
| <input type="checkbox"/> 7 | Aug. 07, 2020 | <a href="#">Request</a> | SEALED DOCUMENT by Plaintiff John Doe Sealed Schedule A (Hierl, Michael) (Entered: 08/07/2020)                                       |



16. Court Docket, *Emoji Co. v. ARIELA\_BRIGER*, No. 1:20-cv-04645 (N.D. Ill. Aug. 4, 2021) (on file with the *Columbia Law Review*). This screenshot was taken on July 12, 2023. Observe that this rightsowner hid its identity. See *supra* note 18 and accompanying text.

The actual contents of a Schedule A may be a threadbare list of defendant names, such as this example:<sup>17</sup>

FIGURE 3. EXAMPLE LIST OF SCHEDULE A DEFENDANTS

| Schedule A   | Schedule A                 |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
|--|----------------------------|------------------------|-----|--------|-----|----------------------------|-----|----------|-----|-----------|-----|----------|-----|--------|-----|--------|-----|---------|-----|----------|-----|--------|-----|-----------------|-----|--------|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----|--------|-----|--------|-----|--------|---|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|
| <table><tr><th>No.</th><th>Defendant Name / Alias</th></tr><tr><td>1</td><td>Amery</td></tr><tr><td>2</td><td>CAOTYBhaiChengMaZuPaiCheng</td></tr><tr><td>3</td><td>TS200178</td></tr><tr><td>4</td><td>1 Million</td></tr><tr><td>5</td><td>A. ginch</td></tr><tr><td>6</td><td>AGUOP</td></tr><tr><td>7</td><td>Admire</td></tr><tr><td>8</td><td>AUSTYOO</td></tr><tr><td>9</td><td>ALLNLAUS</td></tr><tr><td>10</td><td>AGUOT</td></tr><tr><td>11</td><td>Chengde Hailian</td></tr><tr><td>12</td><td>Alhady</td></tr><tr><td>13</td><td>Admire</td></tr><tr><td>14</td><td>Admire</td></tr><tr><td>15</td><td>Admire</td></tr><tr><td>16</td><td>Admire</td></tr><tr><td>17</td><td>Admire</td></tr><tr><td>18</td><td>Admire</td></tr><tr><td>19</td><td>Admire</td></tr><tr><td>20</td><td>Admire</td></tr><tr><td>21</td><td>Admire</td></tr><tr><td>22</td><td>Admire</td></tr><tr><td>23</td><td>Admire</td></tr><tr><td>24</td><td>Admire</td></tr><tr><td>25</td><td>Admire</td></tr><tr><td>26</td><td>Admire</td></tr><tr><td>27</td><td>Admire</td></tr><tr><td>28</td><td>Admire</td></tr><tr><td>29</td><td>Admire</td></tr><tr><td>30</td><td>Admire</td></tr><tr><td>31</td><td>Admire</td></tr><tr><td>32</td><td>Admire</td></tr><tr><td>33</td><td>Admire</td></tr><tr><td>34</td><td>Admire</td></tr><tr><td>35</td><td>Admire</td></tr><tr><td>36</td><td>Admire</td></tr><tr><td>37</td><td>Admire</td></tr><tr><td>38</td><td>Admire</td></tr><tr><td>39</td><td>Admire</td></tr><tr><td>40</td><td>Admire</td></tr></table> | No.                        | Defendant Name / Alias | 1   | Amery  | 2   | CAOTYBhaiChengMaZuPaiCheng | 3   | TS200178 | 4   | 1 Million | 5   | A. ginch | 6   | AGUOP  | 7   | Admire | 8   | AUSTYOO | 9   | ALLNLAUS | 10  | AGUOT  | 11  | Chengde Hailian | 12  | Alhady | 13  | Admire | 14     | Admire | 15     | Admire | 16     | Admire | 17     | Admire | 18     | Admire | 19     | Admire | 20     | Admire | 21     | Admire | 22     | Admire | 23     | Admire | 24     | Admire | 25     | Admire | 26     | Admire | 27     | Admire | 28     | Admire | 29     | Admire | 30     | Admire | 31     | Admire | 32     | Admire | 33     | Admire | 34     | Admire | 35     | Admire | 36     | Admire | 37     | Admire | 38  | Admire | 39  | Admire | 40  | Admire | <table><tr><td>41</td><td>Admire</td></tr><tr><td>42</td><td>Admire</td></tr><tr><td>43</td><td>Admire</td></tr><tr><td>44</td><td>Admire</td></tr><tr><td>45</td><td>Admire</td></tr><tr><td>46</td><td>Admire</td></tr><tr><td>47</td><td>Admire</td></tr><tr><td>48</td><td>Admire</td></tr><tr><td>49</td><td>Admire</td></tr><tr><td>50</td><td>Admire</td></tr><tr><td>51</td><td>Admire</td></tr><tr><td>52</td><td>Admire</td></tr><tr><td>53</td><td>Admire</td></tr><tr><td>54</td><td>Admire</td></tr><tr><td>55</td><td>Admire</td></tr><tr><td>56</td><td>Admire</td></tr><tr><td>57</td><td>Admire</td></tr><tr><td>58</td><td>Admire</td></tr><tr><td>59</td><td>Admire</td></tr><tr><td>60</td><td>Admire</td></tr><tr><td>61</td><td>Admire</td></tr><tr><td>62</td><td>Admire</td></tr><tr><td>63</td><td>Admire</td></tr><tr><td>64</td><td>Admire</td></tr><tr><td>65</td><td>Admire</td></tr><tr><td>66</td><td>Admire</td></tr><tr><td>67</td><td>Admire</td></tr><tr><td>68</td><td>Admire</td></tr><tr><td>69</td><td>Admire</td></tr><tr><td>70</td><td>Admire</td></tr><tr><td>71</td><td>Admire</td></tr><tr><td>72</td><td>Admire</td></tr><tr><td>73</td><td>Admire</td></tr><tr><td>74</td><td>Admire</td></tr><tr><td>75</td><td>Admire</td></tr><tr><td>76</td><td>Admire</td></tr><tr><td>77</td><td>Admire</td></tr><tr><td>78</td><td>Admire</td></tr><tr><td>79</td><td>Admire</td></tr><tr><td>80</td><td>Admire</td></tr><tr><td>81</td><td>Admire</td></tr></table>  | 41  | Admire | 42  | Admire | 43  | Admire | 44  | Admire | 45  | Admire | 46  | Admire | 47  | Admire | 48  | Admire | 49  | Admire | 50  | Admire | 51  | Admire | 52  | Admire | 53  | Admire | 54  | Admire | 55  | Admire | 56  | Admire | 57  | Admire | 58  | Admire | 59  | Admire | 60  | Admire | 61  | Admire | 62  | Admire | 63  | Admire | 64  | Admire | 65  | Admire | 66  | Admire | 67  | Admire | 68  | Admire | 69  | Admire | 70  | Admire | 71  | Admire | 72  | Admire | 73  | Admire | 74  | Admire | 75  | Admire | 76  | Admire | 77  | Admire | 78  | Admire | 79  | Admire | 80  | Admire | 81  | Admire |
| No.  | Defendant Name / Alias     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 1  | Amery                      |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 2  | CAOTYBhaiChengMaZuPaiCheng |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 3  | TS200178                   |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 4  | 1 Million                  |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 5  | A. ginch                   |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 6  | AGUOP                      |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 7  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 8  | AUSTYOO                    |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 9  | ALLNLAUS                   |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 10   | AGUOT                      |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 11   | Chengde Hailian            |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 12   | Alhady                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 13   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 14   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 15   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 16   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 17   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 18   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 19   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 20   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 21   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 22   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 23   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 24   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 25   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 26   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 27   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 28   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 29   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 30   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 31   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 32   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 33   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 34   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 35   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 36   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 37   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 38   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 39   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 40   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 41   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 42   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 43   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 44   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 45   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 46   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 47   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 48   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 49   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 50   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 51   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 52   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 53   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 54   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 55   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 56   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 57   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 58   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 59   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 60   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 61   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 62   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 63   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 64   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 65   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 66   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 67   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 68   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 69   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 70   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 71   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 72   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 73   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 74   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 75   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 76   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 77   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 78   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 79   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 80   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 81   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| Schedule A   | Schedule A                 |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| <table><tr><td>82</td><td>Admire</td></tr><tr><td>83</td><td>Admire</td></tr><tr><td>84</td><td>Admire</td></tr><tr><td>85</td><td>Admire</td></tr><tr><td>86</td><td>Admire</td></tr><tr><td>87</td><td>Admire</td></tr><tr><td>88</td><td>Admire</td></tr><tr><td>89</td><td>Admire</td></tr><tr><td>90</td><td>Admire</td></tr><tr><td>91</td><td>Admire</td></tr><tr><td>92</td><td>Admire</td></tr><tr><td>93</td><td>Admire</td></tr><tr><td>94</td><td>Admire</td></tr><tr><td>95</td><td>Admire</td></tr><tr><td>96</td><td>Admire</td></tr><tr><td>97</td><td>Admire</td></tr><tr><td>98</td><td>Admire</td></tr><tr><td>99</td><td>Admire</td></tr><tr><td>100</td><td>Admire</td></tr><tr><td>101</td><td>Admire</td></tr><tr><td>102</td><td>Admire</td></tr><tr><td>103</td><td>Admire</td></tr><tr><td>104</td><td>Admire</td></tr><tr><td>105</td><td>Admire</td></tr><tr><td>106</td><td>Admire</td></tr><tr><td>107</td><td>Admire</td></tr><tr><td>108</td><td>Admire</td></tr><tr><td>109</td><td>Admire</td></tr><tr><td>110</td><td>Admire</td></tr><tr><td>111</td><td>Admire</td></tr><tr><td>112</td><td>Admire</td></tr><tr><td>113</td><td>Admire</td></tr><tr><td>114</td><td>Admire</td></tr><tr><td>115</td><td>Admire</td></tr><tr><td>116</td><td>Admire</td></tr><tr><td>117</td><td>Admire</td></tr><tr><td>118</td><td>Admire</td></tr><tr><td>119</td><td>Admire</td></tr><tr><td>120</td><td>Admire</td></tr><tr><td>121</td><td>Admire</td></tr><tr><td>122</td><td>Admire</td></tr></table>                      | 82                         | Admire                 | 83  | Admire | 84  | Admire                     | 85  | Admire   | 86  | Admire    | 87  | Admire   | 88  | Admire | 89  | Admire | 90  | Admire  | 91  | Admire   | 92  | Admire | 93  | Admire          | 94  | Admire | 95  | Admire | 96     | Admire | 97     | Admire | 98     | Admire | 99     | Admire | 100    | Admire | 101    | Admire | 102    | Admire | 103    | Admire | 104    | Admire | 105    | Admire | 106    | Admire | 107    | Admire | 108    | Admire | 109    | Admire | 110    | Admire | 111    | Admire | 112    | Admire | 113    | Admire | 114    | Admire | 115    | Admire | 116    | Admire | 117    | Admire | 118    | Admire | 119    | Admire | 120 | Admire | 121 | Admire | 122 | Admire | <table><tr><td>123</td><td>Admire</td></tr><tr><td>124</td><td>Admire</td></tr><tr><td>125</td><td>Admire</td></tr><tr><td>126</td><td>Admire</td></tr><tr><td>127</td><td>Admire</td></tr><tr><td>128</td><td>Admire</td></tr><tr><td>129</td><td>Admire</td></tr><tr><td>130</td><td>Admire</td></tr><tr><td>131</td><td>Admire</td></tr><tr><td>132</td><td>Admire</td></tr><tr><td>133</td><td>Admire</td></tr><tr><td>134</td><td>Admire</td></tr><tr><td>135</td><td>Admire</td></tr><tr><td>136</td><td>Admire</td></tr><tr><td>137</td><td>Admire</td></tr><tr><td>138</td><td>Admire</td></tr><tr><td>139</td><td>Admire</td></tr><tr><td>140</td><td>Admire</td></tr><tr><td>141</td><td>Admire</td></tr><tr><td>142</td><td>Admire</td></tr><tr><td>143</td><td>Admire</td></tr><tr><td>144</td><td>Admire</td></tr><tr><td>145</td><td>Admire</td></tr><tr><td>146</td><td>Admire</td></tr><tr><td>147</td><td>Admire</td></tr><tr><td>148</td><td>Admire</td></tr><tr><td>149</td><td>Admire</td></tr><tr><td>150</td><td>Admire</td></tr><tr><td>151</td><td>Admire</td></tr><tr><td>152</td><td>Admire</td></tr><tr><td>153</td><td>Admire</td></tr><tr><td>154</td><td>Admire</td></tr><tr><td>155</td><td>Admire</td></tr><tr><td>156</td><td>Admire</td></tr><tr><td>157</td><td>Admire</td></tr><tr><td>158</td><td>Admire</td></tr><tr><td>159</td><td>Admire</td></tr><tr><td>160</td><td>Admire</td></tr><tr><td>161</td><td>Admire</td></tr><tr><td>162</td><td>Admire</td></tr><tr><td>163</td><td>Admire</td></tr></table> | 123 | Admire | 124 | Admire | 125 | Admire | 126 | Admire | 127 | Admire | 128 | Admire | 129 | Admire | 130 | Admire | 131 | Admire | 132 | Admire | 133 | Admire | 134 | Admire | 135 | Admire | 136 | Admire | 137 | Admire | 138 | Admire | 139 | Admire | 140 | Admire | 141 | Admire | 142 | Admire | 143 | Admire | 144 | Admire | 145 | Admire | 146 | Admire | 147 | Admire | 148 | Admire | 149 | Admire | 150 | Admire | 151 | Admire | 152 | Admire | 153 | Admire | 154 | Admire | 155 | Admire | 156 | Admire | 157 | Admire | 158 | Admire | 159 | Admire | 160 | Admire | 161 | Admire | 162 | Admire | 163 | Admire |
| 82   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 83   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 84   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 85   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 86   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 87   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 88   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 89   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 90   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 91   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 92   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 93   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 94   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 95   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 96   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 97   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 98   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 99   | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 100  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 101  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 102  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 103  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 104  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 105  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 106  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 107  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 108  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 109  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 110  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 111  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 112  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 113  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 114  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 115  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 116  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 117  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 118  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 119  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 120  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 121  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 122  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 123  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 124  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 125  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 126  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 127  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 128  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 129  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 130  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 131  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 132  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 133  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 134  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 135  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 136  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 137  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 138  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 139  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 140  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 141  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 142  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 143  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 144  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 145  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 146  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 147  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 148  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 149  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 150  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 151  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 152  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 153  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 154  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 155  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 156  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 157  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 158  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 159  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 160  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 161  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 162  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 163  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| Schedule A   | Schedule A                 |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| <table><tr><td>164</td><td>Admire</td></tr><tr><td>165</td><td>Admire</td></tr><tr><td>166</td><td>Admire</td></tr><tr><td>167</td><td>Admire</td></tr><tr><td>168</td><td>Admire</td></tr><tr><td>169</td><td>Admire</td></tr><tr><td>170</td><td>Admire</td></tr><tr><td>171</td><td>Admire</td></tr><tr><td>172</td><td>Admire</td></tr><tr><td>173</td><td>Admire</td></tr><tr><td>174</td><td>Admire</td></tr><tr><td>175</td><td>Admire</td></tr><tr><td>176</td><td>Admire</td></tr></table>  | 164                        | Admire                 | 165 | Admire | 166 | Admire                     | 167 | Admire   | 168 | Admire    | 169 | Admire   | 170 | Admire | 171 | Admire | 172 | Admire  | 173 | Admire   | 174 | Admire | 175 | Admire          | 176 | Admire | <table><tr><td>177</td><td>Admire</td></tr><tr><td>178</td><td>Admire</td></tr><tr><td>179</td><td>Admire</td></tr><tr><td>180</td><td>Admire</td></tr><tr><td>181</td><td>Admire</td></tr><tr><td>182</td><td>Admire</td></tr><tr><td>183</td><td>Admire</td></tr><tr><td>184</td><td>Admire</td></tr><tr><td>185</td><td>Admire</td></tr><tr><td>186</td><td>Admire</td></tr><tr><td>187</td><td>Admire</td></tr><tr><td>188</td><td>Admire</td></tr><tr><td>189</td><td>Admire</td></tr><tr><td>190</td><td>Admire</td></tr><tr><td>191</td><td>Admire</td></tr><tr><td>192</td><td>Admire</td></tr><tr><td>193</td><td>Admire</td></tr><tr><td>194</td><td>Admire</td></tr><tr><td>195</td><td>Admire</td></tr><tr><td>196</td><td>Admire</td></tr><tr><td>197</td><td>Admire</td></tr><tr><td>198</td><td>Admire</td></tr><tr><td>199</td><td>Admire</td></tr><tr><td>200</td><td>Admire</td></tr></table> | 177    | Admire | 178    | Admire | 179    | Admire | 180    | Admire | 181    | Admire | 182    | Admire | 183    | Admire | 184    | Admire | 185    | Admire | 186    | Admire | 187    | Admire | 188    | Admire | 189    | Admire | 190    | Admire | 191    | Admire | 192    | Admire | 193    | Admire | 194    | Admire | 195    | Admire | 196    | Admire | 197    | Admire | 198    | Admire | 199    | Admire | 200    | Admire |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 164  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 165  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 166  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 167  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 168  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 169  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 170  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 171  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 172  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 173  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 174  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 175  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 176  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 177  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 178  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 179  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 180  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 181  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 182  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 183  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 184  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 185  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 186  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 187  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 188  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 189  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 190  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 191  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 192  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 193  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 194  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 195  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 196  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 197  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 198  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 199  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |
| 200  | Admire                     |                        |     |        |     |                            |     |          |     |           |     |          |     |        |     |        |     |         |     |          |     |        |     |                 |     |        |   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |        |     |        |     |        |   |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |     |        |

17. Schedule A, *Emoji Co.*, No. 1:21-cv-01739 (N.D. Ill. filed Mar. 31, 2021), ECF No. 6.

Instead of using a sealed defendant list, rightsowners might file the entire complaint under seal.<sup>18</sup> This example lists nearly 100 defendants in the caption:<sup>19</sup>

FIGURE 4. EXAMPLE COMPLAINT NAMING  
NEARLY 100 DEFENDANTS

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

MOONBUG ENTERTAINMENT LIMITED and  
TREASURE STUDIO INC.,  
  
Plaintiffs  
  
v.  
  
640350 STORE, 9999 KINDS TOY BOUTIQUE  
STORE, AISPREE OFFICIAL STORE, ANIME  
CHARACTER MODEL SHOP STORE, ANIME TOY  
SERIES STORE, BABY'S TOY STORE,  
BACKDROPBYNITREE STORE, BAGPICKY  
STORE, BCAA STORE, BEETOY TOY STORE, BITE  
BITES OFFICIAL STORE, BLACK KNIGHT STORE,  
BLANKET 003 STORE, BOOM SPECIALTY STORE,  
BRILLIANT DECORATIVE FAVORS STORE,  
BRILLIANT FUN PARTY STORE, CAREHER GIFTS  
STORE, CHILDRENS FUNNY STORE, CHILDS  
CLOAKROOM STORE, CJS TOY STORE, CRUSH  
BACKDROPS STORE, DA KUAN PARTY STORE,  
DAFI R STORE, DAMAITONG STORE, DECCER  
STORE, DISNEY ANIME THEME STORE, DIY,  
MATERIAL STORE, DROPSHIP PLUSH TOY  
STORE, DUWES OFFICIAL STORE, FANYI TOY  
STORE, FLAMUR HOMEDECOR OFFICIAL STORE,  
FUNNY TOYS STORE, FUNNY TOY9 STORE,

CIVIL ACTION No. \_\_\_\_  
  
COMPLAINT  
  
Jury Trial Requested  
  
FILED UNDER SEAL

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GOOD LUCKLY YOU STORE, HAPPYNESS  
WONDERLAND, HAPPYSMILESHEN STORE,  
HFEZ STORE, HOLIDAY PARTIES STORE,  
HTMODEL STORE, HYPI TOY STORE 12 STORE,  
INNITREE STORE, KLDS STORE, KO KO BOWS  
STORE, L PARTY STORE, LABEL STORE, LETS  
PARTY TOGETHER STORE, LITCHI BACKDROP  
STORE, LITTLE NAUGHTY CHILDRENS SHOP  
STORE, LOVE PARTY STORE, LYB TOY STORE,  
MILLULUS8 STORE, MOMN STORE, MS PARTY  
STORE, -NAUGHTY BABY STORE, NEOBACK  
BACKDROP STORE, NO.3478 FESTIVE AND GIFT  
STORE, OLYFACTORY STORE, PARTY  
SUPPLIESG STORE, PDD PARTY SUPPLIES  
STORE, PHOTURT PROFESSIONAL BACKDROP  
STORE, PLAYPLAYPLAY STORE, POKEMOON  
PARTY STORE, PRETTY RIBBONACRAFTS INC.,  
ROBLOX STORE, SH CHILD CLOTHES STORE,  
SHOP1195061 STORE, SHOP4878036 STORE,  
SHOP5429117 STORE, SHOP5440075 STORE,  
SHOP834240 STORE, SHOP910455180 STORE,  
SHOP911035215 STORE, SHOP911389045 STORE,  
SHOP911545108 STORE, SHOP911553397 STORE,  
SMILEWILL 01 STORE, SPRINGHIT STORE, SR  
TOY STORE, STARTING POINT TOY STORE,  
SUMAIDA004 STORE, SURPRISE PARTY STORE,  
THE TWO DIMENSIONAL ASSOCIATION TOY  
STORE, TOY FUNNY WORLD STORE, VODOF  
OFFICIAL STORE, WIN-WIN TOY STORE, YI  
XIXIA STORE, YI YUE PARTY STORE, YISI  
PARTY BALLOONS DECORS STORE, YUENIOR  
TOYS STORE, YY TOY STORE, ZHAN BAO ER  
STORE, ZIROU STORE, ZQ HOUSE STORE, ZR  
PARTY BOUTIQUE STORE, ZY HOUSE STORE and  
ZYZYKK OFFICIAL STORE,  
  
Defendants

This Piece’s analysis applies to any case in which a rightsowner initially seals the defendants’ identities.

It may be appropriate to temporarily seal defendant identities when there are bona fide concerns that defendants will dissipate assets or destroy evidence before the rightsowner can effectuate service. Judges have the discretion to accept or reject the rightsowner’s sealing request.<sup>20</sup> Defendant identities should remain sealed only until the rightsowner has the

18. In another variation, a rightsowner sued as a “Doe” plaintiff and sealed the identity of the allegedly infringed IP. Complaint at 1, Doe v. P’ships Identified on Schedule “A”, No. 22-cv-5512 (N.D. Ill. filed Oct. 7, 2022), ECF No. 1. The rightsowner explained:

Plaintiff’s name is being temporarily withheld to prevent Defendants from obtaining advance notice of this action and Plaintiff’s accompanying *ex parte* Motion for Entry of Temporary Restraining Order and transferring funds out of the accounts that Plaintiff seeks to re[s]train. Plaintiff is identified on the U.S. Certificate of Trademark Registration for Plaintiff’s trademark filed under seal as Exhibit 1.

Id. at 1 n.1. That lawsuit targeted over 475 defendants. Schedule A, Doe v. P’ships, No. 22-cv-5512 (N.D. Ill. filed Oct. 7, 2022), ECF No. 5.

19. Complaint at 1–2, Moonbug Ent. Ltd. v. 640350 Store, No. 1:22-cv-05042-AT (S.D.N.Y. filed July 12, 2022).

20. Fed. R. Civ. P. 5.2(d).



reasonable opportunity to serve defendants, but judges do not always revisit the sealing if no one subsequently complains about it.

*Step 3.* The rightsowner requests an ex parte temporary restraining order (TRO) against the defendants' allegedly infringing behavior.<sup>21</sup> The TROs also impose various obligations on online marketplaces. TROs are intended to be extraordinary remedies, and the rightsowners' pleading burdens to obtain TROs are high.<sup>22</sup> The proceeding takes place ex parte (i.e., without the defendants present). Accordingly, defendants are unable to highlight any problems with the rightsowner's request, though judges sometimes spot defects sua sponte.<sup>23</sup>

*Step 4.* After the judge grants an ex parte TRO, the rightsowner submits it to the online marketplaces where the defendants are selling.<sup>24</sup>

*Step 5.* The online marketplaces typically honor the TRO's obligations, even if they may have legitimate grounds to argue that the TRO does not bind them.<sup>25</sup> Defying the TRO would put the online marketplace at risk of being held in contempt, but the online marketplaces have another reason to honor it. The TRO might put the online marketplace on notice of infringing activity by identified merchants and thereby increase the marketplace's risk of contributory infringement in future cases if they don't curb further infringing activity by those merchants.<sup>26</sup> TROs are not

21. Baird & Paterson, *supra* note 7 (noting that emergency TROs "increased 70% from 2019 to 2021," largely due to the SAD Scheme).

22. Parties seeking TROs must show "specific facts . . . that immediate and irreparable injury, loss, or damage will result" without the TRO. Fed. R. Civ. P. 65(b)(1)(A).

23. See, e.g., *Zuru (Singapore) Pte, Ltd. v. Individuals, Corps., Ltd. Liab. Cos., P'ships, & Uninc. Ass'ns Identified on Schedule A*, No. 20-00395 JMS-KJM, 2021 WL 310336, at \*5 & n.6 (D. Haw. Jan. 29, 2021) (denying the rightsowner's ex parte TRO request because "the cookie-cutter statements contained in each declaration suggest that Plaintiffs did not expend much effort in this case to establish any *particularized* facts that would warrant ex parte relief").

24. See generally Fed. R. Civ. P. 65(b) (describing the general two-week expiration of ex parte TROs after issued by the court).

25. If the TRO expressly directs online marketplaces to take action, the marketplaces may not be obligated to act if the marketplaces are not defendants in the pending case and are not otherwise acting "in active concert or participation" with the named defendants. Fed. R. Civ. P. 65(d)(2); see also *Eicher Motors Ltd. v. Individuals, Corps., Ltd. Liab. Cos., P'ships, & Uninc. Ass'ns Identified on Schedule A Hereto*, No. 22-cv-2458, 2022 WL 3081869, at \*3 (N.D. Ill. Aug. 3, 2022) (holding that the facts at issue did not establish Amazon as the merchants' agent). Judge Joan Gottschall in the Northern District of Illinois reminds plaintiffs that "third parties not named in the complaint (typically, [e.g.], Amazon and eBay) cannot be named as in active concert or participation with the defendants unless their active concert or participation is proven AND they receive advance notice and an opportunity to be heard before any such order is entered." Judge Joan B. Gottschall, U.S. Dist. Ct., N.D. Ill., <https://www.ilnd.uscourts.gov/judge-info.aspx?AYKasbtMpJs> [https://perma.cc/U49D-DKDW] (last visited Aug. 16, 2023).

26. See, e.g., *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 107 (2d Cir. 2010) (discussing whether eBay's generalized knowledge of trademark infringement constituted contributory liability); see also Chow, *supra* note 12, at 1062–71 (discussing online marketplaces' contributory trademark liability based on takedown notices).



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supposed to last longer than fourteen days,<sup>27</sup> but online marketplaces may maintain the account freeze indefinitely to reduce their legal risk.<sup>28</sup>

To implement the TRO, online marketplaces often will freeze all of the merchant's marketplace activity, not just the purported infringing activity. This freeze immediately harms defendants in two ways.

First, the freeze locks any cash being held by the online marketplace.<sup>29</sup> This freeze can cause severe or fatal cash-flow problems for the defendant, which may not be able to pay its vendors, employees, or lawyers.

Second, the freeze prevents the merchant from making future sales—including both allegedly infringing *and unchallenged noninfringing* items.<sup>30</sup> This consequence exposes a critical mismatch between the TRO's intended and actual remedies. The TRO should only reach items that infringe the rightsowner's IP, but the TRO-induced freeze can collaterally affect legitimate items. Reduced merchant activity hurts the marketplaces by decreasing their revenues and profits.<sup>31</sup>

Consumers are hurt when the SAD Scheme excludes legitimate items from marketplaces. Having fewer merchants and items reduces consumers' choices and boosts the prices they pay. By distorting competition among legitimate merchants and items, the SAD Scheme's *ex parte* TRO counterproductively harms the public interest rather than promoting it.

*Step 6.* Because its identity is still sealed by the court, the merchant may first learn about the lawsuit when its marketplace account is frozen.<sup>32</sup> With the merchant's business and cash flow in tatters, the SAD Scheme rightsowner can offer a convenient resolution—settle at a price reflecting the merchant's dire need for an immediate solution.<sup>33</sup> If the merchant

27. Fed. R. Civ. P. 65(b)(2) (“The order expires at the time after entry—not to exceed 14 days—that the court sets, unless before that time the court, for good cause, extends it for a like period or the adverse party consents to a longer extension.”).

28. Instead of implementing the TRO verbatim, rightsowners and online marketplaces always have the option to negotiate custom private arrangements that deviate from the TRO.

29. Judge Martha Pacold's SAD Scheme TRO template form instructs online marketplaces to “restrain and enjoin any such accounts or funds from transferring or disposing of any money or other of Defendants' assets until further order by this Court.” U.S. Dist. Ct., N. Dist. of Ill., Sealed Temporary Restraining Order 6, [https://www.ilnd.uscourts.gov/\\_assets/\\_documents/\\_forms/\\_judges/Pacold/TRO%20Template%20Schedule%20A%20cases.pdf](https://www.ilnd.uscourts.gov/_assets/_documents/_forms/_judges/Pacold/TRO%20Template%20Schedule%20A%20cases.pdf) [<https://perma.cc/5Z8S-5B47>] (last visited Sept. 8, 2023).

30. See, e.g., Appellant NeoMagic Corporation's Opening Brief at 11, *Gorge Design Grp. LLC v. Xuansheng*, No. 21-1695 (Fed. Cir. Apr. 6, 2023), 2021 WL 5050187.

31. The TROs impose other costs on online marketplaces. According to Wish's general counsel, in 2022, Wish spent over \$1.25 million on outside counsel and had five full-time employees handling TRO demands. Email from Joanna Forster, Interim Gen. Couns. & Chief Compliance Off., Wish, to author (Apr. 27, 2023) (on file with the *Columbia Law Review*).

32. See, e.g., *ABC Corp. I v. P'ship & Uninc. Ass'ns Identified on Schedule "A"*, 51 F.4th 1365, 1376 (Fed. Cir. 2022) (holding that an Amazon account freeze didn't confer notice of the lawsuit sufficient to compel a defendant to engage with the suit).

33. As one defendant explained:

accepts the settlement, the rightsowner dismisses the merchant from the case.

Often, settlements of intellectual property disputes are viewed as socially beneficial because the parties voluntarily resolved the matter while preserving judicial resources.<sup>34</sup> SAD Scheme settlements are the opposite. In the SAD Scheme, TROs are based exclusively on the rightsowner's story. The TRO then prompts merchants to settle involuntarily—without the court hearing their story at all—because it's cheaper, quicker, or more predictable compared to fighting back. These unwarranted settlements signal a systemic process failure, not the prosocial outcomes normally associated with settlements.

*Step 7.* The rightsowner may voluntarily drop any merchant who doesn't settle. By strategically deciding which parties stay in the case, the rightsowner can control what information reaches the judge.<sup>35</sup> With a steady stream of dismissed merchants (who settled or are dismissed voluntarily), the case superficially appears to be progressing.

*Step 8.* After the settlements and voluntary dismissals, remaining merchants may not appear in court for a variety of reasons: The merchant can't afford to litigate; the amount of money at stake isn't worth the litigation costs; the merchant never got proper notice or service; the merchant is outside the United States and thinks it is not bound by any U.S. court proceeding; the merchant is bankrupt, perhaps due to the marketplace freeze; or the merchant infringed and knows it would lose in court.

The rightsowner then seeks default judgments against no-show merchants, which courts are inclined to grant, though they may trim the damages amount or injunction scope. To ease collection, courts may order online marketplaces to turn over any frozen cash to the rightsowner to satisfy the judgment.<sup>36</sup>

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Gorge [(the rightsowner)] . . . subjected NeoMagic [(the defendant)] to a short barrage of sealed litigation intended to secretly shut down NeoMagic's business, seize NeoMagic's marketplace (typically listing more than 100,000 products daily), and freeze NeoMagic's funds (in excess of \$300,000) based upon the sale of a single unit of a \$4.99 product . . . . Gorge still demanded payment of \$9,500 for Gorge to release the over \$300,000 of NeoMagic money that remained frozen (crippling NeoMagic's ability to do business).

Appellant NeoMagic Corporation's Opening Brief, *supra* note 30, at 11.

34. See, e.g., *1-800-Contacts, Inc. v. Fed. Trade Comm'n*, 1 F.4th 102, 121 (2d Cir. 2021) (noting that courts should typically not second-guess trademark settlement agreements negotiated between competitors).

35. See Appellant NeoMagic Corporation's Opening Brief, *supra* note 30, at 12 ("Gorge dismissed NeoMagic under [FRCP] 41 immediately preceding the injunction hearing so that NeoMagic could not present [adverse] information verbally to the district court . . .").

36. E.g., *Ontel Prods. Corp. v. Uninc. Ass'ns Identified in Schedule A*, No. 1:21cv1452 (MSN/JFA), 2022 WL 9874815, at \*12 (E.D. Va. Aug. 12, 2022).

B. A SAD Case Study<sup>37</sup>

Emoji company GmbH (Emojico) is a German company with U.S. trademark registrations in the word “emoji” for numerous classes.<sup>38</sup> It licenses vendors to sell goods under its “emoji” brand. It’s not unusual for dictionary words to turn into trademarks for nondictionary meanings (think “Apple” for computers), but the purported trademark owner cannot stop the word from being used for its dictionary meanings.<sup>39</sup>

In one of its Schedule A Defendants cases,<sup>40</sup> Emojico claimed this Amazon marketplace listing infringed on its trademark:<sup>41</sup>

FIGURE 5. EMOJICO’S AMAZON MARKETPLACE SCREENSHOT OF “INFRINGING” MATERIAL



Emojico apparently conducted a keyword search in Amazon’s marketplace for the word “emoji” and flagged hundreds of listings where the word “emoji” appeared in the product title or description.<sup>42</sup> Emojico then claimed that those listings violated its trademark rights in the word

37. For another case study, see Sarah Burstein, Guest Post, We Need to Talk About the NDIL’s Schedule-A Cases, Patently-O (Oct. 30, 2022), <http://patentlyo.com/patent/2022/10/guest-post-about.html> [<https://perma.cc/VE5U-NESV>] (discussing *ABC Corp. I*, 52 F.4th 934).

38. See, e.g., EMOJI, Registration No. 5,489,322 (covering goods such as motor buses, hubcaps, caps for vehicle petrol tanks, ships’ hulls, and rowlocks); EMOJI, Registration No. 5,415,510 (covering goods such as penis enlargers, cuticle pushers, fruit knives, pesticides, and bowel evacuant preparations).

39. See infra note 47 and accompanying text.

40. *Emoji Co. v. Individuals, Corps., Ltd. Liab. Cos., P’ships, & Uninc. Ass’n’s Identified on Schedule A Hereto*, No. 21-cv-1739 (N.D. Ill. docketed Mar. 3, 2022).

41. Emojico Declaration, supra note 1, at para. 31 (citing Declaration of Anna K. Reiter exh. 2, pt. 1, at 21, *Emoji Co.*, No. 21-cv-1739 (N.D. Ill. filed Mar. 31, 2021), ECF No. 10).

42. Id. at para. 32.

“emoji.”<sup>43</sup> In the screenshot above, the green box indicates the alleged infringement.<sup>44</sup>

This is not a good-faith trademark claim. Trademark law typically restricts junior users from using a trademarked term as a source identifier.<sup>45</sup> The depicted mug isn’t using “emoji” as a source identifier. It’s not an “emoji”-branded mug, and the word “emoji” doesn’t appear on the mug. The only reference to “emoji” is in the mug’s item description.

Also, trademark law recognizes “descriptive fair use,” which occurs when a junior user uses a dictionary word to describe a product’s attributes.<sup>46</sup> That’s exactly what the mug merchant is doing—telling consumers that the mug displays a poop emoji. The merchant has no other way to accurately describe the mug. Any synonym for “poop emoji” would hinder consumer decisionmaking, and trademark law does not require merchants to linguistically stretch to that extent.<sup>47</sup>

Given that it’s an attempt to propertize the dictionary meaning of the term “emoji,” this trademark claim never should have been brought. Yet, pursuant to the SAD Scheme, a judge may never hear any objection to Emojico’s enforcement. By overclaiming its trademark registration in “emoji” and then controlling the narrative told to the judge, Emojico can obtain legally unsupportable settlements or default judgments for poop emoji mugs.

## II. QUANTIFYING THE SAD SCHEME’S PREVALENCE

This Part provides empirical details about the SAD Scheme.

### A. *Methodology*

On December 28, 2022, the author searched for “schedule a” and related terms<sup>48</sup> using Bloomberg Law Docket’s “parties” field. This search produced a total dataset of 9,181 cases. Using Bloomberg Law’s search

43. Declaration of Anna K. Reiter exh. 2, pt. 1, at 21, *Emoji Co.*, No. 21-cv-1739 (N.D. Ill. filed Mar. 31, 2021), ECF No. 10.

44. Emojico Declaration, *supra* note 1, at para. 31.

45. 15 U.S.C. §§ 1114(1), 1125(a)(1)(A) (2018).

46. *Id.* §§ 1115(b)(3), 1125(c)(3).

47. For example, the purported trademark owners of the name “Albert Einstein” sued a merchant selling a mousepad displaying the image of Albert Einstein because the Amazon listing’s product description referenced “Albert Einstein.” *Hebrew Univ. of Jerusalem v. DealzEpic*, No. 21-cv-5492, 2022 WL 3026934, at \*1 (N.D. Ill. Aug. 1, 2022). The court rejected the trademark infringement on “fair use” grounds: “[D]ealzEpic’s use of Albert Einstein within its Amazon listing accurately described its mousepad. . . . [D]ealzEpic communicated the most prominent characteristic of the mousepad: that it displays a portrait of Albert Einstein. The name informs consumers—if they do not already know—that the person on the mousepad is Einstein.” *Id.* at \*4. The court also rejected the claim that the vendor used the name as a trademark. *Id.* at \*3.

48. The query: “schedule a” or “exhibit 1” or “exhibit a” or “annex a” or “annex 1” or “schedule 1.”

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filters, that preliminary batch of search results was further refined to exclude state and foreign cases,<sup>49</sup> to retain only cases in the federal “nature of suit” (NOS) fields of copyright, patent, or trademark<sup>50</sup> (which excluded non-IP claims such as asset forfeiture), and to retain only cases for which the search terms appeared in the “complaint.” With those refinements, the dataset consisted of 3,217 cases dating back to 1991. The first dataset case styled with a “Schedule A” caption was filed in 2013.<sup>51</sup>

Of the 3,217 dataset cases, 2,846 cases (over 88%) were filed in the Northern District of Illinois. The Southern District of Florida had 242 cases (7.5%). The remaining jurisdictions had less than 2% each.

Why are SAD Scheme cases concentrated in the Northern District of Illinois? Though the scheme’s historical linkage to the district isn’t clear,<sup>52</sup> at this point, rightsowners will keep filing cases in the district so long as

49. Federal copyright and patent claims must be filed in federal court. 28 U.S.C. § 1338 (2018). Federal trademark claims can be filed in state court, *id.*, but that’s rarely done. 6 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 32:1 (4th ed. 2008). Excluding state court cases from the dataset may undercount any SAD Scheme cases involving exclusively state IP claims or federal trademark cases filed in state court, but that’s likely a de minimis number of cases.

50. The NOS field is notoriously unreliable. E.g., Christina L. Boyd & David A. Hoffman, *The Use and Reliability of Federal Nature of Suit Codes*, 2017 Mich. St. L. Rev. 997, 1007. For example, a case must fit within a single type of claim, even if it raises multiple types. *Id.* at 1006. So, if a complaint included utility patent, trademark, and copyright claims, it would be categorized in only one of those fields. See *id.*

51. Complaint at 2, *Deckers Outdoor Corp. v. P’ships Identified on Schedule “A”*, No. 13-cv-2167 (N.D. Ill. filed Mar. 21, 2013), 2013 WL 1292315 [hereinafter *Deckers Complaint*] (alleging that defendants infringed the “Ugg” brand trademark).

An earlier example is *Yahoo! Inc. v. Yahoohahtos.com*, which involved “1865 other domain names listed on Exhibit A.” No. 1:05-cv-01441, 2006 WL 2303166 (E.D. Va. Aug. 8, 2006). Other early cases may have targeted “Doe” defendants without using the “Schedule A” caption.

For another early example, see *Am. Bridal & Prom Indus. Ass’n, Inc. v. P’ships Identified on Schedule “A”*, 192 F. Supp. 3d 924, 926 (N.D. Ill. June 29, 2016) (noting that suit was filed “against a group of individuals and unincorporated business associations, as well as 100 John Does, who, upon information and belief, reside in foreign jurisdictions”). See also Daniel Nazer, *Abusive Site-Blocking Tactics by American Bridal and Prom Industry Association Collapse Under Scrutiny*, Elec. Frontier Found. (Mar. 28, 2016), <https://www.eff.org/deeplinks/2016/03/american-bridal-and-prom-industry-association-slinks-away-after-being-called-out> [<https://perma.cc/C3NQ-8WYG>] (explaining how the judge granted a TRO against 3,343 defendants).

52. One hypothesis is that the local Chicago bar may have innovated the practice. Now, Illinois law firms practicing the SAD Scheme include Greer, Burns & Crain (GBC); Keith A. Vogt; David Gulbransen; Hughes Socol Piers Resnick & Dym, Ltd.; Keener and Associates, PC; and Dunlap Bennett & Ludwig, PLLC. See Cháng Jiàn Wèn Tí (常见问题) [Frequently Asked Questions], SellerDefense (May 28, 2020), <https://sellerdefense.cn/qa/> (on file with the *Columbia Law Review*) (enumerating some Chicago-based law firms that regularly sue sellers).

they keep getting their desired outcomes.<sup>53</sup> Indeed, one district judge, Judge Martha Pacold, helps SAD Scheme cases succeed by providing filing templates to rightsowners.<sup>54</sup> There may be other rightsowner-favorable local doctrines,<sup>55</sup> though that remains speculative.

Of the 3,217 dataset cases, 2,837 cases (88%) list “trademarks” in the NOS field.<sup>56</sup> Copyright and patent cases each make up about 6%.

Of the 3,217 cases in the dataset, 935 were filed in 2022, 733 were filed in 2021, and 533 were filed in 2020. Collectively, the data indicate that the number of cases is growing substantially on a year-to-year basis, and over two-thirds of the all-time SAD Scheme lawsuits through December 28, 2022, were filed after January 1, 2020.

Bloomberg Law also allows for searches by case resolution.<sup>57</sup> Given the SAD Scheme’s relatively recent emergence, cases may not have reached a resolution yet. Furthermore, it’s unclear how Bloomberg Law categorizes the resolution of a “case” with hundreds of defendants who reached different outcomes. Despite those data problems, the data support the inference that many cases do not follow an adversarial model of litigation. Of the cases that listed a resolution (2,688 cases), 70% were categorized as “default judgments,” 28% were categorized as “voluntary/joint dismissal,” and less than 2% of the resolutions had some other conclusion (like an adjudication on the merits).

Based on a 2021 review of Emojico SAD Scheme cases, Emojico sued an estimated average of over 200 defendants in each case.<sup>58</sup> If that average applies to the entire dataset, then over 600,000 merchants have been sued in a SAD Scheme case.

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53. See Setty & Poritz, *supra* note 12 (“Plaintiffs often want to sue in a court that already has experience with those types of cases . . . . [P]laintiffs may not want to risk filing in other districts, where judges are less experienced and may rule differently.”).

54. See Schedule A Cases, U.S. Cts., <https://www.ilnd.uscourts.gov/judge-cmp-detail.aspx?cmpid=1272> [<https://perma.cc/J4PP-KYYL>] (last visited Aug. 16, 2023).

55. For example, the Seventh Circuit has held that a single test buy in Illinois supported personal jurisdiction against a Chinese merchant. See *NBA Props., Inc. v. HANWJH*, 46 F.4th 614, 627 (7th Cir. 2022); see also Baird & Paterson, *supra* note 7 (citing federal court receptivity “to cases using anonymous plaintiffs and case combining” in the Northern District of Illinois and noting increasing caseloads in other districts); Lauraann Wood, Northern Ill. A Surprise Magnet for Counterfeiting Suits, *Law360* (Jan. 24, 2023), <https://www.law360.com/ip/articles/1568802> (on file with the *Columbia Law Review*) (discussing how the popularity of counterfeit suits within certain jurisdictions may be a result of favorable personal jurisdiction case law).

56. For additional analyses of SAD Scheme case data by industry, see Baird & Paterson, *supra* note 7.

57. This option required unselecting the restriction to “complaints,” which temporarily increased the size of the dataset slightly to 3,241 instead of 3,217.

58. Emojico Declaration, *supra* note 1, at para. 19.



### III. HOW THE LEGAL SYSTEM ENABLES THE SAD SCHEME

The SAD Scheme capitalizes on several dynamics. First, intellectual property regimes routinely impose strict liability,<sup>59</sup> which makes it easier for rightsowners to succeed with minimal factual showings. Second, because of the “property” connotations of “intellectual property,” judges are sometimes inclined to vindicate a rightsowner’s property interests. Third, the SAD Scheme can take place largely or wholly *ex parte*, so judges act on the rightsowners’ unrebutted assertions. Fourth, the online marketplaces’ handling of the TRO plays a critical role by over-freezing defendant-merchants’ product offerings.

Collectively, these dynamics create an environment in which rightsowners can nominally follow the rules and yet achieve abusive and extortive outcomes. This Part explains the factors that contribute to the SAD Scheme’s success.

*Generic Pleading.* Rightsowners engaging in mass IP enforcement operations want to keep costs down. For example, SAD Scheme rightsowners reuse complaint templates by asserting generic facts, none particularized to any defendant.<sup>60</sup> Such nonspecific pleadings may not comport with the pleading standards and pre-filing investigatory work required by the Federal Rules of Civil Procedure (FRCP).<sup>61</sup> In *ex parte* proceedings, however, sometimes those filings are tolerated.

*Bypassing Service.* Rightsowners may have difficulty finding and serving merchants, especially those located internationally.<sup>62</sup> The SAD Scheme can largely sidestep any service issues.<sup>63</sup> Due to the marketplace freezes and the resulting settlements, rightsowners may substantially resolve their lawsuits without ever serving merchants.

*Bypassing Personal Jurisdiction.* A SAD Scheme complaint may generically allege that all defendants committed infringing acts in the desired

59. See, e.g., 4 McCarthy, *supra* note 49, § 23:107; 6 William F. Patry, Patry on Copyright § 21:38 (2019).

60. See, e.g., *Deckers Complaint*, *supra* note 51, at paras. 10–17 (describing generic allegations against the SAD Scheme defendants).

61. See Fed. R. Civ. P. 11(b) (explaining that representations to the court must accord with the best of the person’s knowledge after an inquiry reasonable under the circumstances).

62. See generally Fed. R. Civ. P. 4(f) (noting different acceptable methods of service for defendants in a foreign country). With respect to venue selection, another hypothesis is that Northern District of Illinois judges allow service of international defendants by alternative means, such as email, more freely than judges in other districts.

63. FRCP 65 allows a party to seek a TRO without notice if the “movant’s attorney certifies in writing any efforts made to give notice and the reasons why it should not be required” before an *ex parte* TRO is issued. Fed. R. Civ. P. 65(b)(1)(B). There is no actual requirement that notice must be given to the defendant, even if the attorney could easily do so. *Id.*

venue without providing any factual support.<sup>64</sup> That should not be enough to establish personal jurisdiction. For example, due process typically requires that each online defendant intentionally directed their actions into the forum jurisdiction,<sup>65</sup> and showing “intentional direction” requires defendant-specific facts. This should mean that rightsowners establish jurisdiction on a defendant-by-defendant basis, but that’s rarely been required (most likely due to the ex parte nature of the proceedings).

*Misjoinder.* In general, courts interpret joinder rules liberally, and expansive joinder rules can offer significant efficiencies to rightsowners.<sup>66</sup> That said, misjoinder can severely disadvantage defendants and create chaos in the courts.

Typically, in a SAD Scheme case, the defendants have no relationship with each other. Instead, the rightsowner sweeps up an assemblage of alleged infringers in an online marketplace and enumerates them in a complaint. The rightsowner then generically asserts that the defendants are related to each other without providing any factual support.

The FRCP permits joinder of defendants only “with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences.”<sup>67</sup> Defendants who are independently (allegedly) infringing the rightsowner’s IP rights in parallel with each other in the same marketplace do not satisfy this standard. One court explained:

The allegations and evidence plaintiff has provided only supports a conclusion that many distinct counterfeiters are using similar strategies to sell counterfeit versions of plaintiff’s HUGGLE products, and they may be acquiring these counterfeit products from the same or similar sources. Distinct individuals or entities independently selling counterfeit goods over the internet does not satisfy the transaction or occurrence requirement of FRCP 20.<sup>68</sup>

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64. See, e.g., *Deckers Complaint*, supra note 51, at para. 11 (“On information and belief, Defendants are an interrelated group of counterfeiters . . . . In the event that Defendants and/or third party service providers provide additional credible information regarding the identities of Defendants, Deckers will take appropriate steps to amend the Complaint.”).

65. See, e.g., *Herbal Brands, Inc. v. Photoplaza, Inc.*, 72 F.4th 1085, 1095 (9th Cir. 2023); *ALS Scan, Inc. v. Digit. Serv. Consultants, Inc.*, 293 F.3d 707, 711–12 (4th Cir. 2002).

66. See, e.g., David O. Taylor, *Patent Misjoinder*, 88 N.Y.U. L. Rev. 652, 671–72 (2013).

67. Fed. R. Civ. P. 20(a)(2)(A). In patent cases, joinder requires that (1) the claims are asserted “with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences relating to the making, using, importing into the United States, offering for sale, or selling of the same accused product or process,” and that (2) “questions of fact common to all defendants or counterclaim defendants will arise in the action.” 35 U.S.C. § 299 (2018).

68. *Ontel Prods. Corp. v. Uninc. Ass’ns Identified in Schedule A*, No. 1:21cv1452 (MSN/JFA), 2022 WL 9874815, at \*5 (E.D. Va. Aug. 12, 2022). Yet, consistent with the puzzling judicial deference to the SAD Scheme, the judge disregarded the joinder defect. *Id.* at \*6 (“[A]ny defects related to joinder in this action would not affect any of the remaining defendants’ substantial rights . . .”).



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Rightsowners may feel that it's not logistically or financially feasible to pursue merchants individually, which is why they prefer to mass-sue merchants using the SAD Scheme. Individual lawsuits are exactly what the joinder rules typically require, however, and courts shouldn't manufacture a workaround to those rules.

Misjoinder plays an important role in making SAD Scheme litigation profitable.<sup>69</sup> The complaint filing fee is \$402, regardless of how many defendants are named.<sup>70</sup> By combining unrelated defendants into a single case, a rightsowner can dramatically reduce its per-defendant filing costs. For example, if the rightsowner names 200 defendants on a Schedule A instead of filing individual lawsuits against each defendant, the filing costs drop 99.5% to about \$2 per defendant instead of \$402 per defendant. That \$400 difference per defendant makes more enforcement actions financially viable.

The rightsowners' windfall comes at the government's expense. If 200 defendants are improperly joined in a single complaint, the government loses \$80,000 in potential filing fees. If that average holds true over the 3,200+ SAD Scheme cases, the SAD Scheme has cost the courts over \$250 million so far. In practice, the number would likely be substantially lower if rightsowners had to pay the full filing fee per defendant because rightsowners would not sue so many merchants;<sup>71</sup> this dynamic highlights how filing fees serve an important function of screening cases that aren't worth the public costs to adjudicate them.<sup>72</sup>

*Sealed Defendant Identities.* Courts generally require litigants to publicly identify themselves to ensure transparency of the judicial system.<sup>73</sup>

69. Emoji Declaration, *supra* note 1, at para. 21. IP trolling routinely involves expansive approaches to joinder. See Sag & Haskell, *supra* note 2, at 584–88 (describing courts' varying approaches to joinder when BitTorrent users independently download parts of a copyrighted work).

70. This includes the \$350 filing fee for civil actions per 28 U.S.C. § 1926(a), plus a \$52 administration fee. District Court Miscellaneous Fee Schedule, U.S. Cts., <https://www.uscourts.gov/services-forms/fees/district-court-miscellaneous-fee-schedule> [<https://perma.cc/8PLC-7D5P>] (last visited Sept. 8, 2023).

71. See Setty & Poritz, *supra* note 12 (quoting Justin Gaudio, an attorney at Greer Burns & Crain, as saying that “[b]rand owners cannot afford to pay a quarter-billion [dollars] in filing fees to enforce their trademark rights through the courts” (second alteration in original)).

72. See Carl Reynolds & Jeff Hall, Conf. of State Ct. Adm'rs, 2011–2012 Policy Paper: Courts Are Not Revenue Centers 7 (2011), [https://cosca.ncsc.org/\\_\\_data/assets/pdf\\_file/0019/23446/courtsarenorevenuecenters-final.pdf](https://cosca.ncsc.org/__data/assets/pdf_file/0019/23446/courtsarenorevenuecenters-final.pdf) [<https://perma.cc/4SHU-P2NJ>] (“Court users derive a private benefit from the courts and may be charged reasonable fees partially to offset the cost of the courts borne by the public-at-large.”).

73. E.g., Eugene Volokh, The Law of Pseudonymous Litigation, 73 Hastings L.J. 1353, 1360–61 (2022); Tom Isler, White Paper: Anonymous Civil Litigants, Reps. Comm. for Freedom of the Press, <https://www.rcfp.org/journals/news-media-and-law-fall-2015/white-paper-anonymous-civil-l> [<https://perma.cc/6RP7-PFQL>] (last visited Aug. 16, 2023) (“Throughout the country, anonymous or pseudonymous litigation is generally disfavored . . . .” (footnote omitted)); cf. Lior Jacob Strahilevitz, Pseudonymous Litigation,

Although sealed defendant identities are occasionally appropriate, judges should scrutinize such requests carefully rather than accept the rightsowner's un rebutted assertions at face value.<sup>74</sup>

*Dismissal of Merchants Who Fight Back.* As discussed above, rightsowners can strategically use defendant dismissals to control the adversarial information made available to judges.<sup>75</sup> Judges should consider what information they are not receiving in any case with many voluntary dismissals.

*Non-Individualized Adjudication.* It usually is not cost-effective for rightsowners to engage in individualized litigation against each SAD Scheme defendant. Ex parte hearings are a low-cost alternative—they facilitate non-individualized adjudication for all defendants because defendants aren't around to make their individual cases.

*Extrajudicial Resolutions.* The ex parte TRO is the linchpin to the SAD Scheme. To get it, rightsowners must show "specific facts . . . that immediate and irreparable injury, loss, or damage will result to the movant before the adverse party can be heard in opposition."<sup>76</sup> Judges should enforce the "specific facts" requirement vigorously,<sup>77</sup> but the SAD Scheme shows that rightsowners can succeed with generic filings.<sup>78</sup>

Ex parte TROs generally should preserve the status quo until the defendant can appear,<sup>79</sup> but SAD Scheme TROs *change* the status quo and can negate the need for further judicially supervised proceedings. That makes the SAD Scheme ex parte TRO an inappropriate judicial intervention.

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77 U. Chi. L. Rev. 1239, 1240 (2010) (outlining "a theory of pseudonymous litigation and identify[ing] what is at stake in a case caption"). See generally Bernard Chao, Not So Confidential: A Call for Restraint in Sealing Court Records, 2011 Patently-O Patent L.J. 6, <https://cdn.patentlyo.com/media/docs/2011/07/chao.sealedrecords.pdf> [<https://perma.cc/W4TT-CF65>] (describing the public interest furthered by transparent judicial records).

74. See Appellant NeoMagic Corporation's Opening Brief, *supra* note 30, at 42–44 (arguing that a case should not be sealed against a defendant without a finding of "good cause").

75. See *supra* note 35 and accompanying text.

76. Fed. R. Civ. P. 65(b)(1)(A).

77. E.g., *Reno Air Racing Ass'n, Inc. v. McCord*, 452 F.3d 1126, 1131 (9th Cir. 2006) ("[C]ourts have recognized very few circumstances justifying the issuance of an ex parte TRO.").

78. See Appellant NeoMagic Corporation's Opening Brief, *supra* note 30, at 44–47 ("[D]espite the lack of showing of any irreparable harm attributable to NeoMagic, Gorge was able to induce the district court to enter a far-overreaching restraining order that allowed Gorge the ability to seize all of NeoMagic's financial accounts . . .").

79. *Granny Goose Foods, Inc. v. Bhd. of Teamsters Loc. No. 70*, 415 U.S. 423, 439 (1974) ("Ex parte temporary restraining orders . . . should be restricted to serving their underlying purpose of preserving the status quo and preventing irreparable harm just so long as is necessary to hold a hearing, and no longer.").

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*Limited Error Correction.* Intellectual property cases have heightened risks of judicial errors.

First, IP rights often have indeterminate boundaries.<sup>80</sup> Rightsowners routinely push their claims to those borders or beyond,<sup>81</sup> expecting that defendants will push back on any overclaims. When defendants don't appear in court and the property borders aren't clear, judges may accept the overclaims.<sup>82</sup>

Second, courts routinely need extrinsic evidence to determine the validity and scope of IP rights, and a non-adversarial process won't produce this evidence.<sup>83</sup> For example, design patent infringement may require a thorough prior art review to determine whether "an ordinary observer, taking into account the prior art, would believe the [allegedly infringing] design to be the same as the patented design."<sup>84</sup> The rightsowner can't be trusted to find and submit prior art; after all, they would immediately argue that any items should be disregarded. The judge may lack the technical expertise or research capacity to find the prior art themselves. Without the right prior art before the judge, "*ex parte* assessments of design patent infringement are likely to lead to significant over-enforcement."<sup>85</sup>

In SAD Scheme cases, any factual or legal errors are unlikely to be corrected or appealed because most defendants will settle, be voluntarily dismissed, or no-show.<sup>86</sup>

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80. The rights conferred by patent, copyright, and trademark doctrines often overlap. Laura A. Heymann, *Overlapping Intellectual Property Doctrines: Elections of Rights Versus Selection of Remedies*, 17 *Stan. Tech. L. Rev.* 239, 242–49 (2013).

81. E.g., James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 *Yale L.J.* 882, 884–86 (2007) (describing how ambiguities in copyright, trademark, and patent law create a feedback loop that benefits rightsowners).

82. Judges sometimes unilaterally push back on rights overclaims. See Notification of Docket Entry at 1, *Grumpy Cat Ltd. v. Individuals, Corps., Ltd. Liab. Cos., P'ships, & Uninc. Ass'ns Identified on Schedule A Hereto*, No. 1:22-cv-03216 (N.D. Ill. filed June 23, 2022), ECF No. 24 ("Some of the accused products likely infringe plaintiff's trademarks or copyrights, but the court is not persuaded that the accused products depicted in every submitted screenshot infringe. . . . Not every frowning cartoon cat infringes; or at least plaintiff has failed to persuade that its intellectual property reaches that far.").

83. See Sarah R. Wasserman Rajec, *Patents Absent Adversaries*, 81 *Brook. L. Rev.* 1073, 1082–83 (2016) (arguing that the adversarial system develops evidence better than a non-adversarial or inquisitorial system).

84. *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 678–79 (Fed. Cir. 2008).

85. See Burstein, *Against the Design-Seizure Bill*, *supra* note 5.

86. See *supra* text accompanying notes 57–58. SAD Scheme defendants are not likely to appeal in any circumstance, but they likely cannot appeal TROs at all. See 28 U.S.C. § 1292(a)(1) (2018); see also *Pre-Term Cleveland v. Att'y Gen. of Ohio*, No. 20-3365, 2020 WL 1673310, at \*1 (6th Cir. Apr. 6, 2020) (noting that under 28 U.S.C. § 1292(a)(1), federal appellate courts "generally lack jurisdiction to hear an appeal of a district court's decision to grant or deny a TRO" absent exceptional circumstances).

For example, Emojico requested a default judgment against some defendants.<sup>87</sup> The court spotted Emojico's overclaim; it was improperly seeking to propertize a dictionary word.<sup>88</sup> Nevertheless, the judge ignored the descriptive fair use statutory defense in determining liability because the defendants did not raise the defense (they couldn't—they defaulted).<sup>89</sup> Instead, the judge said descriptive fair use only negated the claim of willful infringement, not the trademark infringement itself, and awarded statutory damages of "only" \$25,000 against each defendant.<sup>90</sup> But if the defendants qualified for descriptive fair use, the court should not have awarded any damages at all because the infringement case failed. Yet, because the defendants defaulted, they won't appeal the ruling.

#### IV. WAYS TO ADDRESS THE SAD SCHEME

It's hard to know how often SAD Scheme lawsuits are legitimate and the optimal way for rightsowners to obtain redress. Are there ways to preserve the legitimate cases while curbing illegitimate ones? This Part offers some ideas.

##### A. *Judicial Education*

As described in Part III, the SAD Scheme depends heavily on judges credulously accepting rightsowners' un rebutted claims. Judges could reduce abusive SAD Scheme lawsuits simply by challenging rightsowners' filings more vigorously.

Yet, judges often disregard the rare defendant pushback.<sup>91</sup> Further, although Northern District of Illinois judges now have seen many SAD Scheme cases, they keep coming—and Judge Pacold is still helping rightsowners file factually threadbare filings.<sup>92</sup> Thus, greater judicial awareness alone may not cure SAD Scheme abuses.

##### B. *Changes in Online Marketplace Policies*

The SAD Scheme would wane if online marketplaces did not honor ex parte TROs so expansively. For example, any account freeze should only

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87. *Emoji Co. v. Individuals, Corps., Ltd. Liab. Cos., P'ships, & Uninc. Ass'ns Identified on Schedule A*, Nos. 20-cv-04678, 21-cv-05319, 21-cv-05453, 2022 WL 4465593, at \*1 (N.D. Ill. Sept. 26, 2022).

88. *Id.* at \*4–5 ("Plaintiff suggests that any person who sells a product depicting a familiar emoji is forbidden from using the one word that most closely describes the image depicted. Plaintiff's right cannot be so expansive.").

89. *Id.* at \*5; see also 15 U.S.C. § 1115(b)(4) (2018) (describing the descriptive fair use defense, which can be invoked in response to a trademark infringement claim).

90. *Emoji Co.*, 2022 WL 4465593, at \*5–7.

91. See, e.g., *supra* note 68 (describing an instance in which a court acquiesced to a dubious legal theory in a SAD case).

92. See *supra* note 54 and accompanying text (describing how Judge Pacold provides plaintiffs in SAD cases with templates for filings).

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relate to the items and money associated with the allegedly infringing activity, not the entire account and all funds in possession. Courts have nevertheless rejected this argument. Wish asked a judge for a more tailored asset freeze, but the judge responded that Wish wasn't the right party to raise the objection (because the money was the merchants', not Wish's) and Wish couldn't prove that the money in its possession wasn't from infringing sales.<sup>93</sup>

Furthermore, online marketplaces fear their own liability exposure, and that deters them from voluntarily adopting nuanced policies. It's simpler and lower risk for them to categorically shut down alleged infringers identified in the TRO.

### C. Greater Use of Existing Legal Doctrines

In addition to more vigorous enforcement of the rules explored in Part III, some other existing FRCP provisions might help curb abusive SAD Scheme lawsuits:

*Defendant classes.* FRCP 23 contemplates that defendants can form classes, just like rightsowners do.<sup>94</sup> For example, a defendant class could bust the rightsowner's trademark or establish defenses like descriptive fair use. Few individual defendants, however, have enough motivation and resources to fight their case, let alone organize a class.

*Attorneys' fees awards.* Prevailing defendants may be awarded attorneys' fees in extraordinary patent<sup>95</sup> or trademark cases<sup>96</sup> or at a judge's discretion in copyright cases.<sup>97</sup> Judges could also impose FRCP 11 sanctions if rightsowner's counsel didn't properly do pre-filing investigations, misrepresented the situation to the judge, or made overly generic filings.<sup>98</sup>

Fee shifts can make mass IP enforcement less financially attractive<sup>99</sup> and compensate SAD Scheme defendants willing to fight back. Further,

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93. See Order at 1–2, *MSM Design & Eng'g LLC v. P'ships & Uninc. Ass'ns Identified on Schedule "A"*, No. 20 C 121 (N.D. Ill. July 28, 2021), ECF No. 49; Order at 1–2, *Oraldent Ltd. v. P'ships & Uninc. Ass'ns Identified on Schedule "A"*, No. 20 C 304 (N.D. Ill. Feb. 22, 2021), ECF No. 44.

94. See Fed. R. Civ. P. 23; see also Assaf Hamdani & Alon Klement, *The Class Defense*, 93 *Calif. L. Rev.* 685, 690–91 (2005) (proposing a mechanism in which a class of defendants can consolidate their defense claims); Francis X. Shen, *The Overlooked Utility of the Defendant Class Action*, 88 *Denv. U. L. Rev.* 73, 79–85 (2010) (summarizing courts' approaches to defendant class actions); Robert R. Simpson & Craig Lyle Perra, *Defendant Class Actions*, 32 *Conn. L. Rev.* 1319, 1323 (2000) (noting that defendant class actions have been used in "various types of cases, including, but not limited to, patent infringement cases, suits against local officials challenging the validity of state laws, securities litigation, and actions against employers").

95. 35 U.S.C. § 285 (2018).

96. 15 U.S.C. § 1117(a) (2018).

97. 17 U.S.C. § 505 (2018).

98. Fed. R. Civ. P. 11.

99. For example, fee shifts to defendants helped unravel Righthaven's mass copyright enforcements. See Ian Polonsky, *You Can't Go Home Again: The Righthaven Cases and*

SAD Scheme cases should qualify as “extraordinary” cases for fee shift purposes for the reasons outlined in Part III.<sup>100</sup>

Nevertheless, judges have rejected discretionary fee shifts in SAD Scheme cases. One court explained its fee shift denial:

[T]his case has followed the same trajectory of many other cases in this District and in districts throughout the country in instances where a plaintiff discovers that its intellectual property has likely been pirated and identical or substantially similar knock-off products are being offered for sale from on-line platforms. To hold that this case is exceptional would topsy-turvy that term—elevating what is ordinary to extraordinary. It would erect an unwarranted barrier to plausible claims by legitimately injured Plaintiffs.<sup>101</sup>

The judge’s pro-rightsowner sympathy is not unusual. It’s a primary reason why judges might not use fee shifts more aggressively in SAD Scheme cases, even when it’s deserved. Plus, rightsowners might avoid fee shifts by dismissing defendants voluntarily,<sup>102</sup> even though judges should award fee shifts in those circumstances to prevent strategic gaming.

*Bonds.* FRCP 65 says that a “court may issue a preliminary injunction or a temporary restraining order only if the movant gives security in an amount that the court considers proper to pay the costs and damages sustained by any party found to have been wrongfully enjoined or restrained.”<sup>103</sup>

Copyright Trolling on the Internet, 36 Colum. J.L. & Arts 71, 90 (2012); see also *Righthaven LLC v. DiBiase*, No. 2:10-CV-01343-RLH, 2011 WL 5101938, at \*1 (D. Nev. Oct. 26, 2011) (amounting to nearly \$120,000 in fees and costs); *Righthaven LLC v. Wolf*, 813 F. Supp. 2d 1265, 1273 (D. Colo. 2011) (awarding attorney’s fees to the defendant); *Righthaven, LLC v. Leon*, No. 2:10-CV-01672-GMN-LRL, 2011 WL 2633118, at \*2 (D. Nev. July 5, 2011) (amounting to over \$3,800 in fees); Judgment in a Civil Case at 1, *Righthaven LLC v. Hoehn*, 792 F. Supp. 2d 1138 (D. Nev. 2011) (No. 2:11-CV-00050-PMP-RJJ) (on file with the *Columbia Law Review*) (reaching over \$34,000 in fees).

Some overaggressive rightsowners repeatedly bring ill-advised cases, even after fee shifts and sanctions. See, e.g., Richard Liebowitz, Wikipedia, [https://en.wikipedia.org/wiki/Richard\\_Liebowitz](https://en.wikipedia.org/wiki/Richard_Liebowitz) [<https://perma.cc/RC3T-X3A8>] (last visited Sept. 28, 2023).

100. See *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014) (holding that, in the patent context, the awarding of attorney’s fees is warranted in cases “that stand[] out from others with respect to the substantive strength of a party’s litigating position . . . or the unreasonable manner in which the case was litigated”).

101. *Gorge Design Grp. LLC v. Syarme*, No. 2:20-cv-1384, 2020 WL 8672008, at \*3 (W.D. Pa. Dec. 4, 2020).

102. See *id.* at \*1 (discussing how the rightsowner’s voluntary dismissal meant that NeoMagic technically didn’t prevail).

The Emojico Declaration, *supra* note 1, was filed after the rightsowner voluntarily dismissed the defendant. The court summarily denied the defendant’s fee shift request without explanation. Order, *Emoji Co. v. Individuals, Corps., Ltd. Liab. Cos., P’ships, & Uninc. Ass’ns Identified on Schedule A Hereto*, No. 21-cv-1739 (N.D. Ill. Mar. 23, 2022), ECF No. 116.

103. Fed. R. Civ. P. 65(c).



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Courts set bond amounts at their discretion, but the amount should be high enough to accommodate the losses to all potentially affected parties, including the targeted merchants, the online marketplaces, and consumers.<sup>104</sup> Unfortunately, courts routinely undervalue bonds in SAD Scheme cases because they don't anticipate how much harm the ex parte TRO will cause.<sup>105</sup>

Bonds serve an important gatekeeping function. For example, after one court required a SAD Scheme rightsowner to tender a bond of \$10,000 per defendant, the rightsowner dropped the number of defendants from 218 to 5 because the 2% premium to secure funds for a \$2.18 million bond was too much.<sup>106</sup>

But bonds suffer some of the same limitations as attorneys' fee shifts: Dismissed or settled defendants aren't likely to seek payment from the bond, and judges won't make awards out of the bond if it seems punitive to the rightsowner to do so.<sup>107</sup> While higher bond amounts could force rightsowners to evaluate their cases more carefully upfront due to the

104. See *Rathmann Grp. v. Tanenbaum*, 889 F.2d 787, 790 (8th Cir. 1989) ("The bond should be of an amount adequate to protect [the defendant's] business . . .").

105. See Appellant NeoMagic Corporation's Opening Brief, *supra* note 30, at 36 ("Gorge's bond amounted to less than \$130 per defendant, and for that it was able to seize over \$300,000 of NeoMagic's funds and obtain an order allowing Gorge to take control of NeoMagic's online marketplace . . .").

106. Plaintiff's Statement Relating to the December 19, 2022 Minute Order No. 19, *Blue Sphere, Inc. v. Individuals, Corps., Ltd. Liab. Cos., P'ships, & Uninc. Ass'ns Identified on Schedule A Hereto (Blue Sphere I)*, No. 22-cv-5599 (N.D. Ill. filed Dec. 21, 2022), ECF No. 20.

The rightsowner filed a new complaint against the 213 dropped defendants. See Complaint, *Blue Sphere, Inc. v. Individuals, Corps., Ltd. Liab. Cos., P'ships, & Uninc. Ass'ns Identified on Schedule A Hereto (Blue Sphere II)*, No. 22-cv-6502 (N.D. Ill. filed Nov. 21, 2022), ECF No. 1. The first judge did not appreciate the maneuver:

Plaintiff's counsel engaged in that judicial rug-pulling sub silentio, without telling this Court or Judge Guzman what they were doing. . . . Plaintiff's counsel later explained that they do not like this Court's bond requirements. So they decided to refile the case and get another judge. . . . The Federal Rules and the U.S. Code allow a certain amount of forum shopping. But they do not allow judge shopping. . . . Parties can pick their lawyers, and parties can pick their cases. But parties cannot pick their judges. Plaintiff's counsel cannot drop defendants, and then refile on behalf of those defendants, in an attempt to get what they perceive to be a greener judicial pasture.

Minute Entry, *Blue Sphere I*, No. 22-cv-5599 (N.D. Ill. filed Jan. 18, 2023), ECF No. 28 (citation omitted). The same judge later added: "Clients have some latitude at picking a forum. Clients have no latitude picking a judge. Judge shopping ain't a thing here or anywhere else. . . . This is absolutely beyond the pale." Celeste Bott, 'Judge Shopping Ain't a Thing Here,' Ill. Judge Warns IP Atty, *Law360* (May 2, 2023), <https://www.law360.com/legalethics/articles/1603426/-judge-shopping-ain-t-a-thing-here-ill-judge-warns-ip-atty> (on file with the *Columbia Law Review*) (internal quotation marks omitted) (quoting Transcript of Proceedings at 6–7, 9, *Blue Sphere I*, No. 22-cv-5599 (N.D. Ill. heard Jan. 18, 2023), ECF No. 35).

107. See *supra* notes 99–100 and accompanying text.

surety fee, more aggressive judicial imposition of bonds isn't likely to materially impact SAD Scheme cases.

#### D. *Possible Statutory Reforms*

It is unlikely that Congress would adopt any anti-SAD Scheme legislative reforms. Congress is constantly paralyzed by gridlock; it is difficult to pass any reforms that do not benefit rightsowners; and Congress might misconceptualize the SAD Scheme as a regional (i.e., Chicago) problem. If Congress ever considers ways to curb the SAD Scheme, it should evaluate these ideas for reforms:

*Filing fees scaled to the number of defendants.*<sup>108</sup> Enumerating lots of defendants in a single complaint is critical to the SAD Scheme's financial success. It would change the rightsowners' economic calculus if filing costs reflected this practice.<sup>109</sup> For example, the \$402 filing fees might cover only the first X defendants, after which each additional defendant could cost another \$402. If X were set high enough so that most legitimate cases would qualify for the fixed pricing, this pricing change could easily cut back on abusive cases.

*Stronger presumptions against sealed defendant identities.* To emphasize that sealed defendant identities should be exceptional, the FRCP could impose heightened judicial scrutiny of cases with sealed defendant identities. For example: Filing fees could be higher when the complaint has sealed defendant identities; rightsowners could be required to proactively disclose how often they have filed complaints with sealed defendant identities and how those cases resolved; judges could be required to take extra steps upfront to verify the legitimacy of sealing requests before a rightsowner can move forward; and the default rule could be that any sealed defendant identities automatically become unsealed within a statutorily specified number of days or weeks after filing unless the rightsowner shows an extraordinary need to keep the identities sealed.

### CONCLUSION

Reading this paper often leaves readers feeling confused, frustrated, and angry. The SAD Scheme seemingly contravenes basic civil procedure and intellectual property rules, and readers cannot understand how rightsowners get away with it. Furthermore, it's hard to believe that judges tolerate or even encourage these practices rather than emphatically shutting them down.

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108. Alternatively, Congress could adopt more restrictive joinder rules for trademark and copyright cases analogous to the patent joinder rules in 35 U.S.C. § 299.

109. Cf. Jonathan S. Masur, *Costly Screens and Patent Examination*, 2 J. Legal Analysis 687, 688 (2010) (discussing how patent prosecution costs can screen out low-value applications).



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Yet, SAD Scheme cases keep growing in number precisely because rightsowners are achieving outcomes they should not be able to obtain. Even if the SAD Scheme does help some rightsowners shut down some counterfeiters, in our jurisprudential system the ends do not justify the means. Instead, judges and regulators should do more to protect the interests of the many thousands of victimized merchants as well as the marketplaces and their consumers. Rightsowners have other ways to combat foreign counterfeiters without denigrating the rule of law.

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VOLUME 138

DECEMBER 2024

NUMBER 2

HARVARD LAW REVIEW

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ARTICLES

THE COUNTERFEIT SHAM

*Sarah Fackrell*

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47 I

## THE COUNTERFEIT SHAM

Sarah Fackrell\*

*There's a new front in the IP rhetoric wars. Plaintiffs in "Schedule A" cases tell judges that they need to secretly seize the assets of hundreds of defendants all at once in order to defeat the machinations of nefarious foreign "counterfeiters" — even in cases where no counterfeiting (or even plain trademark infringement) is alleged. Proponents of bills that would allow Customs and Border Protection to seize products that might infringe design patents try to equate those products with "counterfeits," invoking the specter of counterfeit drugs to suggest that design patent infringement threatens the health and safety of U.S. citizens. Although design patent infringers may sometimes also be counterfeiters, these two legal offenses are actually and meaningfully different. Unlike counterfeiting, design patent infringement does not require the use of any trademarks or any likely consumer confusion. Even if we're discussing "counterfeiting" in the more colloquial sense, a competitor need not identically copy a product — or do anything deceptive at all — in order to infringe a design patent. A product that infringes a design patent is not necessarily more dangerous or harmful than any other product. For these reasons and others, the direct equation of design patent infringement to counterfeiting is false and the appeal to fear is fallacious. This Article argues that policymakers, judges, and other decisionmakers should not fall for this sham.*

### INTRODUCTION

There's a new front in the intellectual property (IP) rhetoric wars. In the past, we've seen inflammatory words like "theft" and "piracy" applied to various acts of infringement.<sup>1</sup> The specter of "counterfeiting" is frequently — and it seems, increasingly — invoked in discussions of U.S. design patent law and policy.<sup>2</sup> "Counterfeiting" is a term of art in U.S. IP law.<sup>3</sup> It refers specifically to "the act of producing or selling a product with a sham trademark that is an intentional and calculated

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<sup>1</sup> See *infra* Part IV, pp. 517–26.

<sup>2</sup> See *infra* Part II, pp. 487–502. This is the author's impression, not an empirical assertion regarding timing or frequency.

<sup>3</sup> See *infra* section I.A, pp. 475–79.

reproduction of the genuine trademark.”<sup>4</sup> But a design patent isn’t a trademark.<sup>5</sup> It’s a totally different type of IP right.<sup>6</sup>

Why would someone try to conflate design patent infringement with counterfeiting? Because it’s a powerful rhetorical device. After all, “commercial counterfeiting has no apologists and no redeeming features.”<sup>7</sup> Few would disagree “that intellectual property law should be used to its fullest extent to suppress” things like “counterfeit pharmaceuticals, counterfeit aerospace spare parts, and counterfeit food.”<sup>8</sup> Thus, the word “counterfeiting” tends to evoke a stronger emotional reaction than the word “infringing.”

This type of emotional appeal may be necessary to convince judges and policymakers to grant design patent owners extraordinary benefits and remedies. It may also help disguise measures that benefit private rightsholders as ones that prevent public harms.<sup>9</sup> Indeed, we’ve seen a similar rhetorical playbook used before by supporters of increased copyright protections.<sup>10</sup> But those who write, advocate for, and make patent law and policy aren’t always aware of copyright literature and policy debates (and vice versa). This Article aims, in part, to bridge that gap.

This is not a matter of mere linguistic imprecision; it’s a case of strategic conflation.<sup>11</sup> The problem here is not just that some people are using the word “counterfeit” outside of its specific legal meaning when

<sup>4</sup> 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 25:10 (5th ed. 2024); see also *infra* section I.A, pp. 475–79.

<sup>5</sup> At least, it doesn’t have to be. For a discussion of when and how these regimes can overlap, see *infra* section I.C, pp. 486–87.

<sup>6</sup> See *infra* section I.B, pp. 480–86.

<sup>7</sup> Christopher Wadlow, “Including Trade in Counterfeit Goods”: The Origins of TRIPS as a GATT Anti-Counterfeiting Code, 2007 INTEL. PROP. Q. 350, 350.

<sup>8</sup> Barton Beebe, *Shanzhai, Sumptuary Law, and Intellectual Property Law in Contemporary China*, 47 U.C. DAVIS L. REV. 849, 872–73 (2014).

<sup>9</sup> Cf. J. Janewa Osei-Tutu, *Private Rights for the Public Good?*, 66 SMU L. REV. 767, 769 (2013) (discussing similar arguments made with respect to trademarks and copyrights).

<sup>10</sup> See *infra* section IV.A, pp. 518–19. The attempts to link copyright infringement — as well as unregistered trademark infringement — with counterfeiting continue. See, e.g., Complaint ¶¶ 2–3, 7, 30, Art Ask Agency v. Individuals, Corps., Ltd. Liab. Cos., P’ships, & Unincorporated Ass’n’s Identified on Schedule A Hereto, No. 1:23-cv-02163 (N.D. Ill. Apr. 6, 2023), ECF 1 (using the word “counterfeit” liberally in a case alleging copyright and regular trademark infringement, even though the plaintiff did not mention — let alone assert — any registered trademarks); Complaint ¶ 1, Li-forme Ltd. v. Individuals, Corps., Ltd. Liab. Cos., P’ships & Unincorporated Ass’n’s Identified on Schedule A to the Complaint, No. 1:23-cv-14195 (N.D. Ill. Sept. 27, 2023), ECF 1 (“This action has been filed by Plaintiff to combat online counterfeiters who trade upon Plaintiff’s reputation and goodwill by selling and/or offering for sale products in the United States in connection with Plaintiff’s copyright, specifically Plaintiff’s U.S. Copyright Office Registration No. VA2-311-816 (the ‘LIFORME Copyright’ or ‘LIFORME Copyright Registration’) . . . .”); see also Complaint ¶¶ 23–24, Antsy Labs, LLC v. Stress Cube, LLC, No. 2:17-cv-09146 (C.D. Cal. Dec. 21, 2017), ECF 1 (alleging infringement of an unregistered trade dress).

<sup>11</sup> Of course, some users of counterfeit rhetoric may be merely copying other, more strategic, actors. But even when a particular user is not acting with subjectively strategic intent, their use of counterfeit rhetoric may still be confusing and harmful.

they talk about design patents.<sup>12</sup> The problem is that some people seem to be using the word counterfeit strategically to try to conflate design patent infringement with the worst kind of intentional IP infringement — actual counterfeiting. In some cases, the use of counterfeit rhetoric seems to be an explicit (and fallacious) appeal to fear, attempting to link design patent infringement to the most dangerous kinds of actual counterfeiting such as intentionally selling unsafe car parts or fake drugs.

This Article argues that commentators, policymakers, and judges should not fall for this sham rationale. Additionally, because the words “counterfeit” and “counterfeiting” are so rhetorically loaded, we should reject the suggestions — made by certain legal academics — that we import the concept of counterfeiting into design patent law.<sup>13</sup> And whenever it is used in good faith, the word “counterfeiting” should be clearly and prominently defined.

This Article will use the word “counterfeiting” by itself only in this strict, U.S. term of art sense unless otherwise noted. When additional clarity seems helpful or necessary, this Article will use the phrase “actual counterfeiting” to describe the same. Defined this way, the word “counterfeit” means something different than it does in everyday English, where it is often used to refer to something that is “made in imitation of something else with intent to deceive.”<sup>14</sup> This Article will refer to this type of activity as “colloquial counterfeiting.”

This Article will use the phrase “counterfeit rhetoric” to refer to situations where the words “counterfeit” or “counterfeiting” are used but where there is no actual counterfeiting at issue.<sup>15</sup> Counterfeit rhetoric can occur in discussions of any form of IP.<sup>16</sup> But it may be especially pernicious in connection with design patent law because it is an area of IP that isn’t taught (at least not in significant depth) at most law schools

<sup>12</sup> At least, outside of its specific legal meaning under U.S. law. International usage varies. For more on this, see *infra* note 26 and accompanying text.

<sup>13</sup> See *infra* section VI.B, pp. 529–30.

<sup>14</sup> See *Counterfeit*, MERRIAM-WEBSTER, <http://www.merriam-webster.com/dictionary/counterfeit> [<https://perma.cc/7W73-VFZ9>]. At least one article has suggested that this definition should be used in the context of design patents. See Elizabeth Ferrill & Tina Tanhehco, *Protecting the Material World: The Role of Design Patents in the Fashion Industry*, 12 N.C. J.L. & TECH. 251, 254 (2011) (“A counterfeit represents a nearly exact duplicate of an item sold with the intent to be passed off as the original.” (citing the Merriam-Webster definition of “counterfeit”).

<sup>15</sup> So, for example, if a plaintiff alleged that the sale of a particular product constituted both actual counterfeiting and design patent infringement, they would not be engaging in counterfeit rhetoric if they described the accused product as a “counterfeit.” But the plaintiff would be engaging in counterfeit rhetoric if they alleged only design patent infringement and had no colorable claim for actual counterfeiting.

<sup>16</sup> *E.g.*, Plaintiff’s Complaint for Patent Infringement ¶¶ 33–34, *Lead Creation, Inc. v. P’ships & Unincorporated Ass’ns Identified on Schedule “A,”* No. 8:23-cv-00049 (M.D. Fla. Jan. 6, 2023), ECF 1 (using counterfeit rhetoric in a utility patent case); Complaint for Damages and Injunctive Relief ¶¶ 11, 28, *Gorge Design Grp., LLC v. Syarme*, No. 2:20-cv-01384 (W.D. Pa. Sept. 15, 2020), ECF 2 (same).

and one which is likely to be less well-understood by practicing attorneys, judges, and lawmakers. These audiences might not know, for example, that a design patent may only cover a small and insignificant portion of a product's overall design.<sup>17</sup> That means a product can infringe a design patent without being a replica.<sup>18</sup>

This Article proceeds in six Parts. Part I provides a brief background of the relevant law, including an explanation of the often misunderstood test for design patent infringement. Part II identifies some ways that counterfeit rhetoric has been used in the context of design patent law and policy, including the (still largely unknown) phenomenon of “Schedule A” litigation.<sup>19</sup> Part III explains why there is no necessary legal or logical connection between design patent infringement and counterfeiting — or safety. Part IV situates the contemporary design patent counterfeit narrative in the larger context of IP lobbying and policy. Part V explains why counterfeit rhetoric matters, especially in the context of design patents. Part VI discusses some additional lessons and implications.

## I. THE LAW

This Part explains the technical, legal definition of “counterfeit” under U.S. law. It then surveys the basics of U.S. design patent law, including an explanation of the often-misunderstood infringement test set forth in *Gorham Co. v. White*.<sup>20</sup> It then discusses the limited range of overlap between actual counterfeiting and design patent infringement.

### A. The “Counterfeit” in U.S. IP Law

In everyday English, the word “counterfeit” is sometimes used as a synonym for “fake” or even “artificial.”<sup>21</sup> But in U.S. IP law, the term “counterfeit” is a defined term of art. The U.S. trademark act (generally

<sup>17</sup> See *infra* section III.A.2.a.i, pp. 503–07.

<sup>18</sup> See *infra* section III.A.2.a.i, pp. 503–07.

<sup>19</sup> Because the defendants in these cases are usually listed on a document called “Schedule A,” judges and others have started referring to them as “Schedule A cases.” *E.g.*, *Zorro Prods., Inc. v. Individuals, Corps., Ltd. Liab. Cos., P’ships, & Unincorporated Ass’ns Identified on Schedule A Hereto*, No. 1:23-cv-05761, 2023 WL 8807254, at \*2 (N.D. Ill. Dec. 20, 2023) (“The factories churning out fake goods are rivaled by the factories of law firms churning out Schedule A case after Schedule A case.”). In an important essay, Eric Goldman identifies and describes this phenomenon. See Eric Goldman, *A SAD Scheme of Abusive Intellectual Property Litigation*, 123 COLUM. L. REV. F. 183, 184 (2023). While Goldman focuses on trademark Schedule A cases, see *id.* at 185, this Article will focus on patent Schedule A cases.

<sup>20</sup> 81 U.S. (14 Wall.) 511 (1872).

<sup>21</sup> See, e.g., Carl Franzen, *People Are Making and Selling Counterfeit Jellyfish in China*, POPULAR SCI. (May 9, 2016), <http://www.popsoci.com/people-are-making-and-selling-counterfeit-jellyfish-in-china> [https://perma.cc/S5WG-S5GU] (discussing arrests of “three people accused of making and selling artificial jellyfish”); *id.* (noting that the suspects, “including a ‘master’ jellyfish counterfeiter,” made the fake jellyfish out of “sodium alginate, calcium chloride and aluminum sulfate”).

referred to as the Lanham Act<sup>22</sup>) defines a “counterfeit” as “a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.”<sup>23</sup>

This is not a universal definition. As noted above, in everyday English, the word “counterfeit” is often used more broadly, to describe something that is “made in imitation of something else with intent to deceive.”<sup>24</sup> This definition might be used, for example, in reference to “counterfeit currency.”<sup>25</sup> Complicating matters even further, the word “counterfeit” and its cognates may be used differently in other languages and in other legal systems.<sup>26</sup> Importantly, this means that cross-jurisdictional reports or discussions of counterfeits should be carefully scrutinized; a reader should not assume the word counterfeit means the same thing in every place and in every context.<sup>27</sup>

Returning to the Lanham Act definition, it is important to note that it applies only to marks that have been registered with the U.S. Patent and Trademark Office (USPTO).<sup>28</sup> The Lanham Act defines the word “mark” to “include[] any trademark, service mark, collective mark, or certification mark”<sup>29</sup> and “trademark” to:

include[] any word, name, symbol, or device, or any combination thereof —

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter,

<sup>22</sup> 15 U.S.C. §§ 1051–1141n; see Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 368 n.7 (1999) (noting that the federal trademark statute “is more popularly known as the Lanham Act, after its principal sponsor, Representative Fritz G. Lanham”).

<sup>23</sup> 15 U.S.C. § 1127. A mark does not have to be registered to be protected by the Lanham Act but registration provides the mark owner with a number of important and powerful benefits. See *Matal v. Tam*, 137 S. Ct. 1744, 1752–53 (2017).

<sup>24</sup> See MERRIAM-WEBSTER, *supra* note 14.

<sup>25</sup> See *id.* (listing “counterfeit money” as an example of the use in the previously quoted definition).

<sup>26</sup> See, e.g., Clark W. Lackert, *International Efforts Against Trademark Counterfeiting*, 1988 COLUM. BUS. L. REV. 161, 165 n.18 (“Careful analysis of the WIPO [counterfeiting] proposals, however, reveals difficulties in translation. For example, one of the most problematic terms to translate is ‘counterfeiting’ itself. The French ‘contrefaçon’ and the Spanish ‘contrahacer’ do not carry the same intentional nature as the English word. Indeed, in some languages the terms ‘infringement’ and ‘counterfeiting’ are synonymous, with no indication as to the intentional nature of the latter.”). Notably, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, uses the word “counterfeit” only in connection to trademarks — not with copyrights, patents, or designs — and defines “counterfeit trademark goods” as “any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark.” *Id.* at art. 51 n.14.

<sup>27</sup> This linguistic ambiguity can also be exploited by those who use counterfeit rhetoric, because they can use the word “counterfeit” in a way that they know (or should know) will mislead their audience but then claim that they meant to use the word in a different sense if challenged.

<sup>28</sup> 15 U.S.C. § 1127. This definition “requires a closer degree of similarity than is required for traditional trademark infringement or unfair competition.” MCCARTHY, *supra* note 4, § 25:10.

<sup>29</sup> 15 U.S.C. § 1127.

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.<sup>30</sup>

In 1995, the U.S. Supreme Court reasoned that because “human beings might use as a ‘symbol’ or ‘device’ almost anything at all that is capable of carrying meaning, this language, read literally, is not restrictive”<sup>31</sup> and interpreted this provision to cover not just word marks and logos<sup>32</sup> but also colors.<sup>33</sup> In 2000, the Court further extended that reasoning to rule that trademark law could also protect product designs.<sup>34</sup> Trademarks for product designs, along with trademarks for packaging, are often referred to as “trade dress.”<sup>35</sup> Notably, however, trademark protection is only available for a product design when: (1) the design is

<sup>30</sup> *Id.*

<sup>31</sup> *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162 (1995) (interpreting the definition of “trademark” in 15 U.S.C. § 1127).

<sup>32</sup> *Id.* “[B]efore the 1940s, ‘the subject matter of trademark [protection] was much narrower [than today] (it included only “technical trademarks,” which were words or devices (logos) that did not in any way describe the goods, their geographic origin, etc.)’ and ‘claims of trademark infringement could only be asserted against direct competitors.’” Pamela Samuelson, John M. Golden & Mark P. Gergen, *Recalibrating the Disgorgement Remedy in Intellectual Property Cases*, 100 B.U. L. REV. 1999, 2009 n.49 (2020) (alteration in original) (quoting Email from Mark McKenna, John P. Murphy Found. Professor of L., Notre Dame L. Sch., to Pamela Samuelson, Richard M. Sherman Distinguished Professor of L., Univ. of California, Berkeley Sch. of L. (Feb. 20, 2020) (on file with the Boston University Law Review)); see also Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1862 (2007) (“At some point in the late nineteenth century, American courts . . . divided the universe of distinguishing marks into ‘technical trademarks,’ which were protected in actions for trademark infringement, and ‘trade names,’ which could only be protected in actions for unfair competition.”); *id.* at 1909 (“Trademark law in the nineteenth century was predominantly concerned with word marks and, on occasion, with labels applied to goods.”).

<sup>33</sup> *Qualitex*, 514 U.S. at 162 (noting that “[t]he [lower] courts and the Patent and Trademark Office have authorized for use as a mark a particular shape (of a Coca-Cola bottle), a particular sound (of NBC’s three chimes), and even a particular scent (of plumeria blossoms on sewing thread)” and asking: “If a shape, a sound, and a fragrance can act as symbols why, one might ask, can a color not do the same?” (citing *The trademark consists of the distinctly shaped contour, or confirmation, and design of the bottle as shown*, Registration No. 696,147; *The mark comprises the musical notes G, E, C played on chimes*, Registration No. 523,616; *The mark comprises the musical notes G, E, C played on chimes*, Registration No. 916,522; *In re Clarke*, 17 U.S.P.Q.2d 1238, 1240 (T.T.A.B. 1990))).

<sup>34</sup> See *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 209 (2000) (concluding that “trade dress constitutes a ‘symbol’ or ‘device’ for purposes of the relevant sections” of the Lanham Act); see also *id.* (noting that “trade dress” is a term for a category of things “that originally included only the packaging, or ‘dressing,’ of a product, but in recent years [had] been expanded by many Courts of Appeals to encompass the design of a product”). The Court has distinguished between at least two types of trade dress — product packaging, which can be inherently distinctive, and product design, which cannot. See *id.* at 212–15.

<sup>35</sup> See *id.* at 209.



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not functional;<sup>36</sup> and (2) the trade dress has acquired secondary meaning.<sup>37</sup>

The Lanham Act gives the owner of a registered mark a civil cause of action against anyone who:

use[s] in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . .<sup>38</sup>

If an “identical . . . or substantially indistinguishable” mark “is applied to or used in connection with the goods or services for which the mark is registered,” that user may also be subject to criminal liability.<sup>39</sup> Notably, this definition requires that the counterfeiter’s product be a *type* of product for which the mark is registered.<sup>40</sup> And neither the criminal law nor the Lanham Act requires that the counterfeit good *look* the same as the registrant’s product.<sup>41</sup>

Both civil and criminal counterfeiting require that the offending use be “likely to cause confusion, or to cause mistake, or to deceive.”<sup>42</sup> Notably, the relevant type of “confusion” here is confusion as to the source

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<sup>36</sup> See *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 29 (2001) (referring to “the well-established rule that trade dress protection may not be claimed for product features that are functional” (citing *Qualitex*, 514 U.S. at 164–65; *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 775 (1992))). Readers should be careful not to assume that “functional” means the same thing in both trademark and design patent law. See Sarah Burstein, Commentary, *Faux Amis in Design Law*, 105 TRADEMARK REP. 1455, 1456 (2015) (“[F]unctional’ does not mean the same thing in design patent law as it does in trademark law.”).

<sup>37</sup> *Wal-Mart*, 529 U.S. at 216. In practice, however, the USPTO may presume that a product design has secondary meaning if it has been sold for more than five years. See 15 U.S.C. § 1052(f).

<sup>38</sup> 15 U.S.C. § 1114(1)(a).

<sup>39</sup> 18 U.S.C. § 2320(f)(1)(A) (defining the term “counterfeit mark” for the purposes of the Trademark Counterfeiting Act of 1984, Pub. L. No. 98-473, 98 Stat. 2178 (codified at 18 U.S.C. § 2320)).

<sup>40</sup> See *United States v. Edwards*, No. 2:16-cr-20070, 2019 WL 5196614, at \*2 n.1 (D. Kan. Oct. 15, 2019) (reading 18 U.S.C. § 2320(f)(1)(A) as requiring the “mark [be] used in connection with goods that, by virtue of being identical with or substantially indistinguishable from a *mark actually registered and in use for the type of good trafficked*, ‘is likely to cause confusion, to cause mistake, or to deceive’” (emphasis added)); *United States v. Park*, 164 F. App’x 584, 584–86 (9th Cir. 2006) (rejecting the defendant’s argument that “the government offered no evidence that . . . those marks were registered for the types of goods and services which were being sold” because “[t]he government introduced the complaint from the prior civil action, which stated that Chanel and Louis Vuitton registered and used trademarks for items like those later found in [the defendant’s] Gift Shop”).

<sup>41</sup> See 18 U.S.C. § 2320(f)(1); 15 U.S.C. § 1114(1)(a). That is not to say that the appearance of the accused product can never impact the question of whether or not a defendant is liable for counterfeiting. Rather, the point is that visual similarity of the product is not a necessary element in every case of counterfeiting. If, for example, the famous stylized NIKE logo is stitched on a shoe that does not look like any existing Nike shoe, consumers might still think that it is a new Nike product.

<sup>42</sup> 15 U.S.C. § 1114(1)(a); 18 U.S.C. § 2320(f)(1)(iv).

(or “origin”) of the goods.<sup>43</sup> So, for the purposes of counterfeiting, the relevant question is “who *produced* this product?” not “who came up with this product design or concept?”<sup>44</sup>

Thus, “counterfeiting,” as properly understood in the context of U.S. IP law, “is the act of putting someone else’s exact [registered] trademark on products that were not produced or authorized by the trademark holder.”<sup>45</sup> Defined in this manner, counterfeiting has been aptly described as “a uniquely pernicious form of trademark infringement.”<sup>46</sup> It is arguably the worst form of IP infringement. Consumers should be able to rely on registered trademarks to tell them what they are buying.<sup>47</sup> If they take a pill labeled *TYLENOL*, they should be able to trust that they are taking the same medicine they’ve previously purchased under that name, not a different drug — or something even more dangerous, like rat poison. The idea that relying on a medicine label could be dangerous (or even fatal) is terrifying. This is what gives the counterfeit narrative so much rhetorical power.<sup>48</sup>

<sup>43</sup> See *Arcona, Inc. v. Pharmacy Beauty, LLC*, 976 F.3d 1074, 1079 (9th Cir. 2020) (“Section 1114 was ‘intended to protect consumers against deceptive designations of the origin of goods, not just to prevent the duplication of trademark.’” (quoting *Westinghouse Elec. Corp. v. Gen. Cir. Breaker & Elec. Supply Inc.*, 106 F.3d 894, 899 (9th Cir. 1997))).

<sup>44</sup> See *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 31 (2003) (“We think the most natural understanding of the ‘origin’ of ‘goods’ — the source of wares — is the producer of the tangible product sold in the marketplace . . .”). As will be discussed below, this is very different from the “deception” standard used in the design patent infringement test. See *infra* section I.B, pp. 480–86.

<sup>45</sup> Ann Bartow, *Counterfeits, Copying and Class*, 48 HOUS. L. REV. 707, 739 (2011) (citing 15 U.S.C. §§ 1114(1), 1127 (2006); 18 U.S.C. § 2320(e)(1) (2006)).

<sup>46</sup> S. REP. NO. 98-526, at 2 (1984), *reprinted in* 1984 U.S.C.A.N. 3627, 3628; see also *Arcona*, 976 F.3d at 1079 (“[A] counterfeit claim is . . . ‘the ‘hard core’ or ‘[f]irst degree’ of trademark infringement’ . . .” (quoting *Gibson Brands, Inc. v. John Hornby Skewes & Co.*, No. 2:14-cv-00609, 2016 WL 7479317, at \*5 (C.D. Cal. Dec. 29, 2016))).

<sup>47</sup> Cf. Rebecca Tushnet, *Gone in Sixty Milliseconds: Trademark Law and Cognitive Science*, 86 TEX. L. REV. 507, 517 (2008) (noting that “[t]he currently dominant explanation [of why trademark infringement is harmful] uses the language of economics: confusion about source or sponsorship harms producers by decreasing their incentives to invest in consistent quality and harms consumers by deceiving them into buying unwanted and inferior products”). There is another major normative theory of trademarks — producer reward. See Alexandra J. Roberts, *Mark Talk*, 39 CARDOZO ARTS & ENT. L.J. 1001, 1007 (2021) (“Trademark law is said to have two main goals — consumer protection and producer reward.”). Under this theory, counterfeiting is uniquely harmful because the counterfeiter directly appropriates the value the producer has built up in the mark. See *id.* at 1008.

<sup>48</sup> See Osei-Tutu, *supra* note 9, at 769 (“The suggestion that increased enforcement of intellectual property rights benefits the public has been particularly compelling in the context of counterfeit medicines due to the intimation that there is some health and safety benefit to the public.” (citing EXEC. OFF. OF THE PRESIDENT, COUNTERFEIT PHARMACEUTICAL INTER-AGENCY WORKING GROUP REPORT TO THE VICE PRESIDENT OF THE UNITED STATES AND TO CONGRESS 1 (2011), [https://trumpwhitehouse.archives.gov/sites/whitehouse.gov/files/omb/IPEC/Pharma\\_Report\\_Final.pdf](https://trumpwhitehouse.archives.gov/sites/whitehouse.gov/files/omb/IPEC/Pharma_Report_Final.pdf) [<https://perma.cc/AC9L-Z74G>])); *id.* at 771 (“Given the appeal of the counterfeit medicines narrative, pharmaceutical companies and other intellectual property-reliant industries, such as the music and film industries, promulgate the self-serving view that increased public enforcement of intellectual property rights has a salutary effect, not only for private companies, but for all of us.”).

### B. The U.S. Design Patent

In the United States, there are three types of patents — utility patents, plant patents, and design patents.<sup>49</sup> Design patents are available for “any new, original and ornamental design for an article of manufacture,” subject to the requirements of the Patent Act.<sup>50</sup> An “article of manufacture” is “a thing made by hand or machine.”<sup>51</sup> So design patents are available for qualifying designs for manufactured products, including packaging and component parts of larger products.<sup>52</sup> Compared to utility patents (the ones that protect technical innovations), design patents can be obtained quite easily, cheaply, and quickly.<sup>53</sup>

While the purpose of trademark law is to protect consumers and to reward those who produce quality goods and services,<sup>54</sup> the purpose of design patent law is to promote the decorative arts.<sup>55</sup> Given these different goals, it is not surprising that these regimes have very different tests for infringement.<sup>56</sup>

<sup>49</sup> 35 U.S.C. § 101 (utility patents); *id.* § 161 (plant patents); *id.* § 171 (design patents); *see also* U.S. DEP’T OF COM., U.S. PAT. & TRADEMARK OFF., MANUAL OF PATENT EXAMINING PROCEDURE § 201 (9th ed. rev. 07.2022, Feb. 2023) [hereinafter MPEP] (listing the three types of patents).

<sup>50</sup> 35 U.S.C. § 171(a). For more on these requirements, *see* Sarah Burstein, *Is Design Patent Examination Too Lax?*, 33 BERKELEY TECH. L.J. 607, 613–24 (2018) [hereinafter Burstein, *Lax*] (explaining the current tests for novelty, nonobviousness, and ornamentality); Sarah Burstein, *Uncreative Designs*, 73 DUKE L.J. 1437, 1490 (2024) [hereinafter Burstein, *Uncreative*] (discussing the statutory requirement of originality).

<sup>51</sup> *Samsung Elecs. Co. v. Apple Inc.*, 137 S. Ct. 429, 435 (2016). For a critique of the Supreme Court’s interpretation, *see* Sarah Burstein, *The “Article of Manufacture” in 1887*, 32 BERKELEY TECH. L.J. 1, 83 (2017).

<sup>52</sup> *See, e.g.*, Product Packaging, U.S. Patent No. D941,680 (issued Jan. 25, 2022); Vehicle Windshield, U.S. Patent No. D992,475 (issued July 18, 2023). Importantly, the phrase “article of manufacture” is not a synonym for “useful article,” as the latter phrase is defined in the Copyright Act. *See* Burstein, *Uncreative*, *supra* note 50, at 1447–48 (“The Supreme Court has interpreted the phrase ‘article of manufacture’ to mean ‘simply a thing made by hand or machine.’ Notably, under this definition, an ‘article of manufacture’ is not a synonym for ‘useful article’ in the copyright sense.” (footnotes omitted)); *see also* 17 U.S.C. § 101 (“A ‘useful article’ is an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information. An article that is normally a part of a useful article is considered a ‘useful article.’”).

<sup>53</sup> *See* Sarah Burstein & Saurabh Vishnubhakat, *The Truth About Design Patents*, 71 AM. U. L. REV. 1221, 1265–71 (2022) (showing that design patent grant rate has been very high in recent years); Burstein, *Lax*, *supra* note 50, at 611 (arguing “that the U.S. Court of Appeals for the Federal Circuit has made it nearly impossible for the USPTO to reject any design patent claim — regardless of how ordinary, banal, or functional the claimed design might be”); Sarah Burstein, *Costly Designs*, 77 OHIO ST. L.J. 107, 124 (2016) (estimating that “a single design patent application costs approximately \$5,000”).

<sup>54</sup> *See* Roberts, *supra* note 47, at 1007.

<sup>55</sup> *Gorham Co. v. White*, 81 U.S. (14 Wall.) 511, 524 (1872). (“The acts of Congress which authorize the grant of patents for designs were plainly intended to give encouragement to the decorative arts.”).

<sup>56</sup> *See* Sarah Burstein, *The Patented Design*, 83 TENN. L. REV. 161, 177 (2015) (explaining that the design patent test “is one of visual similarity, not a test of actual deception or trademark-like likelihood of confusion”).

The test for trademark infringement, like the test for counterfeiting, focuses on consumer confusion in the marketplace.<sup>57</sup> It involves the consideration of multiple factors, such as the similarity of the marks (including similarities in sight, sound, and meaning), how and where the plaintiff's and defendant's products are sold, and how careful the relevant consumers are likely to be in making purchasing decisions.<sup>58</sup> In other words, the factfinder must look to how the relevant products are actually sold in the actual marketplace.

By contrast, the test for design patent infringement involves the consideration of only one factor — visual similarity.<sup>59</sup> A design patent is infringed if a “hypothetical ordinary observer who is conversant with the prior art”<sup>60</sup> would think that the accused product looks “the same” as the claimed design.<sup>61</sup> How similar must it look? According to the Supreme Court's decision in *Gorham Co. v. White*, it must look so similar that “an ordinary observer, giving such attention as a purchaser usually gives” would “purchase one supposing it to be the other.”<sup>62</sup> In other words — very similar.

These points are well-established in design patent law. However, those who aren't familiar with design patent law sometimes get confused about what the “ordinary observer” standard means and how it should be applied. Therefore, this section will explain what the *Gorham* language means and how it is applied today.

1. *Confusion over Gorham*. — In *Gorham*, the Supreme Court held:

[I]f, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other.<sup>63</sup>

To readers who are familiar with contemporary trademark law, this may sound like the Supreme Court set forth a test of consumer confusion.<sup>64</sup>

<sup>57</sup> See 15 U.S.C. §§ 1114(1)(a), 1125(a).

<sup>58</sup> See MCCARTHY, *supra* note 4, § 23:19 (explaining “foundational factors” as described in the Restatement); see also *id.* §§ 24:31–43 (laying out the specific tests used by each circuit).

<sup>59</sup> *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 678 (Fed. Cir. 2008) (en banc).

<sup>60</sup> *Id.*

<sup>61</sup> *Id.* at 672; see also *id.* at 681 (“The question before this court under the standard we have set forth above is whether an ordinary observer, familiar with the prior art . . . designs, would be deceived into believing the Swisa buffer is *the same* as the patented buffer.” (emphasis added)).

<sup>62</sup> *Gorham Co. v. White*, 81 U.S. (14 Wall.) 511, 528 (1872).

<sup>63</sup> *Id.*

<sup>64</sup> To readers who are familiar with contemporary copyright law, this formulation may sound like the contemporary “substantial similarity” standard for copyright infringement. But the tests are not the same. See Sarah Burstein, *How Design Patent Law Lost Its Shape*, 41 CARDOZO L. REV. 555, 564 (2019) [hereinafter Burstein, *Lost Its Shape*]. It does appear, however, that copyright law may have borrowed the phrase “substantial similarity” from design patent law. See, e.g., *Arnstein v. Porter*, 154 F.2d 464, 473 (2d Cir. 1946) (citing, inter alia, *Gorham*, 81 U.S. (14 Wall.) at 528 in support of the statement of the copyright infringement standard); *Falk v. Donaldson*, 57 F. 32, 35 (C.C.S.D.N.Y. 1893) (same). The author thanks Bruce Boyden for this insight and these citations.

It did not. When read in context, it is clear that *Gorham* sets forth a test of visual similarity, not a test of actual or likely consumer confusion.<sup>65</sup>

Before it made this statement of its holding, the Court had already decided that design patent infringement was a matter of visual similarity. The Court started its analysis by noting that “[t]he sole question” in *Gorham* was “one of fact. Has there been an infringement? Are the designs used by the defendant substantially the same as that owned by the complainants?”<sup>66</sup> To answer that question, the Court first had to decide what it meant for two designs to be substantially the same. The Court decided that “the true test of identity of design . . . must be *sameness of appearance*.”<sup>67</sup> Having decided that “identity of appearance, or . . . sameness of effect upon the eye, is the main test of substantial identity of design,”<sup>68</sup> the Court went on to consider whether this visual similarity should be judged from the perspective of an expert or the perspective of an ordinary observer.<sup>69</sup> The Court picked the latter, again emphasizing that the test it was creating was a test of visual similarity.<sup>70</sup>

It was in this context that the Court held:

[I]f, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other.<sup>71</sup>

To attorneys trained in contemporary trademark law, this sounds like a consumer confusion test. But the aforementioned context is important. And, in applying its new test, the Court conducted a visual comparison.<sup>72</sup> It did not inquire into how the products were sold in the market,

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Copyright protection is also more limited than design patent protection in that it does require copying, does require minimal creativity, and has exceptions (such as fair use) that are absent in design patent law. Burstein, *Uncreative*, *supra* note 50, at 1445–46, 1452.

<sup>65</sup> At least not in the sense that we use the phrase “consumer confusion” in contemporary trademark law. See Burstein, *supra* note 56, at 177.

<sup>66</sup> *Gorham*, 81 U.S. (14 Wall.) at 524.

<sup>67</sup> *Id.* at 526 (emphasis added).

<sup>68</sup> *Id.* at 527 (citation omitted) (citing *M’Crea v. Holdsworth* [1871] 6 Ch App. 418 (Eng.)).

<sup>69</sup> *Id.* (“If, then, identity of appearance, or . . . sameness of effect upon the eye, is the main test of substantial identity of design, the only remaining question upon this part of the case is, whether it is essential that *the appearance should be the same* to the eye of an expert. The court below was of opinion that the test of a patent for a design is not the eye of an ordinary observer.” (emphasis added) (citation omitted) (citing *M’Crea v. Holdsworth* [1871] 6 Ch App. 418 (Eng.))).

<sup>70</sup> *Id.* at 527–28 (rejecting the view that the perspective should be that of an expert because “[t]here never could be piracy of a patented design, for human ingenuity has never yet produced a design, in all its details, exactly like another, so like, that an expert could not distinguish them. No counterfeit bank note is so identical in appearance with the true that an experienced artist cannot discern a difference. It is said an engraver distinguishes impressions made by the same plate. Experts, therefore, are not the persons to be deceived”).

<sup>71</sup> *Id.* at 528.

<sup>72</sup> *Id.* at 529 (“Comparing the figure or outline of the plaintiffs’ design with that of the White design of 1867, it is apparent there is no substantial difference.” (emphasis added)); see also *id.* at 530–31 (talking at even greater length about the appearances).

the channels of trade, the distinctiveness of the claimed design, whether there was actual confusion, or other factors that go into the contemporary trademark “likelihood of confusion” inquiry.<sup>73</sup> Instead, the Court stated:

[W]hatever differences there may be between the plaintiffs’ design and those of the defendant in details of ornament, they are still the *same in general appearance and effect, so much alike* that in the market and with purchasers they would pass for the same thing — *so much alike* that even persons in the trade would be in danger of being deceived.<sup>74</sup>

This passage emphasizes yet again that the test is not whether the ordinary observer is confused (or deceived) in the trademark sense, but whether the designs are “the same in general appearance and effect.”<sup>75</sup> But what does it mean to be “the same”? How similar do the designs need to be? So similar that an observer “would be in danger of being deceived.”<sup>76</sup> In other words, the “deception” standard is not a measure of the actual or likely conditions in a marketplace but a measure of the requisite level of visual similarity.

To understand the *Gorham* standard, it’s also important to note that, while U.S. trademark rights are based on use of the mark in commerce,<sup>77</sup> design patents have never been subject to a working requirement.<sup>78</sup> While a trademark owner must participate in the marketplace in order to maintain its rights,<sup>79</sup> a design patent owner does not have to make, sell, or license any product at all.<sup>80</sup> If a design patent owner does not have to participate in the marketplace, the test for infringement cannot depend on marketplace confusion or substitution.<sup>81</sup>

<sup>73</sup> Compare *id.*, with sources cited *supra* note 58 (discussing those factors).

<sup>74</sup> *Gorham*, 81 U.S. (14 Wall.) at 531 (emphases added).

<sup>75</sup> *Id.*

<sup>76</sup> *Id.*

<sup>77</sup> See 2 MCCARTHY, *supra* note 4, § 16:18 (“[I]t is use in the marketplace, not federal registration, that creates a legally enforceable ‘trademark’ . . .”).

<sup>78</sup> “A working requirement is a provision of a national patent statute that states that an owner of a patent must practice his or her patented invention (i.e., to manufacture or import the invention) within the country that granted the patent.” Marketa Trimble, *Patent Working Requirements: Historical and Comparative Perspectives*, 6 U.C. IRVINE L. REV. 483, 484 (2016) (noting that “[a] patent working requirement . . . is a component of many, though not all, national patent systems”). The United States “never required that U.S. nationals work their patents, but for a short period of time from 1832 to 1836 the U.S. Patent Act did include a working requirement for patent owners who were foreigners.” *Id.* at 488; see also *Cont’l Paper Bag Co. v. E. Paper Bag Co.*, 210 U.S. 405, 429 (1908). The first design patent act was passed in 1842. Act of Aug. 29, 1842, ch. 263, § 3, 5 Stat. 543, 543–44.

<sup>79</sup> See 2 MCCARTHY, *supra* note 4, § 16:18.

<sup>80</sup> Trimble, *supra* note 78, at 489.

<sup>81</sup> Indeed, actual marketplace conditions must sometimes be ignored in analyzing design patent infringement. See, e.g., *Arminak & Assocs., Inc. v. Saint-Gobain Calmar, Inc.*, 501 F.3d 1314, 1324 (Fed. Cir. 2007) (“Under our case law, the ordinary observer test requires, as the district court recognized, the comparing of the accused and patented designs from all views included in the design patent, not simply those views a retail customer seeking to buy would likely see when viewing the

Indeed, the U.S. Court of Appeals for the Federal Circuit, which has exclusive appellate jurisdiction over cases involving design patent claims,<sup>82</sup> reads *Gorham* as setting forth a test of visual similarity. As the court has noted: “Likelihood of confusion as to the source of the goods is not a necessary or appropriate factor for determining infringement of a design patent.”<sup>83</sup> In its en banc decision in *Egyptian Goddess, Inc. v. Swisa, Inc.*,<sup>84</sup> where the court reaffirmed that “the [*Gorham*] ‘ordinary observer’ test should be the sole test for determining whether a design patent has been infringed,”<sup>85</sup> the court restated that test as follows: “[I]nfractionment will not be found unless the accused article ‘embod[ies] the patented design or any colorable imitation thereof.’”<sup>86</sup> In other words, the accused product must *look* the same as the patented design.<sup>87</sup>

2. *The Goddess Test.* — In *Egyptian Goddess v. Swisa*, the Federal Circuit set forth a two-part framework for analyzing design patent infringement:

In some instances, the claimed design and the accused design will be sufficiently distinct that it will be clear without more that the patentee has not met its burden of proving the two designs would appear “substantially the same” to the ordinary observer, as required by *Gorham*. In other instances, when the claimed and accused designs are not plainly dissimilar, resolution of the question whether the ordinary observer would consider the two designs to be substantially the same will benefit from a comparison of the claimed and accused designs with the prior art . . .<sup>88</sup>

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product at the point of sale.” (citing *Contessa Food Prods., Inc. v. Conagra, Inc.*, 282 F.3d 1370, 1379 (Fed. Cir.2002))), *abrogated on other grounds*, *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 678 (Fed. Cir. 2008); *Lanard Toys Ltd. v. Dolgencorp LLC*, 958 F.3d 1337, 1341 (Fed. Cir. 2020) (“The infringement analysis must compare the accused product to the patented design, not to a commercial embodiment.”) (citing *Payless Shoesource, Inc. v. Reebok Int’l, Ltd.*, 998 F.2d 985, 990 (Fed. Cir. 1993); *High Point Design LLC v. Buyer’s Direct, Inc.*, 621 F. App’x 632, 642 (Fed. Cir. 2015))).

<sup>82</sup> See 28 U.S.C. § 1295(a).

<sup>83</sup> *Unette Corp. v. Unit Pack Co.*, 785 F.2d 1026, 1029 (Fed. Cir. 1986); *see also* *Braun Inc. v. Dynamics Corp. of Am.*, 975 F.2d 815, 828 (Fed. Cir. 1992) (noting that “purchasers’ likelihood of confusion as to the source of a good is a necessary factor for determining trademark and trade dress infringement” but emphasizing that “a different quantum of proof applies to design patent infringement, which does not concern itself with the broad issue of consumer behavior in the marketplace” (citing *Coach Leatherware Co. v. AnnTaylor, Inc.*, 933 F.2d 162, 168 (2d Cir. 1991); *Unette*, 785 F.2d at 1029)); *Apple Inc. v. Samsung Elecs. Co.*, 786 F.3d 983, 1000 (Fed. Cir. 2015) (upholding a jury instruction that said, in relevant part: “You do not need, however, to find that any purchasers actually were deceived or confused by the appearance of the accused Samsung products” (emphasis omitted)), *rev’d and remanded on other grounds*, 137 S. Ct. 429, 432 (2016).

<sup>84</sup> 543 F.3d 665 (Fed. Cir. 2008).

<sup>85</sup> *Id.* at 678.

<sup>86</sup> *Id.* (second alteration in original) (quoting *Goodyear Tire & Rubber Co. v. Hercules Tire & Rubber Co.*, 162 F.3d 1113, 1117 (Fed. Cir. 1998)).

<sup>87</sup> *See id.* at 682 (concluding, based on a visual analysis, that there was no infringement).

<sup>88</sup> *Id.* at 678. Note that the *Goddess* test is the sole test for design patent infringement. There is no separate doctrine of equivalents. *See* *Minka Lighting, Inc. v. Craftmade Int’l, Inc.*, 93 F. App’x 214, 217 (Fed. Cir. 2004) (“The . . . test by its nature subsumes a doctrine of equivalents analysis.”) (citing *Lee v. Dayton-Hudson Corp.*, 838 F.2d 1186, 1189–90 (Fed. Cir. 1988)).

So, at *Goddess* step one, “the claimed design and the accused design must be compared. If the designs don’t look the same, when considered in a vacuum, there is no infringement as a matter of law.”<sup>89</sup> If the designs are “not plainly dissimilar,”<sup>90</sup> the factfinder can move onto *Goddess* step two, where “the prior art may be used to narrow the presumptive scope of the patent.”<sup>91</sup> Importantly, if the inquiry reaches step two, the prior art can only be used to narrow the presumptive scope of a design patent — not to broaden it.<sup>92</sup> It is the accused infringer’s burden to produce examples of any narrowing prior art.<sup>93</sup> Therefore, “step two requires an informed and motivated defendant to work well.”<sup>94</sup>

The level of visual similarity required to support a finding of design patent infringement is high.<sup>95</sup> But that does not mean that an infringer’s entire product must look like a product made or sold by the patent owner. As noted above, there might not be any such product because a design patent owner need not make or sell any products at all.<sup>96</sup> And a design patent claim need not cover the entire design of a product.<sup>97</sup>

<sup>89</sup> Sarah Burstein, *Intelligent Design & Egyptian Goddess: A Response to Professors Buccafusco, Lemley & Masur*, 68 DUKE L.J. ONLINE 94, 98 (2019) (footnotes omitted) (noting that “[w]e might think of this step as setting forth the ‘presumptive scope’ of a design patent”).

<sup>90</sup> *Id.* (quoting *Goddess*, 543 F.3d at 678).

<sup>91</sup> *Id.*

<sup>92</sup> See *Goddess*, 543 F.3d at 678 (explaining the role of the prior art); *Ethicon Endo-Surgery, Inc. v. Covidien, Inc.*, 796 F.3d 1312, 1337 (Fed. Cir. 2015) (rejecting a patent owner’s attempt to use the prior art to broaden the scope of its patent); see also Burstein, *Lax*, *supra* note 50, at 612 (“[T]he prior art does not have to be considered by the factfinder in every case. The use of the prior art in the design patent infringement analysis is a one-way ratchet — it can be used to narrow the presumptive scope of a claim but cannot be used to broaden it.”); Sarah Burstein, *We Need to Talk About the NDILs Schedule-A Cases*, PATENTLY-O (Oct. 30, 2022), <https://patentlyo.com/patent/2022/10/guest-post-about.html> [<https://perma.cc/7MVP-FYPL>] (“[T]he expert appears to have relied on a theory — never adopted by, and in fact, specifically rejected by the Federal Circuit — that posits that a design patent may be entitled to a broader scope if it is ‘far from’ the prior art. That’s not how design patent infringement works.”). Some have suggested that the test is whether the accused design looks: (1) more like the claimed design; (2) or more like the closest prior art. See, e.g., David Leason, *Design Patent Protection for Animated Computer-Generated Icons*, 91 J. PAT. & TRADEMARK OFF. SOC’Y 580, 592 (2009). That is incorrect. At all steps in the *Goddess* analysis the ultimate question remains the same: Does the accused product look the same as the patented design?

<sup>93</sup> *Goddess*, 543 F.3d at 678.

<sup>94</sup> Sarah Burstein, *Against the Design-Seizure Bill*, PATENTLY-O (Jan. 3, 2020), <https://patentlyo.com/patent/2020/01/against-design-seizure.html> [<https://perma.cc/E9MT-ZUAC>].

<sup>95</sup> For some visual examples of how the Federal Circuit has applied the “plainly dissimilar” standard, see Burstein, *supra* note 89, at 99–102.

<sup>96</sup> See *supra* note 78.

<sup>97</sup> For more on this point, see *infra* notes 209–13 and accompanying text. And technically, design patents are only available for designs for “articles of manufacture,” not for all “products.” Compare *Samsung Elecs. Co. v. Apple Inc.*, 137 S. Ct. 429, 435 (2016) (“An article of manufacture . . . is simply a thing made by hand or machine.”), with *KARL T. ULRICH & STEVEN D. EPPINGER, PRODUCT DESIGN AND DEVELOPMENT 2* (5th ed. 2011) (defining the term “product” as “something sold by an enterprise to its customers”). For more on the history and interpretation of this term of art, see generally Burstein, *supra* note 51.



A design patent applicant can “claim any ‘visual characteristic[] embodied in or applied to an article’ as a separate ‘design.’”<sup>98</sup> This will be discussed in more detail below.<sup>99</sup> Importantly, a design patent covers only the actual shape or surface design shown in the drawings; it does not cover the larger product idea or concept.<sup>100</sup>

### C. *The (Limited) Overlap*

Design patents and trademarks are different legal regimes with different purposes.<sup>101</sup> But there are two areas where the subject matter of design patents and trademark — that is, the things that can be protected by each regime — currently overlap. First, as noted above, product and packaging designs, or “trade dress,” can now be registered as trademarks.<sup>102</sup> That was not always the case.<sup>103</sup> This extension of trademark law has been critiqued by scholars.<sup>104</sup> Nonetheless, and at least for the time being, packaging and product designs can be protected both by design patents and by trademarks.<sup>105</sup> Second, it is possible for a design

<sup>98</sup> Burstein, *Lost Its Shape*, *supra* note 64, at 556 (alteration in original) (quoting U.S. PATENT & TRADEMARK OFFICE, MANUAL OF PATENT EXAMINING PROCEDURE § 1502 (9th ed. rev. 08.2017, Jan. 2018)). This “anything goes” claiming regime, *id.* at 556, can be traced back to “a flawed decision built on poor logic, mis-framed issues, and ipse dixit,” *id.* at 557 (referring to *In re Zahn*, 617 F.2d 261, 268 (C.C.P.A. 1980)). For a theory of how to better conceptualize a patentable design, see generally Sarah Burstein, *Whole Designs*, 92 U. COLO. L. REV. 181 (2021) [hereinafter Burstein, *Whole*].

<sup>99</sup> See *infra* section III.A.2.a.i, pp. 503–07.

<sup>100</sup> *Ethicon Endo-Surgery, Inc. v. Covidien, Inc.*, 796 F.3d 1312, 1332 (Fed. Cir. 2015) (“Ethicon’s Design Patents cover only the specific ornamental conceptions of the features shown in their figures, and not the general concepts of an open trigger, a rounded button, and a fluted torque knob oriented in some configuration as part of an ultrasonic surgical device.”); see also Burstein, *supra* note 89, at 111 n.67 (“Coleman appears to have been laboring under what I’ve referred to as ‘the concept fallacy’ in design patent litigation — *i.e.*, the mistaken belief that design patents protect general concepts, as opposed to just the claimed designs.” (quoting Sarah Burstein, *Design Law*, TUMBLR (July 2, 2014), <http://design-law.tumblr.com/post/90571053836/does-this-reflector-for-use-in-golfing-fine> [https://perma.cc/8P7Y-KJWS])).

<sup>101</sup> See *Auto. Body Parts Ass’n v. Ford Glob. Techs., LLC*, 930 F.3d 1314, 1320 (Fed. Cir. 2019) (“Trademarks and design patents serve different purposes . . .”).

<sup>102</sup> See *supra* notes 34–35 and accompanying text.

<sup>103</sup> See Mark A. Lemley & Mark P. McKenna, *Trademark Spaces and Trademark Law’s Secret Step Zero*, 75 STAN. L. REV. 1, 4 (2023) (“Trademark law was created with words and logos in mind, but it has more recently expanded to include other kinds of designs — particularly those courts generally refer to as ‘trade dress.’” (quoting *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 209 (2000))).

<sup>104</sup> See, e.g., Glynn S. Lunney, Jr., *The Trade Dress Emperor’s New Clothes: Why Trade Dress Does Not Belong on the Principal Register*, 51 HASTINGS L.J. 1131, 1134 (2000) (arguing that “[a]ny legitimate and serious reading of the Trademark Act of 1946 and its accompanying legislative history will reveal that Congress intended to exclude trade dress from the principal register and relegate it exclusively to the supplemental register”); Caitlin Canahai & Mark P. McKenna, *The Case Against Product Configuration Trade Dress*, in RESEARCH HANDBOOK ON TRADEMARK LAW REFORM 137, 140 (Graeme B. Dinwoodie & Mark D. Janis eds., 2021) (arguing that “the inclusion of product configuration trade dress as trademark subject matter was a mistake”).

<sup>105</sup> The area of subject matter overlap, however, could and should be smaller. See Burstein, *Whole*, *supra* note 98, at 246.

patent applicant to claim a logo or stylized mark in certain circumstances — not as a logo or mark per se but as part of a surface design or graphical user interface.<sup>106</sup> Therefore, in some cases, a design patent may claim subject matter that is also protected (or protectable) by trademark law.

## II. THE COUNTERFEIT NARRATIVE IN DESIGN PATENT LAW & POLICY

In recent years, counterfeit rhetoric has been used in discussions about design patents in Congress, in the courts, and elsewhere in the design patent community. This section will provide some examples of how counterfeit rhetoric has been used in these contexts.

### A. In Congress

In December 2019, four senators introduced a bill that would have allowed U.S. Customs and Border Protection (CBP) to seize products that infringe design patents at the border.<sup>107</sup> The bill was called the “Counterfeit Goods Seizure Act of 2019.”<sup>108</sup> But, as one reporter noted, there was a mismatch between the bill’s title and its substance:

The bill’s title, which references counterfeiting, and substance, which allows customs to enforce design patents, might seem confusing to some. Design patent infringement and counterfeiting are not the same concepts and not all items that infringe a design patent are counterfeit. Additionally, brands can be victims of counterfeiting, even if they don’t own any design patents.<sup>109</sup>

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<sup>106</sup> See, e.g., Brassiere, U.S. Patent No. D823,575 (issued July 24, 2018) (claiming a logo as a “design for a brassiere”). Note that in this example, the applicant could have used solid lines to claim the stylized word mark instead of — or in addition to — the logo. See also Display Screen or Portion Thereof with a Graphical User Interface, U.S. Patent No. D981,450 (issued Mar. 21, 2023) (claiming, essentially, just the Meta logo); Burstein, *supra* note 56, at 204 (explaining how the USPTO’s rules for claiming “computer-generated icons” allow applicants to claim an element of a larger surface design simply drawing a dotted line around it (quoting MPEP, *supra* note 49, § 1504.01(a))). This is a descriptive point only; the question of whether applicants should be able to use design patents to protect logos and stylized word marks is beyond the scope of this Article.

<sup>107</sup> See S. 2987, 116th Cong. (2019); see also Press Release, Sen. Thom Tillis, Tillis, Coons, Cassidy & Hirono Introduce Bipartisan Legislation to Seize Counterfeit Products and Protect American Consumers and Businesses (Dec. 5, 2019), <https://www.tillis.senate.gov/2019/12/tillis-coons-cassidy-hirono-introduce-bipartisan-legislation-to-seize-counterfeit-products-and-protect-american-consumers-and-businesses> [<https://perma.cc/J9QF-MLQZ>] [hereinafter Seizure Press Release]. For an explanation of why this would be a bad policy, see Burstein, *supra* note 94. Proponents of these types of bills sometimes argue they will help small businesses. But as Leah Chan Grinvald has persuasively argued, these types of border-seizure measures are more likely to hurt small businesses than to help them. See Leah Chan Grinvald, *Resolving the IP Disconnect for Small Businesses*, 95 MARQ. L. REV. 1491, 1496, 1521–22 (2012).

<sup>108</sup> S. 2987 § 1.

<sup>109</sup> Rani Mehta, *Lawyers React to US Plans to Strengthen Design Patent Enforcement*, MANAGING IP (Jan. 14, 2020), <https://www.managingip.com/article/2a5bqo2drurt0bwow9hfv/lawyers-react-to-us-plans-to-strengthen-design-patent-enforcement> [<https://perma.cc/H9L9-TEGH>].

One of the bill's sponsors tried to link design patent infringement to counterfeiting as follows:

While Customs and Border Protection has the authority to seize products that infringe copyrights and trademarks at the border, it lacks this same authority for products that infringe a design patent. *Counterfeiters exploit this loophole* by importing counterfeit products separately from labels containing an infringing trademark, only attaching the label once the counterfeit product has cleared customs. The Counterfeit Goods Seizure Act of 2019 closes this loophole by giving CBP the authority to seize counterfeit products that infringe design patents at the border.<sup>110</sup>

But a definition is not a loophole. A product without an offending label falls outside the legal definition of a “counterfeit” — unless, of course, it “is identical with, or substantially indistinguishable from” a registered trade dress.<sup>111</sup> But CBP can already seize products that infringe a registered trade dress.<sup>112</sup>

Nonetheless, supporters of the bill picked up on the “counterfeits without labels” theme. One asserted that counterfeiters were trying to evade CBP enforcement not just by “omitting labels” during importation but also by “cover[ing] or obscur[ing] the trademark and later remov[ing] the cover or the obscuring element after the goods clear Customs in order to complete the counterfeiting process.”<sup>113</sup>

But even if counterfeit labels are sometimes added to or made visible on products after they are imported (then, and only then, making them “counterfeit goods”), the 2019 bill was not limited to — or even reasonably targeted at — such conduct. Instead, it would have empowered CBP to seize *any* “merchandise or packaging in which . . . design patent . . . protection violations are involved.”<sup>114</sup> If actual counterfeiting were the real concern, the bill would not need to be this broad. And even if the bill's drafters meant to target counterfeiting in the colloquial sense, it would still be too broad.<sup>115</sup>

The 2019 bill's sponsors also made vague allusions to unspecified “safety risks” of “counterfeit goods” in support of their bill, in an apparent attempt to link things like knockoff shoes with things like fake drugs

<sup>110</sup> See Seizure Press Release, *supra* note 107 (emphasis added) (quoting Sen. Mazie Hirono).

<sup>111</sup> See 15 U.S.C. § 1127 (defining “counterfeit”); *supra* notes 34–35 and accompanying text.

<sup>112</sup> 19 C.F.R. § 133.21 (2023).

<sup>113</sup> Elizabeth Ferrill, *New Bill Would Empower U.S. Customs to Enforce Design Patents at U.S. Border to Combat Imported Counterfeit Goods*, IPWATCHDOG (Dec. 6, 2019, 7:15 AM), <https://www.ipwatchdog.com/2019/12/06/new-bill-empower-us-customs-enforce-design-patents-us-border-combat-imported-counterfeit-goods/id=116821> [<https://perma.cc/42NT-PJPP>].

<sup>114</sup> S. 2987, 116th Cong. (2019); Dennis Crouch, *Counterfeit Goods Seizure Act of 2019*, PATENTLY-O (Dec. 5, 2019), <https://patentlyo.com/patent/2019/12/counterfeit-goods-seizure.html> [<https://perma.cc/S6ZH-GDDK>] (quoting the proposed statutory language).

<sup>115</sup> See *infra* section III.A.2, pp. 503–13.

in the minds of the public and their fellow legislators.<sup>116</sup> One of the sponsors suggested that the bill was necessary to prevent “[c]ounterfeit goods” from “lin[ing] the pockets of organized crime” but made no serious attempt to make any link between counterfeit goods — let alone organized crime — and design patent infringement.<sup>117</sup>

In its letter in support of the 2019 seizure bill, the International Trademark Association (INTA) averred that the bill would “help stem the flood of counterfeit goods entering the United States, and thus help protect consumers and U.S. brand owners alike.”<sup>118</sup> INTA quoted some statistics from its own study of “counterfeit and pirated goods” but made no attempt to define “counterfeit” or to explain how that data might be relevant to the issue of design patent infringement or enforcement.<sup>119</sup> This maneuver — we might call it the “pivot-to-stats maneuver” — appears to be a popular one.<sup>120</sup> Essentially, the speaker: (1) refers to “counterfeiting” in a design patent discussion; (2) cites some statistics from a study that uses the word “counterfeiting”; and (3) never explains how (or if) the source they cite for the statistics defines the word “counterfeiting.”<sup>121</sup> They jump straight to some scary-sounding statistics without any meaningful attempt to explain how or if those statistics might have anything to do with design patents.<sup>122</sup>

This lack of any serious effort to tie these statistics to design patent infringement would be bad enough even if the statistics seemed to be reliable. But there are reasons to question many of the studies and statistics that often get thrown around in discussions of “counterfeiting.”<sup>123</sup>

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<sup>116</sup> See Seizure Press Release, *supra* note 107 (quoting Sen. Chris Coons as saying that “[c]ounterfeit goods brought into the United States from overseas . . . pose serious safety risks” and Sen. Mazie Hirono as saying that “counterfeit products put the health and well-being of American consumers at risk”). This Article will use the word “knockoff” to refer to products that copy other products but that do not infringe any IP rights. Importantly, knockoffs are not counterfeits. See Julie Zerbo, *Protecting Fashion Designs: Not Only “What?” but “Who?”*, 6 AM. U. BUS. L. REV. 595, 601 n.30 (2017) (defining “knockoffs” as “unauthorized copies or imitations of a product” that “do not make use of legally protected intellectual property”).

<sup>117</sup> See Seizure Press Release, *supra* note 107 (quoting Sen. Chris Coons).

<sup>118</sup> Letter from Etienne Sanz de Acedo, Chief Exec. Officer, Int’l Trademark Ass’n, to Sen. Thom Tillis, Chairman, S. Judiciary Subcomm. on Intell. Prop. & Sen. Chris Coons, Ranking Member, S. Judiciary Subcomm. on Intell. Prop. (Nov. 20, 2019), <http://cdn.patentlyo.com/media/2019/12/Tillis-Coons-Design-Counterfeit-Seizure-Bill-11.20.19.pdf> [<https://perma.cc/T74J-LC6W>] [hereinafter INTA Letter].

<sup>119</sup> See *id.*

<sup>120</sup> See, e.g., *infra* notes 138–40 and accompanying text.

<sup>121</sup> See, e.g., INTA Letter, *supra* note 118.

<sup>122</sup> See *id.*

<sup>123</sup> See, e.g., Kenneth L. Port, *A Case Against the ACTA*, 33 CARDOZO L. REV. 1131, 1135–36 (2012) (“In the U.S. government and public media, the hyperbole regarding the negative effects of imitative commodities has become replete. . . . These numbers are suspicious. The claimants of these massive, fuzzy numbers make inaccurate assumptions about purchasing patterns. . . . [T]his fuzzy math and these fuzzy motivations are used to convince people that any amount of imitative commodities is bad, and that the public governments around the world need to enforce private

Finally, it is worth noting that design patent owners are not currently without any border-enforcement remedies. They can file complaints with the U.S. International Trade Commission (ITC).<sup>124</sup> The ITC has the power to enter blocking orders (enforced by CBP at the borders) against products that infringe design patents.<sup>125</sup> But bringing an ITC action isn't free. And it takes time. So the debate over the 2019 bill wasn't about whether design patent owners should be able to get border enforcement. It was about whether design patent owners should be able to get quicker border enforcement — paid by taxpayers.

### *B. In Enforcement Actions*

Counterfeit rhetoric also appears in design patent enforcement actions. This section will provide some examples of how counterfeit rhetoric has been used in the federal courts.<sup>126</sup>

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intellectual property rights.”); *see also id.* at 1169 (“Although there seems to be some connection between terrorism and the manufacture of imitative commodities, the significance of that connection is as overstated as the raw data of imitative commodities.”); *id.* at 1170 (“Commentators conclude that all imitative commodities in the world support terrorism, or more specifically, that buying an imitative commodity is supporting Al Qaeda. There is no real evidence that this is true.”); Joe Karaganis, *Rethinking Piracy, in* MEDIA PIRACY IN EMERGING ECONOMIES 1, 37–38 (Joe Karaganis ed., 2011), <https://www.ssrc.org/publications/media-piracy-in-emerging-economies> [<https://perma.cc/4Z5U-B5MM>] (“Claims of connections between media piracy and narcotrafficking, arms smuggling, and other ‘hard’ forms of organized crime have been part of enforcement discourse since the late 1990s . . . . But we found no evidence of systematic links between media piracy and more serious forms of organized crime, much less terrorism, in any of our country studies.”); Mike Masnick, *Hey NY Times: Can You Back Up the Claim of \$200 Billion Lost to Counterfeiting?*, TECHDIRT (Aug. 2, 2010, 9:53 AM), <https://www.techdirt.com/2010/08/02/hey-ny-times-can-you-back-up-the-claim-of-200-billion-lost-to-counterfeiting> [<https://perma.cc/W3TR-B6FP>] (“Stephanie Clifford, reporter for the NY Times, can you give any evidence whatsoever to support the claim that you made in your article this past weekend that counterfeiting ‘costs American businesses an estimated \$200 billion a year?’ I don’t think that Clifford can, because that number has been thoroughly debunked time and time again. . . . [B]ack in 2008, Julian Sanchez famously went to hunt down the origins of the claim, and found that it was always totally made up.” (emphasis omitted) (quoting Stephanie Clifford, *Economic Indicator: Even Cheaper Knockoffs*, N.Y. TIMES (July 31, 2010), [https://www.nytimes.com/2010/08/01/business/economy/01knockoff.html?\\_r=2](https://www.nytimes.com/2010/08/01/business/economy/01knockoff.html?_r=2) [<https://perma.cc/QUY7-L4TB>])); Julian Sanchez, *750,000 Lost Jobs? The Dodgy Digits Behind the War on Piracy*, ARS TECHNICA (Oct. 7, 2008, 11:30 PM), <https://arstechnica.com/tech-policy/2008/10/dodgy-digits-behind-the-war-on-piracy> [<https://perma.cc/UXU6-R648>] (“If you pay any attention to the endless debates over intellectual property policy in the United States, you’ll hear two numbers invoked over and over again, like the stuttering chorus of some Philip Glass opera: 750,000 and \$200 to \$250 billion. The first is the number of U.S. jobs supposedly lost to intellectual property theft; the second is the annual dollar cost of IP infringement to the U.S. economy. These statistics are brandished like a talisman each time Congress is asked to step up enforcement to protect the ever-beleaguered U.S. content industry. And both, as far as an extended investigation by Ars Technica has been able to determine, are utterly bogus.”).

<sup>124</sup> Burstein & Vishnubhakat, *supra* note 53, at 1264–65.

<sup>125</sup> *Id.*

<sup>126</sup> Counterfeit rhetoric is not limited just to enforcement in the federal courts. Skull Shaver, LLC also made use of counterfeit rhetoric in a recent design patent complaint it filed in the ITC. Complaint, *In re Certain Elec. Shavers*, Inv. No. 337-TA-1230 (USITC Oct. 13, 2020) (terminated).

1. *Samsung v. Apple*. — Counterfeit rhetoric was used by several of the amici in *Samsung Electronics Co. v. Apple Inc.*<sup>127</sup> In that case, Apple accused Samsung of utility patent, design patent, and trademark infringement — but not counterfeiting.<sup>128</sup> Following the blockbuster verdict,<sup>129</sup> one issue on appeal was how to interpret 35 U.S.C. § 289, which sets forth a special “total profit” remedy for certain acts of design patent infringement.<sup>130</sup> The Federal Circuit concluded that § 289 entitles a design patent owner to the total profits of “the entire infringing product,” no matter the scope of the infringed patent.<sup>131</sup>

While the case was on appeal at the Federal Circuit, a group of design educators submitted an amicus brief in support of Apple.<sup>132</sup> They argued that “strong protections for design patents and effective remedies for infringement are an indispensable tool for combatting *illicit counterfeiting* that injures the public welfare and robs industrial designers of the value of their work.”<sup>133</sup> They asserted that “[c]ounterfeit goods can pose real health and safety concerns,” raising the specter of “counterfeit

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In that case, Skull Shaver alleged utility and design patent infringement and referred to at least some of the accused products as “counterfeit electric shavers,” even when the accompanying photographs showed no use of anything that might qualify as a counterfeit mark. *Id.* ¶¶ 50–55, 107. And many of the accused products looked so markedly different from Skull Shaver’s own product as to preclude any reasonable assertion of colloquial counterfeiting — let alone strong claims for design patent infringement. *See id.* at Exhibits 6A, 6B (disclosing accused products that differed from the claimed shape in ways that are not visually immaterial, including differences in the shape and proportions of the handle).

<sup>127</sup> 137 S. Ct. 429 (2016). For more on the background of this case and the issues appealed to the Supreme Court, see Burstein, *supra* note 51, at 16–25; Sarah Burstein, *The “Article of Manufacture” Today*, 31 HARV. J.L. & TECH. 781, 791–93 (2018).

<sup>128</sup> *See* Complaint, *Apple Inc. v. Samsung Elecs. Co.*, No. 5:11-cv-01846 (N.D. Cal. Apr. 15, 2011), ECF 1 (not alleging counterfeiting); Amended Complaint, *Apple*, No. 5:11-cv-01846 (N.D. Cal. June 16, 2011), ECF 75 (same). Apple did state a claim for registered trade dress infringement. *See* Complaint, *supra*, at 28; Amended Complaint, *supra*, at 41. However, the Federal Circuit concluded that the claimed trade dresses were “functional and therefore not protectable.” *Apple Inc. v. Samsung Elecs. Co.*, 786 F.3d 983, 994–96 (Fed. Cir. 2015), *rev’d and remanded*, 137 S. Ct. 429 (2016). This issue was not before the Supreme Court, which granted certiorari on only a single issue of design patent law. *See* *Samsung Elecs. Co. v. Apple Inc.*, 136 S. Ct. 1453 (2016) (mem.) (“Petition for writ of certiorari to the United States Court of Appeals for the Federal Circuit granted limited to Question 2 presented by the petition.”); Petition for a Writ of Certiorari at i, *Samsung*, 136 S. Ct. 1453 (No. 15-777), 2015 WL 10013702, at \*i (presenting, as Question 2, “Where a design patent is applied to only a component of a product, should an award of infringer’s profits be limited to those profits attributable to the component?”).

<sup>129</sup> *See* Amended Verdict Form ¶ 22, *Apple*, No. 5:11-cv-01846 (N.D. Cal. Aug. 24, 2012), ECF 1931 (awarding Apple over \$1 billion).

<sup>130</sup> *Apple*, 786 F.3d at 1001–02 (citing 35 U.S.C. § 289).

<sup>131</sup> *Id.* at 1002. In *Samsung*, the design patents that were found to be infringed covered various parts (but not the whole) of the Apple iPhone design. *See* Sarah Burstein, *The Apple v. Samsung Retrial: Breaking Down Apple’s Design Patent Claims*, COMPAR. PAT. REMEDIES (May 15, 2018), <http://comparativepatentremedies.blogspot.com/2018/05/the-apple-v-samsung-retrial-breaking.html> [<https://perma.cc/5QH6-8WVH>].

<sup>132</sup> Brief of 26 Design Educators as Amici Curiae in Support of Appellee Apple Inc., *Apple Inc. v. Samsung Elecs. Co.*, No. 14-01335 (Fed. Cir. Aug. 4, 2014), ECF 99 [hereinafter Design Educators’ Brief].

<sup>133</sup> *Id.* at 3 (emphasis added).

smartphone batteries” that “were recalled because they overheated, causing burn and fire hazards” but making no serious effort to logically or legally connect such risks with the act or concept of design patent infringement.<sup>134</sup>

When the case reached the Supreme Court, other amici took up the “counterfeiting” flag.<sup>135</sup> For example, a group of companies that purported to “represent a cross-section of American industry engaged in the manufacture and sale of a wide variety of consumer products”<sup>136</sup> repeatedly used the word “counterfeit” in their brief in a way that seemed to conflate counterfeiting with design patent infringement.<sup>137</sup> The American Intellectual Property Law Association (AIPLA) argued that the special design patent remedy was “an important weapon in the arsenal of design-patent holders in the fight against counterfeit articles of manufacture,”<sup>138</sup> asserting — without any citation or support — that “many of the run-of-the-mill design patent cases are about counterfeiting.”<sup>139</sup> It then rattled off some statistics about but made no attempt to tie those statistics to — or explain how they might be relevant to — the issue of design patent infringement.<sup>140</sup>

Apple also invoked some counterfeit rhetoric, asserting that if the Court overruled the Federal Circuit, it “would *empower counterfeiters* and producers of knock-offs, leading to reductions in investment in

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<sup>134</sup> *Id.* at 22–23 (citing *Asurion Recalls Counterfeit BlackBerry®-Branded Batteries Due to Burn and Fire Hazards*, U.S. CONSUMER PROD. SAFETY COMM’N (Aug. 10, 2010), <https://www.cpsc.gov/Recalls/2010/Asurion-Recalls-Counterfeit-BlackBerry-branded-Batteries-Due-to-Burn-and-Fire-Hazards> [<https://perma.cc/6DUR-N2ZF>]).

<sup>135</sup> As noted above, the case did not involve any claims of counterfeiting. See *supra* note 128 and accompanying text (noting the case did not involve any claims of counterfeiting).

<sup>136</sup> Brief for Bison Designs, LLC et al. as Amici Curiae in Support of Respondent at 1, *Samsung Elecs. Co. v. Apple Inc.*, 137 S. Ct. 429 (2016) (No. 15-777), 2016 WL 4239198, at \*1.

<sup>137</sup> *Id.* at 7, 24–25, 28–29 (“Thule depends upon effective U.S. design patent remedies to deter counterfeiters of its unique product designs,” *id.* at 7; “Design patents are especially important to small companies, such as amicus Design Ideas, Ltd., who suffer from counterfeit lookalikes across their entire line of mesh basket products. Even small volume counterfeits can hurt its business. In 2011, it had a dispute with an importer, Idea Nuova, Inc., of New York, who sold 13,000 units of a product which clearly infringed several design patents,” *id.* at 24–25 (italics omitted); “The total [design patent] profit rule was instrumental in convincing counterfeiters to stop their nefarious activities, and provided amicus with effective design patent enforcement without having to resort to litigation. For other competitors inclined to make and sell counterfeits, the total profit rule was a critical deterrent,” *id.* at 28–29 (italics omitted)). In a footnote tucked deep in the brief, these amici seemed to admit they weren’t using the word “counterfeit” in its technical sense. See *id.* at 15 n.24 (“While trademark anti-counterfeiting laws guard against those who are bold enough to also copy the trademark of the originator, they are ineffective against a copyist who is clever enough to omit the originator’s trademark and simply copies the design/shape of the original design.” (citing 18 U.S.C. § 232(c))).

<sup>138</sup> Brief of Amicus Curiae American Intellectual Property Law Ass’n in Support of Respondent at 10, *Samsung Elecs. Co. v. Apple Inc.*, 137 S. Ct. 429 (No. 15-777), 2016 WL 4268252, at \*3.  
<sup>139</sup> *Id.* at 19.

industrial design, an important sector of our national economy.”<sup>141</sup> To support these assertions, Apple alluded only to arguments made by its “amici.”<sup>142</sup> It made no attempt to explain how the issue of design patent damages might be relevant to counterfeiting, let alone how the Court’s decision, either way, might “empower counterfeiters.”<sup>143</sup> In the end, the Supreme Court rejected the proposition that a design patent owner is *always* entitled to the total profits from the defendant’s entire end product.<sup>144</sup> But it left open the possibility that a design patent owner *might* be entitled to the total profits from the alleged infringer’s entire end product, in appropriate circumstances.<sup>145</sup>

2. “Schedule A” Cases. — In the past decade or so, certain federal courts have received a barrage of complaints accusing large groups of online sellers of infringing various IP rights.<sup>146</sup> In these cases, the defendants are usually listed not on the face of the complaint itself but on a separate document, often labeled “Schedule A.”<sup>147</sup> This document is

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<sup>141</sup> Brief for Respondent at 27, *Samsung*, 137 S. Ct. 429 (No. 15-777), 2016 WL 4073686, at \*27 (emphasis added).

<sup>142</sup> See *id.*

<sup>143</sup> See *id.* Later in the brief, Apple cited two amicus briefs in particular for the proposition that reversing the Federal Circuit “would remove a powerful deterrent to would-be infringers that can rapidly mass-produce counterfeit or knock-off products.” See *id.* at 51 (citing, *inter alia*, Brief of Nike, Inc. as Amicus Curiae in Support of Neither Party at 8–10, *Samsung*, 137 S. Ct. 429 (No. 15-777); Brief of Amicus Curiae Industrial Designers Society of America in Support of Neither Party at 2, 11–15, *Samsung*, 137 S. Ct. 429 (No. 15-777)). But, as this sentence tacitly admits, counterfeits and knockoffs are two different things. And the Industrial Designers Society of America brief does not use the word “counterfeit,” let alone say that design patents deter counterfeiting. See generally Brief of Amicus Curiae Industrial Designers Society of America, *supra*. The Nike brief mentions the word “counterfeit” twice, once in correctly defining what constitutes a counterfeit Nike shoe and once in a quotation. See Brief of Nike, Inc. as Amicus Curiae, *supra*, at 7 (citing 15 U.S.C. §§ 1116(d)(1)(A), 1117(b); 18 U.S.C. § 2320; WASH. REV. CODE § 9.16.030–.041); *id.* at 24 (quoting Ferrill & Tanhehco, *supra* note 14, at 259). After defining what a counterfeit shoe is, Nike then argues that it needs design patents for situations where there is no counterfeiting — that is, for shoes that “do not have a Swoosh or the Nike wordmark.” See *id.* at 7–8. So these briefs do not support the connection Apple tried to draw between design patents and counterfeiting.

<sup>144</sup> See *Samsung*, 137 S. Ct. at 434.

<sup>145</sup> See *id.* The Court refused to say, however, what those circumstances might be. *Id.* at 436; see Burstein, *supra* note 127, at 791–93.

<sup>146</sup> These cases appear to target individuals and companies who have funds held by third-party platforms, most commonly sales sites such as Amazon, Walmart, AliExpress, and Etsy. See, e.g., Complaint for Damages and Injunctive Relief at 1–2, *Simply Mossy Art Inc. v. Individuals, P’ships & Unincorporated Ass’ns Identified on Schedule “A,”* No. 1:23-cv-06434 (S.D.N.Y. July 25, 2023), ECF 1 (suing sellers operating on “Amazon.com, Walmart.com, Etsy.com, and other[.]” platforms, *id.* at 1); see also Schedule A, *Simply Mossy*, No. 1:23-cv-06434 (S.D.N.Y. July 25, 2023), ECF 1–1 [hereinafter Schedule A, *Simply Mossy*] (providing list of sellers sued). This litigation model has also been used to go after individuals and companies that operate on Facebook and YouTube. See Complaint at 1–2, *Betty’s Best, Inc. v. Facebook Advertisers Listed on Schedule A*, No. 3:23-cv-04716 (N.D. Cal. Sept. 13, 2023), ECF 1; Complaint ¶ 5, *Viral DRM LLC v. YouTube Uploaders Listed on Schedule A*, No. 3:23-cv-04300 (N.D. Cal. Aug. 23, 2023), ECF 1.

<sup>147</sup> Goldman, *supra* note 19, at 184 & n.3 (“There are many variations, but a typical . . . complaint caption might refer to the defendants as ‘the Individuals, Corporations, Limited Liability



usually filed, at least initially, under seal.<sup>148</sup> The plaintiffs often insist that they must keep the names of the defendants — and even sometimes their own names or patent numbers — secret, at least at the start of the case, in order to thwart the evasive efforts of nefarious counterfeiters.<sup>149</sup>

A number of judges, especially in the U.S. District Court for the Northern District of Illinois,<sup>150</sup> have allowed (and, in at least one judge's case, perhaps even encouraged) this practice.<sup>151</sup> These judges routinely grant Schedule A plaintiffs forms of relief that are supposed to be extraordinary, such as *ex parte* orders that freeze the defendants' assets before the defendants even know they have been sued.<sup>152</sup>

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Companies, Partnerships, and Unincorporated Associations Identified on Schedule A Hereto," *id.* n.3). Some complaints use "Does" nomenclature. *See, e.g.*, Complaint at 1, *Guo v. Does 1-181*, As Identified in Exhibit 2, No. 1:23-cv-01271 (N.D. Ill. Mar. 1, 2023), ECF 1 [hereinafter Complaint, *Guo*]. Indeed, the oldest case in this format that the author has been able to find, to date, uses a "Does" styling. *See* Verified Complaint at 1, *Deckers Outdoor Corp. v. Does 1-55 d/b/a The Aliases Identified on Schedule "A" & Does 56-500*, No. 1:11-cv-00010 (N.D. Ill. Jan. 3, 2011), ECF 5 [hereinafter Verified Complaint, *Deckers*]. At least one complaint has styled the defendants as "Joes." *See* Complaint at 1, *Jiangsu Huari Webbing Leather Co. v. Joes Identified in Schedule "A,"* No. 1:23-cv-02605 (S.D.N.Y. Mar. 28, 2023), ECF 1. In some districts, most notably the Southern District of New York, at least some plaintiffs appear to proceed by putting the defendants' aliases on the face of the complaint and filing the whole complaint under seal. *See, e.g.*, Complaint at i-ii, *Smart Study Co. v. Acuteye-US*, No. 1:21-cv-05860 (S.D.N.Y. Aug. 3, 2021), ECF 4 (trademark and copyright case); *see also* Complaint at 1, *Jacki Easlick, LLC v. CJ Emerald*, No. 2:23-cv-02000 (W.D. Pa. Nov. 20, 2023), ECF 2 [hereinafter Complaint, *Jacki Easlick*] (design patent case).

<sup>148</sup> *See* Goldman, *supra* note 19, at 187-90. The author has found at least one of these cases where the list of defendants was not filed under seal. *See* Schedule A, *Simply Mossy*, *supra* note 146, at 2-6 (listing 104 defendants by online storefront aliases). These documents are sometimes — but not always — unsealed after a temporary restraining order issues. *See, e.g.*, Order Granting Motion to Unseal Case at 1, *Jacki Easlick, LLC v. CJ Emerald*, No. 2:23-cv-02000 (W.D. Pa. Dec. 8, 2023), ECF 32.

<sup>149</sup> *See, e.g.*, Complaint ¶¶ 1, 42, *ABC Corp. v. P'ships & Unincorporated Ass'ns Identified on Schedule "A,"* No. 1:23-cv-03301 (N.D. Ill. May 25, 2023), ECF 1 (accusing defendants of running a "counterfeiting operation," *id.* ¶ 9, but not accusing them of any trademark infringement, just design patent infringement). For more on how this Article cites cases initially filed pseudonymously, please see *infra* note 169.

<sup>150</sup> While the Northern District of Illinois appears to be the epicenter of this litigation phenomenon, there are also a significant number of Schedule A cases filed in the Southern District of Florida. *See* Goldman, *supra* note 19, at 195 ("Of the 3,217 dataset cases, 2,846 cases (over 88%) were filed in the Northern District of Illinois. The Southern District of Florida had 242 cases (7.5%). The remaining jurisdictions had less than 2% each."). The Southern District of New York also appears to be an important venue for Schedule A cases. *See, e.g.*, *Jiangsu Huari Webbing Leather Co. v. Joes Identified in Schedule A*, No. 1:23-cv-02605, 2024 WL 20931 (S.D.N.Y. Jan. 2, 2024); *see also* Sarah Burstein, *Sanctions & Schedule A*, PATENTLY-O (Jan. 23, 2024), <https://patentlyo.com/patent/2024/01/burstein-sanctions-schedule.html> [<https://perma.cc/V8YK-SSDS>] (discussing the *Joes* case).

<sup>151</sup> *See* Goldman, *supra* note 19, at 196 (noting that Judge Pacold has actually provided templates for plaintiffs to use in Schedule A cases).

<sup>152</sup> *See* *Antsy Labs, LLC v. Individuals, Corps., Ltd. Liab. Cos., P'ships, & Unincorporated Ass'ns Identified on Schedule A Hereto*, No. 1:21-cv-03289, 2022 WL 17176498, at \*1 (N.D. Ill. Nov. 23, 2022) ("This case is one of hundreds filed in this District, in which brand owners sue large groups of online merchants (generically 'identified on Schedule A'), alleging theft of intellectual property. In this case, as in most of the other 'Schedule A' cases, the court entered a temporary

It appears that, early on, most (if not all) of these cases involved claims of trademark infringement.<sup>153</sup> Beginning in approximately 2019, however, some of these Schedule A cases started including claims of design patent infringement.<sup>154</sup> But even when these cases allege only design patent infringement — and not trademark infringement of any kind — they still often include counterfeit rhetoric in their complaints.

For example, in one recent design patent case involving snow brushes, the plaintiff defined the accused products as “Counterfeit Copies,” then sprinkled that phrase liberally throughout the rest of the complaint.<sup>155</sup> In yet another case alleging infringement of a design patent

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restraining order and asset freeze and, later a preliminary injunction against the defendant merchants.”) (copyright case); *see also* Goldman, *supra* note 19, at 190 (describing some typical steps in a Schedule A case). As Judge Seeger has recently noted, there are reasons to doubt the propriety of asset freezes in Schedule A cases. *See Zorro Prods., Inc. v. Individuals, Corps., Ltd. Liab. Cos., P’ships, & Unincorporated Ass’ns Identified on Schedule A Hereto*, No. 1:23-cv-05761, 2023 WL 8807254, at \*4–5 (N.D. Ill. Dec. 20, 2023) (denying motion to seal because “[i]f you can’t freeze it, you can’t seal it,” *id.* at \*5). A judge may have the power to order an initial asset freeze where a plaintiff has a “lien or equitable interest” in certain funds and seeks an “equitable remedy.” *Grupo Mexicano de Desarrollo, S.A. v. All. Bond Fund, Inc.*, 527 U.S. 308, 310, 318–19 (1999) (quoting 11A CHARLES ALAN WRIGHT & ARTHUR R. MILLER, *FEDERAL PRACTICE AND PROCEDURE* § 2941 (2d ed. 1995)). But as Judge Seeger noted, “Schedule A plaintiffs typically don’t request and receive equitable monetary relief. Instead, Schedule A plaintiffs rush into court, request and receive an asset freeze, and obtain a default judgment. And then, the Schedule A plaintiffs ask district courts to unfreeze the money and award statutory damages, not equitable relief.” *Zorro*, 2023 WL 8807254, at \*4. There are additional reasons to doubt the propriety of these asset freezes in utility patent cases, where equitable disgorgement is not an available remedy, and in design patent cases, where the disgorgement remedy set forth in 35 U.S.C. § 289 might be best described as a hybrid remedy, not a purely legal or equitable one. *See generally* Burstein, *supra* note 51 (drawing lessons and implications for § 289 by examining its predecessor, the 1887 Act, which provided in its total profits provision that remedy was available “either by action at law or upon a bill in equity,” *id.* at 58 (quoting Act of Feb. 4, 1887, ch. 105, 24 Stat. 387, 387)). But a full discussion of these issues is beyond the scope of this Article.

<sup>153</sup> *See, e.g.*, Verified Complaint, *Deckers*, *supra* note 147, ¶ 3. Plaintiffs continue to file Schedule A cases alleging trademark infringement and actual counterfeiting. For example, Harry Styles filed such a case in December 2022. Complaint ¶ 3, *Styles v. P’ships & Unincorporated Ass’ns Identified on Schedule “A,”* No. 1:22-cv-07044 (N.D. Ill. Dec. 14, 2022), ECF 1 (“This action has been filed by Plaintiff to combat e-commerce store operators who trade upon Plaintiff’s reputation and goodwill by offering for sale and/or selling unauthorized and unlicensed products, including apparel and other merchandise, using infringing and counterfeit versions of Plaintiff’s federally registered trademarks . . .”).

<sup>154</sup> *See, e.g.*, Complaint ¶ 3, *Fitness Anywhere LLC v. P’ships & Unincorporated Ass’ns Identified on Schedule “A,”* No. 1:19-cv-04155 (N.D. Ill. June 20, 2019), ECF 1 (alleging infringement of U.S. Patent No. D669,945).

<sup>155</sup> Amended Complaint ¶ 24, *XYZ Corp. (Ningbo Yongjia Aiduo Auto Parts Manu Co.) v. Individuals, P’ships & Unincorporated Ass’ns Identified on Schedule “A,”* No. 1:22-cv-24270 (S.D. Fla. Jan. 12, 2023), ECF 7 (“Defendants offer to sell exact copies and/or confusingly similar copies to the claimed designs in Plaintiff’s Patent (hereinafter referred to as the Defendants’ ‘Counterfeit Copies’) through Internet based e-commerce stores operating under the Seller IDs.”). For more on how this Article cites cases initially filed pseudonymously, please see *infra* note 169. The *Ningbo Yongjia* case was not an isolated example. *See, e.g.*, Complaint ¶ 18, *Pat. Holder as Identified in Exhibit 1 v. Does 1–251*, as Identified in Exhibit 2, No. 1:23-cv-01488 (N.D. Ill. Mar. 10, 2023), ECF 1 (“Defendants’ sales of similar and substandard copies of Plaintiff’s Products (‘Counterfeit

for an air purifier, the plaintiff alleged that “[t]he Asserted Patent is being infringed by a cabal of foreign counterfeiters intent on exploiting unknowing online consumers.”<sup>156</sup> The plaintiff then alleged that each defendant “has offered to sell and, on information and belief, has sold and continues to sell counterfeit and/or infringing products that violate Plaintiff’s intellectual property rights (‘Counterfeit Products’)<sup>157</sup> and proceeded to use variations of the word “counterfeit” throughout the complaint,<sup>158</sup> even though the complaint contained no allegations of trademark infringement — let alone actual counterfeiting.<sup>159</sup>

In another design patent case over “ring toys,”<sup>160</sup> the plaintiff referred to the defendants as “counterfeiters”<sup>161</sup> and attached, as the only publicly filed exhibit, a report on “counterfeit and pirated goods.”<sup>162</sup> The attached report does not, however, mention design patents.<sup>163</sup> The plaintiff suggested the report was relevant because:

Third-party service providers like those used by Defendants do not adequately subject new sellers to verification and confirmation of their identities, allowing counterfeiters and infringers such as Defendants to “routinely

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Products’) are in violation of Plaintiff’s intellectual property rights and are irreparably damaging Plaintiff.”).

<sup>156</sup> Complaint, *Guo*, *supra* note 147, ¶ 2 (emphasis added). This appears to be boilerplate language for the firm that filed the complaint. Compare *id.*, with, e.g., Complaint ¶ 2, *Beth Bender Holdings, LLC v. Does 1–107*, as Identified in Exhibit 2, No. 1:21-cv-06602 (N.D. Ill. Dec. 10, 2021), ECF 1 (alleging that various design patents were “being infringed by a cabal of foreign counterfeiters intent on exploiting unknowing online consumers”). As this quote shows, there appears to be a vein of xenophobia running through at least some of these cases. See ANJALI VATS, *THE COLOR OF CREATORSHIP: INTELLECTUAL PROPERTY, RACE, AND THE MAKING OF AMERICANS* 115 (2020) (discussing how “[h]yperracial infringement constructed Americans as good intellectual property citizens who are innocent and hardworking victims preyed upon by bad intellectual property anti-citizens who pirated and counterfeited the nation’s intellectual properties”). A full discussion of this issue, however, is beyond the scope of this Article.

<sup>157</sup> Complaint, *Guo*, *supra* note 147, ¶ 4.

<sup>158</sup> See, e.g., *id.* ¶¶ 5–9.

<sup>159</sup> The plaintiff later redefined “Counterfeit Products” as “similar and substandard copies of Plaintiff’s Products.” *Id.* ¶ 19. The plaintiff also resumed the counterfeit rhetoric in its motion for a temporary restraining order. See, e.g., Memorandum in Support of Plaintiff’s *ex parte* Motion for Entry of a (1) Temporary Restraining Order, (2) Asset Restraining Order, (3) Expedited Discovery Order, and (4) Service of Process by Email and Publication at 1, *Guo v. Does 1–181*, as Identified in Exhibit 2, No. 1:23-cv-01271 (N.D. Ill. Mar. 9, 2023), ECF 10 (“The Defendants use online merchant platforms to virtually peddle to unknowing consumers goods that are low-quality, unlicensed counterfeits.”).

<sup>160</sup> Defendant Splinter Woodworking Inc. d/b/a SWOOC Games’ Answer & Affirmative Defenses at 9, *Doe v. P’ships & Unincorporated Ass’ns Identified on Schedule “A,”* No. 1:23-cv-01355 (N.D. Ill. Mar. 31, 2023), ECF 35 (identifying the patent-in-suit as U.S. Patent No. D957,527, which claims a design for a “ring toy”).

<sup>161</sup> Complaint ¶¶ 13, 22–25, *Doe v. P’ships & Unincorporated Ass’ns Identified on Schedule “A,”* No. 1:23-cv-01355 (N.D. Ill. Mar. 6, 2023), ECF 1 (alleging only design patent infringement but referring to the defendants as “counterfeiters,” *id.* ¶ 13).

<sup>162</sup> *Id.* at Exhibit 2 (reproducing OFF. OF STRATEGY, POL’Y & PLANS, U.S. DEP’T OF HOMELAND SEC., *COMBATING TRAFFICKING IN COUNTERFEIT AND PIRATED GOODS: REPORT TO THE PRESIDENT OF THE UNITED STATES* (2020) [hereinafter *COMBATING TRAFFICKING*]).

<sup>163</sup> See *id.*

use false or inaccurate names and addresses when registering with these e-commerce platforms.” See report on “Combating Trafficking in Counterfeit and Pirated Goods” prepared by the U.S. Department of Homeland Security’s Office of Strategy, Policy, and Plans (Jan. 24, 2020) attached as Exhibit 2 and finding that on “at least some e-commerce platforms, little identifying information is necessary” for sellers similar to Defendants and recommending that “[s]ignificantly enhanced vetting of third-party sellers” is necessary.<sup>164</sup>

But we only have the plaintiff’s word (at least in the publicly filed complaint) that the named defendants were, in fact, “counterfeiters” or “infringers.” So it is far from clear that this report is actually relevant at all. Nonetheless, this report (and similar documents) appear to have been attached to Schedule A design patent complaints with some frequency.<sup>165</sup>

Counterfeit rhetoric appears to be playing at least some role in convincing judges to grant Schedule A plaintiffs extraordinary relief on a regular basis. In a recent decision, Judge Durkin stated:

In this case, and the hundreds like it routinely filed in this District, plaintiffs join dozens or even hundreds of defendants in a single case, saving themselves thousands of dollars in filing fees. *Many judges in this District permit this form of filing because . . . it is the most efficient way to address the epidemic of counterfeit goods* being sold in the United States on the internet by defendants located outside the United States.<sup>166</sup>

<sup>164</sup> Complaint, *supra* note 161, ¶ 13 (emphasis omitted) (quoting Combating Trafficking, *supra* note 162, at 22, 35). The first quote appears in an article by Daniel Chow. Daniel C.K. Chow, *Alibaba, Amazon, and Counterfeiting in the Age of the Internet*, 40 NW. J. INT’L L. & BUS. 157, 186 (2020).

<sup>165</sup> For example, in a design patent case, the plaintiff attached three documents to its complaint. Complaint, ABC Corp. v. P’ships & Unincorporated Ass’ns Identified on Schedule “A,” No. 1:20-cv-02930 (N.D. Ill. May 18, 2020), ECF 1 (citing OFF. OF TRADE, U.S. CUSTOMS & BORDER PROT., INTELLECTUAL PROPERTY RIGHTS: FISCAL YEAR 2018 SEIZURE STATISTICS (2019); Chow, *supra* note 164; COMBATING TRAFFICKING, *supra* note 162). None of these documents used the phrase “design patent.” It’s also notable that although Chow’s article is attached frequently to Schedule A complaints, he neither mentioned nor endorsed that litigation model. Instead, he proposed a number of measures that online platforms could take to promote transparency and deter the sale of counterfeit products. See Chow, *supra* note 164, at 188–95.

<sup>166</sup> Roblox Corp. v. Bigfinz, No. 1:23-cv-05346, 2023 WL 8258653, at \*2 (N.D. Ill. Nov. 29, 2023) (emphasis added). In PACER, this case is styled as “Roblox Corporation v. The Individuals, Corporations, Limited Liability Companies, Partnerships, and Unincorporated Associations Identified on Schedule A Hereto.” *Roblox Corporation v. The Individuals, Corporations, Limited Liability Companies, Partnerships, and Unincorporated Associations Identified on Schedule A Hereto* (1:23-cv-05346), COURTLISTENER (May 20, 2024, 5:20 AM), <https://www.courtlistener.com/docket/67684608/roblox-corporation-v-the-individuals-corporations-limited-liability> [<https://perma.cc/X9HC-C7NC>]. It is not clear why Judge Durkin chose to restyle the caption for the purposes of this particular decision. But that choice may make this case more difficult to find for researchers and defense counsel who are interested in Schedule A litigation.

In this passage, Judge Durkin seemed to be referring to all Schedule A cases, not just ones involving claims of actual counterfeiting.<sup>167</sup> That would be consistent with his official court website, where Judge Durkin refers to all Schedule A cases as “Counterfeit Product Cases.”<sup>168</sup> And, in what would become the Schedule A case to reach the Federal Circuit, Judge Durkin used the word “counterfeit” to describe the accused products,<sup>169</sup> even though that case did not allege any trademark or trade dress infringement — let alone actual counterfeiting.<sup>170</sup> And he’s not alone. At least three other judges in the Northern District of Illinois have used the words “counterfeiting,” “counterfeit,” or “counterfeiters”

<sup>167</sup> See *Roblox*, 2023 WL 8258653, at \*2. It should also be noted that in this case, the plaintiff alleged trademark infringement as well as actual counterfeiting. Complaint ¶¶ 28–34, *Roblox*, No. 1:23-cv-05346 (N.D. Ill. Aug. 11, 2023), ECF 1.

<sup>168</sup> The author has confirmed with Judge Durkin’s deputy that, by “counterfeit cases,” the judge means Schedule A cases. See E-mail from Emily Wall, Courtroom Deputy to J. Durkin, to author (June 1, 2023, 4:04 PM) (“[T]he procedure for ‘counterfeit cases’ is intended to apply to Schedule A-type cases.”) (on file with the Harvard Law School Library). Specifically, under the heading “Counterfeit Product Cases,” Judge Durkin states that he “will presumptively require a bond of \$1,000 per defendant in counterfeit product cases. Plaintiffs should inform the Court of any circumstances that make such a bond inappropriate.” Judge Thomas M. Durkin, U.S. DIST. CT. N. DIST. OF ILL., <https://www.ilnd.uscourts.gov/judge-info.aspx?HztO2ip/uh7HVAKHYpZ4iA==> [https://perma.cc/Y58H-LASP].

<sup>169</sup> This case, as some others that use the Schedule A model, raises difficult issues with respect to citation. The case is still styled on PACER as it was in the original complaint, with pseudonyms: “ABC Corporation I v. The Partnership and Unincorporated Associations Identified on Schedule ‘A.’” *ABC Corporation I v. The Partnership and Unincorporated Associations Identified on Schedule ‘A.’* (1:20-cv-04806), COURTLISTENER (Oct. 18, 2024, 6:19 AM), <https://www.courtlistener.com/docket/18424575/abc-corporation-i-v-the-partnership-and-unincorporated-associations> [https://perma.cc/5SVR-YVLQ]; see Complaint at 1, *ABC Corp. I v. P’ships & Unincorporated Ass’ns Identified on Schedule ‘A.’*, No. 1:20-cv-04806 (N.D. Ill. Aug. 17, 2020), ECF 1 (listing the plaintiffs as “ABC Corporation I” and “ABC Corporation II”). The judge later ordered the plaintiffs to file an amended complaint under their real names. See Minute Entry, *ABC Corp. I v. P’ship & Unincorporated Ass’ns Identified on Schedule ‘A.’*, No. 1:20-cv-04806 (N.D. Ill. Sept. 4, 2020), ECF 36. From that point on, the district court and the parties appear to have restyled the case as “Hangzhou Chic Intelligent Technology Co.; and Unicorn Global, Inc., Plaintiffs, v. The Partnerships and Unincorporated Associations Identified on Schedule ‘A’, Defendants.” See, e.g., *Hangzhou Chic Intelligent Tech. Co. v. P’ships & Unincorporated Ass’ns Identified on Schedule ‘A.’*, No. 1:20-cv-04806, 2022 WL 1028834, at \*1 (N.D. Ill. Apr. 6, 2022) (Durkin, J.). However, on appeal, the Federal Circuit used the “ABC” styling. See *ABC Corp. I v. P’ship & Unincorporated Ass’ns Identified on Schedule ‘A.’*, 51 F.4th 1365, 1365–66 (Fed. Cir. 2022). To try to clarify this muddled record and others like it, this Article will, from this point forward, use the following styling for docket citations: “ABC Corp. I (Hangzhou Chic Intelligent Tech. Co.) v. P’ship & Unincorporated Ass’ns Identified on Schedule ‘A.’” For court decisions that are published or made available on services like Westlaw or Lexis, this Article will use the official captions.

<sup>170</sup> Compare *Hangzhou Chic*, 2022 WL 1028834, at \*1 (“Plaintiffs allege[d] that Defendants sell counterfeit versions of Plaintiffs’ product.” (emphasis added)), with Third Amended Complaint ¶¶ 41–56, *ABC Corp. I (Hangzhou Chic Intelligent Tech. Co.) v. P’ship & Unincorporated Associations Identified on Schedule ‘A.’*, No. 1:20-cv-04806 (N.D. Ill. Nov. 19, 2020), ECF 101 (alleging infringement of four design patents and zero trademarks).

in ways that seem to refer to all Schedule A cases.<sup>171</sup> In another district where a significant number of Schedule A cases are filed, the Southern District of Florida,<sup>172</sup> at least some judges seem to have imported language from actual counterfeiting cases about “the inherently deceptive nature of the counterfeiting business” into design patent cases, citing “the inherently deceptive nature of the infringing business” to justify asset restraints in design patent cases.<sup>173</sup> Therefore, it seems like efforts to conflate design patent infringement — and other causes of action — with counterfeiting have had some success in shaping the way the judges see all Schedule A cases, not just ones that allege actual counterfeiting.<sup>174</sup>

To the extent that these judges and advocates may be intending to use the word “counterfeiting” in its colloquial sense, there is still a mismatch, especially in light of the fact that the design patent infringement claims brought in Schedule A cases are often not particularly strong; many could even be characterized as frivolous.<sup>175</sup> One can hardly say

<sup>171</sup> *E.g.*, *Chrome Cherry Ltd. v. P’ships & Unincorporated Ass’ns Identified on Schedule “A,”* No. 1:21-cv-05491, 2021 WL 6752296, at \*1 (N.D. Ill. Oct. 20, 2021) (Valderrama, J.) (stating, in a design patent case, that “[t]he Court is aware that some judges in this District have raised concerns regarding joinder in these types of counterfeiting cases brought against large numbers of online defendants” (emphasis added) (citing *Estée Lauder Cosms. Ltd. v. P’ships & Unincorporated Ass’ns Identified on Schedule A*, 334 F.R.D. 182 (N.D. Ill. 2020); *Estée Lauder Cosms. Ltd. v. P’ships & Unincorporated Ass’ns Identified on Schedule A*, No. 20-cv-00845 (N.D. Ill. June 22, 2020), ECF 40 (Lee, J.)); *Minute Entry at 1*, *Harai v. P’ships & Unincorporated Ass’ns Identified on Schedule A*, No. 1:23-cv-15960 (N.D. Ill. Dec. 1, 2023), ECF 17 (Hunt, J.) (referring to “Schedule A counterfeit products cases” in a copyright case, *see* Complaint at 2, *Harai v. P’ships & Unincorporated Ass’ns Identified on Schedule A*, No. 1:23-cv-03398 (N.D. Ill. May 30, 2023), ECF 1); *Zorro Prods., Inc. v. Individuals, Corps., Ltd. Liab. Cos., P’ships, & Unincorporated Ass’ns Identified on Schedule A Hereto*, No. 1:23-cv-05761, 2023 WL 8807254, at \*2 (Dec. 20, 2023) (Seeger, J.) (seeming to refer to Schedule A cases generally as “lawsuits about foreign counterfeiters”).

<sup>172</sup> *Patent Litigation in the S.D. Fla. and Schedule A Cases*, LEX MACHINA (Jan. 22, 2024), <https://www.lexisnexis.com/community/insights/legal/lex-machina/b/lex-machina/posts/patent-litigation-in-the-s-d-fla-and-schedule-a-cases> [<https://perma.cc/K5U7-ARZP>].

<sup>173</sup> *Compare* *Gucci Am., Inc. v. Zhang*, No. 1:11-cv-23380, 2011 WL 13319484, at \*3 (S.D. Fla. Nov. 2, 2011) (Torres, J.) (“In light of the inherently deceptive nature of the counterfeiting business, and Defendants’ blatant violation of the federal trademark laws, Plaintiffs have well-founded fears to believe Defendants will hide or transfer their ill-gotten assets beyond the jurisdiction of this Court unless those assets are restrained.”), *with* Order Granting Preliminary Injunction at 5, *XYZ Corp. v. Individuals, P’ships & Unincorporated Ass’ns Identified on Schedule “A,”* No. 1:23-cv-24163 (S.D. Fla. Jan. 11, 2024) (Ruiz, J.) (“In light of the inherently deceptive nature of the infringing business, and the likelihood that the Defendants have violated federal patent laws, the Plaintiff has good reason to believe the Defendants will hide or transfer their ill-gotten assets beyond the jurisdiction of this Court unless those assets are restrained.”). But while actual counterfeiting is inherently deceptive, design patent infringement is not. *See infra* section III.A.2.b, pp. 511–13.

<sup>174</sup> *See, e.g.*, Order at 1, 2, 4, *Roadget Bus. Pte. Ltd. v. Individuals, Corps., Ltd. Liab. Cos., P’ships, & Unincorporated Ass’ns Identified on Schedule A Hereto*, No. 1:24-cv-00115 (N.D. Ill. Mar. 6, 2024), ECF 58 (Bucklo, J.) (applying a rule about “counterfeiting” in a copyright case (quoting *Monster Energy Co. v. Wensheng*, 136 F. Supp. 3d 897, 910 (N.D. Ill. 2015)).

<sup>175</sup> *See, e.g.*, Order at 2, *Thousand Oaks Barrel Co. v. P’ships & Unincorporated Ass’ns Identified on Schedule A*, No. 1:23-cv-03378 (N.D. Ill. July 20, 2023), ECF 45 (Daniel, J.) (“When asked

that defendants are acting with intent to deceive where they are not using the plaintiff's marks and where their products do not look like the claimed designs.<sup>176</sup> That's not counterfeiting. It's competition.<sup>177</sup>

### C. Among Academics and Practitioners

Counterfeit rhetoric is also used elsewhere in the design patent community. One particularly dramatic example occurred at Design Day 2018. Design Day is an annual event hosted at the USPTO that is sponsored by organizations such as the Intellectual Property Owners Association (IPO) and the AIPLA.<sup>178</sup> While the USPTO states on the event website that “[a]ny legal opinions expressed at this event do not necessarily represent USPTO policy,”<sup>179</sup> a reasonable audience member might fairly believe that, by choosing someone to be a speaker at this event, the Agency has deemed — at a minimum — that the speaker is an expert with views worth listening to.<sup>180</sup> Indeed, speakers often advertise

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whether the plaintiff's design patents, which show a round or cylindrical top, covered a hexagonal top offered by one of the defendants, the plaintiff's counsel claimed that they did. Given that shape-sorting toys intended for toddlers require one to distinguish between a circle and a hexagon, the plaintiff's argument is unconvincing.”); *see also, e.g.*, Complaint, *Jacki Easlick*, *supra* note 147, at 4 (showing examples of accused products that do not infringe because they have different shapes); Complaint, *Liforme*, *supra* note 10, ¶¶ 21, 57 (showing an example of an accused product that does not infringe because it has different surface ornamentation); Complaint, Schedule B & Schedule C-1, *Simply Mossy Art Inc. v. Individuals, P'ships, & Unincorporated Ass'ns Identified on Schedule A*, No. 1:23-cv-06434 (S.D.N.Y. July 25, 2023), ECF 1, 1-2, 1-3 (including — in a rare unsealed Schedule A case, *see generally* Goldman, *supra* note 19 — a number of accused products that clearly do not infringe because they have different shapes and resemble the claimed design in concept only).

<sup>176</sup> If judges are struggling to analyze design patent infringement, they should consider hiring special masters to help them, especially at the TRO stage. In any case, they should demand evidence of infringement by each and every defendant, no matter how many there are. If Schedule A plaintiffs are joining too many defendants to allow the judges sufficient time to review such submissions, they might consider following Judge Hunt's lead and capping the number of defendants they will allow in a Schedule A case. *See, e.g.*, Minute Entry, *supra* note 171, at 1 (allowing a Schedule A case “to proceed with no more than 40 defendants,” to make the case “more manageable” and “less burdensome to plaintiffs, defendants, and the judicial system”).

<sup>177</sup> Indeed, in many — if not most — of the design patent Schedule A cases this author has seen, at least some of the accused products are clearly not infringing at all, let alone counterfeits in any sense of that word. *See supra* notes 153–59 and accompanying text.

<sup>178</sup> *See Attend the 16th Annual Design Day*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/about-us/events/attend-16th-annual-design-day> [https://perma.cc/CT5J-E6VT] (noting that, for Design Day 2023, “[t]he event is hosted by the USPTO and sponsored by Intellectual Property Owners Association (IPO) and American Intellectual Property Law Association (AIPLA)”). Past events have had additional sponsors. *E.g.*, *Design Day 2018—Alexandria, VA*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/about-us/events/design-day-2018> [https://perma.cc/DFG8-YGCD] (“This event is co-sponsored by the following: American Intellectual Property Law Association (AIPLA), the IP Law Section of the American Bar Association (ABA-IPL), the Intellectual Property Owners Association (IPO), the Industrial Designers Society of America (IDSA), the International Trademark Association (INTA), the International Association for the Protection of Intellectual Property (AIPPI), and the United States Patent and Trademark Office (USPTO).”).

<sup>179</sup> *Attend the 16th Annual Design Day*, *supra* note 178.

<sup>180</sup> *See id.*

their participation in this event as evidence of their expertise and prominence in the field.<sup>181</sup>

At Design Day 2018, the well-known and respected design patent attorney Robert Katz<sup>182</sup> was one of the featured speakers.<sup>183</sup> During his presentation, Katz suggested that design patent infringement was linked to sex trafficking and terrorism.<sup>184</sup> Katz shared a slide saying that design patent infringers are “tied to terrorism,” then listing three terrorist attacks that he described as being linked to counterfeit products.<sup>185</sup>

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<sup>181</sup> See, e.g., Robert S. Katz & Bradley J. Van Pelt, *IP Alert: Highlights of Design Day 2018*, BANNER WITCOFF (May 4, 2018), <https://bannerwitcoff.com/ip-alert-highlights-of-design-day-2018> [https://perma.cc/7VMX-5FFF] (“Several Banner & Witcoff attorneys and staff spoke at and/or attended Design Day 2018 at the U.S. Patent and Trademark Office. Design Day brings together design patent examiners, other USPTO representatives, design patent applicants, in-house and outside counsel, and others.”).

<sup>182</sup> Katz’s firm bio states: “Both nationally and internationally, Rob is considered one of the premier practitioners in the field of industrial designs, leading the way in the procurement and enforcement of design patents. . . . He is a frequent speaker on industrial design-related topics and has been invited to speak before industry and legal professional organizations on six continents.” Robert S. Katz, BANNER WITCOFF, <https://bannerwitcoff.com/people/rkatz> [https://perma.cc/97TX-2P8L]. Banner Witcoff, where Katz is a principal shareholder, is a top design patent prosecution firm, with design patent clients such as Nike. See, e.g., *Banner & Witcoff Becomes First Law Firm to Exceed 1,000 Design Patents in Single Year*, BANNER WITCOFF (Jan. 30, 2017), <https://bannerwitcoff.com/banner-witcoff-becomes-first-law-firm-to-exceed-1000-design-patents-in-single-year> [https://perma.cc/6D6B-9ECD] (listing Katz as the relevant attorney).

<sup>183</sup> Mike Masnick, *When in Doubt, Blame Terrorists: Patent Attorney Claims Terrorists Are Infringing and Killing Jobs*, TECHDIRT (May 11, 2018, 9:30 AM), <https://www.techdirt.com/2018/05/11/when-doubt-blame-terrorists-patent-attorney-claims-terrorists-are-infringing-killing-jobs> [https://perma.cc/GN46-7VUG].

<sup>184</sup> *Id.*

<sup>185</sup> *Id.* As Mike Masnick noted in his coverage of this presentation, the alleged evidence linking these attacks to counterfeiting is questionable at best. See *id.*; see also Port, *supra* note 123, at 1169–70 (“The Federal Bureau of Investigation (FBI) has apparently established to its satisfaction that the primary source of funding for the group that carried out the plot in the 1993 World Trade Center bombing was a small t-shirt shop on Fifth Avenue in New York City that sold counterfeit or knockoff shirts. However, nowhere in the relevant FBI report are actual numbers used. This story, stated by the otherwise infallible FBI or not, seems to be too fantastic to be accurate.” (footnotes omitted)). And even if there were strong evidence linking these attacks to counterfeiting, that still doesn’t mean they were connected to design patent infringement.

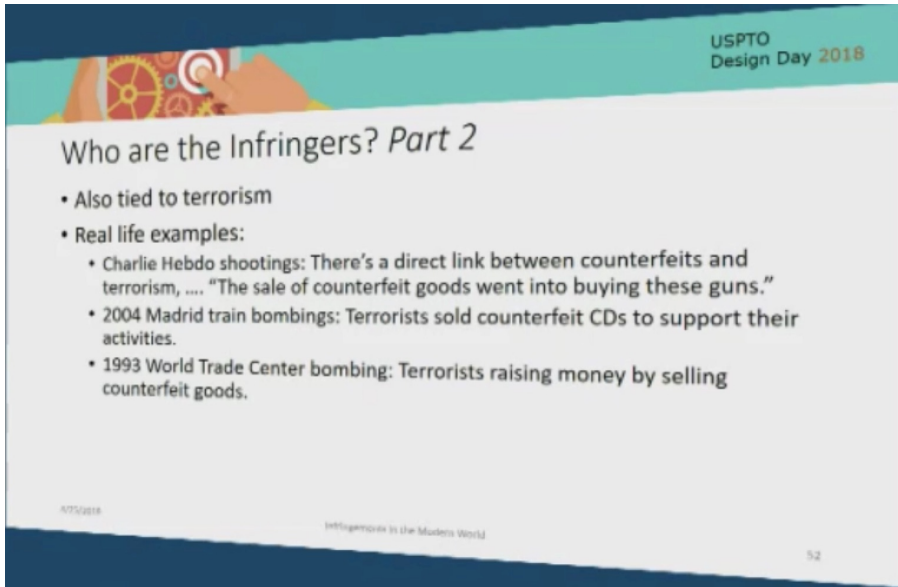


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Here is the slide:<sup>186</sup>



Katz asserted that “[m]ost of the time that people are using design patents, it’s to stop activities like this.”<sup>187</sup> He offered no evidence in support of this assertion and made no effort to tie any of these attacks to design patent infringement specifically.

### III. THE LEGAL & LOGICAL DISCONNECT

As the previous Part has shown, attempts are sometimes made to link the concepts of design patent infringement and counterfeiting. This Part will explain how both actual counterfeiting and colloquial counterfeiting differ from design patent infringement and demonstrate that there is no necessary logical or legal link between them.<sup>188</sup>

<sup>186</sup> This screenshot was taken by the author, from the author’s own recording of this part of Katz’s presentation. A wider-angle view showing Katz in the frame is available at Masnick, *supra* note 183.

<sup>187</sup> *Id.* Based on the author’s review of the recording, Katz said “that” rather than “when,” so in that respect the quotation above differs from that in Masnick’s article. This difference, however, does not change the quotation’s meaning.

<sup>188</sup> This is not to say that design patent infringement and counterfeiting can never be linked in practice. A defendant might, of course, sell a product that infringes a design patent *and* bears a counterfeit trademark. The larger empirical question of how often this happens is beyond the scope of this Article. However, it is the author’s anecdotal sense, based on years of reviewing complaints alleging design patent infringement, that such cases are rare — at least among cases that make it to federal court. And the point remains that design patent infringement and actual counterfeiting are not necessarily logically or legally linked.

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### A. Design Patent Infringement ≠ Counterfeiting

1. *Design Patent Infringement Is Not the Same as Actual Counterfeiting.* — As explained above, counterfeiting and design patent infringement are distinct legal causes of action.<sup>189</sup> The two regimes have different purposes.<sup>190</sup> They have different tests.<sup>191</sup> They are, quite simply, not the same.

It may be the case that the worst counterfeit products — the most dangerous or most deceptive — are the ones that closely resemble the overall appearance of the trademark registrant's product. But cracking down on design patent infringement would not solve the problem of look-alike counterfeits. That is because, as explained in the next section, design patent infringement is not a reliable proxy for overall visual similarity.

2. *Design Patent Infringement Is Not the Same as Colloquial “Counterfeiting.”* — Even if we assume that some or all of these speakers are attempting to invoke the colloquial meaning of “counterfeit” — that is, something “made in imitation of something else with intent to deceive”<sup>192</sup> — there is still a conceptual mismatch. That is because, as the next two sections will show, design patent infringement can occur where two products look different overall and can be absent even when products look very similar.<sup>193</sup> Moreover, design patent infringement is a strict liability tort that does not require any intent at all, let alone an intent to deceive.<sup>194</sup>

(a) *Design Patent Infringement Is Not a Reliable Proxy for Overall Visual Similarity.* —

(i) *A Product Can Look Different, Overall, And Still Infringe a Design Patent.* — A design patent does not necessarily (or even usually) cover the entire design of a product.<sup>195</sup> A design patent applicant can claim: (1) a design for just the surface design that is applied to an article of manufacture; (2) a design for just the shape (or “configuration”) of an article; or (3) the combination of both.<sup>196</sup> The applicant doesn't have to

<sup>189</sup> See *supra* Part I, pp. 475–87.

<sup>190</sup> *Compare* Arcona, Inc. v. Pharmacy Beauty, LLC, 976 F.3d 1074, 1079 (9th Cir. 2020) (stating that the federal trademark law “was ‘intended to protect consumers against deceptive designations of the origin of goods, not just to prevent the duplication of trademark’” (quoting *Westinghouse Elec. Corp. v. Gen. Cir. Breaker & Elec. Supply Inc.*, 106 F.3d 894, 899 (9th Cir. 1997))), *with* *Gorham Co. v. White*, 81 U.S. (14 Wall.) 511, 524 (1872) (“The acts of Congress which authorize the grants of patents for designs were plainly intended to give encouragement to the decorative arts.”).

<sup>191</sup> See *supra* notes 57–62 and accompanying text.

<sup>192</sup> See MERRIAM-WEBSTER, *supra* note 14.

<sup>193</sup> See *infra* section III.A.2.a, pp. 503–11.

<sup>194</sup> See *infra* section III.A.2.b, pp. 511–13.

<sup>195</sup> See, e.g., Bag, U.S. Patent No. D838,605 fig.1 (issued Jan. 22, 2019) (claiming only the handle of a bag as a design); Spectacles, U.S. Patent No. D980,309 figs.1, 4 (issued Mar. 7, 2023) (claiming only shapes of bolts and screws at hinges of eyeglasses).

<sup>196</sup> MPEP, *supra* note 49, § 1502; see also Burstein, *Lost Its Shape*, *supra* note 64, at 563 (noting that “the terms ‘configuration’ and ‘shape’ are generally used as synonyms in U.S. design law”).

claim the whole shape, surface, or combination design.<sup>197</sup> When the applicant claims less than the whole design, they can claim any part or parts they like.<sup>198</sup> There is no requirement that a design patent claim be limited to “important, distinctive or otherwise salient” visual elements.<sup>199</sup>

In order to claim less than a whole design, the applicant uses broken lines to disclaim one or more parts of an article’s overall shape or surface design.<sup>200</sup> When this drawing convention is used, the parts shown in broken lines “form[] no part of the claimed design.”<sup>201</sup> These types of disclaimers are commonly depicted using dashed lines.<sup>202</sup> An applicant can also use broken lines to claim an area up to — but not including — a boundary that “does not exist in reality.”<sup>203</sup> These types of boundary lines are commonly depicted using dot-dash lines.<sup>204</sup>

For example, in this patent, Apple claims as its design just one handle and a fragment of the top edge of a “bag”<sup>205</sup>:

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<sup>197</sup> Burstein, *Lost Its Shape*, *supra* note 64, at 556 (“Today, the U.S. Patent and Trademark Office (USPTO) allows applicants to claim any ‘visual characteristic embodied in or applied to an article’ as a separate ‘design.’” (quoting MPEP, *supra* note 49, § 1502)). For an argument that applicants should have to claim whole designs, see generally Burstein, *Whole*, *supra* note 98.

<sup>198</sup> See Burstein, *Lost Its Shape*, *supra* note 64, at 565.

<sup>199</sup> Burstein, *supra* note 53, at 116.

<sup>200</sup> See MPEP, *supra* note 49, § 1503.02(III) (explaining the uses of broken lines in design patent applications). The USPTO also allows some applicants to use different visual disclaimer conventions. See Burstein, *Lost Its Shape*, *supra* note 64, at 565 n.45. For more on design patent claiming, see SARAH BURSTEIN, SARAH R. WASSERMAN RAJEC & ANDRES SAWICKI, PATENT LAW: AN OPEN-ACCESS CASEBOOK 532–535 (2021), <https://patentlawcasebook.com> [<https://perma.cc/MKS2-MQHZ>].

<sup>201</sup> MPEP, *supra* note 49, § 1503.02(III) (“The two most common uses of broken lines are to disclose the environment related to the claimed design and to define the bounds of the claim. . . . Unclaimed subject matter must be described as forming no part of the claimed design . . .”).

<sup>202</sup> See, e.g., *infra* note 205 and accompanying text.

<sup>203</sup> MPEP, *supra* note 49, § 1503.02(III) (noting that, in this case, “[i]t would be understood that the claimed design extends to the boundary but does not include the boundary”).

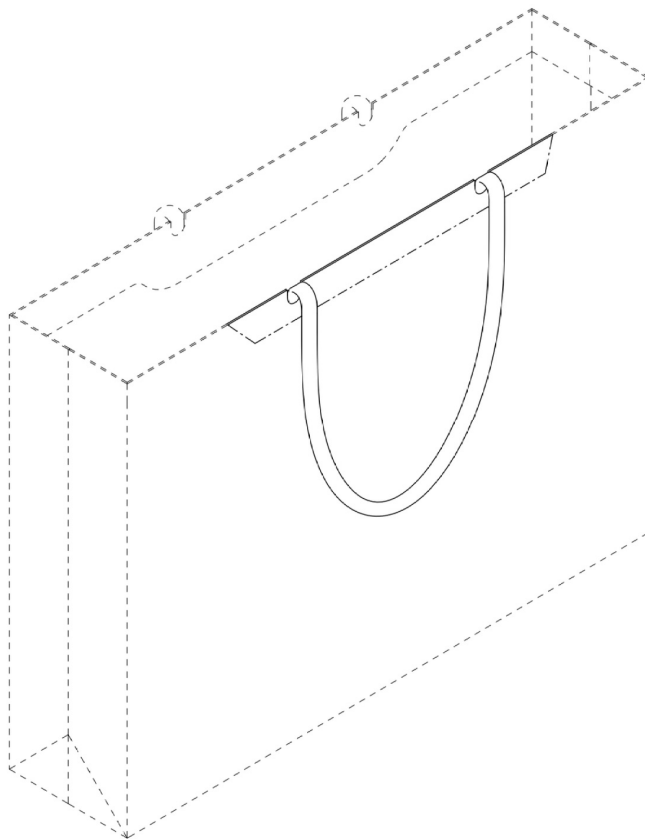
<sup>204</sup> See, e.g., *infra* note 205 and accompanying text.

<sup>205</sup> Bag, *supra* note 195, fig.1. The claim covers only the parts shown in solid lines. See MPEP, *supra* note 49, § 1503.01(III) (“Full lines in the drawing show the claimed design.”). This Article will use the term “fragment” to mean a “physical part of an article that is not, and was not manufactured as, a complete article.” See Burstein, *Lost Its Shape*, *supra* note 64, at 558 (setting forth this definition).

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As can be seen here, the claimed design comprises part of the top edge of the bag as well as a single-looped handle extending from that edge.<sup>206</sup> The overall shape of the bag is disclaimed using dashed lines.<sup>207</sup> Dot-dash lines are used to show that the claimed fragment extends to, but does not include, a dividing line that does not appear in the larger design.<sup>208</sup>

Design patent applicants can also claim a design for the entire shape of an article that forms a component of a larger product.<sup>209</sup> For

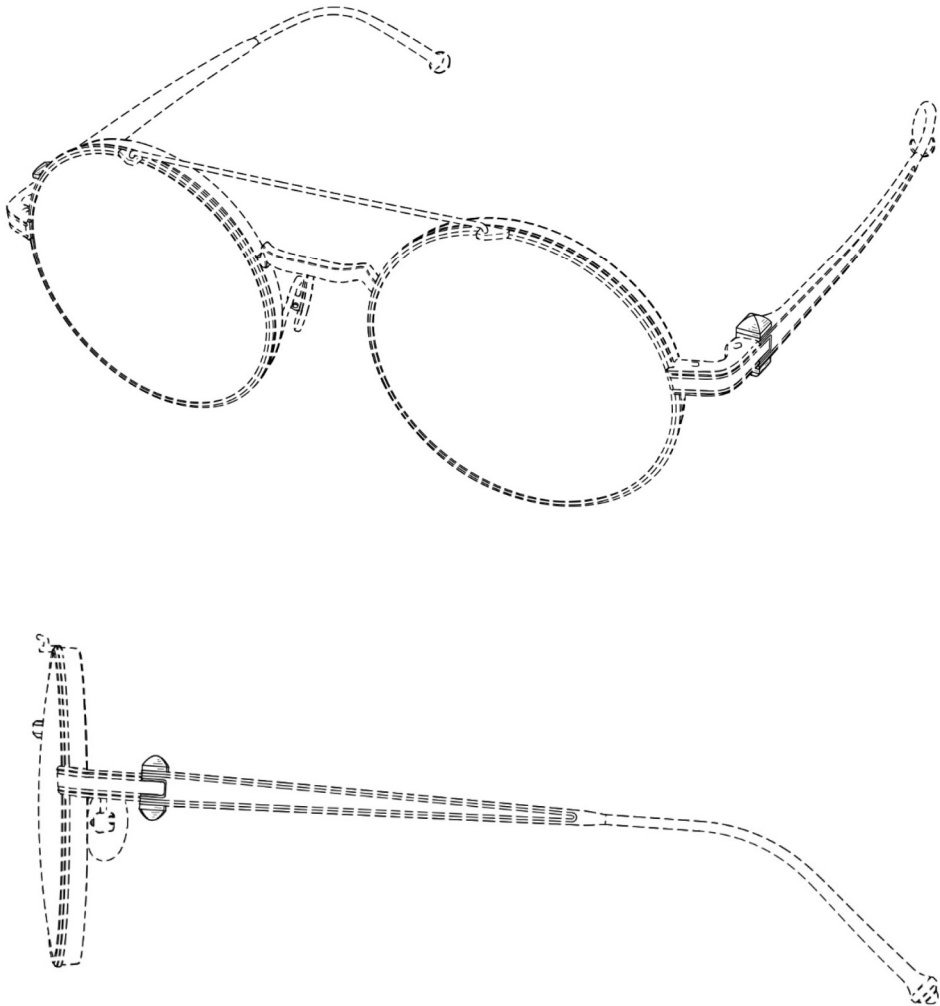
<sup>206</sup> See Bag, *supra* note 195, fig.1.

<sup>207</sup> *Id.* at 2 (disclaiming that “[t]he dashed broken lines in the figures show portions of the bag that form no part of the claimed design”).

<sup>208</sup> See *id.* fig.1.

<sup>209</sup> This Article will use the term “component” to mean “an article that is joined with one or more others to form a composite article.” See Burstein, *Lost Its Shape*, *supra* note 64, at 558; see also *id.* (defining “composite article” as “an article that is made from physically joining together one or more smaller articles”).

example, in this patent, Cartier appears to be claiming just the shapes of the bolts and screws at the hinges of a larger pair of eyeglasses<sup>210</sup>:



This kind of disclaimer practice broadens the scope of the design patent claim because the test for infringement compares only “the patented design” (that is, the claimed design) to the accused product.<sup>211</sup> That means

<sup>210</sup> Spectacles, *supra* note 195, figs. 1 & 4. For more examples of design patents that claim small parts of larger designs, see also Burstein, *Lost Its Shape*, *supra* note 64, at 597–98, 604–06, 611–12.

<sup>211</sup> *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 678 (Fed. Cir. 2008) (en banc) (“[W]e hold that the ‘ordinary observer’ test should be the sole test for determining whether a design patent has

that if the relevant part of the accused product looks the same as what is shown in solid lines, the patent is infringed — even if the claimed design covers only a small or insignificant design element.<sup>212</sup> The patent is infringed even if the accused product looks quite different, overall, from any product made or licensed by the patent owner.<sup>213</sup> So a pair of eyeglasses that looks very different from the eyeglasses made by Cartier could infringe the design patent shown above, as long as the screws and bolts look the same.<sup>214</sup> And unless the design patent uses color illustrations, the claim is not limited to any specific color or colors.<sup>215</sup> So, the bag patent shown above would be infringed by a bag that was a replica of an Apple Store bag (i.e., in the same shape, in white with gray handles). But it would *also* be infringed by white-and-pink bags, polka-dot bags, bags decorated with landscape paintings, bags shaped like hexagons, or any other number of bags that looked nothing like Apple's bags, save for the handle and edge shapes. Accordingly, design patent infringement is not a reliable proxy for overall visual similarity.

(ii) *A Product Can Look Similar, Overall, But Not Infringe a Design Patent.* — Because the standard of visual similarity required to support a finding of design patent infringement is high, and because design patent scope can vary, two products may look “similar” (in the lay meaning of that word) without infringing. For example, at the preliminary injunction hearing in *Apple, Inc. v. Samsung Electronics Co.*,<sup>216</sup> the trial judge famously “held up the [Apple] iPad and [accused Samsung] Galaxy Tab above her head and asked Samsung’s counsel to distinguish the

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been infringed. Under that test, as this court has sometimes described it, infringement will not be found unless the accused article ‘embodies the patented design or any colorable imitation thereof.’” (emphasis added) (quoting *Goodyear Tire & Rubber Co. v. Hercules Tire & Rubber Co.*, 162 F.3d 1113, 1116–17 (Fed. Cir. 1998)) (citing *Arminak & Assocs., Inc. v. Saint-Gobain Calmar, Inc.*, 501 F.3d 1314, 1319 (Fed. Cir. 2007))).

<sup>212</sup> See Burstein, *supra* note 53, at 116 (noting that “there is no requirement that the smaller portion or portions claimed in a [design patent application] represent an important, distinctive or otherwise salient design” element). For the purposes of this Article, I will use the word “‘features’ to refer to physical parts of a product; ‘elements’ to refer to visual sub-parts of a claimed design; and ‘aspects’ to refer to intangible attributes of an element, feature, product, or design.” Burstein, *supra* note 89, at 109 (setting forth this terminology).

<sup>213</sup> See Burstein, *supra* note 51, at 11 (“[I]n analyzing infringement, the fact finder must compare the claimed portion of the design — i.e., whatever is shown in solid lines in the patent drawings — to the corresponding portion of the accused design. If the relevant portion looks ‘the same,’ in light of the prior art, the patent is infringed.” (footnote omitted) (citing *Hutzler Mfg. Co. v. Bradshaw Int’l, Inc.*, No. 1:11-cv-07211, 2012 WL 3031150, at \*9–10 (S.D.N.Y. July 25, 2012); *Egyptian Goddess*, 543 F.3d at 672)). For one visual example of how adding broken lines can broaden a design patent claim, see Burstein, *Whole*, *supra* note 98, at 189–90.

<sup>214</sup> It may be that, in obtaining a patent for a commonly replaced eyeglass part, Cartier was more interested in cornering the repair market. But the larger point remains.

<sup>215</sup> See Burstein, *supra* note 53, at 113 (quoting MPEP, *supra* note 49, § 1503.02(V)).

<sup>216</sup> 920 F. Supp. 2d 1116 (N.D. Cal. 2013).

gadgets.”<sup>217</sup> According to one courtroom report, “[t]he lawyers struggled to get it right.”<sup>218</sup>

But the jury (quite correctly) found that Samsung’s tablets did not infringe the asserted Apple design patent.<sup>219</sup> How can this be, if the products looked so similar? One reason is that the asserted tablet patent, U.S. Patent No. D504,889, did not actually cover the design of the Apple iPad. Instead, it disclosed an older, clunkier design<sup>220</sup>:



Here are some additional views<sup>221</sup>:

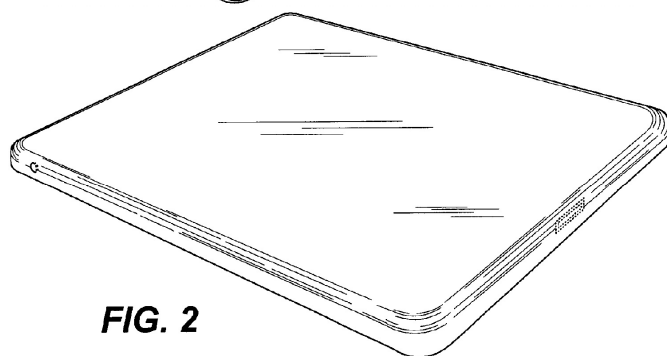
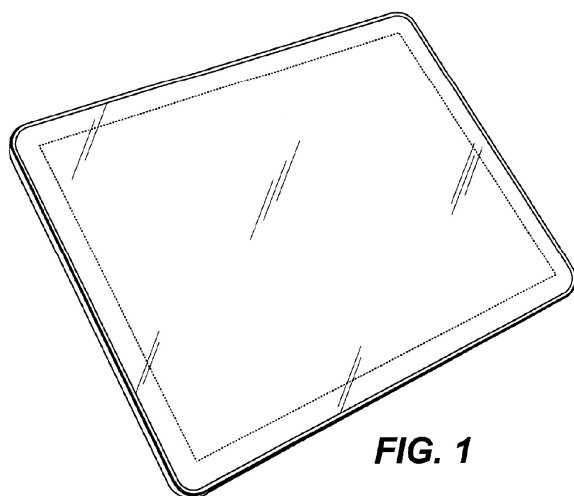
<sup>217</sup> Cecilia Kang, *As Apple and Samsung Vie over Tablet Patents, Judge at Center of a Tech Storm*, WASH. POST (July 18, 2012), [https://www.washingtonpost.com/business/technology/as-apple-and-samsung-vie%20-over-tablet-patents-judge-at-center-of-a-tech-storm/2012/07/18/gJQA18VeuW\\_story.html](https://www.washingtonpost.com/business/technology/as-apple-and-samsung-vie%20-over-tablet-patents-judge-at-center-of-a-tech-storm/2012/07/18/gJQA18VeuW_story.html) [https://perma.cc/G5SS-UQDM].

<sup>218</sup> *Id.*

<sup>219</sup> Amended Verdict Form, *supra* note 129, ¶ 8 (finding that U.S. Patent No. D504,889 was not infringed by either the Galaxy Tab 10.1 (WiFi) or Galaxy Tab 10.1 (4G LTE)).

<sup>220</sup> Electronic Device, U.S. Patent No. D504,889 fig.9 (issued May 10, 2005). This patent claim was filed on March 17, 2004, *see id.* col. 1 l. 22, and appears to claim the shape of an early iPad prototype. *See* Devin Coldewey, *Photos Emerge of 2004 iPad Prototype*, NBC NEWS (July 18, 2012, 7:35 PM), <https://www.nbcnews.com/tech/gadgets/photos-emerge-2004-ipad-prototype-flna893404> [https://perma.cc/999E-UTXH] (“Court documents in the Apple vs. Samsung lawsuit have yielded photos of an iPad prototype dating back to 2004 or earlier. NetworkWorld found them among court document filings that were confidential until a recent legal action exposed them. . . . The device they show is definitely clunkier than the first real iPad, introduced in 2010 . . . .” (linking to Yoni Heisler, Opinion, *Earliest Known Photos of an Apple iPad Prototype*, NETWORKWORLD (July 18, 2012), <https://www.networkworld.com/article/2222798/earliest-known-photos-of-an-apple-ipad-prototype.html> [https://perma.cc/MT3X-DESR])). *See generally* Roger Fingas, *A Brief History of the iPad, Apple’s Once and Future Tablet*, APPLE INSIDER (Apr. 3, 2018), <https://appleinsider.com/articles/18/04/03/a-brief-history-of-the-ipad-apples-once-and-future-tablet> [https://perma.cc/3SCS-49TJ] (“Work on the iPad itself actually traces back to 2004, when designer Jonathan Ive and others crafted a new tablet prototype.”).

<sup>221</sup> Electronic Device, *supra* note 220, figs.1 & 2.



Note that the entire shape of the tablet is shown in solid lines, without any broken-line disclaimers.<sup>222</sup> And the oblique lines make the scope even narrower. As the district judge noted in construing this claim:

The D'889 also includes oblique line shading on several of the figures. The oblique line shading in Figures 1-3 and Figure 9 depicts a transparent, translucent, or highly polished or reflective surface from the top perspective view of the claimed design, the top view of the claimed design, and the bottom perspective view of the claimed design.<sup>223</sup>

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<sup>222</sup> *Id.* col. 2 l. 57 (using broken line disclaimer language only in connection with the depiction of a human shown in figure 9).

<sup>223</sup> Final Jury Instruction No. 43 at 59, *Apple, Inc. v. Samsung Elecs. Co.*, No. 5:11-cv-01846 (N.D. Cal. Aug. 21, 2012), ECF 1903; *see also* Order Regarding Design Patent Claim Construction,



The accused tablets had rear surfaces that were matte.<sup>224</sup> So those tablets did not infringe.<sup>225</sup>

And even if the claim had not contained the oblique lines, the infringement claim should have failed because the claimed shape had totally different, much clunkier, proportions than the accused tablets. These differences are perhaps most easily seen in these comparison images, which were submitted by Apple's counsel in the U.K. case<sup>226</sup>:



RCD '607  
thickness = Y



SGT 7.7  
thickness approx. (0.74)Y



SGT 8.9  
thickness approx. (0.67)Y



SGT 10.1  
thickness approx. (0.65)Y

The "SGT" labels indicate accused Samsung products.<sup>227</sup> The label "RCD" refers to Apple's Registered Community Design,<sup>228</sup> which has the same drawings as the U.S. design patent.<sup>229</sup> As the UK court noted,

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No. 5:11-cv-01846, 2012 WL 3071477, at \*9–10 (N.D. Cal. July 27, 2012) (construing the claimed design); *id.* at \*6–7 ("The MPEP explains 'while surface shading is not required under 37 CFR 1.152, it may be necessary in particular cases to shade the figures to show clearly the character and contour of all surfaces of any 3-dimensional aspects of the design. . . . Oblique line shading must be used to show transparent, translucent and highly polished or reflective surfaces, such as a mirror.'" (quoting MPEP, *supra* note 49, § 1503.2(II))).

<sup>224</sup> See *Apple, Inc. v. Samsung Elecs. Co.*, 920 F. Supp. 2d 1116, 1127 (N.D. Cal. 2013) ("Apple argues that, contrary to this Court's construction, the D'889 Patent does not require a shiny back surface, and thus, the Galaxy Tab 10.1, with its matte surface, infringes.").

<sup>225</sup> Amended Verdict Form, *supra* note 129, ¶ 8.

<sup>226</sup> *Samsung Elecs. (UK) Ltd. v. Apple Inc.* [2012] EWCA (Civ) 1339 [43] (noting that this image comes from an exhibit submitted by Apple).

<sup>227</sup> See *id.*

<sup>228</sup> See *id.*

<sup>229</sup> Compare Registered Community Design No. R000181607–0001, at 55, with Electronic Device, *supra* note 220, figs. 1, 2, 3, 4, 5, 6 & 8.

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the accused products differ noticeably from the claimed design in both profile shapes and proportions.<sup>230</sup>

Accordingly, a product can look the same as a patentee's product without infringing the patentee's patent. Design patent infringement is not the same thing as overall visual similarity.

(b) *Design Patent Infringement Does Not Require Intent to Deceive.* — As noted above, the colloquial definition of “counterfeit” implies an intent to deceive.<sup>231</sup> And it is difficult to imagine actual counterfeiting occurring unintentionally.<sup>232</sup> Design patent infringement, on the other hand, requires no intent to deceive.<sup>233</sup>

You don't need to know a patent exists in order to infringe it.<sup>234</sup> You don't need to engage in any copying in fact.<sup>235</sup> You don't need to engage in any deceptive or inherently blameworthy behavior at all — let alone intend to deceive anyone about anything. All you need to do to infringe a design patent is make, use, offer to sell, or import an article that embodies a patented design.<sup>236</sup>

In some cases, a product may not even *be* infringing when it is first designed, produced, or sold. A sophisticated competitor can use the design patent system to write claims that cover existing products ex

<sup>230</sup> See *Samsung Elecs. (UK) Ltd.*, [2012] EWCA (Civ) at [43] (“By contrast with the crisp edge of the design, all three of the Samsung products have a side which curves a little *outwards* (so a bit bezel-like) before curving back in and under. And none of them have a vertical portion.”).

<sup>231</sup> See *supra* note 24 and accompanying text.

<sup>232</sup> Recall that, for civil counterfeiting, “counterfeit” is defined as “a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.” 15 U.S.C. § 1127. Although the Lanham Act contemplates that someone might possibly be liable for counterfeiting without intent or knowledge, see 15 U.S.C. § 1117(b), it seems unlikely in practice. And criminal counterfeiting requires that the proscribed acts be done “intentionally.” 18 U.S.C. § 2320(a). Indeed, McCarthy defines “counterfeiting” as “the act of producing or selling a product with a sham trademark that is an *intentional and calculated* reproduction of the genuine trademark.” MCCARTHY, *supra* note 4, § 25:10 (emphasis added).

<sup>233</sup> See 35 U.S.C. § 271; see also William J. Seymour & Andrew W. Torrance, (R)evolution in Design Patentable Subject Matter: The Shifting Meaning of “Article of Manufacture,” 17 STAN. TECH. L. REV. 183, 214 (2013) (“[P]atent infringement is a strict liability offense.”). See generally *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665 (Fed. Cir. 2008) (en banc) (not mentioning any scienter requirement). As discussed *supra* section I.B.1, pp. 481–84, the test for design patent infringement is a test of visual similarity, *not* deception or confusion in the trademark sense.

<sup>234</sup> Of course, if you do know it exists, that may be relevant to the question of damages. See *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 579 U.S. 93, 105 (2016) (“The subjective willfulness of a patent infringer, intentional or knowing, may warrant enhanced damages . . .”).

<sup>235</sup> See JEANNE C. FROMER & CHRISTOPHER JON SPRIGMAN, COPYRIGHT LAW: CASES & MATERIALS 214 (Version 5.0 2023) (distinguishing between “copying in fact” and “copying in law” in copyright and stating: “The element of ‘copying in fact’ is established by showing that the defendant actually used some elements of the plaintiff’s work . . . . That is, the first part of the infringement tests asks whether, as a factual matter, the defendant copied from the plaintiff’s work.”). For more on how and why design patent infringement might occur without copying in fact, see *supra* notes 59–62 and accompanying text.

<sup>236</sup> See 35 U.S.C. § 271(a).

post.<sup>237</sup> So a product can be noninfringing when it is manufactured but infringing by the time it is sold. Or it can be noninfringing when introduced on the market and later become infringing. This means that even someone who intentionally designs around an existing design patent may still be caught in an infringing net.<sup>238</sup>

By linking design patent infringement with counterfeiting, those who seek increased design patent protection may be trying to insinuate that design patent infringers, like counterfeiters, are intentional wrongdoers — and perhaps that they are intentional wrongdoers who would have no qualms about selling shoddy or unsafe products.<sup>239</sup> As Patricia Loughlan noted, “it is in fact quite hard to think of a thief as any sort of good guy at all once you have begun thinking about him, even just impressionistically, as a thief.”<sup>240</sup> Linking design patent infringement to counterfeiting immediately paints design patent infringers (or accused infringers) as bad guys, an impression that may be difficult for judges, policymakers, and others to shake.<sup>241</sup>

Some may argue that because design patent infringement requires a high degree of visual similarity, any infringement must be intentional. That may be true in cases where a design is creative and the patent covers the whole design. It may be difficult to infringe such a patent without copying in fact.<sup>242</sup> But not all design patents claim whole designs.<sup>243</sup> And even when they do, the Federal Circuit does not currently require patentable designs to rise to even the low standard of visual creativity required by the Supreme Court in *Feist Publications, Inc. v. Rural Telephone Service Co.*<sup>244</sup> A design patent for an uncreative design

<sup>237</sup> See Burstein, *Costly Designs*, *supra* note 53, at 115–17 (explaining this ex post claiming strategy). For an example, see Perry J. Saidman, *The Crisis in the Law of Designs*, 89 J. PAT. & TRADEMARK OFF. SOC’Y 301, 319–22 (2007).

<sup>238</sup> Designing around an existing patent is not, of course, legally or morally wrong. Indeed, we generally think that designing around a patent is a good thing.

<sup>239</sup> See *infra* section III.B, pp. 514–17.

<sup>240</sup> Patricia Loughlan, Opinion, “*You Wouldn’t Steal a Car . . .*”: *Intellectual Property and the Language of Theft*, 29 EUR. INTEL. PROP. REV. 401, 401 (2007).

<sup>241</sup> See *id.*

<sup>242</sup> On the concept of “copying in fact,” see FROMER & SPRIGMAN, *supra* note 235, at 214–24. Of course, one can copy a product without knowing that the product is the subject of a design patent.

<sup>243</sup> See *supra* section III.A.2.a.i, pp. 503–07.

<sup>244</sup> 499 U.S. 340 (1991). See *id.* at 345 (“Original, as the term is used in copyright, means only that the work was independently created by the author (as opposed to copied from other works), and that it possesses at least some minimal degree of creativity.”). In *Feist*, the Supreme Court was interpreting the Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (codified as amended in scattered sections of the U.S. Code). But the word “original” also appears in the design patent statutory subject matter provision. See 35 U.S.C. § 171(a). And if, as the Supreme Court held, originality is a requirement of the Constitution, not just the Copyright Act, then it may well be a requirement for patents as well. See *Feist*, 499 U.S. at 346 (“Originality is a constitutional requirement. The source of Congress’ power to enact copyright laws is Article I, § 8, cl. 8, of the Constitution . . .”); see also Burstein, *Uncreative*, *supra* note 50, at 1488–98 (discussing this issue in more detail and arguing that design owners should not be able “to use the design patent system to evade the low bar set by *Feist*,” *id.* at 1488).

could be duplicated without any copying in fact.<sup>245</sup> Similarly, a design patent that claims a design for a small or functional (in the lay sense of the word) part of a larger design might be duplicated without copying.<sup>246</sup>

Even if someone does copy, they might not know the product is patented, might think the patent is invalid, or may have other reasons to believe their copying is legally justified. These beliefs won't get them off the hook for infringement but they are relevant to questions of general blameworthiness and intent.<sup>247</sup>

And there's nothing inherently — let alone legally — wrong with copying someone else's product design. As the Supreme Court noted in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*<sup>248</sup>:

[I]n many instances there is no prohibition against copying goods and products. In general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying. As the Court has explained, copying is not always discouraged or disfavored by the laws which preserve our competitive economy.<sup>249</sup>

Not only is copying an unpatented product generally allowed but, as the Court also noted, “[a]llowing competitors to copy will have salutary effects in many instances.”<sup>250</sup> So copying isn't inherently bad. And design patent infringement — whether it arises from copying or not — isn't inherently morally suspect.

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<sup>245</sup> Cf. Douglas Lichtman, *Copyright as a Rule of Evidence*, 52 DUKE L.J. 683, 705 (2003) (“[O]ne reason a sensible copyright regime would distinguish uncreative from creative work is that uncreative work introduces extraordinary problems of proof. Were two litigants to step forward with remarkably similar uncreative works, a court would find it virtually impossible to determine whether one copied from the other (impermissible infringement), or whether instead any similarity simply resulted from the fact that both works lack creativity.”).

<sup>246</sup> For more on how the Federal Circuit has defined the concept of “functionality” in design patent law, see Burstein, *supra* note 36, at 1456–57.

<sup>247</sup> The question of knowledge is also relevant to arguments about deterrence. See Samuelson et al., *supra* note 32, at 2064 (“The deterrence justification is particularly weak when a defendant is unaware it is violating a design patent or has reasonable grounds to believe it is not infringing a valid patent.”).

<sup>248</sup> 532 U.S. 23 (2001).

<sup>249</sup> *Id.* at 29 (citing *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 160 (1989)); see also *Smith v. Chanel, Inc.*, 402 F.2d 562, 563, 567 (9th Cir. 1968) (“Since appellees’ perfume was unpatented, appellants had a right to copy it, as appellees concede.”).

<sup>250</sup> *TrafFix*, 532 U.S. at 29; see also *Bonito Boats*, 489 U.S. at 151 (“The attractiveness of [the patent] bargain, and its effectiveness in inducing creative effort and disclosure of the results of that effort, depend almost entirely on a backdrop of free competition in the exploitation of unpatented designs and innovations.”); MCCARTHY, *supra* note 4, § 1:2 (“Imitating a successful commercial idea that is not protected by intellectual property is the essence of free competition. The second comer who imitates by offering an equivalent product or service at a lower price or with better quality is to be encouraged because legitimate imitation is essential in a competitive economy.”).

*B. There Is No Necessary Link Between Design Patents and Safety*

Some who use the counterfeit rhetoric point to concerns about quality or safety.<sup>251</sup> For example, in a blog post supporting the border seizure bill, the well-known and respected design patent attorney Elizabeth Ferrill stated that:

The U.S. Joint Strategic Plan [on IP Enforcement] also described the ramifications of these counterfeiting techniques. In addition to the large negative fiscal impact that counterfeit goods have on the U.S. economy, the report also noted that the goods may pose consumer safety concerns. For example, the Joint Strategic Plan reported on the risk to consumer health and safety posed by counterfeit versions of personal care products, consumer electronics, and automotive parts, *all of which are often protected by design patents*. According to the Plan, counterfeit personal care products (e.g., sunscreen, cosmetics, and perfume) often include dangerous contaminants (e.g., carcinogens and urine) or lack the effective ingredients (e.g., SPF). Likewise, counterfeit consumer electronics (e.g., power adapters, chargers, and devices) may fail or overheat leading to fire and electrocution risks. Counterfeit automotive parts (e.g., wheels, headlights, and windshields) often have higher failure and malfunction rates than genuine parts.<sup>252</sup>

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<sup>251</sup> See, e.g., Letter from Henry Hadad, President, Intell. Prop. Owners Ass'n (IPO) & Barbara A. Fiacco, President, Am. Intell. Prop. L. Ass'n (AIPLA) to Sens. Thom Tillis & Chris Coons (Dec. 5, 2019), [https://cdn.patentlyo.com/media/2019/12/Joint-Letter\\_Counterfeit-Good-Seizure-Act.pdf](https://cdn.patentlyo.com/media/2019/12/Joint-Letter_Counterfeit-Good-Seizure-Act.pdf) [<https://perma.cc/5NPG-GFLZ>] ("Products incorporating knockoff and counterfeit designs are often not manufactured to the same quality and safety standards as a genuine product, posing usability problems and safety risks to the unsuspecting consumer."); David Brzozowski & Teresa Lavenue, *Bi-Partisan Legislation Would Permit U.S. Customs to Seize Counterfeits Infringing Design Patents*, MONDAQ (Jan. 2, 2020), <https://www.mondaq.com/unitedstates/trademark/879148/bipartisan-legislation-would-permit-us-customs-to-seize-counterfeits-infringing-design-patents> [<https://perma.cc/U2SL-PLGK>] (stating that the border seizure bill would "expand the breadth of counterfeit goods that U.S. Customs can seize, including potentially hazardous counterfeits such as personal hygiene items containing contaminants and consumer electronics that may fail when in use"). Some of these arguments may be, at least in part, a response to prior arguments that distinguish designer bags and films, on one hand, from unauthorized medicines. See, e.g., Osei-Tutu, *supra* note 9, at 772 (noting that "the demands for state enforcement of private intellectual property rights are not limited to industries where there is some clear health and safety issue, but extend to a variety of intellectual property goods, ranging from designer bags to films" (citing Letter on Trans-Pac. P'ship Negotiations from Various Indus. Ass'ns to the President of the U.S. (May 8, 2012))).

<sup>252</sup> Ferrill, *supra* note 113 (emphasis added) (not citing any sources to support the empirical assertion at the end of the quote). In a blog post supporting the same bill, Perry Saidman made a similar point using eerily similar language. See Perry Saidman, *Legislation Introduced to Make Design Patents Enforceable at the U.S. Border, Like Copyrights and Trademarks*, DESIGN L. PERSPS. (Dec. 20, 2019), <https://www.designlawperspectives.com/blog/legislation-introduced-to-make-design-patents-enforceable-at-the-us-border-like-copyrights-and-trademarks> [<https://perma.cc/N3NC-2FYQ>] ("[C]ounterfeit consumer electronics (e.g., power adapters, chargers, and devices) may fail or overheat leading to fire and electrocution risks. Counterfeit automotive parts (e.g., wheels, headlights, and windshields) often have higher failure and malfunction rates than genuine parts."). The latter post also appears to copy another paragraph from Ferrill almost verbatim. Compare Ferrill, *supra* note 113 (paragraph starting with: "The infringement test for design patents was simplified in 2008 . . ."), with Saidman, *supra* (paragraph starting with: "The infringement test for design patents was simplified in 2008 . . ."). The link to the report Ferrill cited is broken now.

Ferrill thus seemed to be suggesting that because a report had discussed safety risks related to certain types of products and because those types of products “are often protected by design patents,” that means that increasing design patent enforcement could promote safety.<sup>253</sup>

But there is no legal or logical link between design patents and safety. You don’t need to make any product — let alone a safe one — to get a design patent. No one at the USPTO performs a quality or safety check of the applicant’s product (if any) as a part of the patent examination process. A design patent is not, in any way, a guarantee of quality.<sup>254</sup> Signaling a producer’s reputation for quality or safety is the role of trademark law, not design patent law.<sup>255</sup> If, for example, an airplane manufacturer were to develop a reputation for prioritizing profits over safety, consumers may decide to avoid (and airlines may decide to stop buying) airplanes made by that manufacturer.<sup>256</sup> But the fact that a given airplane is the subject of — or in some way infringes upon — a

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See Ferrill, *supra* note 113 (linking to <https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/IPEC/2016jointstrategicplan.pdf>). But it appears that she was referring to a document created by the Office of the Intellectual Property Enforcement Coordinator entitled “Supporting Innovation, Creativity & Enterprise: Charting a Path Ahead, U.S. Joint Strategic Plan on Intellectual Property Enforcement (FY 2017–2019).” The report does not clearly define what it means by “counterfeit” and largely seems to lump “counterfeit and infringing goods” into one large category. See generally OFF. OF THE INTELL. PROP. ENF’T COORDINATOR, SUPPORTING INNOVATION, CREATIVITY & ENTERPRISE: CHARTING A PATH AHEAD, U.S. JOINT STRATEGIC PLAN ON INTELLECTUAL PROPERTY ENFORCEMENT FY 2017–2019 (2016), <https://obamawhitehouse.archives.gov/sites/default/files/omb/IPEC/2016jointstrategicplan.pdf> [<https://perma.cc/T7AX-K9RH>].

<sup>253</sup> Ferrill, *supra* note 113.

<sup>254</sup> Cf. *Juicy Whip, Inc. v. Orange Bang, Inc.*, 185 F.3d 1364, 1368 (Fed. Cir. 1999) (“Other agencies [i.e., agencies other than the Patent Office], such as the Federal Trade Commission and the Food and Drug Administration, are assigned the task of protecting consumers from fraud and deception in the sale of food products.”); *In re Watson*, 517 F.2d 465, 476 (C.C.P.A. 1975) (“Congress has given the responsibility to the FDA, not to the Patent Office, to determine in the first instance whether drugs are sufficiently safe for use that they can be introduced in the commercial market . . . .”); cf. also *Webber v. Virginia*, 103 U.S. 344, 344–48 (1880) (“Congress never intended that the patent laws should displace the police powers of the States, meaning by that term those powers by which the health, good order, peace, and general welfare of the community are promoted.” *Id.* at 347–48.).

<sup>255</sup> See, e.g., Jake Linford, *Placebo Marks*, 47 PEPP. L. REV. 45, 52–53 (2019) (“Trademark law allows the mark owner to internalize consumer goodwill (i.e. repeat custom) as the reward for truthfully signaling consistent product quality.”) (footnote omitted); Aaron Perzanowski, *Unbranding, Confusion, and Deception*, 24 HARV. J.L. & TECH. 1, 18 (2010) (“Trademarks also influence product quality. If consumers can easily and consistently identify products based on source indicators, producers have greater incentives to maintain product quality.”) (citing William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 269–70 (1987)).

<sup>256</sup> See Elizabeth Chuck, *Some Nervous Travelers Are Changing Their Flights to Avoid Boeing Airplanes*, NBC NEWS (Mar. 23, 2024, 10:00 AM), <https://www.nbcnews.com/news/us-news/travelers-changing-flights-avoid-boeing-airplanes-rcna144158> [<https://perma.cc/JP3D-JYXS>] (reporting that, “after a series of quality control incidents, starting with the dramatic door panel blowout on a Boeing 737 Max midair during an Alaska Airlines flight in January” 2024, some airline customers have changed their travel plans to avoid flying on Boeing airplanes). Of course, in this scenario, the travelers are not purchasers of the airplanes. But their choices may impact future purchasing decisions by airlines.

design patent does not, in and of itself, convey any similar type of safety-related information.<sup>257</sup>

Design patent infringement is not a sign of a lack of quality. If the visual similarity test is met, the product infringes — safe or unsafe, high quality or low quality.<sup>258</sup> Even if someone knowingly copies another person's product, that does not suggest (let alone prove) that the copier is more likely than others to make or sell unsafe products. Therefore, when counterfeit rhetoric is used to invoke concerns about safety, it constitutes a fallacious appeal to fear.

Some design patent infringers may, in fact, sell unsafe or low-quality products. But that does not mean that all (or even most) design patent infringers sell unsafe products or that there is any necessary logical or legal connection between design patent enforcement and consumer safety.<sup>259</sup>

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All of this is not to say that there are never any acts of design patent infringement that also constitute counterfeiting — or any design patent infringers who are also counterfeiters (in either sense of the word).<sup>260</sup> Instead, the point here is that the counterfeiting and design patent infringement are not inextricably linked. If the problem is counterfeiting, Congress (and the courts) should deal with it directly. Because there is no necessary logical or legal connection between these two types of infringement, there is no guarantee that legislative or judicial interventions aimed at the lesser offense (design patent infringement) will have any effect on the frequency or magnitude of the worse offense (counterfeiting). To make an analogy to criminal law: Some trespassers may also be murderers. That does not mean the law should treat all trespassers as murderers. And it certainly does not justify the use of taxpayer funds

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<sup>257</sup> Some may argue that there is a link because a producer may wish to use a design patent to “bootstrap” trade dress protection — that is, they may wish to use a design patent to obtain an artificial monopoly on the design that may allow the producer to develop secondary meaning. But the fact that some producers may wish to use this strategy does not change the reality of the pre-secondary-meaning marketplace.

<sup>258</sup> See *supra* notes 57–87 and accompanying text.

<sup>259</sup> The larger empirical question of how often products that infringe design patents are, actually, unsafe is beyond the scope of this Article. But those who suggest that there is, in fact, a connection should bear the empirical burden of proof.

<sup>260</sup> There almost certainly are some. But we need more than attorney *ipse dixit* to establish the actual or likely amount of overlap.

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to guard every piece of private property,<sup>261</sup> which is basically what design patent owners are asking for with respect to border enforcement.<sup>262</sup>

#### IV. THE LARGER COUNTERFEIT NARRATIVE

The use of moralizing rhetoric in discussions of intellectual law and policy is, of course, not new. There are strong parallels in the way the word “counterfeit” is being used in discussions of design patent law with the way words like “theft” and “piracy” have been used in discussions of copyright law and policy. This kind of “[l]inkage, where words are repeatedly placed together or near to each other, is recognised by scholars of rhetoric as an important device by which the meanings associated with one word can become incorporated into or transferred to another.”<sup>263</sup> As Patricia Loughlan notes, in discussions of copyright, “[t]he language of theft . . . reduces a difficult policy debate, with significant economic and cultural consequences, to a crude and simplistic moral drama.”<sup>264</sup> We see the same thing with the use of counterfeit rhetoric in connection with design patents. When people refer to design patent infringement as “counterfeiting,” they may not be making an express statement of law. But, by using a word that is also a legal term of art, they are “draw[ing] upon and mobilis[ing] the ordinary, almost instinctive response [of] ordinary people to dislike, disdain and despise the unauthorised user of [a design patent] as they would dislike, disdain and despise” an actual counterfeiter.<sup>265</sup>

The words “counterfeit” and “counterfeiting” themselves have shown up before in debates about copyright and trademark law and policy (and to a lesser extent, in discussions of utility patent protection for pharmaceuticals). But those involved in design patent law and policy may not be aware of that history and literature. One goal of this Article is to bridge that gap and to bring lessons learned in debates about other areas of IP into debates about design patent law.

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<sup>261</sup> To be clear, I’m just making an analogy, not taking a position in the “is IP ‘property’?” debate. Compare, e.g., Adam Mossoff, *Introduction to Intellectual Property and Property Rights*, in INTELLECTUAL PROPERTY & PROPERTY RIGHTS, ix, ix (Adam Mossoff ed., 2013), with Mark A. Lemley, *Property, Intellectual Property, and Free Riding*, 83 TEX. L. REV. 1031, 1032 (2005).

<sup>262</sup> It is true that Customs already polices copyright and trademark infringement. See *supra* note 113 and accompanying text. But that doesn’t mean design patent owners are being unfairly excluded; it may simply mean we have too much border enforcement already. And even if border enforcement of registered trademarks and copyrights is a good policy, that doesn’t mean the same is true for design patents. Because of the way the *Goddess* test works, *ex parte* procedures, such as border enforcement, are especially ill-suited to the adjudication of design patent claims. See *supra* note 94 and accompanying text.

<sup>263</sup> Loughlan, *supra* note 240, at 401 (footnote omitted) (citing BARRY BRUMMETT, RHETORIC IN POPULAR CULTURE 120 (2d ed. 2006)).

<sup>264</sup> *Id.* at 405.

<sup>265</sup> *Id.* at 403 (“When the background authoritative voice in the MPAA film quoted above intones that ‘downloading a pirated film is stealing,’ no statement of law is being made.”).



### A. *We've Seen This Before*

As Janewa Osei-Tutu has observed, those who sought to expand copyright and trademark protections have used arguments about counterfeiting — and, in particular, arguments about counterfeit medicines — to try to expand copyright and non-counterfeiting trademark protections in draft treaties like the Anti-Counterfeiting Trade Agreement<sup>266</sup> (ACTA) and Trans-Pacific Partnership<sup>267</sup> (TPP).<sup>268</sup> Using this kind of rhetoric, “[w]ealthy corporations are successfully making the case for increased state enforcement of intellectual property rights by effectively framing the issue of intellectual property enforcement as a health and safety issue in order to advance their commercial interests.”<sup>269</sup> And:

[I]n line with industry, the government narrative is that intellectual property rights are not the problem but, rather, that intellectual property is critical to the development and marketing of new medicines. . . . This narrative, which suggests that intellectual property is beneficial to the public, serves the interest of all intellectual property industries broadly, not just the pharmaceutical industry. Once the case for increased intellectual property enforcement is successfully made based on the dangers posed by counterfeit medicines, the argument is extended — often without merit — to other consumer and industrial products.<sup>270</sup>

We’ve seen a similar dynamic at play with the rhetoric of “piracy” and copyright.<sup>271</sup> Additionally, “some commentators have connected counterfeit medicines not only to petty criminals, but also to terrorist

<sup>266</sup> Oct. 1, 2011, 50 I.L.M. 243 (not in force).

<sup>267</sup> Feb. 4, 2016, <https://ustr.gov/trade-agreements/free-trade-agreements/trans-pacific-partnership/tpp-full-text> [<https://perma.cc/8RQ3-P55V>] (not yet in effect, and signed but not ratified by the United States).

<sup>268</sup> See Osei-Tutu, *supra* note 9, at 770 (observing that “international intellectual property agreements, like the recent Anti-Counterfeiting Trade Agreement (ACTA), increasingly contemplate government monitoring and enforcement of these rights, and industry associations requested similar measures in the highly secretive Trans-Pacific Partnership (TPP) negotiations” (footnotes omitted)); *id.* at 769 (“[P]otential health risks from counterfeit medicines provide a powerful counter-narrative to the ‘access to medicines’ critique of intellectual property. The dangers created by counterfeit medicines thereby artificially bolster the case for public enforcement of private intellectual property rights.” (footnotes omitted)).

<sup>269</sup> *Id.* at 771. Of course, ACTA and the TPP did not get enacted. But that does not mean we will not see similar arguments being made in the future.

<sup>270</sup> *Id.* at 784 (footnotes omitted) (citing OFF. OF THE U.S. TRADE REPRESENTATIVE, TRANS-PACIFIC PARTNERSHIP TRADE GOALS TO ENHANCE ACCESS TO MEDICINES 1 (2011), <https://ustr.gov/sites/default/files/uploads/TPP%20Trade%20Goals%20to%20Enhance%20Access%20to%20Medicines.pdf> [<https://perma.cc/W4QK-VEKU>]; James M. Cooper, *Piracy* 101, 36 CAL. W. INT’L L.J. 89, 100 (2005)). Although ACTA and the TPP did not ultimately become treaties, that doesn’t mean this rhetoric doesn’t matter. And these failures may be due, at least in part, to the critics who pointed out problems with their supporters’ counterfeiting arguments. In any case, it’s still worth discussing how big, sophisticated companies use the rhetoric of counterfeiting to try to sell private harms as public ones.

<sup>271</sup> Cf. Debora Halbert, *Intellectual Property Piracy: The Narrative Construction of Deviance*, 10 INT. J. SEMIOTICS L. 55, 71 (1997) (noting that piracy rhetoric creates a narrative where “multi-million dollar industries become the victims”).

organizations, thus portraying intellectual property enforcement as a national security issue.”<sup>272</sup> According to Susan Sell, at least part of this has been a result of a concerted effort to conflate “tales of exploding cell phones and toxic counterfeit drugs” and “unsubstantiated allegations of organized crime and even terrorist involvement” with things like copy-cat handbags and unauthorized DVDs.<sup>273</sup>

Similarly, the rhetoric discussed in this Article deliberately conflates design patent infringement with actual counterfeiting, in order to justify increased design patent protections based on an appeal to fear. Because there is no necessary logical or legal connection between design patent infringement and counterfeiting, this appeal to fear is fallacious.

### B. What's Really Going On?

So what's really going on here? This section discusses some motivations that seem to underlie the use of counterfeit rhetoric in the design space.

1. *IP Owners Want to Foist Enforcement Costs onto Taxpayers.* — Sometimes, counterfeit rhetoric is used to try to shift IP enforcement costs to the public.<sup>274</sup> In general, private parties must pay to enforce

<sup>272</sup> Osei-Tutu, *supra* note 9, at 784 (citing Cooper, *supra* note 270, at 97; Beverley Earle, Gerald A. Madek & Christina Madek, *Combating the New Drug Trade of Counterfeit Goods: A Proposal for New Legal Remedies*, 20 TRANSNAT'L L. & CONTEMP. PROBS. 677, 687 (2012)). Others have noted similar rhetorical moves in other IP contexts. See, e.g., Glyn Moody, *EU's Gallo Report: Rubbish Recycled*, OPEN . . . (Jan. 29, 2010), <https://opendotdotdot.blogspot.com/2010/01/eus-gallo-report-rubbish-recycled.html> [<https://perma.cc/9VVR-U932>] (“I’ve noted several times an increasingly popular trope . . . : since counterfeiting is often linked with organised crime, and because counterfeiting and copyright infringement are vaguely similar, it follows as surely as night follows day that copyright infringement is linked with organised crime. Well, that apology of an argument is now being recycled in the draft of the Gallo Report . . . .”) (discussing Eur. Parliament Comm. on Legal Affs., *Draft Report on Enhancing the Enforcement of Intellectual Property Rights in the Internal Market* (Jan. 13, 2010), <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+COMPARL+PE-438.164+01+DOC+PDF+Vo//EN&language=EN> [<https://perma.cc/Y5RS-V788>]).

<sup>273</sup> Susan K. Sell, *The Global IP Upward Ratchet, Anti-Counterfeiting and Piracy Enforcement Efforts: The State of Play* (Am. U. Wash. Coll. of L. Joint PIJIP/TLS Rsch. Paper Series No. 2010-15), <https://digitalcommons.wcl.american.edu/research/15> [<https://perma.cc/93LQ-8JJY>] (“At a CropLife America meeting on December 1, 2007, Dan Glickman, head of the Motion Picture Association, recommended that advocates underscore the danger of counterfeited and pirated goods. Through fearmongering, IP enforcement agenda advocates are constructing a big tent that includes all types of intellectual property: trademarks, patents, copyrights. . . . This campaign is characterized by strategic obfuscation; its message is intentionally misleading. For example, it is difficult to imagine a ‘dangerous’ counterfeit handbag, or a ‘dangerous’ DVD. The fearmongering ranges from tales of exploding cell phones and toxic counterfeit drugs, to unsubstantiated allegations of organized crime and even terrorist involvement.”).

<sup>274</sup> See Osei-Tutu, *supra* note 9, at 768–69; see also Port, *supra* note 123, at 1179–80, 1182 (“In the end, the real issue is whether we should make the international enforcement of intellectual property rights against producers of imitative commodities a public, rather than a private, matter. To date, this has largely been conceived of as a private cause of action, where intellectual property rights holders sue to prevent the importation or distribution of imitative commodities.” *Id.* at 1182.).

their own private rights.<sup>275</sup> But that is expensive.<sup>276</sup> By invoking “[t]he dangers [of] counterfeit medicines” and framing IP enforcement as a public safety issue that merits public support, IP owners and their supporters seek to “artificially bolster the case for public enforcement of private intellectual property rights.”<sup>277</sup>

This appears to be a big part of what is happening in the debates about design patents and border enforcement.<sup>278</sup> For example, some of the sponsors of the 2019 seizure bill invoked some unspecified “safety risks” to “the health and well-being of American consumers.”<sup>279</sup> This is a straightforward appeal to fear. But as explained here, that appeal to fear is fallacious.<sup>280</sup> When the counterfeit rhetoric is stripped away, all that is left is a naked attempt to get the public to pay for the private enforcement efforts of IP owners.<sup>281</sup>

2. *IP Owners Want to Circumvent Due Process Protections.* — It also appears that, at least sometimes, people use counterfeit rhetoric to justify or argue for circumventing the normal requirements of due process in order to obtain *ex parte* adjudications. Design patent owners might want to circumvent the procedures that normally protect due process values in order to save themselves money, to put undue pressure on their competitors, or for other reasons. In many cases, the suggestion seems to be that counterfeiting is — and the people who do it are — so bad that it justifies abandoning normal procedural safeguards.<sup>282</sup>

<sup>275</sup> Osei-Tutu, *supra* note 9, at 770 (“Intellectual property rights are private rights that are normally enforced by the rights holders.”).

<sup>276</sup> *Id.* (“[M]onitoring and enforcing intellectual property rights is expensive.”).

<sup>277</sup> *Id.* at 769; *see also id.* at 785 (noting that “the definition of ‘counterfeit’ medicines is not uniform”); *id.* at 769 n.16 (defining “[a] counterfeit medicine . . . as a fake or illegitimate version of a patented drug or a fake or illegitimate version of a generic drug”).

<sup>278</sup> *Cf.* Grinvald, *supra* note 107, at 1528 (noting that the border-enforcement measures proposed in ACTA “would shift the costs of enforcement from the budgets of the trademark bullies onto the CBP”); Burstein, *supra* note 94 (discussing a design patent bill that would allow private design patent holders to transfer their enforcement costs to the public).

<sup>279</sup> Seizure Press Release, *supra* note 107 (quoting Sens. Coons and Hirono).

<sup>280</sup> *See supra* section III.B, pp. 514–17.

<sup>281</sup> *See* Osei-Tutu, *supra* note 9, at 771–72. Tellingly, many attorneys who wrote in support of the 2019 bill emphasized the potential cost savings for design patent owners. *See, e.g.,* Ferrill, *supra* note 113 (noting that CBP enforcement would make enforcement “faster and less expensive for the design rights holders”); Daniel S. Block & Deirdre M. Wells, *Senators Propose Bill to Strengthen Anti-Counterfeiting Toolkit with Design Patents*, STERNE KESSLER (Dec. 6, 2019), <https://www.sternekessler.com/news-insights/client-alerts/senators-propose-bill-strengthen-anti-counterfeiting-toolkit-design> [<https://perma.cc/6HC9-2LG2>] (stating that the seizure bill would “mak[e] it easier and less expensive to enforce design patents at the U.S. border”).

<sup>282</sup> Indeed, Congress may have made just such a determination with respect to actual counterfeiting, when it passed the Trademark Counterfeiting Act of 1984. *See* Steven N. Baker & Matthew Lee Fesak, *Who Cares About the Counterfeiters? How the Fight Against Counterfeiting Has Become an In Rem Process*, 83 ST. JOHN’S L. REV. 735, 760 (2009) (“[T]he Senate Judiciary Committee, upon listing the Trademark Counterfeiting Act’s safeguards, stated its belief ‘that these safeguards are fully adequate to satisfy the constitutional requirements of due process, in light of the

For example, at least some Schedule A plaintiffs seem to be using counterfeit rhetoric to convince courts to grant them types of relief that are supposed to be extraordinary, such as *ex parte* temporary restraining orders (TROs) that include seizures of the defendants' assets without prior notice.<sup>283</sup> Once those assets are seized, a plaintiff may demand a disproportionate amount of those assets to settle the case.<sup>284</sup> Accordingly, the Schedule A model allows a plaintiff to extract more money from defendants than they would be able to in a full and fair adjudication. And it allows them to do so at a much lower cost.<sup>285</sup>

We also see this in the border-enforcement context. Supporters of design patent Customs seizures argue that it's too time consuming and expensive to seek an exclusion order at the ITC.<sup>286</sup> But cheap enforcement brings its own costs. For example, it may erode the accused infringer's right to due process.<sup>287</sup> And it may encourage overzealous enforcement — especially if there are no significant downsides to bringing weak or even frivolous claims.<sup>288</sup> The normal cost of bringing an enforcement action may act as a costly screen, pushing design patent

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extraordinary bad faith exhibited by many commercial counterfeiters, and the need for effective means of stemming the current epidemic of counterfeiting.' We learn two important things from this statement: First, Congress was aware of the constitutional implications of seizing property pursuant to an *ex parte* order. Second, and perhaps more importantly, we learn that Congress, aware of the potential constitutional pitfalls, considered the interests of trademark owners and the evils of counterfeiting to be sufficient to override those pitfalls." (emphasis added) (footnote omitted) (quoting S. REP. NO. 98-526, at 8 (1984)).

<sup>283</sup> See *supra* section II.B.2, pp. 493–500; see also *Gorge Design Grp. LLC v. Syarme*, No. 2:20-cv-1384, 2020 WL 8672008, at \*3 (W.D. Pa. Dec. 4, 2020) ("The Court holds that there is nothing exceptional about this case. In fact, this case has followed the same trajectory of many other cases in this District and in districts throughout the country in instances where a plaintiff discovers that its intellectual property has likely been pirated and identical or substantially similar knock-off products are being offered for sale from on-line platforms. To hold that this case is exceptional would topsy-turvy that term — elevating what is ordinary to extraordinary."), *aff'd sub nom.* *Gorge Design Grp. LLC v. Xuansheng*, No. 2021-1695, 2023 WL 2808069 (Fed. Cir. Apr. 6, 2023).

<sup>284</sup> See, e.g., Appellant NeoMagic Corporation's Opening Brief, *Gorge Design Grp. LLC v. Xuansheng*, No. 2021-1695 (Fed. Cir. Oct. 25, 2021), ECF 19 ("Gorge still demanded payment of \$9,500 for Gorge to release the over \$300,000 of NeoMagic money that remained frozen (crippling NeoMagic's ability to do business)" where the record showed that the NeoMagic had only sold "a single unit of a \$4.99 product."); Appellees' Brief, *Gorge Design Grp. LLC v. Xuansheng*, No. 2021-1695 (Fed. Cir. July 20, 2022), ECF 35 (not disputing these factual assertions).

<sup>285</sup> For example, as Eric Goldman notes, if a Schedule A plaintiff joins 200 defendants in a single case, it only pays a single filing fee of \$402, as opposed to the \$80,000 it could cost to file cases against each defendant separately. See Goldman, *supra* note 19, at 199. Additionally, because these cases appear to rarely — if ever — get to the discovery stage, the plaintiffs also avoid many of the costs incurred in a normal IP case.

<sup>286</sup> See, e.g., Joint Letter from Henry Hadad, *supra* note 251 ("For design patents, CBP's authority is currently limited to enforcing exclusion orders issued by the U.S. International Trade Commission (ITC), which are rare and expensive to obtain.").

<sup>287</sup> See, e.g., Grinvald, *supra* note 107, at 1534–36 (discussing some due process costs to border enforcement of trademarks).

<sup>288</sup> See *id.* at 1546 ("Without costs to enforcement, there would be no disincentive for abuse.").

owners to pursue only their strongest and most important claims.<sup>289</sup> Without that screen, and if judges remain unwilling to sanction parties who assert nonmeritorious claims,<sup>290</sup> the incentive to bring only strong claims is weakened — if not destroyed altogether.<sup>291</sup>

Quicker and cheaper enforcement can also raise error costs.<sup>292</sup> Design patent infringement is particularly ill-suited to *ex parte* adjudication because of the way the *Goddess* test works.<sup>293</sup> Even if an accused design is not “plainly dissimilar” to the claimed design when considered in the abstract, differences may appear when the designs are considered in the light of the prior art.<sup>294</sup> If there is no defendant present to direct the court (or the CBP) to the closest prior art, the likelihood of false positives — that is, incorrect findings of infringement — increases.<sup>295</sup> If judges are not already familiar with the standard of design patent infringement and there is no defendant to direct them to the relevant cases, judges may misapply the test in other ways.<sup>296</sup> Or the plaintiff may

<sup>289</sup> See generally Jonathan S. Masur, *Costly Screens and Patent Examination*, 2 J. LEGAL ANALYSIS 687 (2010) (discussing the role of costly screens with respect to patent law).

<sup>290</sup> See, e.g., *Jiangsu Huari Webbing Leather Co. v. Joes Identified in Schedule A*, No. 1:23-cv-02605, 2024 WL 20931, at \*6–7 (S.D.N.Y. Jan. 2, 2024) (refusing to sanction a plaintiff who, among other acts of “possible misconduct,” *id.* at \*6, brought numerous nonmeritorious claims of utility patent infringement against Schedule A defendants).

<sup>291</sup> See Burstein, *supra* note 150. Yes, attorneys are still bound by Rule 11. But there is a difference between a claim that is weak and one that is frivolous. Even if Rule 11 serves as an effective deterrent to the filing of frivolous claims, the costly screen goes beyond that to also deter the assertion of weak claims. And that is a good thing. See generally Burstein, *supra* note 53.

<sup>292</sup> See Mark P. McKenna, *Criminal Trademark Enforcement and the Problem of Inevitable Creep*, 51 AKRON L. REV. 989, 1021 (2017) (discussing situations in which the government has made mistakes, “many of which could have been avoided with a little due process”).

<sup>293</sup> See *supra* note 92.

<sup>294</sup> *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 678 (Fed. Cir. 2008) (en banc) (“[W]hen the claimed and accused designs are not plainly dissimilar, resolution of the question whether the ordinary observer would consider the two designs to be substantially the same will benefit from a comparison of the claimed and accused designs with the prior art, as in many of the cases discussed above and in the case at bar. Where there are many examples of similar prior art designs, as in a case such as *Whitman Saddle*, differences between the claimed and accused designs that might not be noticeable in the abstract can become significant to the hypothetical ordinary observer who is conversant with the prior art.”).

<sup>295</sup> It is no answer to say “that customs will be able to make use of prior art cited on the face of the patent and could require a design patent owner to provide copies of the prior art as part of the regulations that it develops.” Mehta, *supra* note 109 (reporting on comments made by Elizabeth Ferrill). While design patent examiners are experienced searchers, they have limited time to consider each design patent case. So there may be prior art that they miss. Accordingly, one cannot assume the prior art listed on the patent itself is the closest prior art. See Burstein, *supra* note 94.

<sup>296</sup> See, e.g., Memorandum Opinion and Order, *Zhaoshi v. P’ships & Unincorporated Ass’n’s Identified on Schedule A*, No. 1:23-cv-04587 (N.D. Ill. Jan. 4, 2024), ECF 88. In this case, the court determined that some of the accused products were not plainly dissimilar. See *id.* at 1–2. The court was wrong. See Defendants’ Motion to Dismiss the Complaint and Incorporated Memorandum of L. at 5, *Zhaoshi v. P’ships & Unincorporated Ass’n’s Identified on Schedule A*, No. 1:23-cv-04587 (N.D. Ill. Oct. 9, 2023), ECF 50 (showing that this accused product was, in fact, plainly dissimilar); Burstein, *supra* note 89, at 98 (citing *Egyptian Goddess*, 543 F.3d at 678; *Ethicon Endo-Surgery*,

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submit an expert report that uses the wrong infringement standard.<sup>297</sup> Normally, we rely on the adversarial system to alert the courts to these kinds of mistakes. But in an *ex parte* proceeding, there is no defendant to point out these kinds of errors.

For example, in the first Schedule A case to reach the Federal Circuit, the court reversed the grant of the preliminary injunction because, among other reasons, “[e]ven a cursory review of the four accused products shows that they are different from each other, display features not found in the asserted patents, and lack features shown in the asserted patents.”<sup>298</sup> In an appendix, the Federal Circuit included pictures of one of the accused products to show how different it was from the claimed designs.<sup>299</sup> Here is one view<sup>300</sup>:

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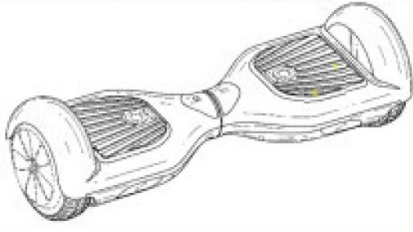
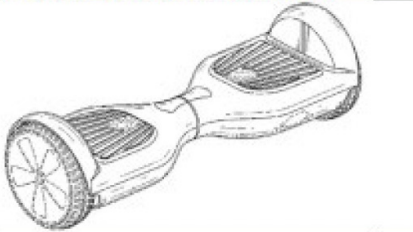
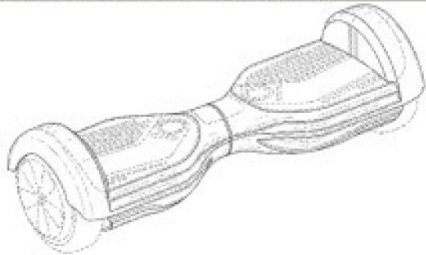
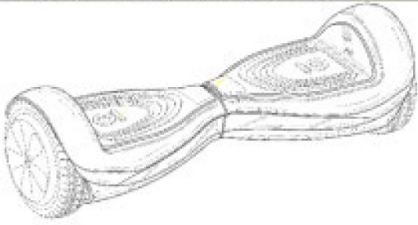
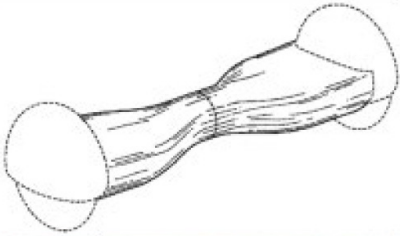

Inc. v. Covidien, Inc., 796 F.3d 1312, 1337 (Fed. Cir. 2015)) (explaining that, under the two-step test set forth in *Egyptian Goddess*, a design cannot infringe if it is plainly dissimilar to the patented design).

<sup>297</sup> See *infra* note 302.

<sup>298</sup> See *ABC Corp. I v. P’ship & Unincorporated Ass’ns Identified on Schedule “A,”* 52 F.4th 934, 944 (Fed. Cir. 2022); see also Burstein, *supra* note 92 (noting that “the panel was correct that, overall, the plaintiffs failed to prove they were likely to succeed on the merits”).

<sup>299</sup> *ABC Corp. I*, 52 F.4th at 947–52.

<sup>300</sup> See *id.* at 949. The infringement claim did not fare any better in the other views. See, e.g., *id.* at 947–52.

| Accused Product D — Perspective View Comparison                                   |  |
|---|--|
| Patents-in-suit D’723 Patent  | Patents-in-suit D’256 Patent   |
|  |    |
| Patents-in-suit D’195 Patent  | Patents-in-suit D’112 Patent   |
|  |    |
| Prior Arts D’906 Patent   |   |
| Accused Product D   |  |

As can be seen in this image, the specific, overall shape of this accused product is plainly dissimilar from the shapes claimed in the asserted design patents. There is no infringement as a matter of law.<sup>301</sup>

<sup>301</sup> Cf. *Egyptian Goddess*, 543 F.3d at 678 (stating that if designs are “sufficiently distinct,” there is clearly no design infringement).

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But the district court granted the preliminary injunction anyway.<sup>302</sup> This kind of false positive is a significant problem.<sup>303</sup> It's true that judges get design patent infringement wrong in regular design patent infringement cases. But they're not doing it in secret. Or in bulk.<sup>304</sup>

3. *IP Owners Want Other Forms of Extraordinary Relief.* — In *Samsung v. Apple*, we saw counterfeit rhetoric being used to support arguments in support of an incredibly broad reading of 35 U.S.C. § 289 — that is, that a design patent owner should always get the “total

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<sup>302</sup> Preliminary Injunction Order, *ABC Corp. I v. P'ships & Unincorporated Ass'ns Identified on Schedule A*, No. 1:20-cv-04806 (N.D. Ill. Apr. 6, 2022), ECF 456. The court appears to have been led astray, at least in part, by an expert report submitted by the plaintiff. See Burstein, *supra* note 92. In that report, a “recently retired CEO of . . . a global product design consultancy” opined that “an ordinary observer would find the Accused Products to be substantially similar to the Claimed Designs.” See Expert Declaration of Paul Hatch at 3, 26, Hangzhou Chic Intelligent Tech. Co. v. P'ships & Unincorporated Ass'ns Identified on Schedule A, No. 1:20-cv-04806 (N.D. Ill. Aug. 24, 2021), ECF 388 [hereinafter Hatch Report]; see also *ABC Corp. I*, 52 F.4th at 943 (“The district court appeared to rely on the infringement discussion in the Hatch reports . . .”). Setting aside for a moment the question of whether expert reports are appropriate on the issue of infringement — which is supposed to be analyzed from the perspective of an ordinary observer, *Egyptian Goddess*, 543 F.3d at 678 — this expert used the wrong test for infringement, see Hatch Report at 16. Although he recited the correct one, *id.* at 5, he appeared to actually use an incorrect one, see *id.* at 16 (stating, without any citations or support, that: “The prior art is used to compare to the claimed design of the patent to find the scope of the design in the ordinary observer test. It is also used to compare the accused product to the claimed designs to evaluate if the accused product is closer to the claimed design than the prior art.”). Hatch seemed to be under the mistaken impression that a design patent's scope is broadened where the claimed design is very different from the prior art. See *id.* (“The Cited Prior Art Show The Patents-In-Suit Have A Broad Scope.”); *id.* at 17 (“The prior art is vastly different in many ways and therefore the ‘723 and ‘256 Patents enjoy a very broad scope.”). That is not correct. See *Ethicon Endo-Surgery, Inc. v. Covidien, Inc.*, 796 F.3d 1312, 1337 (Fed. Cir. 2015) (rejecting the patent owner's argument that the prior art can be used to broaden the scope of the claim).

<sup>303</sup> In *ABC Corp. I (Hangzhou Chic Intelligent Technology Co.) v. Partnership & Unincorporated Ass'ns Identified on Schedule “A,”* Judge Durkin did eventually reach the right result on infringement. See Hangzhou Chic Intelligent Tech. Co. v. Gyroor, No. 1:20-cv-04806, 2024 WL 1489666, at \*6, \*8 (N.D. Ill. Jan. 12, 2024) (granting summary judgment of noninfringement). But that was after three and a half years of litigation, 686 docket entries, and the aforementioned Federal Circuit appeal. See *id.* And how much damage did the wrongful injunctions cause? How much time and money did the defendants who challenged the injunction have to spend litigating design patent infringement claims that were facially nonmeritorious? How many settlements was the plaintiff able to extract while the injunction was pending? Wrongful injunctions always cause damage, but when there are many defendants and their assets are frozen, the error costs are that much higher. Burstein, *supra* note 150 (“[A]s the defendants' submissions show, significant damage can be done in these cases, even in a short period of time.”); see, e.g., Hyponix Brands, Ltd.'s Memorandum in Support of Motion for Bond Damages, Sanctions, & Attorney Fees at 1, Jiangsu Huari Webbing Leather Co. v. Joes Identified in Schedule A, No. 1:23-cv-02605 (S.D.N.Y. May 1, 2023), ECF 50 (arguing plaintiff brought spurious infringement claims and “committed numerous acts of litigation misconduct”); Ninjasafe LLC's Memorandum in Support of Motion for Bond Damages, Sanctions, & Attorney Fees at 1, Jiangsu Huari Webbing Leather Co. v. Joes Identified in Schedule A, No. 1:23-cv-02605 (S.D.N.Y. May 2, 2023), ECF 55 (same).

<sup>304</sup> The lack of adversarial process in these cases leads to other serious errors, such as granting a TRO (with an asset freeze) against infringement of an expired design patent. See Temporary Restraining Order, *Casio Comput. Co. v. Individuals, Corps., LLCs, P'ships & Unincorporated Ass'ns Identified on Schedule A Hereto*, No. 1:23-cv-00895 (N.D. Ill. Feb. 15, 2023), ECF 23 (enjoining defendants from using a design claimed in an expired patent).



profits” from any infringing product a defendant sells, even if the patent is directed to only a small or insignificant part of the overall visual design.<sup>305</sup> The Supreme Court ultimately rejected that reading.<sup>306</sup> But throughout the case, counterfeit rhetoric helped provide a fig leaf of purported public interest to those who actually sought to protect private interests.

In a way, these arguments were also about making design patent enforcement cheaper. If a design patent owner could definitely recover a huge award at the end of a case, that would offset the litigation costs they would have to expend to get there. But perhaps more importantly, if a design patent owner could credibly threaten competitors with the certainty of a huge award at trial, the owner could likely get competitors to stop (or pay) without having to expend any litigation costs at all.<sup>307</sup> Even if the asserted design patent infringement claims were weak or frivolous, a targeted competitor would have to think twice about what an erroneous verdict would cost them. This is true even post-*Samsung*. Total-product rewards are not required but they are still possible. Therefore, design patent owners can still credibly threaten them.<sup>308</sup>

## V. WHY COUNTERFEIT RHETORIC MATTERS

We’ve seen that counterfeit rhetoric doesn’t always carry the day — for example, the 2019 seizure bill didn’t become a law.<sup>309</sup> But that doesn’t mean that it doesn’t matter. It just means that counterfeit rhetoric isn’t some kind of magic bullet. No legal argument always carries the day. Bills fail for all kinds of reasons. And a bill that fails at one point may be reintroduced successfully later.<sup>310</sup> Consider the 2019 seizure bill.<sup>311</sup> This wasn’t the first time counterfeit rhetoric was used in support of design patent border control measures<sup>312</sup> and it seems unlikely to be the last — especially considering how many powerful

<sup>305</sup> See *supra* notes 127–45 and accompanying text.

<sup>306</sup> *Samsung Elecs. Co. v. Apple Inc.*, 580 U.S. 53, 58–59 (2016) (declining to state “total profits” always means all profits from any infringing product).

<sup>307</sup> See Burstein, *supra* note 127, at 800 (discussing the *in terrorem* value of huge § 289 claims).

<sup>308</sup> See *id.* (noting that, “[i]n terms of empowering *in terrorem* threats,” an open-ended approach that just throws the § 289 issue to the jury is “almost as bad as the *Apple/Nordock* rule”).

<sup>309</sup> See S. 2987, 116th Cong. (2019) at § 1.

<sup>310</sup> *Frequently Asked Questions: Law Library of Congress*, LIBR. OF CONG. (July 11, 2024), <https://ask.loc.gov/law/faq/334496?locrl=boglaw> [<https://perma.cc/U8G5-3GR2>].

<sup>311</sup> See *supra* section II.A, pp. 487–90.

<sup>312</sup> In 2008, Greg P. Brown, Counsel, Ford Global Technologies, invoked the specter of “counterfeiting” in arguing for a design registration system with rights that would be enforceable by Customs. *Customs Reauthorization: Strengthening U.S. Economic Interests and Security: Hearing Before the S. Comm. on Fin.*, 110th Cong. 34–38 (2008) (written testimony of Greg P. Brown, Counsel, Ford Global Technologies); see also *id.* at 9 (statement of the same).

supporters the bill had.<sup>313</sup> But even if this debate was over forever, it would still be worth analyzing how counterfeit rhetoric has been used in attempts to support bills in Congress.

And even though counterfeit rhetoric might not have carried the day with the 2019 bill, we have seen some evidence that it may be playing a role in convincing judges to allow the Schedule A litigation model.<sup>314</sup> The Schedule A model only works if judges choose to exercise their discretion in several key areas, perhaps most notably in granting *ex parte* asset-freezing injunctions. The judges are not required to issue these orders. They must be persuaded to do so. And counterfeit rhetoric seems to be one reason they keep doing so.<sup>315</sup> Even if counterfeit rhetoric is not used in a particular case, it is used often enough that it seems to be creating a halo of suspicion around all Schedule A cases.

Stepping back, it is important to see the role counterfeit rhetoric is playing in the various situations analyzed here. Design patent owners need a public harm story to attempt to justify certain self-serving legal or policy interventions, especially where there are important interests weighing against such interventions. Design patent owners who want to get the public to pay their enforcement costs need a reason to diverge from the general rule that IP owners must pay to enforce their own private rights and justify imposing those costs onto taxpayers.<sup>316</sup> Design patent owners who want to bring Schedule A cases have to convince judges that there is a good reason to bypass the defendants' constitutional due process rights.<sup>317</sup> Design patent owners who wanted courts to adopt a maximal view of § 289 have to convince them to abandon basic principles of proportionality.<sup>318</sup> In all of these cases, counterfeiting is offered as that critical (or at least one critical) counterweight to the competing interests. But design patent infringement isn't counterfeiting. So the story doesn't fit.

Because design patent law is one of the less widely understood areas of IP law, judges, policymakers, and others might not understand the differences between design patent infringement and

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<sup>313</sup> See Elizabeth D. Ferrill & Eric A. Liu, *New Legislation Would Empower U.S. Customs to Seize Products Infringing Design Patents at the U.S. Border*, IPOWNERS Q. (Mar. 31, 2020), <https://www.finnegan.com/en/insights/articles/new-legislation-would-empower-us-customs-to-seize-products-infringing-design-patents-at-the-us-border.html> [<https://perma.cc/L9GT-NVR5>] (noting that “[c]ompanies such as Nike Inc., 3M Company, Wolverine Worldwide, Columbia Sportswear, Decker Brands, and professional associations, including the Footwear Distributors & Retailers of America, the Intellectual Property Owners Association, the International Trademark Association, and the American Intellectual Property Law Association” supported the bill, *id.* n.16).

<sup>314</sup> See *supra* notes 166–77 and accompanying text.

<sup>315</sup> As noted before, there may be other factors, including xenophobia, at play here. See *supra* note 156.

<sup>316</sup> See Osei-Tutu, *supra* note 9, at 770–71.

<sup>317</sup> See Grinvald, *supra* note 107, at 1534.

<sup>318</sup> See Burstein, *Lost Its Shape*, *supra* note 64, at 612–13 (discussing how the contemporary fragment claiming regime can lead to disproportionate damage awards under § 289).

counterfeiting — actual or colloquial. This may be different than what we've seen with allegations of theft and piracy in other IP contexts. When a copyright owner calls an accused infringer a "pirate," no one is likely to think that the defendant has literally committed an act of hostility on the high seas.<sup>319</sup> The audience would likely understand it is a rhetorical flourish, even if they are persuaded by it. Is the same true for design patents and counterfeiting? It seems less likely. For this reason, the use of counterfeit rhetoric seems meaningfully different than mere zealous advocacy. This is especially true where advocates use the terms "counterfeit" or "counterfeiting" without defining them.

And in some situations, design patent owners might be using counterfeit rhetoric to try to get a type of backdoor trade dress. In the past, concerns have been raised about people using trademark law protection to obtain a kind of "backdoor patent."<sup>320</sup> But perhaps we should be concerned about the opposite problem — are people using design patent law to get backdoor trademarks?

Consider again the 2019 seizure bill. As noted above, CBP can already seize products that infringe a registered trade dress.<sup>321</sup> So the bill, if enacted, would only be needed in cases where there is no registered trade dress. If a company owns a product design that is distinctive and nonfunctional, they could simply register the trade dress and take advantage of the existing enforcement mechanism. They wouldn't need any statutory amendment. That suggests that the 2019 bill was mainly aimed at designs that have not yet acquired distinctiveness (in which case they wouldn't have confused consumers) or that are functional (and were thus excluded from trade dress protection for policy reasons). In either case, it would seem like the bill was aimed — at least in part — at granting the benefits of trademark law to designs that didn't or couldn't qualify for trademark protection.<sup>322</sup> This is especially true with regard

<sup>319</sup> Cf. 18 U.S.C. § 1652 ("Whoever, being a citizen of the United States, commits any murder or robbery, or any act of hostility against the United States, or against any citizen thereof, on the high seas, under color of any commission from any foreign prince, or state, or on pretense of authority from any person, is a pirate, and shall be imprisoned for life.").

<sup>320</sup> E.g., Viva R. Moffat, *Mutant Copyrights and Backdoor Patents: The Problem of Overlapping Intellectual Property Protection*, 19 BERKELEY TECH. L.J. 1473, 1476 (2004) ("[I]n *Traffix Devices, Inc. v. Marketing Displays, Inc.*, the Court rejected a request to use trademark law to [effectively] extend a patent past its expiration. . . . An attempt to gain additional protections for an item that falls within the subject matter of patent law may be termed a 'backdoor patent.'" (footnotes omitted)).

<sup>321</sup> See *supra* note 112 and accompanying text.

<sup>322</sup> Some may argue that this is appropriate because it promotes doctrinal bootstrapping. See generally Dennis D. Crouch, *A Trademark Justification for Design Patent Rights* 8 n.31 (U. of Mo. Sch. of L. Legal Stud. Rsch. Paper Series, Research Paper No. 2010-17), <http://ssrn.com/abstract=1656590> [<https://perma.cc/96UJ-82NN>] ("Doctrinal bootstrapping is the process of using rights granted under a first doctrine to aid in procuring rights under a second doctrine. . . . [D]esign patents are being used to help obtain trade dress protection over the same industrial design."). A full discussion of the concept of doctrinal bootstrapping is beyond the scope of this Article. But it's

to the latter category. If a design is functional in the way that excludes it from trade dress protection, we shouldn't grant it trademark-like rights without some compelling justification. Granting those rights merely because someone called the design a "counterfeit" would be insufficient — and circular.

## VI. LESSONS & IMPLICATIONS

### A. *Be Careful with the Word "Counterfeit" When Discussing Design Patents*

As this analysis shows, counterfeiting and design patent infringement are legally and logically separate topics. Judges, policymakers, defense counsel, and others should recognize the use of the word "counterfeit" in the design patent context might be a result of cross-jurisdictional definitional differences or deliberate rhetorical tactics.<sup>323</sup> Those who use the word "counterfeit" in good faith should define it, clearly and explicitly, to communicate their intended meaning.<sup>324</sup> And those who seek to use studies about "counterfeiting" should clarify how those studies define that term and clearly explain how, if at all, those statistics are relevant to design patent infringement.<sup>325</sup> Judges and others presented with such studies should view them with skepticism and push advocates to actually establish the relevance, if any, of such studies to design patents.

### B. *We Should Not Import the Term "Counterfeiting" into Design Patent Law*

Some commentators have used or suggested using the term "counterfeiting" in connection with design patent law. In a 2013 article, Mark

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worth noting here that granting trademark-like rights to design patent owners is different from allowing those owners to use their design patents to establish actual trademark rights.

<sup>323</sup> See *supra* notes 24–26 and accompanying text.

<sup>324</sup> Sell, *supra* note 273, at 20 ("First, one should insist that IP enforcement proponents define terms such as trademark counterfeiting and copyright piracy quite explicitly."); see also Charles R. McManis, *The Proposed Anti-Counterfeiting Trade Agreement (ACTA): Two Tales of a Treaty*, 46 HOUS. L. REV. 1235, 1247–48 (2009) ("Attacking the problem of counterfeiting and piracy without first defining the parameters of the problem to be addressed, however, creates a risk that some of the negotiating parties, or the private stakeholders for whom they speak, under the guise of combating one problem, such as trade in counterfeit or pirated goods, will attempt to combat another, more controversial problem, such as generic medicines or digital file-sharing — a phenomenon not entirely unknown to international intellectual property negotiations." (footnotes omitted)).

<sup>325</sup> See Port, *supra* note 123, at 1140 ("Before we shift the burden of enforcement of private intellectual property rights from private parties to public entities, we ought to gather and rely on better data. We ought not to simply vilify all imitative commodities. If the various federal governments are to be asked to come to the aid of some manufacturers who claim they are being imitated (as if that is a new and shocking occurrence) in the form of the ACTA, we need to have better, verifiable data that imitative commodities are doing the harm claimed."); see also *id.* at 1133–34 (stating that the author is "adopting the neutral term imitative commodities to describe what the literature and the press refer to as counterfeit goods or knockoffs, among other pejorative terms" (emphases omitted) (footnotes omitted) (citing CONSUMERS AND LUXURY: CONSUMER CULTURE IN EUROPE 1650–1850, at 164 (Maxine Berg & Helen Clifford eds., 1999))).

Janis and Jason Du Mont used the term to “refer[] to cases in which the accused design is identical to the patented design, and where the accused design is used in connection with” the same article of manufacture.<sup>326</sup> In a 2018 article, Janis suggested the creation of “a new concept” of “design patent counterfeiting.”<sup>327</sup> Specifically, he suggested that this new concept would include using “a standard of comparison that is more exacting than the conventional infringement standard” and could require “that the article of manufacture associated with the patented and accused designs must be identical.”<sup>328</sup>

But the standard for design patent infringement already requires a high degree of visual similarity,<sup>329</sup> though the accused design need not look like it was “struck from the same die.”<sup>330</sup> And after Du Mont’s and Janis’s articles were published, the Federal Circuit ruled that design patent infringement always requires that the design be used in connection with the same article of manufacture.<sup>331</sup> So it is not clear what this conception of “counterfeiting” would really add to design patent law, especially in light of the larger counterfeit narrative discussed here.<sup>332</sup> We don’t need another *faux ami* in design law.<sup>333</sup>

## CONCLUSION

Actual counterfeiting is a real problem. But not all infringement is counterfeiting. Describing it as such is a real problem. It is particularly problematic in discussions of design patent law and policy. As this Article has explained, there is no necessary logical or legal connection

<sup>326</sup> Jason J. Du Mont & Mark D. Janis, *Virtual Designs*, 17 STAN. TECH. L. REV. 107, 171 (2013).

<sup>327</sup> Mark D. Janis, *How Should Damages Be Calculated for Design Patent Infringement?*, 37 REV. LITIG. 241, 277–79 (2018).

<sup>328</sup> *Id.* at 278.

<sup>329</sup> See *supra* note 95 and accompanying text.

<sup>330</sup> *Gorham Co. v. White*, 81 U.S. (14 Wall.) 511, 531 (1872); see also *Int’l Seaway Trading Corp. v. Walgreens Corp.*, 589 F.3d 1233, 1243 (Fed. Cir. 2009) (“Just as ‘minor differences between a patented design and an accused article’s design cannot, and shall not, prevent a finding of infringement,’ so too minor differences cannot prevent a finding of anticipation.” (citation omitted) (quoting *Litton Sys., Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1444 (Fed. Cir. 1984))).

<sup>331</sup> See *In re SurgiSil, LLP*, 14 F.4th 1380, 1382 (Fed. Cir. 2021) (“A design claim is limited to the article of manufacture identified in the claim; it does not broadly cover a design in the abstract.”); *Curver Luxembourg, SARL v. Home Expressions Inc.*, 938 F.3d 1334, 1339 (Fed. Cir. 2019) (“Curver’s argument effectively collapses to a request for a patent on a surface ornamentation design *per se*. . . . We decline to construe the scope of a design patent so broadly here merely because the referenced article of manufacture appears in the claim language, rather than the figures.”). Prior to *Curver* and *SurgiSil*, Janis and Du Mont had suggested that design patents did protect designs *per se*, arguing that a “hypothetical patented daisy [screen] icon design” would be infringed if “replicated on a t-shirt without the design patent owner’s authorization.” Du Mont & Janis, *supra* note 326, at 171–72. But the Federal Circuit did not adopt that view.

<sup>332</sup> At worst, this kind of definition might not just be confusing — it might be used as a wedge to expand the scope of a design patent by requiring less visual similarity for “normal” infringement.

<sup>333</sup> See Burstein, *supra* note 36, at 1455 (discussing “words that appear the same in the key legal regimes (design patent, trademark, and copyright) but which can have problematically different meanings,” such as “functional” and “ornamental”).

between design patent infringement and actual counterfeiting.<sup>334</sup> Even when the word “counterfeit” is used in its colloquial sense, there is still a mismatch because design patent infringement does not always require product replication and never requires any intent to deceive.<sup>335</sup> Using the word “counterfeiting” in the context of design patents is, at best, confusing. At worst, it’s a deliberate attempt to mislead that may be coloring how judges (and others) think about design patent issues and cases.

To be clear, the problem isn’t merely that those who use counterfeit rhetoric are using the word “counterfeit” incorrectly. The problem is that they seem to be misusing the word “counterfeit” deliberately, to evoke the specter of dangerous and intentional malfeasance. Used in this way, counterfeit rhetoric is “an inaccurate and manipulative distortion of legal and moral reality.”<sup>336</sup>

Judges, policymakers, and others should be skeptical when the words “counterfeit” or “counterfeiting” are used in connection with design patents. They should actively question how and why those terms are being used and realize that these terms may be being used as a rhetorical tactic, not as a factual description.<sup>337</sup> While these audiences may be likely to understand that talk of “piracy” is a rhetorical flourish in cases involving copyright, they might not necessarily understand that the same thing is happening when plaintiffs talk about “counterfeiting” in design patent cases.

Judges in Schedule A cases should be particularly careful. If they keep letting plaintiffs use the Schedule A model for design patent claims, they should consider hiring special masters to help them evaluate the merits of the infringement claims, especially at the TRO stage.<sup>338</sup> They should not let the aura of counterfeiting blind them to potential problems with the extraordinary forms of relief, such as *ex parte* asset freezes, that are regularly granted in these cases.<sup>339</sup> And, to counter the imbalances inherent in the Schedule A model and to encourage the filing of only meritorious claims, they should not hesitate to impose sanctions where defendants are wrongfully restrained.<sup>340</sup> If judges believe that

<sup>334</sup> See *supra* section III.A, pp. 503–13.

<sup>335</sup> See *supra* section III.A.2.b, pp. 511–13.

<sup>336</sup> Cf. Loughlan, *supra* note 240, at 402 (using the same phrase to describe rhetoric involving use of words like “theft” in the context of intellectual property).

<sup>337</sup> Burstein, *supra* note 7 and accompanying text.

<sup>338</sup> Burstein, *supra* note 150.

<sup>339</sup> *Id.* (“[A]s Judge Seeger has noted, ‘Schedule A plaintiffs typically don’t request and receive equitable monetary relief’ at the end of their cases, even when equitable relief is available.” (quoting *Zorro Prods., Inc. v. Individuals, Corps., Ltd. Liab. Cos., P’ships, & Unincorporated Ass’ns Identified on Schedule A Hereto*, No. 1:23-cv-05761, 2023 WL 8807254, at \*4 (N.D. Ill. Dec. 20, 2023))).

<sup>340</sup> *Id.* (“If judges were willing to sanction plaintiffs — or at least shift fees — when Schedule A defendants were wrongfully restrained, that would do a lot to help level the playing field and incentivize the plaintiffs to bring better claims.”).

the Schedule A model is necessary to combat counterfeiting, they should limit its use to cases that actually involve counterfeiting.

More broadly, those who use the words “counterfeit” or “counterfeiting” in good faith should always define it. Those who use it in connection with design patents should explain why they think it is a relevant concept, instead of pretending or suggesting the connection is obvious. Those who cite studies about counterfeits or counterfeiting in connection with design patents should disclose how those studies define those words. They should also clearly explain how they think that any such studies are relevant to design patents. Finally, in light of all of the rhetorical and historical baggage the word “counterfeiting” carries, we should not intentionally import that term into design patent law to create a doctrine or concept of “design patent counterfeiting.”

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# ARTICLE

## THE STRUCTURE OF SECONDARY COPYRIGHT LIABILITY

*Felix T. Wu\**

### ABSTRACT

Secondary copyright liability and secondary patent liability largely parallel each other. And yet, secondary copyright cases are often quite different from secondary patent cases. Whereas most secondary patent infringers act in a way that targets a particular patent or group of related patents, secondary copyright infringement mostly arises in the context of technologies or services that work across all copyrighted works. Secondary copyright liability raises issues of platform liability in ways that secondary patent liability usually does not.

The current structure and framing of secondary copyright liability inadequately account for this distinction. The result is that secondary copyright liability tends to focus too much on *mens rea* and fault and not enough on avoiding both under- and over-deterrence. To shift toward the latter, we might think about adjusting secondary copyright liability in terms of both substance and remedies. On substance, we could limit secondary copyright liability to exact copies, but then require some level of reasonableness rather than merely the removal of known infringing works. On remedies, we could eliminate statutory damages for secondary infringement, relying instead on disgorgement of profits directly attributable to the infringement.

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\* Professor of Law, Benjamin N. Cardozo School of Law. Thank you to James Grimmelmann, Michael Carrier, Fred Yen, participants at the M3 IP Workshop and the IP Scholars Conference, and especially to all the participants at Houston's IPIL National Conference for helpful comments, suggestions, and conversations.



Schemes like these have the potential to achieve a better balance between harnessing the power of intermediaries to police infringement and avoiding a chilling effect on noninfringing activities. Even in the absence of doctrinal changes, this reframing of secondary copyright liability both explains why courts have shifted the law in certain directions and reveals when those shifts have gone either too far or not far enough. A platform liability lens is a much more sensible way to understand and shape the structure of secondary copyright law.

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I. INTRODUCTION

The law of secondary copyright liability and the law of secondary patent liability largely parallel each other. Each has similar forms of liability, such as contributory infringement and inducement, and each has at least similarly worded tests for those forms of liability. On the other hand, a secondary copyright *case* will generally look quite different from a secondary patent case. Most secondary patent infringers act in a way that targets a particular patent or group of related patents. Secondary copyright infringement, though, often arises in the context of technologies or

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services that work across all copyrighted works. Secondary copyright liability raises issues of platform liability in ways that secondary patent liability usually does not.

The difference between secondary copyright and secondary patent cases is important because standards designed to apply to non-platform cases may poorly suit platform cases. Non-platform secondary liability cases often hinge on questions of knowledge or fault, while incentives and efficiency play a greater role in platform cases. The result is that the current rules of secondary copyright liability are framed too much in terms of *mens rea* and fault and not enough in terms of avoiding both under- and over-deterrence.

Adopting a more platform-oriented perspective to secondary copyright liability might counsel toward shifting the law in such cases in terms of both substance and remedies. On substance, we could limit secondary copyright liability to exact copies, but then require some level of reasonableness rather than merely the removal of known infringing works. On remedies, we could eliminate statutory damages for secondary infringement, and instead rely on disgorgement of profits directly attributable to infringement, for example in the form of ad revenue. Schemes like these have the potential to achieve a better balance than the current law does between harnessing the power of intermediaries to police infringement and avoiding a chilling effect on noninfringing activities.

Shifting the law of secondary copyright liability, however, is not the central argument of this Article. There are competing goals in any secondary liability scheme, and adjustments inevitably involve trading off one goal for another: a change could discourage infringement while also blocking some noninfringing uses, or vice versa. Perhaps the status quo, with its mix of common law origins, statutory safe harbors, and private ordering, does a reasonably good job of striking an appropriate balance. Perhaps courts have done a reasonably good job at reshaping old terms and old tests to fit the platform economy. Even then, it is worth understanding why the status quo works (if it works), when to encourage or resist judicial reinterpretation of applicable tests, and how to design and evaluate proposals for legislative change. For doing any of these things, viewing secondary copyright liability through the lens of platform liability principles is crucial.

In what follows, Part II explains the law of secondary liability in patent and copyright law. Part III describes how secondary copyright cases are platform cases, why law developed in

non-platform contexts may be a poor fit for platform cases, and which liability principles gain heightened importance in the platform context. Part IV explores some possible implications for designing secondary copyright liability and for remedies, and it concludes with some thoughts about why a proper understanding of the structure of secondary copyright law matters.

## II. SECONDARY LIABILITY IN PATENT AND COPYRIGHT LAW

At least at a formal level, secondary liability is structurally similar in patent and copyright law.

### A. *Patent Law*

Secondary patent liability is codified in the patent statute. 35 U.S.C. § 271(a) describes the circumstances for direct infringement.<sup>1</sup> Section 271(b) then states a cause of action for inducing infringement and § 271(c) for contributory infringement, as follows:

(b) Whoever actively induces infringement of a patent shall be liable as an infringer.

(c) Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.<sup>2</sup>

A key issue in interpreting the secondary patent liability provisions has been what level of knowledge or fault is required to trigger those provisions.<sup>3</sup> Under § 271(c), for example, the statute is not entirely clear on what a defendant needs to “know” in order to know that something is “especially made or especially adapted

1. 35 U.S.C. § 271(a) (“Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.”).

2. *Id.* § 271(b)–(c).

3. See also Laura A. Heymann, *Knowing How to Know: Secondary Liability for Speech in Copyright Law*, 55 WAKE FOREST L. REV. 333, 347–49 (2020) (explaining the ambiguities in what it means to have knowledge of infringement).

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for use in an infringement of [a] patent.”<sup>4</sup> On the one hand, it could be enough to know that the component is “especially made or especially adapted” for a particular use that then turns out to infringe. On the other hand, perhaps the defendant also needs to know that the use for which the component is especially made or adapted is in fact infringing. Early on, the Supreme Court adopted the latter, stricter view of knowledge, holding that “§ 271(c) does require a showing that the alleged contributory infringer knew that the combination for which his component was especially designed was both patented and infringing.”<sup>5</sup>

Similarly, § 271(b) does not specify what it means to “actively induce” infringement. Again, one possibility is that it is enough to induce conduct that turns out to infringe, while another is that the defendant must know that the induced conduct is infringing. And again, the Court adopted the latter view, relying on the *Aro* case.<sup>6</sup>

### B. Copyright Law

Secondary copyright liability is not expressly codified, but its judge-made structure parallels that of patent law in terms of both the forms of liability and the focus on knowledge or intent. “Traditionally, ‘one who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another, may be held liable as a “contributory” infringer.”<sup>7</sup> The knowledge in question must be that of “specific infringing material,” rather than a system’s general capacity for infringement.<sup>8</sup> Moreover, by analogy to the “staple article of commerce” carveout to patent contributory liability, “the sale of copying equipment, like the sale of other articles of commerce, does not constitute [copyright] contributory infringement if the product is . . . capable of substantial noninfringing uses.”<sup>9</sup>

Alternatively (or as a species of contributory liability), copyright law also recognizes secondary liability for inducement. “[O]ne who distributes a device with the object of promoting its use

4. See § 271(c).

5. *Aro Mfg. v. Convertible Top Replacement Co.*, 377 U.S. 476, 488 (1964).

6. *Global-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754, 765–66 (2011). In *Commil USA, LLC v. Cisco Systems*, the Court added the additional gloss that, while a good-faith belief that the induced conduct is noninfringing would negate the required *mens rea* under § 271(b), a good-faith belief that the plaintiff’s patent is invalid does not. *Commil USA, LLC v. Cisco Sys.*, 575 U.S. 632, 641–42 (2015).

7. *A&M Recs., Inc. v. Napster, Inc.*, 239 F.3d 1004, 1019 (9th Cir. 2001) (quoting *Gershwin Publ’g Corp. v. Columbia Artists Mgmt.*, 443 F.2d 1159, 1162 (2d Cir. 1971)).

8. *Id.* at 1021.

9. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 442 (1984).

to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties.”<sup>10</sup> Such a rule is based on a finding of “culpable intent” and is a form of “fault-based liability derived from the common law.”<sup>11</sup>

While secondary copyright liability itself is not codified, the Digital Millennium Copyright Act (DMCA) safe harbors codified at 17 U.S.C. § 512 are also a key part of the secondary liability landscape. Here too, the safe harbors, especially the often invoked § 512(c), draw heavily from the preexisting common law rules on contributory liability and their focus on the defendant’s knowledge. Section 512(c) provides that the safe harbor applies only if the service provider:

(A)(i) does not have actual knowledge that the material or an activity using the material on the system or network is infringing;

(ii) in the absence of such actual knowledge, is not aware of facts or circumstances from which infringing activity is apparent; or

(iii) upon obtaining such knowledge or awareness, acts expeditiously to remove, or disable access to, the material.<sup>12</sup>

In some instances, the parallel between secondary patent and secondary copyright liability has been the result of explicit borrowing from the patent statute. The *Sony* Court drew from “the patent law cases to which it is appropriate to refer because of the historic kinship between patent law and copyright law.”<sup>13</sup> The *Grokster* Court explained that “[f]or the same reasons that *Sony* took the staple-article doctrine of patent law as a model for its copyright safe-harbor rule, the [patent] inducement rule, too, is a sensible one for copyright.”<sup>14</sup> Even without explicit borrowing, the commonalities between secondary patent and secondary copyright liability are unsurprising, given that each flowed from earlier common law tort principles.<sup>15</sup>

10. *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 930, 936–37 (2005).

11. *Id.* at 934–35.

12. 17 U.S.C. § 512(c)(1)(A).

13. *Sony*, 464 U.S. at 439.

14. *Grokster*, 545 U.S. at 936.

15. *See, e.g., id.* at 930 (“[D]octrines of secondary liability emerged from common law principles and are well established in the law . . .”). In this regard, it is, perhaps, surprising that the Court has disavowed a link between secondary trademark liability and secondary copyright liability. *Sony*, 464 U.S. at 439 n.19 (“We have consistently rejected

To be sure, the parallel here should not be overstated. Vicarious liability is formulated somewhat differently in patent and copyright law and is not based on a finding of knowledge or intent.<sup>16</sup> True vicarious liability cases seem to be somewhat uncommon in patent law. Instead, courts have drawn on “general principles of vicarious liability” to “determine if a single entity directs or controls the acts of another” in a context in which more than one actor is involved in performing the steps of a claimed method—this is the issue of “divided infringement.”<sup>17</sup> In copyright law, vicarious liability has been extended beyond its common law origins in agency relationships to encompass “cases in which a defendant ‘has the right and ability to supervise the infringing activity and also has a direct financial interest in such activities.’”<sup>18</sup> The same standard (or at least the same words) are used as part of the requirements for invoking the § 512(c) safe harbor.<sup>19</sup>

### III. PLATFORM CASES AND PLATFORM LIABILITY

Secondary patent and secondary copyright law are quite similar to each other, and yet secondary patent and secondary copyright cases are not. Many secondary copyright cases are platform cases. The distinction matters because law designed around non-platform cases may not be oriented around the right principles for platform cases.

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the proposition that a similar kinship exists between copyright law and trademark law, and in the process of doing so have recognized the basic similarities between copyrights and patents. Given the fundamental differences between copyright law and trademark law, in this copyright case we do not look to the standard for contributory infringement set forth in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 854–55 (1982), which was crafted for application in trademark cases.” (citations omitted)).

16. See *Sentius Int’l, LLC v. Apple Inc.*, No. 4:20-cv-00477-YGR, 2020 WL 6081775, at \*5, \*7 & n.3 (N.D. Cal. Oct. 15, 2020) (“Contributory infringement is expressly defined in 35 U.S.C. § 271(c) and requires knowledge of the patent; vicarious infringement stems from common law principles and does not.”).

17. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 797 F.3d 1020, 1022 (Fed. Cir. 2015) (en banc) (per curiam). The Federal Circuit in *Akamai* recognized that the “use of the term ‘vicarious liability’” in the context of divided infringement “is a misnomer.” *Id.* at 1022 n.2. Divided infringement is an issue of direct, rather than secondary, liability. See *id.* at 1022.

18. *A&M Recs., Inc. v. Napster, Inc.*, 239 F.3d 1004, 1022 (9th Cir. 2001) (quoting *Gershwin Publ’g Corp. v. Columbia Artists Mgmt.*, 443 F.2d 1159, 1162 (2d Cir. 1971)).

19. See 17 U.S.C. § 512(c)(1)(B) (requiring that the service provider “does not receive a financial benefit directly attributable to the infringing activity, in a case in which the service provider has the right and ability to control such activity”); see also *Viacom Int’l, Inc. v. YouTube, Inc.*, 676 F.3d 19, 36–38 (2d Cir. 2012) (rejecting the argument that “the control provision [in § 512(c)(1)(B)] codifies the common law doctrine of vicarious copyright liability”).

### A. *Platform Cases in Copyright*

In the paradigmatic secondary patent case, some specific act of infringement has occurred, and the question is whether the potential secondary infringer had enough involvement in or fault as to that particular act of infringement so as to be held responsible for it. If such a defendant is liable at all, they will be liable for infringing a particular patent or related set of patents relevant to the particular infringing act at issue. *Aro*, for example, involved a manufacturer of fabric components for convertible automobile tops and a patent on convertible tops.<sup>20</sup> If such a manufacturer is a secondary infringer, it would infringe that particular patent, or perhaps some other patent covering the same technology.

In many secondary copyright cases, by contrast, the potential secondary infringer is providing a product or service that works across all copyrighted works, or at least all works in a particular medium. YouTube works across all videos. Peer-to-peer file sharing networks are agnostic about the files being shared—they could be any song, video, book, software, or other file. This feature of secondary copyright cases is not specific to the digital world. Dance halls could play any kind of music. Flea markets could sell any kind of physical media. Secondary copyright cases are generally platform cases. They involve an entity that provides to third parties the ability to communicate copyrighted works of those third parties' own choosing.

The distinction between platform and non-platform cases matters because it changes the appropriate unit of analysis. In non-platform patent cases, the focus is on a specific instance of infringement and on assessing whether the defendant bears enough responsibility for that infringement to be held jointly liable for it. The model is that of joint tortfeasors in tort law.<sup>21</sup> Such an entity is not being asked to distinguish between infringing and noninfringing uses of its product.

In platform copyright cases, the focus is instead on the platform as a whole. It is not especially meaningful to look at a particular infringement on the platform and ask what the platform's role in that infringement is. The answer will be largely the same across all of the infringing activity on the platform.

20. See *Aro Mfg. v. Convertible Top Replacement Co.*, 377 U.S. 476, 478–79 (1964).

21. See *id.* at 500–02 (“[A] contributory infringer is a species of joint-tortfeasor, who is held liable because he has contributed with another to the causing of a single harm to the plaintiff.”).

Instead, here we do want the platform to distinguish between infringing and noninfringing works, and the key question is how much of an effort to distinguish should be required.

Of course, not every secondary copyright case is a platform case. There are cases involving the liability of investors, for example, in which the secondary copyright defendant is not acting as a platform and may target its activities at specific copyrighted works.<sup>22</sup> The rise of generative AI is potentially creating a new class of cases that, while technologically enabled, are not based on the defendant acting as a platform.<sup>23</sup> In these non-platform secondary copyright cases, traditional liability principles that parallel those in patent law may be appropriate and sufficient. Platform cases, however, call for something different.

#### *B. The Misfit Between Platform Cases and Non-Platform Law*

Applying law developed in a non-platform context to platforms can be problematic. Indeed, the platform nature of secondary copyright cases helps to explain why the Supreme Court's two instances of explicit borrowing from secondary patent liability do not make much sense. Start with *Sony* and the "staple article of commerce" doctrine.<sup>24</sup> In patent law, the opposite of a "staple article of commerce" is a component "especially made or especially adapted for use in an infringement of such patent."<sup>25</sup> Note the reference to "such patent," which suggests that the question is whether the component is tailored for a particular patent, as the convertible top fabrics were in *Aro*.

In the copyright context, no platform is "especially made or especially adapted for use in an infringement" of a particular

22. See, e.g., *UMG Recordings, Inc. v. Shelter Cap. Partners LLC*, 718 F.3d 1006, 1013 (9th Cir. 2013).

23. See generally Matthew Sag, *Copyright Safety for Generative AI*, 61 HOUS. L. REV. 295 (2023). If a particular prompt causes a generative AI system to output an infringing work, it is not clear whether the user or the system (or perhaps both) should be considered the primary infringer. The usual "volition" test for direct copyright infringement seems somewhat indeterminate. See *Religious Tech. Ctr. v. Netcom On-Line Comm'n Servs.*, 907 F. Supp. 1361, 1370 (N.D. Cal. 1995) (requiring "some element of volition or causation" for direct copyright liability). In any event, whichever party is not a primary infringer could then potentially be held liable as a secondary infringer. In this context, neither party could be said to be acting as a platform for the other. In particular, the generative AI system seems far too involved in the actual creation of the infringing content to be regarded as a mere platform for the user's content.

24. See Peter S. Menell & David Nimmer, *Unwinding Sony*, 95 CALIF. L. REV. 941, 985 (2007) (arguing that there was little reason to borrow from patent law in deciding the *Sony* case).

25. See 35 U.S.C. § 271(c).



copyright. As noted above, platforms function across a wide range of copyrighted works and are not tailored to one work or a small set of related works. Said differently, platforms are always “capable of substantial noninfringing uses,” namely uses involving works in the public domain or uses where the owner of the work does not object. With a component tailored for a particular patented context, if it is not used in that context, it is probably good for nothing other than being a very fancy doorstep (which would not be a “substantial noninfringing use”). A platform is always capable of being more than a doorstep.

Thus, if the staple article of commerce doctrine were to be applied in copyright law the same as in patent law, it would function to eliminate the possibility of contributory infringement by platforms. That is, of course, not what has happened. Even in *Sony* itself, the Court ultimately relied not only on the possibility of authorized recordings, but also on finding that unauthorized time-shifting is fair use.<sup>26</sup> One might think that using a video recorder to make authorized recordings would be a clear substantial noninfringing use that the recorder is “capable of.” If this is not necessarily enough, it’s unclear why not or what more is required. In the *Napster* case, the Ninth Circuit suggested that the staple article of commerce doctrine merely restricts what counts as constructive knowledge of infringement and is irrelevant when the defendant has actual knowledge of infringement.<sup>27</sup> These formulations of the staple article of commerce doctrine render it either highly indeterminate or largely irrelevant as applied to platforms. In any event, neither formulation bears much resemblance to how the doctrine is applied in patent law.

Turning next to *Grokster* and inducement: in the patent context, a defendant liable for inducement has generally targeted a particular patent or technology, such that to avoid liability, the defendant must stop its activity altogether (or get a license for it). In *Global-Tech*, for example, the defendant foreign manufacturer was found to have induced the sale of the patented item in the United States by selling it to the U.S. seller knowing that the item was bound for the United States.<sup>28</sup> To avoid this liability, either the ultimate U.S. sale would need to be licensed or the foreign manufacturer would need to manufacture something else entirely.

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26. See *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 442–43 (1984).

27. See *A&M Rees., Inc. v. Napster, Inc.*, 239 F.3d 1004, 1020 (9th Cir. 2001) (“We observe that Napster’s actual, specific knowledge of direct infringement renders *Sony*’s holding of limited assistance to Napster.”).

28. See *Global-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754, 758, 768 (2011).

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In the copyright context, a platform may have induced the infringement of some works, but it is hard to see how it could have induced all of the infringements occurring on the platform, unless “inducement” means something different here than in the patent context. If the patent standard for inducement applied, a platform liable for inducing copyright infringement could be liable for past misdeeds but could continue to operate the platform with a mix of noninfringing works and uninduced infringing works.

But again, that is not how the Supreme Court interpreted the inducement standard when it imported it into the copyright context. Instead, it held that “one who distributes a device with the object of promoting *its use to infringe copyright*” is liable.<sup>29</sup> According to this standard, there is no need to tie the inducement to particular acts of infringement. Inducing infringement generally, rather than inducing particular infringements, is enough. This comes close to transforming inducement liability from a form of secondary liability for someone else’s act of infringement into itself an independent wrong. The Court recognized that because inducement is at least formally a kind of secondary liability, stating that “the inducement theory of course requires evidence of actual infringement by recipients of the device, the software in this case.”<sup>30</sup> But it was enough that “there [was] evidence of infringement on a gigantic scale.”<sup>31</sup> The Court saw no need to draw any connection between the evidence of unlawful intent and any subsequent infringements.<sup>32</sup> This is perhaps the only sensible way to apply a theory of inducement to platforms. It is not how inducement has been applied in the patent context.

Thus, even where the tests for secondary liability are formally the same, because tests designed for non-platform patent cases don’t work equally well in platform copyright cases, courts have reinterpreted those tests to better fit the platform context.

Indeed, the basic test for contributory infringement is itself an example of a standard that is facially similar between the two regimes but has been interpreted in very different ways. In both patent and copyright law, contributory infringement hinges on a finding of “knowledge.”<sup>33</sup> But while patent law requires a stringent

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29. *Metro-Goldwyn-Mayer Studios Inc. v. Gorkster, Ltd.*, 545 U.S. 913, 936–37 (2005) (emphasis added).

30. *Id.* at 940 & n.13.

31. *Id.* at 940.

32. *Id.*

33. *Compare* 35 U.S.C. § 271(c) (imposing liability on one who acts “knowing the

form of actual knowledge for a defendant to be held contributorily liable,<sup>34</sup> in copyright law, courts have found that constructive knowledge is enough.<sup>35</sup> This perhaps reflects at least an implicit recognition of the diminished importance that knowledge plays in appropriately addressing secondary copyright cases.

Something similar has happened within trademark law, where secondary liability principles originally developed for non-platform settings have morphed as courts have applied them in platform settings. Secondary trademark liability is entirely non-statutory, and the vast majority of modern secondary trademark cases follow the Supreme Court's articulation of the standard for secondary liability in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*<sup>36</sup> The question in that case was whether manufacturers of generic medications that were visually similar to their branded equivalents could be held responsible when pharmacists sold generic pills in bottles labeled with the brand name.<sup>37</sup> The Court held that the applicable standard is that "if a manufacturer or distributor intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement, the manufacturer or distributor is contributorily [sic] responsible for any harm done as a result of the deceit."<sup>38</sup>

*Inwood* was a decidedly non-platform case, very much in the model of most patent cases. The activities of the generic drug manufacturers were clearly aimed at the trademarks of the brand name manufacturers, and those would be the marks they infringed, if they infringed any at all. The question was how complicit the generic drug companies were in the pharmacists' acts of infringement. The resulting standard then, unsurprisingly, hinged on questions of knowledge and intent.<sup>39</sup>

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same to be especially made or especially adapted for use in an infringement of such patent"), *with Gershwin Publ'g Corp. v. Columbia Artists Mgmt. Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971) (imposing liability on one who acts "with knowledge of the infringing activity").

34. See *Aro Mfg. v. Convertible Top Replacement Co.*, 377 U.S. 476, 488 (1964).

35. See *A&M Recs., Inc. v. Napster, Inc.*, 239 F.3d 1004, 1020 (9th Cir. 2001) ("Contributory liability requires that the secondary infringer 'know or have reason to know' of direct infringement." (citations omitted)).

36. See *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 103–06 (2d Cir. 2010).

37. See *Inwood Lab'ys, Inc. v. Ives Lab'ys, Inc.*, 456 U.S. 844, 846 (1982).

38. *Id.* at 854.

39. See *id.* (asking whether a defendant "intentionally induces another to infringe" or whether a defendant "knows or has reason to know" that the other entity is infringing).

The *Inwood* standard proved to be a poor fit when courts applied it, more recently, to platform cases.<sup>40</sup> In *Tiffany (NJ) Inc. v. eBay, Inc.*, the Second Circuit interpreted the *Inwood* standard strictly, holding that “general knowledge or reason to know that [a] service is being used to sell counterfeit goods” is not enough for secondary liability and that instead, “[s]ome contemporary knowledge of which particular listings are infringing or will infringe in the future is necessary.”<sup>41</sup> This seems to be the standard that the Supreme Court had in mind in *Inwood*, or at least what the Court later decided it had in mind.<sup>42</sup> As applied to platforms, however, it led to the complaint that this formulation of the *Inwood* standard would allow platforms to sit back and do nothing even if there were easy steps they could take to prevent infringement.<sup>43</sup>

Courts have been receptive to that pushback, and since *Tiffany*, courts have broadened what it means to have sufficient knowledge of infringement, even while claiming not to contradict the Second Circuit’s decision. In one case, the Eleventh Circuit found the owners of a “discount mall” contributorily liable based on having been “put on notice by Luxottica that unnamed subtenants’ [sic] may have been selling counterfeit Luxottica products,” together with the fact that “a cursory visual inspection of 130 booths to see if they displayed what appeared to be counterfeit Luxottica eyewear was not so burdensome as to relieve the defendants of the responsibility to investigate after being [so] informed.”<sup>44</sup> The Eleventh Circuit distinguished the *Tiffany* case as involving “a marketplace of 100 million listings and eBay’s inability to inspect goods in person and lack of expertise to distinguish Tiffany from non-Tiffany jewelry.”<sup>45</sup>

In other words, the court moved from strict notions of “knowledge” of the sort one might see in secondary patent cases to

40. An initial question is whether the *Inwood* standard applies to platforms at all, given the reference to the defendant “supply[ing a] product.” *Id.* Courts have generally interpreted the term “product” in the *Inwood* standard broadly and applied the standard to platforms and markets, both online and off. See *Hard Rock Cafe Licensing Corp. v. Concession Servs.*, 955 F.2d 1143, 1148–49 (7th Cir. 1992).

41. *Tiffany*, 600 F.3d at 107.

42. See *id.* at 108 (quoting the Supreme Court in the *Sony* case describing the *Inwood* standard as a “narrow standard”).

43. See David H. Bernstein & Michael R. Potenza, *Why the Reasonable Anticipation Standard Is the Reasonable Way to Assess Contributory Trademark Liability in the Online Marketplace*, 2011 STAN. TECH. L. REV., no. 9, at 15–16.

44. *Luxottica Grp., S.P.A. v. Airport Mini Mall, LLC*, 932 F.3d 1303, 1314–15 (11th Cir. 2019).

45. *Id.* at 1314.

broader concepts of “constructive knowledge” rooted not so much in considerations of the defendant’s mental state, but rather in efficiency considerations. The mini mall had sufficient “knowledge” because they could easily check their vendors. eBay did not because it would be impossible for them to check their sellers. What either party literally “knew” or didn’t know was not what determined the outcome. Courts have felt constrained to use the Supreme Court’s formulation of the standard from a non-platform case, but they have reinterpreted the terms in that standard to better fit principles of platform liability.

### C. Platform Liability Principles

Once we recognize the platform nature of secondary copyright cases, we can use that insight to think differently about the proper design of secondary copyright liability, breaking free of the non-platform patent model focused on knowledge and intent and drawing instead from platform liability principles.

One such principle is that platforms have a propensity to over-block content, particularly when speech is at stake, if platforms and users of those platforms are treated alike.<sup>46</sup> The idea is that a liability regime that has been optimized for original speakers will generally lead to over-blocking if applied identically to platforms. “Optimized” in this context means that the rules strike an appropriate balance between deterring unlawful speech and not chilling lawful speech.<sup>47</sup> When those same rules are applied to platforms, the platforms will generally err on the side of blocking more, rather than less, both because they will usually have less of a commitment to any individual piece of content than the user does and because they may have more difficulty evaluating the lawfulness of the speech than the user has.<sup>48</sup>

In the face of concerns about over-blocking, knowledge or notice may no longer be an appropriate trigger for liability.<sup>49</sup> In

46. See Felix T. Wu, *Collateral Censorship and the Limits of Intermediary Immunity*, 87 NOTRE DAME L. REV. 293, 308 (2011).

47. *Id.*

48. *Id.* at 306–07.

49. See Alfred C. Yen, *Torts and the Construction of Inducement and Contributory Liability in Amazon and Visa*, 32 COLUM. J.L. & ARTS 513, 529 (2009) (arguing that courts model secondary copyright liability too much after intentional torts rather than negligence and thereby fail to account for the reasonableness and “the potential unintended consequences of the proposed precaution”); see also Mark P. McKenna, *Probabilistic Knowledge of Third-Party Trademark Infringement*, 2011 STAN. TECH. L. REV., no. 10, at 10 (making a similar argument with respect to secondary trademark liability); Heymann,

the context of 47 U.S.C. § 230, which immunizes Internet intermediaries from liability for content provided by others,<sup>50</sup> courts have uniformly held that the protections of § 230 apply even if the intermediary has knowledge of or has received a notice about the unlawful content.<sup>51</sup> The concern is that otherwise fear of liability would cause intermediaries to block any complained-about content, whether lawful or not, thereby leading to a kind of “chilling effect.”<sup>52</sup>

A different, and somewhat opposing, platform principle is that platforms can be the least cost avoider with respect to policing infringement and/or that they can minimize the transaction costs of licensing content.<sup>53</sup> Platforms are often a bottleneck, such that they can aggregate efforts across multiple instances of infringement, whether of the same or different works, rather than needing to deal with each instance of infringement separately.<sup>54</sup> Platforms can also aggregate licensing transactions across works and across users in a way that is much more efficient than separately licensing each user’s use of each work.<sup>55</sup>

Again, the concept of being a least cost avoider or minimizing transaction costs does not hinge on a platform’s knowledge or intent. It may be cheaper and easier for the platform to develop or acquire the relevant knowledge of infringement than to expect plaintiffs to obtain that knowledge and then pass it along to the platform.

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*supra* note 3, at 377 (suggesting a move toward “the negligence aspects of the [secondary liability] framework” as a way to deal with the difficulties in defining and assessing knowledge).

50. See 47 U.S.C. § 230(c)(1) (“No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.”). Section 230 does not apply to intellectual property claims. See § 230(e)(2) (“Nothing in this section shall be construed to limit or expand any law pertaining to intellectual property.”).

51. See *Zeran v. Am. Online, Inc.*, 129 F.3d 327, 333 (4th Cir. 1997); see also, e.g., *Universal Comm’n Sys. v. Lycos, Inc.*, 478 F.3d 413, 420 (1st Cir. 2007) (“We . . . join the other courts that have held that Section 230 immunity applies even after notice of the potentially unlawful nature of the third-party content.”).

52. See *Zeran*, 129 F.3d at 333 (“Because service providers would be subject to liability only for the publication of information, and not for its removal, they would have a natural incentive simply to remove messages upon notification, whether the contents were defamatory or not. Thus, like strict liability, liability upon notice has a chilling effect on the freedom of Internet speech.” (citation omitted)).

53. See Douglas Lichtman & William Landes, *Indirect Liability for Copyright Infringement: An Economic Perspective*, 16 HARV. J.L. & TECH. 395, 397 (2003); Tun-Jen Chiang, *The Conduit Theory of Secondary Liability in Patent and Copyright Law*, 23 NEV. L.J. 65, 84–86 (2022).

54. Lichtman & Landes, *supra* note 53.

55. *Id.* at 399.

While fixating on knowledge at the expense of a cost-benefit analysis might lead to under-deterrence, it can just as easily lead to over-deterrence, as shown by the cases against Cox Communications.<sup>56</sup> As an Internet service provider, Cox's options for dealing with infringements on their network are relatively limited. Besides cajoling their subscribers, the main action they can take is to suspend or terminate their subscribers' internet access entirely.<sup>57</sup> Such an action clearly results in a form of over-blocking, to the extent that all of a subscriber's activities, infringing and noninfringing, are effectively blocked. Moreover, Cox does not seem like a least-cost avoider here, at least in the sense that, by cutting someone off from the Internet, terminating a subscriber is socially costly.

And yet, in upholding jury verdicts against Cox, the district court found no room in the existing contributory infringement standard for such considerations.<sup>58</sup> The court found that the "provision of high-speed internet service" could constitute a material contribution.<sup>59</sup> And it found that repeated notices gave Cox sufficient knowledge of infringement.<sup>60</sup> In the *BMG* case, the Fourth Circuit ultimately reversed and remanded for a new trial, finding the jury instructions potentially too permissive as to the level of knowledge required.<sup>61</sup> Cox also made various arguments about why the notices were insufficient.<sup>62</sup> But because these arguments and findings were all tied to the issue of knowledge, none of the back and forth among the courts or parties provided any way to account for the burden to subscribers of having their Internet access terminated.<sup>63</sup> Focusing on knowledge distracted

56. See *BMG Rts. Mgmt. (US) LLC v. Cox Commc'ns, Inc.*, 881 F.3d 293, 310–11 (4th Cir. 2018); *Sony Music Ent. v. Cox Commc'ns, Inc.*, 464 F. Supp. 3d 795, 815–16 (E.D. Va. 2020).

57. See *BMG*, 881 F.3d at 298–99.

58. See *Sony*, 464 F. Supp. 3d at 816; *BMG Rts. Mgmt. (US) LLC v. Cox Commc'ns, Inc.*, 199 F. Supp. 3d 958, 980 (E.D. Va. 2016). The district court also found, and the Fourth Circuit upheld, that Cox was not entitled to the safe harbor under § 512(a) because it had failed to reasonably implement a policy of terminating repeat infringers as required under § 512(i). See *BMG*, 881 F.3d at 303–05.

59. *BMG*, 199 F. Supp. 3d at 979; *Sony*, 464 F. Supp. 3d at 816.

60. See *BMG*, 199 F. Supp. 3d at 978–79; *Sony Music Ent. v. Cox Commc'ns, Inc.*, 426 F. Supp. 3d 217, 232–33 (E.D. Va. 2019).

61. See *BMG*, 881 F.3d at 310–11.

62. See, e.g., *BMG*, 199 F. Supp. 3d at 970–71.

63. See *Yen*, *supra* note 49, at 527 (noting presciently that "[i]f courts imposed liability on the power company (or any other provider of basic services) simply for continuing to provide services to customers accused of infringement, socially undesirable results would follow").

from what was really at stake, whereas platform principles would have taken those interests into account.

Both platform principles described above are premised on not treating a platform and its users as interchangeable. The over-blocking problem arises because platforms and users have different incentives to censor or self-censor content. The least cost avoider analysis relies on there being different costs to enforce IP rights through platforms versus users. It is perhaps unsurprising then that these principles are not consistent with traditional secondary liability rules given that those rules are based on treating direct and secondary infringers as joint tortfeasors that are jointly and severally liable for the resulting infringement.<sup>64</sup> Knowledge or fault plays a key role in traditional secondary liability rules because establishing sufficient knowledge or fault is important when deciding whether someone is a joint tortfeasor.

With respect to platforms, however, it does not make sense to treat platforms as joint tortfeasors with their infringing users. The platforms and users are not acting in concert in the way that the joint tortfeasor model envisions. Other models such as premises liability,<sup>65</sup> products liability,<sup>66</sup> or negligent entrustment<sup>67</sup> are more apt. Each of those models requires an entity to take some level of care in the face of potential misconduct by some other party. A business owner may need to take steps to prevent criminal activity on the business' premises, for example.<sup>68</sup> Such an entity will face no liability if the misconduct never occurs, even if it fails to take due care, because no harm will have occurred. In that sense, any liability imposed on that entity is derivative of some other wrong. But if the misconduct and harm do occur, liability is based on the entity's own acts or omissions rather than on the entity taking responsibility for the other party's misconduct.<sup>69</sup> The business

64. See *Aro Mfg. v. Convertible Top Replacement Co.*, 377 U.S. 476, 500 (1964) (“[A] contributory infringer is a species of joint-tortfeasor, who is held liable because he has contributed with another to the causing of a single harm to the plaintiff.”).

65. See, e.g., *Posecai v. Wal-Mart Stores, Inc.*, 752 So.2d 762, 766 (La. 1999) (imposing on business owners “a duty to implement reasonable measures to protect their patrons from criminal acts when those acts are foreseeable”).

66. See, e.g., *Calmes v. Goodyear Tire & Rubber Co.*, 575 N.E.2d 416, 421 (Ohio 1991) (explaining that a products liability claim is viable even when the product has been “unreasonably misuse[d]” so long as the misuse is not unforeseeable (alteration in original)).

67. See, e.g., *Vince v. Wilson*, 561 A.2d 103, 105 (Vt. 1989) (holding that the tort of negligent entrustment applies to anyone who supplies the chattel in question even if they do not own or control it).

68. See *Posecai*, 752 So.2d at 766.

69. See *McKenna*, *supra* note 49, at 8 (making a similar argument with respect to secondary trademark liability).



owner and a third-party criminal on the premises are not acting in concert with each other or as joint tortfeasors. Framing platform liability as an independent wrong rather than a component of the user's wrong more accurately reflects the relative roles of platforms and platform users. So framed, it becomes clear that whether a platform's acts are independently wrong does not depend solely, or even primarily, on the platform's knowledge or intent with respect to its users' wrongs.

#### IV. IMPLICATIONS

Understanding that secondary copyright cases are often platform cases has potential doctrinal implications. Broadly speaking, legislatures or courts could account for the platform nature of secondary copyright cases either by modifying the form of liability or by modifying remedies. Each will be considered in turn. Ultimately, however, reframing the issue has its own benefits apart from any specific doctrinal adjustments.

##### A. *Implications for Liability*

With respect to liability, as discussed above, platforms may need a relatively strong form of immunity to avoid incentives to over-block content, particularly when speech interests are at stake. The DMCA counter-notification provisions are aimed at addressing this issue,<sup>70</sup> but those provisions are relatively weak. There are technical requirements for an effective counter-notification, such that it demands some sophistication on the part of the user to take advantage of them.<sup>71</sup> There is a ten-day waiting period before the material can be put back.<sup>72</sup> Moreover, the counter-notification provision is itself an immunity provision and failure to comply is not on its own a basis for a claim against the intermediary.<sup>73</sup> Separately, the Ninth Circuit has held that copyright holders must "consider fair use before sending a takedown notification" as part of avoiding liability under § 512(f).<sup>74</sup> But § 512(f) is also weak insofar as it requires only "a

70. See 17 U.S.C. § 512(g).

71. See *id.* § 512(g)(3).

72. See *id.* § 512(g)(2)(C) (requiring material to be put back "not less than 10, nor more than 14, business days following receipt of the counter notice").

73. See *id.* § 512(g)(1) ("Subject to paragraph (2), a service provider shall not be liable to any person for any claim based on the service provider's good faith disabling of access to, or removal of, material or activity claimed to be infringing . . .").

74. *Lenz v. Universal Music Corp.*, 815 F.3d 1145, 1148 (9th Cir. 2016); see also

subjective good faith belief that the use was not authorized by law.”<sup>75</sup>

The status quo has led to a certain amount of over-blocking of content—fair use content in particular.<sup>76</sup> Something stronger than § 512 may be needed to discourage this.<sup>77</sup> One possibility could be to provide an absolute immunity to intermediaries modeled on 47 U.S.C. § 230 for hosting anything other than an exact or near-exact copy of a copyrighted work. The goal would be to take cases like *Lenz* squarely outside of the realm of secondary liability. Such a scheme could be augmented with a requirement that copyright holders have a good faith belief that the subject of a notification is an exact or near-exact copy of their work to avoid liability under § 512(f).

To be sure, such a proposal is certainly over-inclusive. There will be many non-exact copies that are nevertheless infringing. That is in some sense, though, the point of the scheme. There would be no point in providing intermediary immunity for noninfringing works—in the absence of direct liability, there would be no secondary liability anyway. The lack of secondary liability for some infringing works is the tradeoff for trying not to incentivize the blocking of noninfringing works. What is needed, and what the line between exact and non-exact copies could provide, is a rule that is clear enough for a platform to feel comfortable knowing when its activities fall on the nonliability side of the line. Moreover, the experience under § 230 (and the private ordering discussed below) point to the fact that major sites

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§ 512(f)(1) (imposing liability on “[a]ny person who knowingly materially misrepresents under this section . . . that material or activity is infringing”).

75. *Lenz*, 815 F.3d at 1148.

76. See JENNIFER M. URBAN ET AL., NOTICE AND TAKEDOWN IN EVERYDAY PRACTICE 95–96 (ver. 2, Mar. 2017), <https://osf.io/preprints/socarxiv/59m86> [<https://perma.cc/CTD9-TMA4>]; see also Xiyin Tang, *Privatizing Copyright*, 121 MICH. L. REV. 753, 774–75 (2023) (discussing the failure of private agreements between platforms and copyright holders to account for fair use).

77. Tun-Jen Chiang argues that existing secondary liability law (both patent and copyright) reflects “an absolute prohibition on collateral harms.” Chiang, *supra* note 53 at 89. By this he seems to mean primarily that the law avoids imposing liability when doing so would directly impede lawful uses, as with restricting dual-use technologies. My focus here is on a broader concept of collateral consequences that includes over-blocking not as a result of a legal mandate but out of fear of legal liability. That form of “collateral harm” is not precluded by existing secondary copyright law. Chiang suggests that the “substantial non-infringing uses” exception eliminates or minimizes any chilling effects from contributory liability. See *id.* at 96, 100. While this might generally be true for patent law, it is not true for copyright law, see *supra* note 76 and accompanying text, showing again how secondary patent cases and secondary copyright cases are structurally different.

will continue to block some content even when under no legal obligation to do so.<sup>78</sup>

Thus, there should potentially be some works as to which platforms are not secondarily liable even upon notice. Conversely, as to the rest, platforms should potentially bear some liability even if they have not received notice. Platforms could be required to take reasonable steps to detect and prevent infringement, with reasonableness measured by balancing the relative costs and benefits, as in the tort models mentioned above. Secondary trademark liability has moved in the direction of requiring such reasonable measures, despite the relevant standard being framed in terms of knowledge.<sup>79</sup> Secondary copyright liability could do the same, at least in that subset of copyright cases where free speech and chilling effects concerns are less pressing. On the flip side, the costliness or unreasonableness of certain measures should be seen as good reason not to require them, as with terminating Internet access, such as in the *Cox* cases.

As noted earlier, vicarious copyright liability does not fit the model of either paralleling secondary patent liability or hinging on knowledge or intent.<sup>80</sup> Thus, one might see in the existing standards for vicarious copyright liability a scheme for imposing liability beyond notice-based liability. This is true, but arguably existing vicarious copyright liability goes too far. The standard, which asks whether the defendant “has the right and ability to supervise the infringing activity and also has a direct financial interest in such activities,”<sup>81</sup> appears to contemplate liability even where the measures the defendant fails to take would be extremely costly. In that sense, vicarious copyright liability appears to be akin to a form of strict liability.

The strict liability nature of vicarious liability potentially makes sense in the agency-type cases from which the doctrine arose at common law.<sup>82</sup> An employer is liable for its employees’

78. See, e.g., Kate Klonick, *The New Governors: The People, Rules, and Processes Governing Online Speech*, 131 HARV. L. REV. 1598, 1625–30 (2018).

79. See *supra* text accompanying notes 44–45; see also *Coach, Inc. v. Goodfellow*, 717 F.3d 498, 504 (6th Cir. 2013) (finding the defendant to be contributorily liable where he failed to “take . . . reasonable measures to prevent use of flea market resources for unlawful purposes, and failed even to undertake a reasonable investigation”).

80. See *supra* notes 16–19 and accompanying text.

81. *Gershwin Publ’g Corp. v. Columbia Artists Mgmt.*, 443 F.2d 1159, 1162 (2d Cir. 1971).

82. See, e.g., *Hinman v. Westinghouse Elec. Co.*, 471 P.2d 988, 990 (Cal. 1970) (explaining that employers are vicariously liable for their employees’ torts even when the employer is not at fault).

torts not only because it may be able to supervise them efficiently, but also because it is appropriate to assign the responsibility to the employer as the party best able to bear the risk of such accidents.<sup>83</sup> Vicarious liability is thus an alternative form of responsibility-based liability. Contributory liability bases responsibility on knowledge or intent, while vicarious liability bases responsibility on the relationship between the parties. Neither is necessarily based on efficiency considerations. It may be that in the cases expanding vicarious copyright liability, imposing such liability on dance halls and flea markets is in fact efficient.<sup>84</sup> If so though, we ought to explicitly assess that efficiency and base liability on it, rather than on just the “right and ability to supervise” and “direct financial interest.”<sup>85</sup>

### B. Implications for Remedies

An alternative way to account for the different roles of platforms and users is to adjust the remedies for infringement rather than to adjust liability. The traditional rule is that a plaintiff is free to collect the full measure of damages from either the direct infringer or a secondary infringer (but not both).<sup>86</sup> As explained above, however, treating platforms the same as their users can lead platforms to over-block content.<sup>87</sup> In the context of damages, this means that a damages regime optimized for direct liability is potentially excessive as applied to the platform instead. This may be particularly true for noncommercial platforms.

One way to address this would be to eliminate the possibility of statutory damages for platform liability. Some have already expressed concerns that statutory damages against direct infringers can be excessive.<sup>88</sup> Such concerns may be magnified in

83. See *id.* (“[T]he modern and proper basis of vicarious liability of the [employer] is not his control or fault but the risks incident to his enterprise.”).

84. See, e.g., *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 263–64 (9th Cir. 1996) (finding that the plaintiffs stated a claim for vicarious copyright infringement against a flea market, at least in part by analogy to claims against dance halls).

85. Alternatively, flea markets may have a sufficiently close relationship to their vendors and dance halls to the bands that play there in order to justify a relationship-based form of vicarious liability. That too is not captured by the elements of “right and ability to supervise” and “direct financial interest,” at least as those terms have been interpreted. See *A&M Recs., Inc. v. Napster*, 239 F.3d 1004, 1022–24 (9th Cir. 2001) (finding vicarious liability despite Napster and its users having nothing more than an arms-length provider-user relationship).

86. See *Aro Mfg. v. Convertible Top Replacement Co.*, 377 U.S. 476, 502–03 (1964).

87. See *supra* notes 46–48 and accompanying text.

88. See Pamela Samuelson & Tara Wheatland, *Statutory Damages in Copyright Law*:

the context of platform liability. High statutory damages can unduly chill the development of the platforms themselves.<sup>89</sup> At a more micro level, high statutory damages also have the potential to cause over-blocking of specific pieces of content, at least insofar as the platform considers some content to be riskier than other content.

On the other hand, commercial platforms may sometimes actually make more money from infringing activity (through ad revenue, for example) than the direct infringers would have made on their own.<sup>90</sup> Thus, incentives can also be misaligned in the other direction, such that platforms may be incentivized to avoid looking for infringing content, absent a legal requirement to do so.

A misalignment of incentives in this direction might be best addressed through the disgorgement remedy.<sup>91</sup> The copyright statute provides, as a matter of course, for the disgorgement of the defendant's profits.<sup>92</sup> Unlike, say, under trademark law,<sup>93</sup> disgorgement in copyright law does not depend on the willfulness or fault of the defendant. The ready availability of a disgorgement remedy is somewhat tempered by the limitation that the profits

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*A Remedy in Need of Reform*, 51 WM. & MARY L. REV. 439, 441 (2009) ("Awards of statutory damages are frequently arbitrary, inconsistent, unprincipled, and sometimes grossly excessive."); Oren Bracha & Talha Syed, *The Wrongs of Copyright's Statutory Damages*, 98 TEX. L. REV. 1219, 1220 (2020) ("On its face, there seems to be something fundamentally wrong with an individual of ordinary wealth having to pay over a million dollars for sharing twenty-four copyrighted sound recordings online.").

89. See Stephanie Berg, *Remedying the Statutory Damages Remedy for Secondary Copyright Infringement Liability: Balancing Copyright and Innovation in the Digital Age*, 56 J. COPYRIGHT SOC'Y USA 265, 312 (2008); MICHAEL A. CARRIER, *INNOVATION FOR THE 21ST CENTURY: HARNESSING THE POWER OF INTELLECTUAL PROPERTY AND ANTITRUST LAW* 160–61 (2009).

90. See, e.g., *Monetization Policies*, YOUTUBE, <https://www.youtube.com/howyoutube/works/policies/monetization-policies/> [<https://perma.cc/T3WM-35SL>] (last visited Aug. 30, 2023); *Channel Monetization Policies*, YOUTUBE, <https://support.google.com/youtube/answer/1311392> [<https://perma.cc/BPD5-PZLB>] (last visited Aug. 30, 2023).

91. See Pamela Samuelson et al., *Recalibrating the Disgorgement Remedy in Intellectual Property Cases*, 100 B.U. L. REV. 1999, 2029 (2020) (discussing the role of disgorgement in achieving an appropriate level of deterrence).

92. See 17 U.S.C. § 504(b) ("The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages.").

93. See 15 U.S.C. § 1117(a) (permitting recovery of the defendant's profits for "a willful violation under section 1125(c) of this title"); *Romag Fasteners, Inc. v. Fossil, Inc.*, 140 S. Ct. 1492, 1497 (2020) (rejecting a requirement to show willfulness in order to obtain the defendant's profits in an ordinary trademark infringement case, but nevertheless affirming that "a trademark defendant's mental state is a highly important consideration in determining whether an award of profits is appropriate").

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disgorged be “attributable to the infringement.”<sup>94</sup> That limitation, however, is counter-balanced by placing the burden of proof on the defendant to show what profits are not attributable to infringement.<sup>95</sup>

The net result of these rules is that in cases of non-exact direct copyright infringement, courts have struggled to determine how to apportion profits between the infringing and noninfringing portions of a work, often erring on the side of over-compensation.<sup>96</sup> When the plaintiff’s work is incorporated into some much larger work and the defendant’s work is then sold or monetized as a whole, it can be hard to know how to apportion the defendant’s profits.<sup>97</sup> Apportioning based on what percentage of the defendant’s work is infringing can either undershoot or overshoot the mark, depending on whether the infringing content is the heart of the work or merely an insignificant part of it.<sup>98</sup> Determining what the defendant would have made without using the infringing content can be an impossible hypothetical calculation.

Disgorgement in platform cases involving exact copies has the potential to be much more straightforward. Platforms like YouTube monetize individual pieces of content by showing advertisements.<sup>99</sup> That ad revenue can very reasonably be traced directly to the infringing content. Thus, even if in non-platform cases one might worry about excessive disgorgement awards, there may be less reason to worry in platform cases.

On the other hand, one might worry in the other direction that relying primarily on a disgorgement remedy against platforms could lead to under-deterrence. After all, it might seem that a defendant forced to disgorge profits is no worse off than if it had not infringed at all.<sup>100</sup> Defendants might therefore have an incentive to infringe as much as they can, knowing that they will

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94. 17 U.S.C. § 504(b).

95. *See id.* (“In establishing the infringer’s profits, the copyright owner is required to present proof only of the infringer’s gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.”).

96. *See* Samuelson et al., *supra* note 91, at 2050–52.

97. *See, e.g.,* Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc., 772 F.2d 505, 510 (9th Cir. 1985) (defendant’s Las Vegas show had ten acts, only one of which infringed plaintiff’s copyright).

98. *See* Samuelson et al., *supra* note 91, at 2052–54.

99. *See* sources cited *supra* note 90.

100. *See* Bert I. Huang, *The Equipose Effect*, 116 COLUM. L. REV. 1595, 1598 (2016).

be no worse off as to the infringements that are caught and better off as to the infringements that get by.

While it's true, however, that a defendant forced to pay a disgorgement remedy is no worse off than if it had not infringed, the defendant in that situation *is* worse off than if it had gotten a license from the plaintiff. There is money to be made by the defendant's activities. Rational parties will hopefully find some way to split that surplus, so that both parties are better off than if the activities had not occurred.<sup>101</sup> A defendant subject to a disgorgement remedy is getting nothing, while a licensed defendant is getting something. In this context, then, a disgorgement remedy alone can have a positive incentive effect.

### C. *Striking a Balance*

In the end, the two main platform principles described above compete with each other. The principle of avoiding over-blocking counsels toward less platform liability. The principle of minimizing transaction costs will often counsel toward more. Depending on the weight one attaches to the interests served by each principle, one could advocate for different balances between them. These could range from applying § 230's strong immunity to IP (or at least copyright) claims<sup>102</sup> to holding platforms strictly liable for the infringements they facilitate.<sup>103</sup> The specific proposals above, which fall in between those extremes, may or may not strike the right balance.

The key point is not so much whether one agrees with any of these specific proposals, but rather to reframe the analysis and design choices around these platform principles instead of a focus on knowledge and intent. Doing so could be more likely to serve the relevant interests. There has been some recent interest in amending § 512, for example.<sup>104</sup> The framework above helps to explain why certain aspects of § 512, such as the standard for "red

101. See Chiang, *supra* note 53, at 84 (noting that the ultimate goal of intellectual property law is for rightsholders to be appropriately paid for uses of their IP, not to stop those uses from occurring).

102. Cf. Mark A. Lemley, *Rationalizing Internet Safe Harbors*, 6 J. ON TELECOMM. & HIGH TECH. L. 101, 102, 112–15 (2007) (arguing for a "uniform safe harbor rule" across both IP and non-IP claims, although one that is ultimately less protective than § 230 while being more protective than the DMCA).

103. As noted above, vicarious copyright liability potentially functions as a form of strict liability. See *supra* note 81 and accompanying text.

104. See U.S. COPYRIGHT OFFICE, SECTION 512 OF TITLE 17: A REPORT OF THE REGISTER OF COPYRIGHTS 1–2 (May 2020), <https://www.copyright.gov/policy/section512/section-512-full-report.pdf> [<https://perma.cc/T3JU-VQY9>].

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flag” knowledge and the relationship between § 512 and vicarious liability, have been so messy and contentious.<sup>105</sup> Trying to apply non-platform principles to platform cases is trying to fit square pegs into round holes. Rethinking § 512 using platform principles could provide a better basis for legislative change.

One might ask what’s at stake in reformulating the substantive law of secondary copyright liability, given that so much of what happens on platforms is now driven by private ordering rather than the precise contours of the law.<sup>106</sup> YouTube’s Content ID system, for example, does more than what the law requires by engaging in *ex ante* filtering, and it provides for possibilities, such as monetization, that are not directly contemplated by the applicable law.<sup>107</sup> Yet the bargaining between rights holders and platforms that results in systems like Content ID occurs in the shadow of existing copyright law, and in particular in the shadow of the DMCA safe harbors.<sup>108</sup> Adjusting those safe harbors, for example, to provide complete immunity for non-exact copies, could influence the design of automated enforcement systems and perhaps, for example, diminish the extent to which fair use content is automatically blocked.

As described above, it also seems that courts themselves are managing to adapt legal standards to platform cases by reinterpreting terms like “knowledge.”<sup>109</sup> Again, courts may reach many of the right outcomes, but doing so in a more principled way will help to both justify those outcomes and determine how far to take them. All told, between judicial interpretation and private ordering, the status quo could well be reasonable or the best we can manage. Even then, platform principles would help to better explain why that is the case.

## V. CONCLUSION

Platform cases are different from non-platform cases. Using secondary liability law developed in the non-platform context to resolve platform cases is very likely to be suboptimal. In many ways, courts have acted on this intuition without even realizing it.

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105. See *id.* at 110–36.

106. See Matthew Sag, *Internet Safe Harbors and the Transformation of Copyright Law*, 93 NOTRE DAME L. REV. 499, 538 (2017).

107. See *id.* at 541–42.

108. See *id.* at 541 (suggesting that “YouTube’s development of Content ID appears to have been spurred by the Viacom litigation,” in which Viacom argued for narrow interpretations of the DMCA safe harbors).

109. See *supra* notes 33–35 and accompanying text.



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Being more explicit about what makes for a good platform law helps to explain and justify certain aspects of existing secondary copyright law, while also suggesting how courts and Congress might improve the law in the future.

## 3

## The Role, Responsibility, and Liability of Online Intermediaries under EU IP Law

*Eleonora Rosati\**

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### Introduction

#### 1. From the Safe Harbours to the Primary/Direct Liability of Certain ISSPs

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### Implications for the Fashion Industry and Concluding Remarks

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## Introduction

For fashion brands, securing protection of their intangible assets through intellectual property (IP) rights is key. Equally, if not more, key is ensuring that such rights may be effectively protected and enforced. This chapter is concerned with the latter aspect and discusses it mostly from a European Union (EU) and UK perspective.

When it comes to enforcing IP rights vesting in intangible assets, including in the fashion sector, relevant initiatives may be taken against direct infringers. This is true . . . in principle. Practice tells us a different story: several elements may indeed make any such initiatives challenging to undertake. They range from difficulties in identifying and locating the direct infringers to concerns linked with economic efficiency and effectiveness of enforcement efforts. As such, over time, the role of information society service providers (ISSPs) or online intermediaries— including internet access providers, search engines, internet platforms, e-commerce marketplaces, payment providers, etc.— has become increasingly relevant and visible, also shaped by and developed through a substantial body of case law and legislation. In several instances, such case law has developed as a result of fashion brand owners' enforcement efforts.

This chapter considers two aspects of ISSPs' involvement in the enforcement process. The first is the type of liabilities that may be attributed to them because and as a consequence of users' infringing activities. In this sense, while several legal systems provide for 'safe harbours' of ISSPs in relation to users' infringements, a recent trend has emerged in the IP field, especially in, but not necessarily limited to, the EU and the UK: enhanced responsibility – and, in turn: liability – for certain types of ISSPs. In particular, in some jurisdictions, an ISSP may no longer be subjected only to secondary /accessory liability in relation to users' own unlawful activities should the safe harbours be deemed inapplicable, but also to primary/direct liability, thus excluding safe harbour availability from the outset. The second aspect concerns the availability of injunctions against intermediaries irrespective of any legal liability on their side. Such a possibility does exist in several jurisdictions around the world.

This chapter is split into two main sections. [Section 1](#) focuses on the types of liability that ISSPs may be subjected to: it details the rise of safe harbour systems and related notice-and-takedown approaches and, more recently, the transition (at least in Europe) towards primary/direct liability regimes, both through case law in the copyright and trade mark fields and the adoption of legislation like article 17 of Directive 2019/790<sup>1</sup> (DSM Directive). Part 2 is devoted to injunctions against ISSPs irrespective of any liability thereof: it discusses the types and content of such orders, as well as the principled framework that the Court of Justice of the European Union (CJEU) has developed over

time in this area. In the concluding remarks, the specific role of fashion and luxury companies and conglomerates in shaping this area of the law is discussed; some considerations regarding future developments are also offered.

### 1. From the Safe Harbours to the Primary/Direct Liability of Certain ISSPs

In the second half of the 1990s, US Congress adopted two pieces of legislation, the Communication Decency Act of 1996 and the Digital Millennium Copyright Act (DMCA), which provide for a qualified insulation of ISSPs from the liability that would result from illegal activities carried out by users of their services. The system known as ‘safe harbours’, including notice-and-takedown, has subsequently been introduced into several countries’ legal systems, including in relation to IP rights.

In 2000, the EU legislature adopted Directive 2000/31<sup>2</sup> (e-Commerce Directive), which provides that, in principle and insofar as certain conditions are satisfied, ISSPs are not liable for infringements committed by users of their services. In 2022, the EU legislature adopted Regulation 2022/2065<sup>3</sup> (Digital Services Act). While aimed at ‘ensuring a safe, predictable and trustworthy online environment’<sup>4</sup> also by means of due diligence obligations concerning the design and provision of online services, this Regulation maintains and modernizes the safe harbours already found in the e-Commerce Directive.<sup>5</sup>

As stated, safe harbour provisions have been gradually introduced into the legal systems of several countries around the world. As a recent example, in 2023, Hong Kong reformed its law by introducing safe harbours for ISSPs in relation to copyright, including a notice-and-takedown regime.<sup>6</sup> In all this, it could be further observed that the adoption of DMCA-style safe harbours has found its way into certain legal systems as a result of the conclusion of free trade agreements (FTAs) and relevant legal obligations therein. For example, Australia’s safe harbour provisions were introduced into the Australian Copyright Act 1968 in 2004 to comply with that country’s FTA with the US.<sup>7</sup> As another example, in 2020, the United States–Mexico–Canada Agreement also entered into force, replacing the 1989 North America Free Trade Agreement. As a result of its copyright provisions, in 2020, Mexico undertook a reform of its copyright law *inter alia* introducing a notice-and- takedown system in part modelled after the DMCA.<sup>8</sup>

Generally speaking, the safe harbours are *qualified* immunities. In the US, liability of an ISSP eligible *in principle* for the safe harbours could subsist in accordance with the server test, as adopted by the 9th Circuit in *Perfect 10*.<sup>9</sup> Such a test requires considering where the infringing content is hosted: if it is hosted on the defendant’s own server, then liability would subsist upon ruling out available defences, for example fair use; if the content is instead hosted on a third-party server and is

merely embedded or linked to by the defendant, then no liability could subsist. The server test was recently upheld in *Instagram*,<sup>10</sup> in which the 9th Circuit concluded that such a test had not been effectively overturned by the US Supreme Court 2014 decision in *Aereo*<sup>11</sup> and confirmed that it is not limited in application to certain ISSPs (eg search engines) only. In all this, however, it should also be noted that other recent case law has regarded the server test ‘settled law’ in the 9th Circuit but not necessarily elsewhere.<sup>12</sup> Relatively recently, for example, the application of the server test was rejected in *Goldman*. The US District Court, SD New York reasoned that ‘[t]he plain language of the Copyright Act, the legislative history undergirding its enactment, and subsequent Supreme Court jurisprudence provide no basis for a rule that allows the physical location or possession of an image to determine who may or may not have “displayed” a work within the meaning of the Copyright Act’.<sup>13</sup>

In the EU, the CJEU has premised the availability of the e-Commerce Directive safe harbours upon the condition that the ISSP at issue does not play an active role, which is such as to give it knowledge of or control over the infringing content.<sup>14</sup> In turn, where the relevant safe harbour is deemed inapplicable, liability of the ISSP could be established on a secondary/accessory/indirect basis. In the EU, this type of liability remains formally unharmonized. In other words: it is a matter for individual EU Member States to regulate.<sup>15</sup>

This said, in 2017, the CJEU ruled for the first time that the operator of an internet platform (The Pirate Bay) that facilitated the finding of unlawful content could be held liable on a primary/direct basis for copyright infringement.<sup>16</sup> In 2019, the EU legislature adopted the DSM Directive, whose article 17 provides that the operators of certain online platforms, which are referred to therein as online content-sharing service providers (OCSSPs), directly perform copyright-restricted acts when they store and give access to content uploaded by users of their services. In 2022, the CJEU further ruled that the operator of an online marketplace (Amazon) could be directly liable for trade mark infringement due to third-party listings of counterfeits.<sup>17</sup> The following sub-sections examine this evolution in detail.

### 1.1 The EU Safe Harbour Regime as Shaped in CJEU Case Law

As detailed above, EU law provides that, in principle and insofar as certain conditions are satisfied, ISSPs are not liable for infringements committed by users of their services. Inspired by corresponding provisions in the DMCA, articles 12–14 of the e-Commerce Directive establish ‘safe harbours’ for, respectively, mere conduit, caching, and hosting providers. In 2022, the EU legislature adopted the already mentioned Digital Services Act.

### 1.1.1 Notion of information society service

The notion of ‘information society service’ is *inter alia* referred to in articles 12–14 of the e-Commerce Directive. This notion is defined in article 1(1)(b) of Directive 2015/1535<sup>18</sup> (see also the reference in art 2(5) of the DSM Directive) and has been interpreted by the CJEU on multiple occasions.

Directive 2015/1535 defines ‘service’ as any service normally provided for remuneration, which in any case—as the Court has clarified—does not need to be paid directly by the end user<sup>19</sup> or all users of the service.<sup>20</sup> Such a service needs to be provided: (1) at a distance, meaning that the service is provided without the parties being simultaneously present; (2) by electronic means, meaning that the service is sent initially and received at its destination by means of electronic equipment for the processing (including digital compression) and storage of data, and entirely transmitted, conveyed, and received by wire, by radio, by optical means, or by other electromagnetic means; and (3) at the individual request of a recipient of services, meaning that the service is provided through the transmission of data on individual request.

The requirements above need to be cumulatively fulfilled for a provider to be regarded as an ISSP. In its case law, the CJEU has confirmed that the notion of ‘information society services’ as ‘any service normally provided for remuneration, at a distance, by electronic means and at the individual request of a recipient of services’, read in combination with recital 18 of the e-Commerce Directive, encompasses services that undertake a wide range of economic activities that take place online.<sup>21</sup>

### 1.1.2 Beneficiaries of the safe harbours

The safe harbour provisions have given rise to contrasting interpretations, even in terms of their beneficiaries. First of all, in line with the wording of recital 58, it appears that they are only available to ISSPs established in the EU.<sup>22</sup> Second, it has long been established that the safe harbour protection under article 14 of the e-Commerce Directive, while not ruled out in principle by the circumstance that the service at issue is for profit,<sup>23</sup> shall not be available to a hosting provider that ‘instead of confining itself to providing that service neutrally by a merely technical and automatic processing of the data provided by its customers, plays an active role of such a kind as to give it knowledge of, or control over, those data’.<sup>24</sup>

It is clear then that the safe harbours are available to ISSPs in relation to unlawful activities *committed by users* of their services, *not own acts* of the service providers, and in respect of which they play no active role.<sup>25</sup> To clarify: articles 12–14 of the e-Commerce Directive only establish the conditions *not* to be liable on a secondary/indirect basis for users’ unlawful activities. The positive

conditions of secondary/indirect liability, that is, the conditions that need to be established to be held liable, are, at least formally, a matter of unharmonized national law. In crystal-clear terms, in his Opinion in C-148/18 and C-184/18 *Louboutin*, Advocate General (AG) Spzunar explained that secondary/indirect liability ‘must be established on the basis of national law’.<sup>26</sup>

It follows that the safe harbours are not general immunities that apply irrespective of the type of liability, primary/direct or secondary/indirect, at hand. Yet, such a conclusion has not been accepted without difficulties. Authoritatively, in his 2020 Opinion in C-682/18 and C-683/18 *YouTube*, AG Saugmandsgaard Øe considered that the hosting safe harbour in article 14 of the e-Commerce Directive would apply ‘horizontally, to *all forms of liability* which the providers in question may incur in respect of any kind of information which they store at the request of the users of their services, whatever the source of that liability, the field of law concerned and the characterisation or exact nature of the liability’.<sup>27</sup> Such a position is no longer tenable, especially after the unequivocal (and correct) position adopted by the Grand Chamber of the CJEU in the resulting 2021 judgment.

There, the Court reasoned that, in line with the wording of recital 42 in the preamble to the e-Commerce Directive, the safe harbour immunities are only available in situations in which the service provider’s role is ‘of a mere technical, automatic and passive nature, which means that that service provider has neither knowledge of nor control over the information which is transmitted or stored’.<sup>28</sup> This is not the case where the ISSP *itself* performs an act restricted by copyright (or, by extension, any other legal right):

if the referring court were to find, in its examination of Article 3(1) of the [InfoSoc] Directive, that either YouTube or Cyando contributes, beyond merely providing its platform, to giving the public access to protected content in breach of copyright, the operator concerned would not be able to rely on the exemption from liability provided for in Article 14(1) of the [e-Commerce Directive].<sup>29</sup>

In other words, the safe harbour immunities are only applicable in situations that would otherwise give rise to liability of the provider on a secondary/indirect basis, not on a primary/direct basis. In this sense, the approach crystallized in article 17 of the DSM Directive is correct.

As it is discussed in greater detail elsewhere,<sup>30</sup> article 17(3) of the DSM Directive provides that, since an OCSSP performs an act of communication/making available to the public, the limitation of liability established in article 14(1) of the e-Commerce Directive shall not apply to the situations covered by article 17. In any case, the exclusion of the hosting safe harbour availability is a qualified one. First, it only applies to OCSSPs, that is, sub-sets of hosting providers that, by their very nature, undertake acts restricted by copyright. The second and last subparagraph in article 17(3) maintain the eligibility for the hosting safe harbour in relation to copyright-related acts performed by providers that

fall outside the definition of OCSSP. Second, as stated, the exclusion only relates to situations covered by article 17. In accordance with recital 65 in the preamble to the DSM Directive, the meaning and effect of article 17(3) is only to exclude the potential applicability of the hosting safe harbour to OCSSP in relation to copyright-relevant acts falling within the scope of the provision. As a result, the hosting safe harbour in article 14(1) of the e-Commerce Directive remains available in respect of other legal situations insofar as the provider in question does not have an ‘active role’ in the sense clarified in CJEU case law.<sup>31</sup>

### 1.1.3 Content of notices

As detailed above, the safe harbours are unavailable when the provider at issue plays an active role of a kind that gives it knowledge of, or control over, the unlawful content. In terms of knowledge, this can be inter alia acquired through a notice submitted by the concerned right holder. Upon receiving a valid notice, article 14(1)(b) of the e-Commerce Directive (art 6(1)(b) of the Digital Services Act) requires that the provider acts expeditiously to remove or to disable access to the unlawful content.

While the e-Commerce Directive does not specify what content notices must have, article 16 of the Digital Services Act provides a harmonized approach to notice and action mechanisms for providers of hosting services by requiring notices to be ‘sufficiently precise and adequately substantiated’ (art 16 (2)). This language codifies settled CJEU case law. Indeed, in C-324/09 *L’Oréal and Others*, the CJEU ruled out that ‘insufficiently precise or inadequately substantiated’<sup>32</sup> (removal) requests could impose an obligation on the provider to ‘act expeditiously’ within the meaning of article 14(1)(b) of the e-Commerce Directive.

While the CJEU did not specify what the requirement of precise and adequate substantiation would entail, article 16(2) of the Digital Services Act does that by providing that notices shall contain all of the following elements: (1) a sufficiently substantiated explanation of the reasons why the individual or entity alleges the information in question to be illegal content; (2) a clear indication of the exact electronic location of that information, such as the exact URL or URLs, and, where necessary, additional information enabling the identification of the illegal content adapted to the type of content and to the specific type of hosting service; (3) the name and email address of the individual or entity submitting the notice, except in the case of information considered to involve one of the offences referred to in articles 3–7 of Directive 2011/93;<sup>33</sup> and (4) a statement confirming the bona fide belief of the individual or entity submitting the notice that the information and allegations contained therein are accurate and complete.



#### 1.1.4 Prohibition of general monitoring obligations and proactive behaviours

Article 15 of the e-Commerce Directive (art 8 of the Digital Services Act) sets a prohibition of general monitoring obligations on ISSPs. It is clear that the provision does not concern specific monitoring obligations, nor does it prevent ISSPs from adopting proactive behaviours themselves. As a commentator has aptly, yet cautiously, put it, '[a]lthough the proactive tackling of illegal user content certainly involves challenges, the argument that services providers cannot reasonably be required to do more in this respect than "just" reacting to notices (and, occasionally, injunctions) . . . no longer seems entirely convincing'.<sup>34</sup>

Insofar as the scope of the prohibition in article 15 is concerned, the CJEU, also referring to the wording of recital 47 of the e-Commerce Directive, has been consistent in holding that it *only* applies to general monitoring obligations:

[A]lthough Article 15(1) [of the e-Commerce Directive] prohibits Member States from imposing on host providers a general obligation to monitor information which they transmit or store, or a general obligation actively to seek facts or circumstances indicating illegal activity, as is clear from recital 47 of that directive, such a prohibition does not concern the monitoring obligations 'in a specific case'.<sup>35</sup>

EU law allows the imposition on hosting providers of specific duties of care and specific monitoring and filtering obligations.<sup>36</sup> It also allows for injunctions, including blocking injunctions, to be issued against intermediaries to put an end to existing infringements and prevent further ones from occurring.<sup>37</sup>

In *C-70/10 Scarlet Extended* and *C-360/10, SABAM*, the CJEU addressed the availability of injunctions that would impose on an ISSP an obligation to filter to prevent the making available of infringing content. These rulings are narrow in scope and specific in content: what the CJEU found incompatible with EU law in those cases was only a filtering system imposed on a provider that would (1) filter information which is stored on its servers by its service users, (2) apply indiscriminately to all of those users, (3) as a preventative measure, (4) exclusively at its expense, *and* (5) for an unlimited period. This system is capable of identifying electronic files containing copyright material with a view to preventing those works from being made available to the public without a licence.<sup>38</sup>

In *C-610/15 Stichting Brein*, the CJEU held that liability for unauthorized acts of communication to the public arises at least in case of actual and constructive knowledge. In this situation, operators of platforms with a profit-making intention have an *ex ante* reasonable duty of care and are subjected to an *ex post* notice-and-takedown system, which would also include an obligation to prevent infringements of the same kind, for example by means of re-uploads of the same content. This

conclusion is again in line with C-324/09 *L'Oréal and Others*, in which the CJEU detailed the obligations of a 'diligent economic operator'.<sup>39</sup>

Turning to proactive behaviours, article 7 of the Digital Services Act now clarifies that ISSPs shall not be deemed ineligible for the safe harbour immunities solely because they, in good faith and in a diligent manner, carry out voluntary own-initiative investigations into, or take other measures aimed at detecting, identifying, and removing, or disabling access to, illegal content. All this builds upon the 2017 Commission's Communication *Tackling Illegal Content Online* and its 'Good Samaritan' approach<sup>40</sup> but also economic literature (and case law) that has considered that 'it is economically more efficient to require intermediaries to take action to prevent infringement occurring via their services than it is to require rightholders to take action directly against infringers'.<sup>41</sup> It is also consistent with the considerations that the CJEU undertook in C-682/18 and C-683/18 *YouTube*, regarding proactive behaviours of platform operators.<sup>42</sup>

Furthermore, it is worth noting that in C-401/19 *Poland*, the Grand Chamber of the CJEU considered the different context of the obligations under article 17(4)(b) and (c) of the DSM Directive. It held that OCSSPs can use automated content recognition technologies (which, despite the derogative nickname 'upload filters provision' given to article 17,<sup>43</sup> do not necessarily entail filtering<sup>44</sup> and may be of different kinds<sup>45</sup>) to this end. Nevertheless, such technologies must 'distinguish adequately between unlawful content and lawful content'. If that is not the case, such technologies could lead to the blocking of lawful communications and, as a result, be incompatible with the right to freedom of expression and information, guaranteed in article 11 of the EU Charter of Fundamental Rights<sup>46</sup> (EU Charter), and would not respect the fair balance between that right and protection of IP.<sup>47</sup>

Despite the specific context of that ruling, the teaching of the CJEU appears to apply beyond the case of article 17 (as well as the context of injunctions). Given the primacy of the EU Charter and its fair balance mandate, as well as the endorsement that the CJEU has given of systems 'to counter credibly and effectively copyright infringements' on ISSPs' services in C-682/18 and C-683/18 *YouTube*,<sup>48</sup> it is appropriate to regard the requirement of adequacy referred to in C-401/19 *Poland* as a general one. As a result, it also finds application in the context of proactive behaviours implemented by ISSPs.

## 1.2 The Direct Liability of ISSPs under Copyright and Trade Mark Law as Arising from Users' Infringing Activities

As detailed above, on a formal level, the EU legislature has only harmonized the positive conditions and requirements for establishing primary/direct liability for the undertaking of acts restricted by the

exclusive rights under the EU copyright framework (ie the conditions and requirements to be held liable). Insofar as secondary/indirect/accessory liability is concerned, the positive requirements for establishing it are a matter of national law.<sup>49</sup>

This said, having regard to the right of communication to the public under article 3 of Directive 2001/29<sup>50</sup> (InfoSoc Directive), over time, the CJEU has substantially broadened the scope of application of the primary/direct liability regime under that exclusive right by injecting into it requirements, for example knowledge and intention of the alleged infringer, that ordinarily are relevant to establishing liability on a secondary/indirect/accessory basis.

Besides the case of linking to copyright works and other protected subject matter,<sup>51</sup> such a phenomenon has occurred with regard to operators of internet platforms. As will be explained further, a shift has occurred from the idea that user-uploaded content platform operators could be liable for users' unlawful activities on a secondary/indirect accessory basis to the configuration of liability thereof in primary/direct terms.

Concerns regarding the appropriateness of such an approach have been nonetheless voiced within the CJEU itself, most notably by certain AGs. In his Opinion in C-682/18 and C-683/18 *YouTube*, AG Saugmandsgaard Øe observed:

I have reservations about the reasoning applied by the Court in [C-160/15] *GS Media*, [C-527/15] *Stichting Brein* and [C-610/15] *Stichting Brein*. Irrespective of whether it would be desirable for there to be a uniform solution at EU level for the actions of persons who deliberately facilitate the carrying out by third parties of illegal acts, and even though such uniformity would help to ensure a high level of copyright protection, the fact remains that, in my view, no such provision is made in EU law as it stands at present. It would be for the EU legislature to introduce a secondary liability regime into EU law.<sup>52</sup>

Nevertheless, referring directly to said Opinion of AG Saugmandsgaard Øe, AG Szpunar more recently regarded such criticism of the Court's case law as not being entirely appropriate. One thing would nonetheless be certain for AG Szpunar: if incorrectly interpreted, the CJEU case law could be used to establish liability for unauthorized acts of communication to the public even in situations in which no act of communication occurs or where the intervention of the defendant is limited to the mere provision of physical facilities under recital 27 in the preamble to the InfoSoc Directive. According to AG Szpunar, such an inappropriate interpretation would stem from decontextualizing the notions of 'indispensable intervention' and 'full knowledge of the consequences' of one's own act, which the CJEU has employed in its jurisprudence on article 3(1) of the InfoSoc Directive.<sup>53</sup>

### 1.2.1 From C-610/15 *Stichting Brein* to C-682/18 and C-683/18 *YouTube*

In its 2017 judgment in C-610/15 *Stichting Brein*, the CJEU developed further its construction of the right of communication to the public within article 3(1) of the InfoSoc Directive by considering, specifically, the question of direct/primary liability of internet platform operators. In his Opinion, AG Szpunar acknowledged that the referral could call for the application of unharmonized national regimes for secondary/indirect/accessory liability, with the result of them falling outside the scope of application of EU rules. Nonetheless, he ultimately considered that a response left to individual Member States would be unhelpful.<sup>54</sup> In the resulting judgment, the Court agreed with AG Szpunar that, in the case at hand, there would be no dispute that acts of communication to the public are being performed<sup>55</sup> and are directed to a ‘public’ (a ‘new public’).<sup>56</sup> The point was, however, to determine whether the platform operators could be responsible/liable for them: the Court concluded in the affirmative.

Following the CJEU judgment in C-610/15 *Stichting Brein*, the key question became whether the conclusion that internet platform operators may, under certain conditions, be held liable for directly performing acts of communication/making available to the public under article 3(1) of the InfoSoc Directive could be extended to less egregious scenarios than piracy-focused ones. The Grand Chamber of the CJEU had an opportunity to clarify this matter when it decided C-682/18 and C-683/18 *YouTube*: the establishment of primary/direct liability of a platform operator under copyright depends on several factors, which may or may not lead to the conclusion that the role of the platform operator is both indispensable and deliberate.

Such factors relate to the consideration of whether the platform operator (1) refrains from implementing appropriate technological measures that can be expected from a diligent operator in the specific circumstances at issue to counter *credibly* and *effectively* copyright infringements on its platform; (2) participates in selecting protected content illegally communicated to the public; (3) provides tools specifically intended for the illegal sharing of protected content or that it knowingly promotes such sharing, which may be attested by the fact that that operator has adopted a financial model that encourages users of its platform illegally to communicate protected content to the public via that platform. The mere circumstance that a platform operator has abstract knowledge that illegal content may be shared by its users is insufficient and so is the circumstance that it operates on a for-profit basis. However, in either case, the assessment leads to a different outcome if a right holder has provided a specific notification and the platform operator has refrained from acting expeditiously to remove or disable access to that content.

### 1.2.2 Article 17 of the DSM Directive

In C-682/18 and C-683/18 *YouTube*, the Grand Chamber of the CJEU considered that, under certain conditions, the operator of an internet platform may be directly liable for performing unauthorized acts of communication to the public under article 3(1) of the InfoSoc Directive. In so doing, the Court suggested that YouTube would not meet the conditions for direct/primary liability under *that* provision.

Nevertheless, in 2019, the EU legislature adopted the DSM Directive, whose article 17 regulates the use of protected content by OCSSPs, these being a sub-set of hosting providers defined in article 2 (6) as providers of an information society service of which the main, or one of the main, purposes is to store and give the public access to a large amount of copyright-protected works or other protected subject matter uploaded by its users, which they organize and promote for profit-making purposes. Internet platforms like YouTube fall squarely within the definition of OCSSP for the purpose of article 17, while online marketplaces, ‘the main activity of which is online retail, and not giving access to copyright-protected content’ are among those that, in accordance with the plain language of recital 62, do *not* qualify as OCSSPs. In turn, this does not mean that they could never be held liable for performing copyright-restricted acts: any liability thereof could be indeed established in accordance with the criteria detailed in C-682/18 and C-683/18 *YouTube*.

Recital 64 in the preamble to the DSM Directive characterizes article 17(1) therein as a clarification of the legal regime as it pre-dated that Directive. Nevertheless, further to the CJEU judgments in both C-682/18 and C-683/18 *YouTube* and C-401/19 *Poland*, such a characterization does not appear to be correct. One of the practical implications of all this is that the general, retroactive application of article 17 of the DSM Directive is ruled out. This is without prejudice to the conclusion that, as it is detailed further later, the right of communication to the public referred to in article 17(1) of the DSM Directive is the same right found in the rest of the *acquis*, not a special or even *sui generis* right.<sup>57</sup>

Turning to safe harbour availability, in line with the position adopted in C-682/18 and C-683/18 *YouTube*, article 17(3) of the DSM Directive provides that, since an OCSSP performs an act of communication/making available to the public by design, the limitation of liability established in article 14(1) of the e-Commerce Directive shall not apply to the situations covered by that provision. In any event, it is worth highlighting that the exclusion of the hosting safe harbour availability is a qualified one. First, it only applies to OCSSPs. The second and last subparagraphs in article 17(3) maintain the eligibility for the hosting safe harbour in relation to copyright-related acts performed by providers that fall outside the definition of OCSSP. Second, as stated, the exclusion only relates to

situations covered by article 17. In accordance with recital 65, the meaning and effect of article 17(3) is only to exclude the potential applicability of the hosting safe harbour to OCSSP in relation to copyright-relevant acts falling within the scope of the provision. As a result, the hosting safe harbour in article 14(1) of the e-Commerce Directive remains potentially available in respect of other legal situations.

### 1.2.3 C-148/21 and C-184/21 Louboutin

Copyright is not the only area in respect of which the operator of an online platform may be deemed directly liable in connection with users' unlawful activities. The CJEU has acknowledged the possibility of primary/direct liability of an online marketplace under trade mark law as originating from the availability of third-party listings for infringing products therein (in the specific cases: counterfeit Louboutin shoes).<sup>58</sup> Liability would stem from the business model adopted by the platform operator and would further require consideration of consumers' perception.<sup>59</sup>

Contrary to the Opinion of AG Szpunar, the Court concluded that an online platform operator could be liable, at certain conditions, under article 9(2)(a) of Regulation 2017/1001<sup>60</sup> (EUTMR) for third-party infringing listings if a well-informed and reasonably observant user of that site establishes a link between the services of that operator and the sign at issue. The latter might be the case particularly where, in view of all the circumstances of the situation in question, such a user may have the impression that that operator itself is marketing, in its own name and on its own account, the goods bearing that sign.

According to the CJEU, account should be taken of a number of factors, including the fact that that operator: (1) uses a uniform method of presenting the offers published on its website, displaying both the advertisements relating to the goods that it sells in its own name and on its own behalf and those relating to goods offered by third-party sellers on that marketplace; (2) places its own logo as a renowned distributor on all those advertisements; and (3) offers third-party sellers, in connection with the marketing of goods bearing the sign at issue, additional services consisting inter alia in the storing and shipping of those goods.

## 2. Injunctions Against 'Innocent' ISSPs

Irrespective of both the applicability of the safe harbours and any liability of the intermediary at hand as discussed above, in several countries around the world, it is possible for right holders to apply for injunctions against intermediaries to bring infringing activities to an end and to prevent new infringements of the same kind from occurring.

While being without prejudice to the provisions of the e-Commerce Directive (recitals 16 and 20 of the InfoSoc Directive), article 8(3) of the InfoSoc Directive places an obligation on EU Member States to ensure that ‘rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe a copyright or related right’. Such injunctions may be issued by courts or other competent authorities, for example administrative authorities.<sup>61</sup> A provision to the same effect is available for IP rights other than copyright in the third sentence of article 11 of Directive 2004/48<sup>62</sup> (Enforcement Directive), which also contains general principles on intermediary injunctions. Article 3 of the Enforcement Directive states in fact that measures, procedures, and remedies necessary to ensure the enforcement of the IP rights shall be ‘fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays’. It mandates that ‘[t]hose measures, procedures and remedies shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse’.

The number of countries, including outside Europe, where injunctions against intermediaries are available is growing also because, in some cases, as has been the case for safe harbours, FTAs mandate them.<sup>63</sup> The reason why intermediaries should be involved in the enforcement process through injunctions against them—and why this proves particularly helpful in the online context—is crystallized in recital 59 in the preamble to the InfoSoc Directive:

In the digital environment, in particular, the services of intermediaries may increasingly be used by third parties for infringing activities. In many cases such intermediaries are *best placed* to bring such infringing activities to an end [emphasis added].

The economic logic of granting injunctions against intermediaries such as internet access providers is thus that they are the ‘lowest cost avoiders’ of infringement.<sup>64</sup> Overall, this supports the idea—now also endorsed by the Digital Services Act—that voluntary implementation by intermediaries of content moderation systems is economically efficient.<sup>65</sup>

## 2.1 Types of Intermediary Injunctions

Over time, courts in different jurisdictions have been imposing different types of injunctions against intermediaries, including de-indexing, payment freezing, disclosure obligations, and website blocking orders.

De-indexing consists of requiring an internet intermediary, for example a search engine, to delist targeted (piracy/counterfeiting) websites. This measure has the advantage of disallowing consumers

from finding structurally infringing websites by searches using search engines. Some search engines appear prepared to de-index links to specific URLs that infringe third-party rights.<sup>66</sup> It is, however, not entirely clear whether there would be a legislative basis for a court order of this kind in certain jurisdictions. Furthermore, delisting leaves the offending website unaffected.<sup>67</sup>

Disclosure orders are another possibility. In Europe, it is possible to obtain the disclosure of information on a suspected infringer from an internet intermediary under the framework of the Enforcement Directive, though the actual conditions and requirements vary significantly across the various EU Member States,<sup>68</sup> also because this piece of EU legislation only contains measures of minimum harmonization.<sup>69</sup> The same result is achieved in the US by obtaining third-party discovery in *John Doe* actions against the (unnamed) infringer.<sup>70</sup>

Website blocking is considered, in a number of countries around the world, an enforcement method that can effectively target structurally infringing sites.<sup>71</sup> In 2011, the High Court of England and Wales utilized section 97A CDPA to grant the first injunction to block access to a structurally infringing website.<sup>72</sup> Since then, the High Court of England and Wales has ordered that access to hundreds of websites be blocked, with applications being filed by a diverse group of copyright owners (including film studios, the recording industry, Football Association Premier League, UEFA, and publishers) targeting different types of structurally infringing websites (including, more recently, cyberlockers and streamripping sites/apps<sup>73</sup>), and with the types of blocking orders sought evolving over time.

Nevertheless, the availability of this remedy, which is granted against non-party internet access providers, remains limited. Some jurisdictions have recently introduced it (the first website blocking order of this kind in Canada was issued in 2019<sup>74</sup>), but in others it remains unavailable (one instance being the US<sup>75</sup>). It is important to note that website blocking may result from court or administrative authorities orders, but there are also instances in which website blocking is the result of voluntary agreements between internet intermediaries (notably internet access providers) and right holders.<sup>76</sup>

As stated, website blocking orders have undergone an evolution over time and currently competent authorities in several jurisdictions have been granting, alongside traditional website blocking orders, also: (1) dynamic injunctions, which extend beyond the domain name and IP address of the website(s) to block access to cover any further domain names under which infringements relating to the same rights are committed;<sup>77</sup> and (2) live injunctions, which require targeted intermediaries to block access not to a website but rather to streaming servers giving unauthorized access to copyright works and other protected subject matter for a period of time that corresponds to when the relevant content is being streamed.<sup>78</sup>



Relatively recently, the European Commission also released a recommendation detailing ways to combat illegal streaming of live events, in particular sports events. Building on relevant EU legislative instruments, the idea is to encourage EU Member States and private parties to use the tools available in EU law to tackle illegal online transmission of live content—including live blocking injunctions—more efficiently.<sup>79</sup>

## 2.2 CJEU Guidance

Given the rich but not particularly detailed legislative framework, the task of filling in the gaps has been undertaken by the CJEU. Through several decisions—notably those (in chronological order) in C-324/09 *L'Oréal and Others* (2011); C-70/10 *Scarlet Extended* (2011); C-360/10 *SABAM* (2011); C-314/12 *UPC Telekabel Wien* (2014); C-484/14 *McFadden* (2016); C-494/15 *Tommy Hilfiger* (2016); and C-610/15 *Stichting Brein* (2017)—the CJEU has identified a number of key standards,<sup>80</sup> including that (1) the notion of ‘intermediary’ is broad, (2) injunctions may be aimed at repressing existing infringements and preventing further infringements, and (3) injunctions must comply with various legislative sources and standards. The meaning and content of these standards is explained in the following subsections.

### 2.2.1 Notion of intermediary

The notion of ‘intermediary’, as understood in the case law of the CJEU, is both loose and broad: for an economic operator to be considered as ‘intermediary’, it is sufficient that they provide—even among other things—a service capable of being used by one or more other persons in order to infringe one or more IP rights.

Despite the CJEU’s attempts at clarifying the notion of ‘intermediary’, doubts remain as to the requirements for such a classification in the context of injunctive relief. According to some commentators, the fact that article 8(3) of the InfoSoc Directive and the third sentence of article 11 of the Enforcement Directive refer to the use of the services in question by a third party to infringe copyright or another IP right, means that it need not necessarily be the *infringer* itself that (directly) uses the services. In any case, not just *any* third-party service provider is included: in light of its ordinary meaning, the word ‘intermediary’ implies the need for an intermediation relationship between the infringer (primary or secondary) and the intermediary’s customers.<sup>81</sup> In C-557/07 *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten*, the CJEU considered that access providers merely providing users with internet access, without offering other services or exercising any control—whether *de iure* or *de facto*—over the services which users make use of, must be

regarded as ‘intermediaries’ within the meaning of article 8(3) of the InfoSoc Directive.<sup>82</sup> More correctly, therefore, the overarching criterion and limit is a functional one: what matters is the ability of the intermediary at issue to put an end to the infringement.<sup>83</sup>

### **2.2.2 Injunctions may be aimed at repressing existing infringements and preventing further infringements**

Regarding the provision in article 15 of the e-Commerce Directive, the conclusion that an injunction may be aimed at putting an end to an existing infringement but also at preventing a new infringement of the same right from occurring, thus entailing a monitoring obligation of the addressee of the injunction, has been the law since at least the landmark judgment in C-324/09 *L’Oréal and Others* (specifically concerning injunctions under the third sentence in art 11 of the Enforcement Directive).

The CJEU has clarified at the outset how the injunctions referred to in the third sentence of article 11 differ from those in the first sentence of that provision: while the latter directly target infringers and intend to prohibit the continuation of an infringement, the former relate to the ‘more complex’ situation of intermediaries whose services are used by third parties to infringe third-party rights. Also taking into account the overall objective of the Enforcement Directive, that is, to ensure an effective protection of IP rights,<sup>84</sup> alongside the provisions in article 18 of the e-Commerce Directive and recital 24 in the preamble to the Enforcement Directive, the Court concluded—contrary to the more limited view expressed by AG Jääskinen in his Opinion<sup>85</sup>—that the jurisdiction conferred by the third sentence in article 11 of the Enforcement Directive allows national courts to order an intermediary to take measures that contribute not only to the termination of infringements committed through its services, but also preventing further infringements.<sup>86</sup> This conclusion is consistent with the overall framework established by the e-Commerce Directive: articles 12(3) (in relation to mere conduit providers), 13(2) (in relation to caching providers), and 14(3) clarify in fact that a court or administrative authority, in accordance with Member States’ legal systems, may require the service provider at issue to terminate or *prevent* an infringement.

Following C-324/09 *L’Oréal and Others*, some commentators have considered the opportunity for intermediaries to implement preventive initiatives to avoid being subject to an injunction in the future,<sup>87</sup> also bearing in mind the circumstance that proactive behaviours do not disqualify in themselves from enjoying the safe harbour immunities. In the context of the first application for a trade mark blocking injunction in the UK, *Cartier v BskyB*, the High Court of England and Wales also recalled that the stance in recital 59 in the preamble to the InfoSoc Directive postulates that the economic logic of granting injunctions against intermediaries such as internet access providers is that they are the

‘lowest cost avoiders’ of infringement. Accordingly, ‘it is economically more efficient to require intermediaries to take action to prevent infringement occurring via their services than it is to require rightholders to take action directly against infringers’.<sup>88</sup>

The CJEU has also acknowledged the compatibility with EU law of extraterritorial injunctions against intermediaries. In C-18/18 *Glawischnig-Piesczek*, the Court held that a national court or authority considering an application for an injunction based on an unharmonized national right might issue injunctions with extraterritorial effect and even order removal of content worldwide. Furthermore, the Court held that article 15 of the e-Commerce Directive does not prohibit a domestic court or other competent authority from ordering an intermediary to seek out and remove all (or block access to) not just content identical to that found unlawful in relation to all users of its platform, but also content equivalent to that found unlawful. By ‘equivalent’, the Court meant content that does not require the targeted intermediary to carry out an independent (legal) assessment.<sup>89</sup> To this end, the following conditions must nevertheless be complied with. First, monitoring of and search for the information concerned by such an injunction must be limited to information conveying a message the content of which remains essentially unchanged compared with the content that gave rise to the finding of illegality and containing the elements specified in the injunction. Second, differences in the wording of that equivalent content, compared to the wording characterizing the information, that was previously declared to be illegal, must not be such as to require the host provider to carry out an independent assessment of that content.<sup>90</sup>

More recently, in C-401/19 *Poland*, the Grand Chamber had an opportunity to clarify the meaning of ‘independent assessment’ as relevant to the concept of equivalent content in the specific copyright context. In reviewing the content of the obligations in article 17(4)(b) and (c) of the DSM Directive, the CJEU held that, in light of the wording of Article 17(8) therein, OCSSPs ‘cannot be required to prevent the uploading and making available to the public of content that, in order to be found unlawful, would require an independent assessment of the content by them in the light of the information provided by the rightholders and of any exceptions and limitations to copyright’.<sup>91</sup>

### 2.2.3 Injunctions must comply with various legislative sources and standards

In C-324/09 *L’Oréal and Others*, the CJEU noted that the conditions to be met and the procedures to be followed when issuing an injunction against an intermediary are a matter for national law. In any case, domestic rules must be designed in such a way that the objective pursued by the Enforcement

Directive may be achieved, including ensuring—as article 3(2) mandates—that the measures concerned are effective and proportionate (these being also general principles of EU law) as well as being dissuasive.<sup>92</sup>

The CJEU considered for the first time the interplay between intermediary injunctions, article 15 of the e-Commerce Directive, and fundamental rights in its twin decisions in C-70/10 *Scarlet Extended* and C-360/10 *SABAM*, albeit arguably to a more limited extent than AG Cruz Villalón had done in his Opinion in the former case.<sup>93</sup> There, the CJEU also held that, while the protection of IP is enshrined in article 17(2) of the EU Charter, other fundamental rights must be also considered,<sup>94</sup> including intermediaries' freedom to conduct a business as per article 16 of the EU Charter<sup>95</sup> and their customers' right to protection of their personal data (art 8 EU Charter) and their freedom to receive or impart information (art 11 EU Charter).<sup>96</sup> With particular regard to intermediaries' freedom to conduct a business, the CJEU noted that a filtering system like the one at issue in the national background proceedings would require the installation of a complicated, costly, permanent computer system at the expense of the intermediary concerned, and that this which would be contrary to the conditions laid down in article 3(1) of the Enforcement Directive.<sup>97</sup> Overall, the twin judgments in C-70/10 *Scarlet Extended* and C-360/10 *SABAM* make it clear that the fundamental rights discourse is central to the assessment of intermediary liability and relevant remedies.<sup>98</sup>

### Implications for the Fashion Industry and Concluding Remarks

The discussion in this chapter suggests that enforcement options have developed in response to technological developments and the consequent rise of new infringement modalities, as well as the willingness on the part of courts to ensure the effectiveness and proportionality of available instruments. Though the cases discussed are certainly not limited to the fashion industry, it is evident that fashion and luxury companies and conglomerates have had a significant role in shaping the enforcement framework currently available in Europe. To take one example, the law of injunctions against intermediaries and safe harbour availability has developed through litigation initiated before national courts by the likes of Louis Vuitton (C-236/08 to C-238/08 *Google France and Google*); L'Oréal (C-324/09 *L'Oréal and Others*); and Richemont (*Cartier International AG & Ors v British Sky Broadcasting Ltd & Ors*), while the recent conclusion by the CJEU that an online marketplace operator may, in principle, be directly liable for trade mark infringement due to third-party listings (C-148/21 and C-184/21 *Louboutin*) was prompted by litigation brought by Louboutin against Amazon before the courts in Belgium and Luxembourg (at the time of writing, the national proceedings are ongoing).

In addition, it is worth noting that, going forward, fashion and luxury industries will also be able to benefit from some of the most significant features of the Digital Services Act, specifically the trusted flaggers regime. Article 22 therein formalizes and harmonizes a regime which emerged through the voluntary cooperation of certain ISSPs and right holders with a track record of submitting ‘good’ notices. Unlike the European Commission’s original proposal, the final version of the Regulation does not limit the possibility of being appointed trusted flagger by the competent digital services coordinator to organizations of industry and of right holders,<sup>99</sup> thus allowing for individual companies and right holders also to have this further and important enforcement option at their disposal.<sup>100</sup>

Two general points are worth noting. The first concerns Europe: enforcement trends that emerged in the past will most likely continue to develop in the years to come. Specifically, the role of online intermediaries will remain key, considering also the approach adopted in instruments like the Digital Services Act towards holding such intermediaries more accountable. It is nevertheless uncertain whether the parallel tendency towards their being increasingly liable, as seen in the fields of copyright and trade mark law, will expand to other areas of IP. The second point relates to the rest of the world: as discussed, several of the approaches discussed in this chapter remain peculiar to this part of the world. Website blocking injunctions, for example, are unavailable in major jurisdictions like the US, nor is the finding of direct liability of an ISSP in connection with users’ infringing activities. For both right holders in the fashion industry and ISSPs, this means that enforcement strategies and initiatives will need to take into account that striking peculiarities and differences that remain in place in different jurisdictions. For right holders specifically, the result is to ensure that the quest for global enforcement and relief remains a long road ahead.

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\* This chapter is partly based on Eleonora Rosati, *Copyright and the Court of Justice of the European Union* (2nd edn, OUP 2023) ch 7. All internet sources were last accessed 23 September 2024.

<sup>1</sup> Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC [2019] OJ L130, 92–125.

<sup>2</sup> Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market [2000] OJ L178, 1–16.

<sup>3</sup> Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act) [2022] OJ L277, 1–102.

<sup>4</sup> Recitals 3 and 12 of the Digital Services Act.

<sup>5</sup> See further M Husovec and I Roche Laguna, *Digital Services Act: A short primer* (18 July 2022) <[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4153796](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4153796)>.

<sup>6</sup> Copyright (Amendment) Ordinance 2022, Division IIIA (ss 88A–88J).

<sup>7</sup> See <[www.dfat.gov.au/trade/agreements/in-force/ausfta/official-documents/Pages/official-documents](http://www.dfat.gov.au/trade/agreements/in-force/ausfta/official-documents/Pages/official-documents)>.

<sup>8</sup> Ley Federal del Derecho de Autor, as reformed by Decreto por el que se reforman y adicionan diversas disposiciones de la Ley Federal del Derecho de Autor (1 July 2020).

<sup>9</sup> *Amazon.com, Inc*, 508 F 3d 1146 (9th Cir 2007).

<sup>10</sup> *Instagram, LLC*, No 22-15293 (9th Cir 2023).

<sup>11</sup> *American Broadcasting Co v Aereo*, 573 US 431 (2014).

<sup>12</sup> See the review conducted in *Goldman v Breitbart News Network, LLC*, 302 F Supp 3d 585 (SDNY 2018) 591–92.

<sup>13</sup> *ibid* 593.

<sup>14</sup> C-236/08 to C-238/08 *Google France and Google*, EU:C:2008:389, para 114; C-324/09 *L'Oréal and Others*, EU:C:2011:474, para 123. See also C-521/17 *SNB-REACT*, EU:C:2018:639, para 52.

<sup>15</sup> Recently, see the discussion in Opinion of AG Maciej Szpunar in C-148/21 and C-184/21 *Louboutin*, EU:C:2022:422, paras 78–79. See also Folkert Wilman, *The Responsibility of Online Intermediaries for Illegal User Content in the EU and the US* (Edward Elgar 2020) paras 2.16–2.17.

<sup>16</sup> C-610/15 *Stichting Brein*, EU:C:2017:456.

<sup>17</sup> C-148/21 and C-184/21 *Louboutin*, EU:C:2022:1016.

<sup>18</sup> Directive (EU) 2015/1535 of the European Parliament and of the Council of 9 September 2015 laying down a procedure for the provision of information in the field of technical regulations and of rules on Information Society services [2015] OJ L241, 1–15.

<sup>19</sup> See C-62/19 *Star Taxi App*, EU:C:2020:980, para 45, referring for support to C-484/14 *Mc Fadden*, EU:C:2016:689, para 41, and C-339/15 *Vanderborght*, EU:C:2017:335, para 36. See also Opinion of AG Szpunar in C-62/19 *Star Taxi App*, EU:C:2020:692, para 36.

<sup>20</sup> See C-390/18 *Airbnb Ireland*, EU:C:2019:1112, para 46. See also Opinion of AG Maciej Szpunar in C-390/18 *Airbnb Ireland*, EU:C:2019:336, para 38, referring to C-291/13 *Papasavvas*, EU:C:2014:2209, paras 28–29.

<sup>21</sup> C-649/18 A (*Advertising and sale of medicinal products online*), EU:C:2020:764, para 31. In any case, the following are not services that fall within the definition of art 1(1)(b) of Directive 2015/1535 (see Annex I) and are therefore services, which are also outside the scope of application of art 15: services provided in the physical presence of the provider and the recipient, even if they involve the use of electronic devices; services having material content even though provided via electronic devices; offline services, eg distribution of CD-ROMs or software on diskettes; services which are not provided via electronic processing/inventory systems; services provided by transmitting data without individual demand for simultaneous reception by an unlimited number of individual receivers (point to multipoint transmission).

<sup>22</sup> Folkert Wilman, *The Responsibility of Online Intermediaries* (n 15) para 2.34.

<sup>23</sup> C-324/09 *L'Oréal and Others*, EU:C:2011:474, para 115.

<sup>24</sup> C-236/08 to C-238/08 *Google France and Google*, EU:C:2008:389, para 114; C-324/09 *L'Oréal and Others*, EU:C:2011:474, para 123. See also C-521/17 *SNB-REACT*, EU:C:2018:639, para 52; C-682/18 and C-683/18

*YouTube*, EU:C:2021:503, para 105; Opinion of AG Maciej Szpunar in C-376/22 *Google Ireland and Others*, EU:C:2023:467, para 46.

<sup>25</sup> In the same sense and pending the outcome of C-682/18 and C-683/18 *YouTube*, see Pierre-Yves Gautier, ‘Why Internet Services which Provide Access to Copyright Infringing Works Should Not Be Immune to Liability’ (2020) 42(8) EIPR 464, 465–67. More recently, see also Folkert Wilman, ‘The EU’s System of Knowledge-Based Liability for Hosting Service Providers in Respect of Illegal User Content—between the e-Commerce Directive and the Digital Services Act’ (2021) 12(3) JIPITEC 317, 320, also referring for support to C-291/13 *Papasavvas*, ECLI:EU:C:2014:209.

<sup>26</sup> Opinion of AG Maciej Szpunar in C-148/21 and C-184/21 *Louboutin*, EU:C:2022:422, paras 78–79. See also Folkert Wilman, *The Responsibility of Online Intermediaries* (n 15) paras 2.16–2.17.

<sup>27</sup> Opinion of AG Henrik Saugmandsgaard Øe in C-682/18 and C-683/18 *YouTube*, EU:C:2020:586, para 138 (emphasis in the original). See also, in scholarly literature, Martin Husovec, *Injunctions Against Intermediaries in the European Union: Accountable but Not Liable?* (CUP 2017) 56, referring for support to C-291/13 *Papasavvas*, EU:C:2014:2209 (cf n 9), and C-324/09 *L’Oréal and Others*, EU:C:2011:474; Christina Angelopoulos, *European Intermediary Liability in Copyright: A Tort-Based Analysis* (Wolters Kluwer 2017) 68; Jaani Riordan, *The Liability of Internet Intermediaries* (OUP 2016) paras 12.11, also 12.01 and 12.37.

<sup>28</sup> C-682/18 and C-683/18 *YouTube*, EU:C:2021:503, para 105.

<sup>29</sup> *ibid* para 107. See also Maria Martin-Prat, ‘20 Years after—the State of EU Copyright Law’ in Hayleigh Bosher and Eleonora Rosati (eds), *Developments and Directions in Intellectual Property Law. Twenty Years of The IPKat* (OUP 2023) 142–43.

<sup>30</sup> Eleonora Rosati, *Copyright in the Digital Single Market. Article-by-Article Commentary to the Provisions of Directive 2019/790* (OUP 2021) 335–36.

<sup>31</sup> Also noting the relation between the language employed by the CJEU in its case law and the language adopted by EU legislature in art 17, see Giancarlo Frosio, ‘Reforming the C-DSM Reform: A User-Based Copyright Theory for Commonplace Creativity’ (2020) 51(6) IIC 709, 717.

<sup>32</sup> C-324/09 *L’Oréal and Others*, EU:C:2011:474, para 122.

<sup>33</sup> Directive 2011/93/EU of the European Parliament and of the Council of 13 December 2011 on combating the sexual abuse and sexual exploitation of children and child pornography, and replacing Council Framework Decision 2004/68/JHA [2011] OJ L335, 1–14.

<sup>34</sup> Folkert Wilman, ‘The EU’s System of Knowledge-Based Liability’ (n 25) 324–25.

<sup>35</sup> C-18/18 *Glawischnig-Piesczek*, EU:C:2019:821, para 34. See also Opinion of AG Maciej Szpunar in C-18/18 *Glawischnig-Piesczek*, EU:C:2019:458, paras 41–42; C-324/09 *L’Oréal*, EU:C:2011:474, para 139; C-484/14 *Mc Fadden*, EU:C:2016:689, para 87.

<sup>36</sup> More recently, C-18/18 *Glawischnig-Piesczek*, EU:C:2019:821, para 47.

<sup>37</sup> C-324/09 *L’Oréal and Others*, EU:C:2011:474, para 141, endorsing the Opinion of AG Niilo Jääskinen in C-324/09 *L’Oréal and Others*, EU:C:2010:757, para 182. See also [Section 2](#) in this chapter.

<sup>38</sup> Also submitting that the CJEU ‘prohibited generic filtering but allowed individualized blocking’, see Andrej Savin, *EU Internet Law* (2nd edn, Edward Elgar 2017) 166; see also Mathias Leistner, ‘European Copyright Licensing and Infringement Liability under Art. 17 DSM-Directive Compared to Secondary Liability of Content Platforms in the US—Can We Make the New European System a Global Opportunity Instead of a Local Challenge?’ (2020) 2 *Zeitschrift für Geistiges Eigentum* 123, 139. Cf critically Christina Angelopoulos, *European Intermediary Liability in Copyright: A Tort-Based Analysis* (Wolters Kluwer 2017) 103–04.

<sup>39</sup> C-324/09 *L’Oréal and Others*, EU:C:2011:474, paras 120–24.

<sup>40</sup> European Commission, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, ‘Tackling Illegal Content Online—Towards an Enhanced Responsibility of Online Platforms’ (28 September 2017) COM(2017) 555 final.

<sup>41</sup> *Cartier International AG & Ors v British Sky Broadcasting Ltd & Ors* [2014] EWHC 3354 (Ch) [251].

<sup>42</sup> C-682/18 and C-683/18 *YouTube*, EU:C:2021:503, para 109. In substantially the same vein, see also Folkert Wilman, ‘Between Preservation and Clarification. The Evolution of the DSA’s Liability Rules in Light of the CJEU’s Case Law’ in Joris van Hoboken and others (eds), *Putting the DSA into Practice. Enforcement, Access to Justice and Global Implications* (Verfassungsbooks 2023) 44.

<sup>43</sup> See, eg, <<https://felixreda.eu/eu-copyright-reform/censorship-machines/>, <<https://reform.communia-association.org/issue/upload-filters/>, <<https://www.liberties.eu/en/stories/uploa-filter-back-eu-2020/18938>>.

<sup>44</sup> See Martin Senftleben and Christina Angelopoulos, ‘The odyssey of the prohibition on general monitoring obligations on the way to the Digital Services Act: Between Article 15 of the E-Commerce Directive and Article 17 of the Directive on Copyright in the Digital Single Market’ (2020) 23 <[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3717022](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3717022)>.

<sup>45</sup> See the review conducted by European Union Intellectual Property Office, ‘Automated Content Recognition: Discussion Paper—Phase 1 “Existing Technologies and Their Impact on IP” ’ (November 2020) <[https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/reports/2020\\_Automated\\_Content\\_Recognition/2020\\_Automated\\_Content\\_Recognition\\_Discussion\\_Paper\\_Full\\_EN.pdf](https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2020_Automated_Content_Recognition/2020_Automated_Content_Recognition_Discussion_Paper_Full_EN.pdf)> and, more recently, European Union Intellectual Property Office, ‘Study on the Impact of Artificial Intelligence on the Infringement and Enforcement of Copyright and Designs’ (March 2022) 64–77 <[https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/reports/2022\\_Impact\\_AI\\_on\\_the\\_Infringement\\_and\\_Enforcement\\_CR\\_Designs/2022\\_Impact\\_AI\\_on\\_the\\_Infringement\\_and\\_Enforcement\\_CR\\_Designs\\_FullR\\_en.pdf](https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2022_Impact_AI_on_the_Infringement_and_Enforcement_CR_Designs/2022_Impact_AI_on_the_Infringement_and_Enforcement_CR_Designs_FullR_en.pdf)>.

<sup>46</sup> Charter of Fundamental Rights of the European Union [2012] OJ C326, 391–407.

<sup>47</sup> Most recently, C-401/19 *Poland*, EU:C:2022:297, para 86. On the broader impact of content overblocking on freedom of expression and information having regard to different enforcement approaches, see the discussion in Aleksandra Kuczerawy, ‘From “notice and takedown” to “notice and stay down”: Risks and Safeguards for Freedom of Expression’ in Giancarlo Frosio (ed), *The Oxford Handbook of Online Intermediary Liability* (OUP 2020) 525–43.

<sup>48</sup> C-682/18 and C-683/18 *YouTube*, EU:C:2021:503, para 94.



<sup>49</sup> Opinion of AG Henrik Saugmandsgaard Øe in C-682/18 and C-683/18 *YouTube*, EU:C:2020:586, para 102. In the same context, though having specific regard to the trade mark context, see the aforementioned Opinion of AG Maciej Szpunar in C-148/21 and C-184/21 *Louboutin*, EU:C:2022:422, paras 78–79.

<sup>50</sup> Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ L167, 10–19.

<sup>51</sup> According to some commentators, the process of expansion of primary/direct liability into the realm of secondary/indirect liability situations in fact started as early as C-466/12 *Svensson and Others*, EU:C:2014:76: Ansgar Ohly, ‘The Broad Concept of “Communication to the Public” in Recent CJEU Judgments and the Liability of Intermediaries: Primary, Secondary or Unitary Liability?’ (2018) 13(8) JIPLP 664, 670–71; Jan Bernd Nordemann, ‘Recent CJEU Case Law on Communication to the Public and Its Application in Germany: A New EU Concept of Liability’ (2018) 13(9) JIPLP 744, 745; Neville Cordell and Beverley Potts, ‘Communication to the Public or Accessory Liability? Is the CJEU Using Communication to the Public to Harmonise Accessory Liability across the EU?’ (2018) 40(5) EIPR 289, 293.

<sup>52</sup> Opinion of AG Henrik Saugmandsgaard Øe in C-682/18 and C-683/18 *YouTube*, EU:C:2020:586, para 104. Prior to the CJEU judgment in this case, see also the considerations developed by Justin Koo, ‘The EU Right of Communication to the Public—Still Looking for a Good Link’ in Eleonora Rosati (ed), *Routledge Handbook of EU Copyright Law* (Routledge 2021) 187–88.

<sup>53</sup> Opinion of AG Maciej Szpunar in C-426/21, *Ocilion IPTV Technologies*, EU:C:2022:999, paras 1–2.

<sup>54</sup> Opinion of AG Maciej Szpunar in C-610/15, *Stichting Brein*, EU:C:2017:99, para 3.

<sup>55</sup> C-610/15 *Stichting Brein*, EU:C:2017:456, para 35.

<sup>56</sup> *ibid* paras 40–44.

<sup>57</sup> See further Eleonora Rosati, *Copyright in the Digital Single Market. Article-by-Article Commentary to the Provisions of Directive 2019/790* (OUP 2021) 327–29.

<sup>58</sup> C-148/21 and C-184/21 *Louboutin*, EU:C:2022:1016, on which see, eg, Thomas Riis, ‘Primary Liability of Intermediaries for Trade Mark Infringement in Light of the Decision in Joined Cases *Louboutin* (C-148/21) and (C-184/21)’ (2023) 45(6) EIPR 337.

<sup>59</sup> C-148/21 and C-184/21 *Louboutin*, EU:C:2022:1016.

<sup>60</sup> Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (codification) [2017] OJ L154, 1–99.

<sup>61</sup> On the rise of administrative online copyright enforcement models across the EU, see Giancarlo Frosio and Oleksandr Bulayenko, ‘Website Blocking Injunctions in Flux: Static, Dynamic and Live’ (2021) 16(10) JIPLP 1127, 1131–32, and Alessandro Cogo and Marco Ricolfi, ‘Administrative Enforcement of Copyright Infringement in Europe’ in G Frosio (ed), *The Oxford Handbook of Online Intermediary Liability* (OUP 2020) 586–610, also with specific regard to the Italian experience and the competence of the Communication Authority (Autorità per le Garanzie nelle Comunicazioni (AGCOM)) in the regulatory and copyright enforcement field.

<sup>62</sup> Corrigendum to Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights ([2004] OJ L157) [2004] OJ L195, 16–25.

<sup>63</sup> This is the case of New Zealand, eg, regarding its FTAs with both the EU and the UK, as discussed in Graeme W Austin, 'Legislating for Site-Blocking Orders' [2023] New Zealand L Rev <[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4393233](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4393233)>.

<sup>64</sup> *Cartier International AG & Ors v British Sky Broadcasting Ltd & Ors* [2014] EWHC 3354 (Ch) [251].

<sup>65</sup> For a (critical) discussion of intermediaries' proactive enforcement measures, see Niva Elkin-Koren, 'After Twenty Years: Revisiting Copyright Liability of Online Intermediaries' in Susy Frankel and Daniel Gervais (eds), *The Evolution and Equilibrium of Copyright in the Digital Age* (CUP 2014) 45–48. See also Section 1.1.4.

<sup>66</sup> See, eg, Google Transparency Report, 'Content Delistings Due to Copyright' <<https://transparencyreport.google.com/copyright/overview?hl=en>>.

<sup>67</sup> *Cartier International AG & Ors v British Sky Broadcasting Ltd & Ors* [2014] EWHC 3354 (Ch) [210]–[214].

<sup>68</sup> See Thomas Riis and others, *Study on Legislative Measures Related to Online IPR Infringements* (EUIPO 2018) 38–41 <[https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/reports/2018\\_Study\\_on\\_legislative\\_measures\\_related\\_to\\_online\\_IPR\\_infringements/2018\\_Study\\_on\\_legislative\\_measures\\_related\\_to\\_online\\_IPR\\_infringements\\_EN.pdf](https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2018_Study_on_legislative_measures_related_to_online_IPR_infringements/2018_Study_on_legislative_measures_related_to_online_IPR_infringements_EN.pdf)>, for the details of the types of measures available across the EU.

<sup>69</sup> See, eg, C-264/19 *Constantin Film*, EU:C:2020:542.

<sup>70</sup> See, eg, *Strike 3 Holdings, Inc v Doe*, 2023 WL 3958405 (D Mass 2023).

<sup>71</sup> United States Copyright Office, 'Section 512 of Title 17—A Report of the Register of Copyrights' (2020) 58–61 <[www.copyright.gov/policy/section512/section-512-full-report.pdf](http://www.copyright.gov/policy/section512/section-512-full-report.pdf)>. Specifically on the EU experience, see Jan Bernd Nordemann, 'Website Blocking under EU Copyright Law' in Eleonora Rosati (ed), *Routledge Handbook of EU Copyright Law* (Routledge 2021) 361–62.

<sup>72</sup> *Twentieth Century Fox Film Corp & Ors v British Telecommunications Plc* [2011] EWHC 1981 (Ch).

<sup>73</sup> Respectively, *Capitol Records & Ors v British Telecommunications Plc & Ors* [2021] EWHC 409 (Ch) and *Young Turks Recordings Ltd & Ors v British Telecommunications Plc & Ors* [2021] EWHC 410 (Ch), commented on in greater detail in Eleonora Rosati, 'High Court grants, for the first time, website blocking orders targeting cyberlocker and streamripping sites/app and considers that CJEU won't follow AG Opinion in *YouTube /Cyando*'. The IPK (27 February 2021) <<https://ipkitten.blogspot.com/2021/02/high-court-grants-for-first-time.html>>, and Yin Harn Lee, 'United Kingdom Copyright Decisions 2021' (2022) 53(3) IIC 396, 400–02.

<sup>74</sup> *Bell Media Inc v Goldtv.biz*, 2019 FC 1432.

<sup>75</sup> United States Copyright Office (n 71) 193–96.

<sup>76</sup> Frederick Mostert and Jane Lambert, 'Study on IP Enforcement Measures, Especially Anti-piracy Measures in the Digital Environment' (WIPO 2019) 18 <[www.wipo.int/edocs/mdocs/enforcement/en/wipo\\_ace\\_14/wipo\\_ace\\_14\\_7-annex1.pdf](http://www.wipo.int/edocs/mdocs/enforcement/en/wipo_ace_14/wipo_ace_14_7-annex1.pdf)>.

<sup>77</sup> See, eg, Tribunale di Milano, ordinanze 11 June 2018 and 18 June 2018 (Italy); *The Football Association Premier League Ltd v British Telecommunications Plc & Ors* [2018] EWHC 1828 (Ch) (UK); Patent- och marknadsöverdomstolen, PMT 13399-19 (Sweden). See also European Union Intellectual Property Office, *Illegal*

IPTV in the European Union (2019) 66 <[https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/reports/2019\\_Illegal\\_IPTV\\_in\\_the\\_European\\_Union/2019\\_Illegal\\_IPTV\\_in\\_the\\_European\\_Union\\_Full\\_en.pdf](https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2019_Illegal_IPTV_in_the_European_Union/2019_Illegal_IPTV_in_the_European_Union_Full_en.pdf)>.

<sup>78</sup> In Europe, the first live injunction was issued in the UK: *The Football Association Premier League Ltd v British Telecommunications Plc & Ors* [2017] EWHC 480 (Ch). On the availability of dynamic injunctions in the EU, see further European Union Intellectual Property Office, ‘Study on Dynamic Blocking Injunctions in the European Union’ (2021) 39–41 <[https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/reports/2021\\_Dynamic\\_Blocking\\_Injunctions/2021\\_Study\\_on\\_Dynamic\\_Blocking\\_Injunctions\\_in\\_the\\_European\\_Union\\_FullR\\_en.pdf](https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2021_Dynamic_Blocking_Injunctions/2021_Study_on_Dynamic_Blocking_Injunctions_in_the_European_Union_FullR_en.pdf)>. See also European Union Intellectual Property Office, ‘IPR Enforcement Case-Law Collection. The Liability and Obligations of Intermediary Service Providers in the European Union’ (2019) 20–21 <[https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/reports/2019\\_IPR\\_Enforcement\\_Case\\_Law\\_Collection/2019\\_IPR\\_Enforcement\\_Case\\_Law\\_Collection\\_en.pdf](https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2019_IPR_Enforcement_Case_Law_Collection/2019_IPR_Enforcement_Case_Law_Collection_en.pdf)>.

<sup>79</sup> European Commission, ‘Commission Recommendation of 4 May 2023 on Combating Online Piracy of Sports and Other Live Events’, Brussels, 4 May 2023, C(2023) 2853 final.

<sup>80</sup> The analysis below builds upon Eleonora Rosati, ‘Intermediary IP Injunctions in the EU and UK Experiences: When Less (Harmonization) Is More?’ (2017) 12(4) JIPLP 338, 339–42.

<sup>81</sup> Folkert Wilman, ‘A Decade of Private Enforcement of Intellectual Property Rights under IPR Enforcement Directive 2004/48: Where Do We Stand (and Where Might We Go)?’ (2017) 42(4) EL Rev 509, 521.

<sup>82</sup> C-557/07 *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten*, EU:C:2009:107, para 43.

<sup>83</sup> Martin Husovec and Miquel Peguera, ‘Much Ado about Little—Privately Litigated Internet Disconnection Injunctions’ (2015) 46(1) IIC 10, 13.

<sup>84</sup> C-324/09 *L’Oréal and Others*, EU:C:2011:474, paras 128–29 and 131, referring to C-275/06 *Promusicae*, EU:C:2008:54, para 43.

<sup>85</sup> Opinion of AG Niilo Jääskinen in C-324/09 *L’Oréal SA and Others*, EU:C:2010:757, paras 175 and 181.

<sup>86</sup> C-324/09 *L’Oréal and Others*, EU:C:2011:474, paras 131–34. According to Enrico Bonadio, ‘Trade Marks in Online Marketplaces: The CJEU’s Stance in *L’Oreal v eBay*’ (2012) 18(2) CTLR 37, 41, this conclusion goes beyond a literal interpretation of art 11 of the Enforcement Directive, but holding otherwise would have been at odds with both recital 24 and art 3(2) therein. See also Toby Headdon, ‘Beyond Liability: On the Availability and Scope of Injunctions Against Online Intermediaries after *L’Oreal v Ebay*’ (2012) 34(3) EIPR 137, 138.

<sup>87</sup> Francesco Rizzuto, ‘The Liability of Online Intermediary Service Providers for Infringements of Intellectual Property Rights’ (2012) 18(1) CTLR 4, 11.

<sup>88</sup> *Cartier International AG & Ors v British Sky Broadcasting Ltd & Ors* [2014] EWHC 3354 (Ch) [251].

<sup>89</sup> C-18/18 *Glawischnig-Piesczek*, EU:C:2019:821, paras 41–46.

<sup>90</sup> *ibid* para 53. Cf Zoi Krokida, ‘Towards a Wider Scope for the Duty of Care of Host Internet Service Providers: The Case of *Glawischnig-Piesczek v Facebook*’ (2021) 43(5) EIPR 313, 316, submitting that C-18/18 *Glawischnig-Piesczek* would deviate from both C-324/09, *L’Oréal and Others* and *Delfi AS v Estonia*, App No 64569/09, 16 June 2015, insofar as ISSPs’ duties of care are concerned.

<sup>91</sup> C-401/19 *Poland*, EU:C:2022:297, para 90. For a critical assessment of recent judgments concerning ISSPs’ monitoring obligations, see Toygar Hasan Oruç, ‘The Prohibition of General Monitoring Obligation for Video-Sharing Platforms under Article 15 of the E-Commerce Directive in Light of Recent Developments: Is It Still Necessary to Maintain It?’ (2022) 13(3) JPITEC 176, 188–91, arguing that users’ right to privacy and protection of personal data would have received no due consideration.

<sup>92</sup> C-324/09 *L’Oréal and Others*, EU:C:2011:474, paras 135 and 137.

<sup>93</sup> In his Opinion, the AG had in fact discussed fundamental rights extensively, also including references to ECtHR case law: Opinion of AG Pedro Cruz Villalón in C-70/10 *Scarlet Extended*, EU:C:2011:25. For criticism of the limited engagement of the CJEU with fundamental rights aspects, see further Stefan Kulk and Frederick Zuiderveen Borgesius, ‘Filtering for Copyright Enforcement in Europe after the *Sabam* Cases’ (2012) 34(11) EIPR 791, 794–95. However, as noted by Evangelia Psychogiopoulou, ‘Copyright Enforcement, Human Rights Protection and the Responsibilities of Internet Service Providers after *Scarlet*’ (2012) 34(8) EIPR 552, 554–55, the Court’s cautious language might be explained by the technical uncertainty surrounding the introduction of the filtering system and the fact that no detailed information regarding the technical specificities thereof had been provided by the referring court.

<sup>94</sup> C-70/10 *Scarlet Extended*, EU:C:2011:771, para 44, recalling C-275/06 *Promusicae*, EU:C:2008:54, paras 62–68. See also C-360/10 *SABAM*, EU:C:2012:85, para 43.

<sup>95</sup> C-70/10 *Scarlet Extended*, EU:C:2011:771, para 46; also C-360/10 *SABAM*, EU:C:2012:85, para 44.

<sup>96</sup> C-70/10 *Scarlet Extended*, EU:C:2011:771, para 50; also C-360/10 *SABAM*, EU:C:2012:85, para 48.

<sup>97</sup> C-70/10 *Scarlet Extended*, EU:C:2011:771, para 48; also C-360/10 *SABAM*, EU:C:2012:85, para 46.

<sup>98</sup> Christina Angelopoulos, ‘Are Blocking Injunctions Against ISPs Allowed in Europe? Copyright Enforcement in the Post-*Telekabel* EU Legal Landscape’ (2014) 9(10) JIPLP 812, 814. Some commentators have, however, considered art 16 of the EU Charter as providing limited assistance to intermediaries in this specific context: KT O’Sullivan, ‘Enforcing Copyright Online: Internet Service Provider Obligations and the European Charter of Human Rights’ (2014) 36(9) EIPR 577, 581–82.

<sup>99</sup> See recital 46 of Proposal for a Regulation of the European Parliament and of the Council on a Single Market For Digital Services (Digital Services Act) and amending Directive 2000/31/EC, COM/2020/825 final.

<sup>100</sup> But see the considerations in E Rosati, ‘The DSA’s trusted flaggers: Revolution, evolution, or mere *Gattopardismo*?’ (22 February 2024) *VerfBlog*, DOI: 10.59704/37e9e89d5812f78a.

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**RISING ABOVE LIABILITY: THE DIGITAL SERVICES  
 ACT AS A BLUEPRINT FOR THE SECOND  
 GENERATION OF GLOBAL INTERNET RULES**

*Martin Husovec*<sup>†</sup>

**ABSTRACT**

Twenty-five years ago, in 1998, the United States Congress developed a blueprint for the global regulation of the internet. Section 512 of the Digital Millennium Copyright Act (DMCA) recognized that user-generated content will be crucial to most digital services and offered up-front assurances from liability to some providers subject to conditions. What started as a sectorial conditional immunity system in copyright law was immediately scaled up into an all-encompassing horizontal rulebook in the European Union through the E-Commerce Directive (ECD) in 2000—recently updated into the Digital Services Act (DSA). The last two decades have largely validated the DMCA’s conditional immunity as a feasible baseline approach to the regulation of internet communications that power global exchanges of ideas, goods, and services. However, the conditional immunity model has its limits. It was not designed to offer a complex solution for new challenges. The DSA is the first comprehensive attempt to create a second generation of rules for digital services that rely on user-generated content. Unlike previous sectorial initiatives, its approach is sweepingly horizontal. The DSA requires some level participation from both state and non-state institutions for its system of checks and balances to work, and some of its solutions can be “too European.” However, the principles behind the DSA could be useful in other jurisdictions—perhaps even in the United States. The United Kingdom, which is currently developing its own set of post-Brexit rules, continues to build on some of the same principles as the DSA.

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DOI: <https://doi.org/10.15779/Z38M902431>  
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I.     INTRODUCTION

Twenty-five years ago, in 1998, the United States Congress developed a blueprint for the global regulation of the internet. Section 512 of the Digital Millennium Copyright Act<sup>1</sup> (DMCA) recognized that user-generated content will be crucial to most digital services and offered up-front assurances from liability to some providers subject to conditions. What started as a sectorial, conditional immunity system in copyright law was immediately scaled up into an all-encompassing horizontal rulebook in the European Union through the E-Commerce Directive (ECD) in 2000<sup>2</sup>—recently updated into the Digital Services Act (DSA).<sup>3</sup> The two jurisdictions inspired many other countries to start granting conditional immunity—liability exemptions that require at least providers’ knowledge of others’ actions to expose them to liability for those actions.<sup>4</sup>

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1. 17 U.S.C. § 512.

2. Directive 2000/31 of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market, O.J. (L 178), 1–16 (commonly and hereinafter referred to as the E-Commerce Directive).

3. Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market for Digital Services and amending Directive 2000/31/EC (Digital Services Act), O.J. (L 277) 1 EU.

4. *See, e.g.*, The Information Technology Act, 2000, § 79 (Indian law covering conduit and hosting services); Information Technology Framework Act, R.R.Q. 2001, c C-1.1 (Canadian law covering hosting and search engine services); Lei No. 12.965, de 23 de Abril de 2014, Diário Oficial da União [D.O.U] de 24.04.2014 (Brazilian law covering conduit and hosting services). Attempts to introduce exemptions sometimes took different turns; for example, South Korean liability exemptions were turned into liability norms. Act on Promotion of Information and Communications Network Utilization and Information Protection, art. 44-2, *translated in* Korea Legislation Research Institute’s online database, [https://elaw.klri.re.kr/eng\\_service/main.do](https://elaw.klri.re.kr/eng_service/main.do) (search required).

Unlike its older sister, § 230<sup>5</sup> of the Communication Decency Act (CDA) adopted in 1996,<sup>6</sup> § 512 of the Digital Millennium Copyright Act is not widely credited as having created the internet.<sup>7</sup> Yet, upon closer look, while § 230 of the CDA might continue to guarantee the internet as we know it in the legal system of the United States, it is the DMCA's model that continues to run the internet globally. For many countries for which § 230 offers a constitutionally unacceptable immunity model for application-layer services,<sup>8</sup> the DMCA offers a more acceptable version. The DMCA-style conditional immunity is therefore also increasingly present in bilateral trade agreements.<sup>9</sup> If we ever witness international harmonization on the issue, this type of conditional immunity model is probably more likely to prevail.<sup>10</sup>

In Europe, conditional immunity was powerfully used in the infancy of new digital markets to unite countries under one set of rules. The ingenuity of

5. 47 U.S.C. § 230.

6. Today's broad reading of § 230 CDA is a result of the judicial reading in *Zeran v. Am. Online Inc.*, 129 F.3d 327 (4th Cir. 1997) that rejected a narrower understanding that would allow distributors to be held liable based on their knowledge of illegal content, and *Batzel v. Smith*, 333 F.3d 1018, 1033 (9th Cir. 2003) that allowed providers to participate in the selection process to a limited degree.

7. Kosseff makes this point most forcefully in his book. *See generally* JEFF KOSSEFF, *THE TWENTY-SIX WORDS THAT CREATED THE INTERNET* (Cornell Univ. Press 2019).

8. In the European legal system, denial of remedy in cases like *Batzel*, 129 F.3d 327 or *Zeran*, 333 F.3d 1018 would constitute violation of Article 8 of the European Convention on Human Rights (ECHR), which is evident in cases like *K.U. v. Finland*, App. No. 2872/02 (Dec. 2, 2008), <https://hudoc.echr.coe.int/fre?i=001-89964>; *Delfi AS v. Estonia*, App. No. 64669/09, ¶110 (Jun. 16, 2015), <https://hudoc.echr.coe.int/app/conversion/pdf/?library=ECHR&id=001-155105&filename=001-155105.pdf>; and most recently *Sanchez v. France*, App. No. 45581/15, ¶162 (Sept. 2, 2021), <https://hudoc.echr.coe.int/fre?i=001-211599> ("While the Court acknowledges that important benefits can be derived from the internet in the exercise of freedom of expression, it has also found that the possibility of imposing liability for defamatory or other types of unlawful speech must, in principle, be retained, constituting an effective remedy for violations of personality rights").

9. Daniel Seng, *The State of the Discordant Union: An Empirical Analysis of DMCA Takedown Notices*, 18 VA. J. L. & TECH. 369, 374 (2014) ("[T]he DMCA safe harbors have indeed gone global. And the world has embraced the DMCA."). Seng lists some of the FTAs at pages 373–75.

10. *See* WTO, WTO Electronic Commerce Negotiations Updated Consolidated Negotiating Text, WTO INF/ECON/62/Rev.2 (Sept. 2021) (limiting liability through Article B.1(2)). However, even Article 19.17.2 of the Canada-US-Mexico Trade Agreement, which contains a provision inspired by Section 230 of the CDA, was interpreted by Canadian courts as permitting a Canadian DMCA-inspired notice-based liability exemption in Article 22 of the IT Framework Act. Superior Court of Québec, *A.B. v. Google LLC*, 2023 QCCS 1167, <https://www.canlii.org/en/qc/qccs/doc/2023/2023qccs1167/2023qccs1167.pdf>. As noted by judges: "Article 19.17.2 CUSMA does not require Canada to have an immunity provision that is identical to the expansiveness of the American provision, section 230(c)(1) CDA." *Id.* ¶182.

the European solution rests in focusing on a one-size-fits-all compromise to rule the legal system of each of its Member States instead of searching for compromises in areas of unharmonized domestic law. Thus, conditional immunity was held as a single standard to which liability in all areas of law in the Union must converge. Section 4 of the E-Commerce Directive greatly simplified the immunity part of § 512 of the DMCA by stripping it of its tricky parts.<sup>11</sup> This allowed technology companies to retain the benefits of the European Union's E-Commerce Directive regime by simply complying with more demanding U.S. copyright law. In practice, the much more detailed DMCA rules about notice-and-takedown choreography became the de facto standard across the world.<sup>12</sup>

The last two decades have largely validated the DMCA's conditional immunity as a feasible baseline approach to the regulation of internet communications that power global exchanges of ideas, goods, and services. However, the conditional immunity model has its limits. It was not designed to offer a complex solution for new challenges. Firstly, many of them were not known or debated at the time. Second, only a tiny fraction of humanity used the internet, and if people did use it, it was not a large part of their lives. At the time of the E-Commerce Directive's adoption in 2000, less than seven percent of the world's population used the internet.<sup>13</sup>

By 2016, a new mainstream sentiment concerning digital services started spreading in Europe and the United States. The Court of Justice of the European Union's (CJEU) newly invented "right to be forgotten" was rapidly taking off and putting pressure on the responsibility of search engines to individuals.<sup>14</sup> Facebook's neglect of content moderation in Myanmar exposed the grave risks of providers' chronic under-investment in less lucrative

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11. E-Commerce Directive, O.J. (L 178), 1–16. The E-Commerce Directive did not incorporate general requirements, such as the implementation of a reasonable repeat-infringer policy (§ 512(i)(1)(A)), standard technical measures (§ 512(i)(1)(B)), or special requirements, such as lack of "a financial benefit directly attributable to the infringing activity" (§ 512(c)(1)(B)). On the other hand, in contrast to the DMCA, the ECD opens the doors much more extensively to injunctions.

12. Seng, *supra* note 9; Jennifer M. Urban, Joe Karaganis & Brianna Schofield, *Notice and Takedown in Everyday Practice*, UC BERKELEY PUB. L. RSCH. PAPER NO. 2755628 (2017), <https://ssrn.com/abstract=2755628> ("Beyond its influence as a model, the DMCA also operates as de facto international law because the vast majority of notices are sent to US-based companies, which operate under it.").

13. *Individuals Using the Internet*, WORLD BANK, <https://data.worldbank.org/indicator/IT.NET.USER.ZS> (last visited Sept. 8, 2023).

14. Case C-131/12, Google Spain SL v. Agencia Espanola de Proteccion de Datos, ECLI:EU:C:2013:424 (Jun. 25, 2013).



markets.<sup>15</sup> The run-up to the 2016 U.S. elections inevitably politicized the topic of content moderation on social media. Social media in Europe was caught in the middle of the European migration crisis, which surfaced incredible amounts of organized support—but also toxic hate speech—among the general population.<sup>16</sup> It's likely that at this point, European governments began to question if self-regulation was the right approach. It became evident that the space that the conditional immunity model left to providers must soon be filled by regulation.

The DSA is the first comprehensive attempt to create a second generation of rules for digital services that rely on user-generated content. Unlike previous sectorial initiatives,<sup>17</sup> its approach is sweepingly horizontal. The DSA requires some level participation from both state and non-state institutions for its system of checks and balances to work, and some of its solutions can be “too European.” However, the *principles* behind the DSA could be useful in other jurisdictions—perhaps even in the United States. The United Kingdom, which is currently developing its own set of post-Brexit rules, continues to build on some of the same principles as the DSA.

My hope is that these high-level principles might form the basis for a dialogue between liberal democracies about how to best regulate user-generated content services.<sup>18</sup> After all, if Europeans in the late 1990s could simplify and scale up the U.S. rules to fit their goals, maybe today other countries can do the same with the new E.U. rules. Having interoperable policies continues to be important for the flourishing of a truly global network of communications that generates unprecedented benefits for humanity.

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15. Steve Stecklow, *Hatebook*, REUTERS (Aug. 15, 2018), <https://www.reuters.com/investigates/special-report/myanmar-facebook-hate/>.

16. EUR. COMM'N, RACISM AND DISCRIMINATION IN THE CONTEXT OF MIGRATION IN EUROPE (Mar. 31, 2017), [https://ec.europa.eu/migrant-integration/library-document/racism-and-discrimination-context-migration-europe\\_en](https://ec.europa.eu/migrant-integration/library-document/racism-and-discrimination-context-migration-europe_en); EUROPEAN UNION AGENCY FOR FUNDAMENTAL RIGHTS, CURRENT MIGRATION SITUATION IN THE EU: HATE CRIME, (Nov. 2016), [https://fra.europa.eu/sites/default/files/fra\\_uploads/fra-2016-november-monthly-focus-hate-crime\\_en.pdf](https://fra.europa.eu/sites/default/files/fra_uploads/fra-2016-november-monthly-focus-hate-crime_en.pdf).

17. The German and French parliaments previously adopted anti-hate speech rules that mostly imposed tight reaction periods for providers, see *Netzwerkdurchsetzungsgesetz* [NetzDG] [The Network Enforcement Act of 2017], Jan. 9, 2017, *Bundesgesetzblatt*, Teil I [BGBl I] at 3352 (Ger.); *Loi 2020-766 du 24 juin 2020 visant à lutter contre les contenus haineux sur internet* [Law 2020-766 of 24 June 2020 to Combat Hate Content on the Internet] [Loi Avia], *Journal Officiel de la République Française* [J.O.] [Official Gazette of France] (Jun. 25, 2020), p. 156.

18. For a broader debate, see MARTIN HUSOVEC, *PRINCIPLES OF THE DIGITAL SERVICES ACT* (Oxford Univ. Press forthcoming 2024).

## II. FROM DMCA TO DSA

The European regulation of user-generated content services is clearly inspired by U.S. law. In this section, I first briefly explain how this has happened and then why, despite today's controversies, conditional immunity is an approach that has been arguably validated over the last two decades.

### A. A BRIEF HISTORY OF LIABILITY EXEMPTIONS

Unlike the first liability exemption of its kind, § 230 of the CDA, which did not attract much stakeholder attention at the time,<sup>19</sup> § 512 of the DMCA is a product of hard negotiations between content industries and technology companies.<sup>20</sup>

The debate about the copyright liability of providers was power-charged by the 1995 White Paper issued by the Clinton administration's Information Infrastructure Task Force, which supported its view with two earlier rulings from U.S. courts regarding bulletin boards.<sup>21</sup> The White Paper presented strict direct copyright liability of providers, including internet access providers, as a given and argued that it would be "premature to reduce the liability of any type of service provider[.]"<sup>22</sup> The report implicitly encouraged plaintiffs to test the waters against all providers, not just bulletin boards. In 1995, the Church of Scientology sued another bulletin board operator, along with an internet access provider, Netcom, in a U.S. district court.<sup>23</sup> While the court quickly ruled that companies are not directly and strictly liable, it established that contributory knowledge-based liability remains an option.<sup>24</sup> The *Netcom* case undoubtedly put telecommunications companies, an established industry, on alert about

19. JEFF KOSSEFF, *THE TWENTY-SIX WORDS THAT CREATED THE INTERNET* 67 (Cornell Univ. Press 2019) ("Despite its monumental statements about a new, hands-off approach to the internet, the bill was virtually unopposed on Capitol Hill. Lobbyists focused primarily on the telecommunications bill's impacts on phone and cable television service.").

20. UNITED STATES COPYRIGHT OFFICE, SECTION 512 OF TITLE 17: A REPORT OF THE REGISTER OF COPYRIGHTS 18 (2020), <https://www.copyright.gov/policy/section512/section-512-full-report.pdf>.

21. *Playboy Enters., Inc. v. Frena*, 839 F. Supp. 1552 (M.D. Fla. 1993); *Sega Enters. Ltd. v. MAPHIA*, 857 F. Supp. 679 (N.D. Cal. 1994).

22. INFO. INFRASTRUCTURE TASK FORCE, *INTELLECTUAL PROPERTY AND THE NATIONAL INFORMATION INFRASTRUCTURE: THE REPORT OF THE WORKING GROUP ON INTELLECTUAL PROPERTY RIGHTS* 128 (1995), [https://www.eff.org/files/filenode/DMCA/ntia\\_dmca\\_white\\_paper.pdf](https://www.eff.org/files/filenode/DMCA/ntia_dmca_white_paper.pdf) [hereinafter *White Paper*].

23. *Religious Tech. Ctr. v. Netcom On-Line Comm. Servs., Inc.*, 907 F. Supp. 1361 (N.D. Cal. 1995).

24. Providers were not acting volitionally with respect to copyright-relevant acts, and thus cannot be held strictly liable. However, given that Netcom was served with notice, this triggered a duty to investigate the matter to avoid contributory copyright liability.

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potential liability risks even though the outcome was favorable to them.<sup>25</sup> Those companies eventually lobbied to codify *Netcom* in the DMCA.<sup>26</sup>

After the White Paper's proposals failed in the 104th United States Congress,<sup>27</sup> the next Congressional session starting in January 1997 hoped to find a quick solution between opposing interests to successfully implement the World Intellectual Property Organization (WIPO) Internet Treaties.<sup>28</sup> In the legislative process, liability exemptions became a precondition to the passage of the entire piece of legislation.<sup>29</sup> As noted by the Senate Judiciary Committee Report, although the issue "[was] not expressly addressed in the actual provisions of the WIPO treaties, the Committee is sympathetic to the desire of . . . service providers to see the law clarified in this area."<sup>30</sup> It was understood that "without clarification of their liability, service providers may hesitate to make the necessary investment in the expansion of the speed and capacity of the internet."<sup>31</sup>

The Judiciary Committee report initially only included a liability exemption for mere conduits.<sup>32</sup> The final compromise with four liability exemptions—conduits, caching, hosting, and information location tools—only materialized after three months of direct negotiations between providers and content

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25. JESSICA D. LITMAN, *DIGITAL COPYRIGHT* 128 (Prometheus Books 2d ed. 2006).

26. See H.R. Rep. No. 105-551, pt. 1 at 11 (1998), [http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=105\\_cong\\_reports&docid=fhr551p1.105.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=105_cong_reports&docid=fhr551p1.105.pdf) ("As to direct infringement, liability is ruled out for passive, automatic acts engaged in through a technological process initiated by another. Thus, the bill essentially codifies the result in the leading and most thoughtful judicial decision to date: *Religious Tech. Ctr. v. Netcom On-Line Commc'n Servs., Inc.*, 907 F. Supp. 1361 (N.D. Cal. 1995). In doing so, it overrules those aspects of *Playboy Enters., Inc. v. Frena*, 839 F. Supp. 1552 (M.D. Fla. 1993), insofar as that case suggests that such acts by service providers could constitute direct infringement, and provides certainty that *Netcom* and its progeny, so far only a few district court cases, will be the law of the land").

27. JESSICA D. LITMAN, *DIGITAL COPYRIGHT* 122 (Prometheus Books 2d ed. 2006).

28. *Id.* at 126, 130 ("After the bruising copyright fight in the last Congress, it wanted to satisfy the Hollywood and Silicon Valley communities but did not want to have to expend significant political capital to do so.").

29. *Id.* at 134–35.

30. S. Rep. No. 105-190, at 19 (1998). WCT only indirectly mentions the position of providers that can be found in an agreed statement to Article 8 which was the result of lobbying by providers and telecommunications companies who failed to include liability exemptions into the WIPO Internet Treaties themselves. See MIHALY FICSOR, *THE LAW OF COPYRIGHT AND THE INTERNET: THE 1996 WIPO TREATIES, THEIR INTERPRETATION AND IMPLEMENTATION* 509 (Oxford Univ. Press 2002).

31. S. Rep. No. 105-190 (1998).

32. H.R. Rep. No. 105-551 (1998).

owners.<sup>33</sup> The compromise text was already captured in the Commerce Committee in June 1998,<sup>34</sup> which argued that:<sup>35</sup>

Title II preserves strong incentives for service providers and copyright owners to cooperate to detect and deal with copyright infringements that take place in the digital networked environment. At the same time, it provides greater certainty to service providers concerning their legal exposure for infringements that may occur in the course of their activities.

The DMCA was signed into law in October 1998. Congress was “keenly aware that other countries will use U.S. legislation as a model.”<sup>36</sup>

In Europe, the European Commission published a communication to the European Parliament and Council in October 1996 explaining that providers will need legal assurances to be able to properly operate in the online market. The communication stated that:<sup>37</sup>

Internet access providers and host service providers play a key role in giving users access to Internet content. It should not however be forgotten that the prime responsibility for content lies with authors and content providers. It is therefore essential to identify accurately the chain of responsibilities in order to place the liability for illegal content on those who create it . . . . The law may need to be changed or clarified to assist access providers and host service providers, whose primary business is to provide a service to customers, to steer a path between accusations of censorship and exposure to liability.

Two years later, the European Commission introduced the proposed E-Commerce Directive. Its Section 4 included three liability exemptions—conduits, caching, and hosting. At the time, only two European countries had liability exemptions. Germany adopted its two horizontal liability exemptions in July 1997<sup>38</sup> (termed the *IuKDG*) and Sweden adopted a law on bulletin

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33. S. Rep. No. 105-190 at 7 (“These negotiations continued under the supervision of the Chairman for three months, from January to April, 1998.”). See JESSICA D. LITMAN, *DIGITAL COPYRIGHT 135* (Prometheus Books 2d ed. 2006).

34. H.R. Rep. No. 105-551 (1998).

35. *Id.*

36. S. Rep. No. 105-190 (1998).

37. Communication from the Commission on Illegal and Harmful Content on the Internet, COM (1996) 487 final, at 12–13 (Oct. 16, 1996).

38. Informations- und Kommunikationsdienste-Gesetz [*IuKDG*] [Act on Information and Communication Services of 1997] (Jun. 13, 1997), BGBl I at 52. Section 5 of *IuKDG* was elegantly condensed in the following four parts establishing the following: (1) liability is for own content remains to be governed by generally applicable law; (2) liability for other people’s content on services that can be “used by others” (“die sie zur Nutzung bereithalten”)

boards in May 1998.<sup>39</sup> Both the new German laws and DMCA made the basic distinction between services giving “access” and “space” to other people’s information. Thus, unlike § 230 of the CDA, both the IuKDG and the DMCA differentiated liability exemptions based on the proximity of providers to users’ actions. Conduits as distant facilitators were given the broadest immunity, while nearer hosts were granted more cautious exemptions based on their knowledge. In terms of scope, the German laws seemed more far-reaching, as they extended to conduits and all services which were being “made available for use[.]”<sup>40</sup> In contrast, § 512 focused on specific technical functions—conduits, caching, storage, and information location tools.

The main inspirations for Section 4 of the E-Commerce Directive were § 512 of the DMCA and Section 5 of the IuKDG. The Commission borrowed three liability exemptions from the DMCA, and a horizontal approach from the IuKDG. Unlike the U.S. copyright statute, the E.U. proposal was not driven by the need to implement the WIPO Internet Treaties but rather the European Union’s desire to create an internal market without frontiers in the early stage of the internet’s development. The newly found U.S. copyright compromise concerning the internet was thus extended to all areas of law.

The European Commission’s proposal was adopted in June 2000. The Commission’s approach followed the American definitions of categories of services and thus arguably narrowed down the scope of services which could rely on conditional immunity. For instance, the German provision could have easily covered information location tools, which were not given any explicit immunity.<sup>41</sup> In 2002, the E-Commerce Directive became law for fifteen E.U. Member States and, two years later, for another ten newly joined member states. As of now, both the E-Commerce Directive and the Digital Services Act apply across 27 member states. The Digital Services Act, as an E.U. regulation, is applicable directly without a need for local implementation. Post-Brexit, the United Kingdom so far has not repealed its implementation of the ECD liability exemptions, and E.U. case law until the end of 2020 continues

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is possible only once they acquire knowledge; (3) liability for giving access to other’s people content is barred; (4) blocking remains possible in accordance with generally applicable law.

39. Lag om ansvar for elektroniska anslagstavlur (Svensk författningssamling [SFS] 1998:112) (Swed.).

40. Section 5(2) of the IuKDG (“die sie zur Nutzung bereithalten”).

41. Their qualification under hosting is complicated in the European Union due to questions about whether the information is “provided by” the indexed websites in all cases.

to be binding in British courts.<sup>42</sup> The United Kingdom is currently developing its own set of online safety rules that will supplement the existing exemptions.<sup>43</sup>

While the differences between the statutory language of the E.U. and U.S. laws were not insignificant, they were mostly reconcilable.<sup>44</sup> Generally, one can say the European Union simplified the DMCA—but also omitted some of its key components. In particular, the European Union omitted a liability exemption for information location tools and the DMCA’s elaborate conditions for injunctive relief; the latter omission became a major point of divergence. Under E.U. law, injunctions were, in principle, left unconstrained if they conformed to the notion of “specific” monitoring.<sup>45</sup> The DMCA, in contrast, limited injunctions with a myriad of conditions.<sup>46</sup> As a result, while under § 512 of the DMCA all preventive injunctions—such as those imposing filters or website blocking—remained practically impossible, under Section 4 of the ECD they soon became the primary driver of European litigation efforts.<sup>47</sup> Eventually, the CJEU allowed plaintiffs who successfully litigated their grievances to seek injunctions that saddled providers with more responsibility to identify infringing content.<sup>48</sup>

The introduction of liability exemptions in the United States and European Union was clearly driven by the same rationale: to encourage investment by giving more legal certainty. As a result, the legal system can “steer a path

42. See The Electronic Commerce (EC Directive) Regulations 2002, SI 2001/2555 (Eng.), <https://www.legislation.gov.uk/uksi/2002/2013>, along with the European Union (Withdrawal) Act 2018, c.16, § 6 (UK), <https://www.legislation.gov.uk/ukpga/2018/16/section/6/enacted>.

43. See Online Safety Bill 2022-3, HL Bill [362] (UK), <https://bills.parliament.uk/bills/3137>.

44. Miquel Peguera, *The DMCA Safe Harbors and Their European Counterparts: A Comparative Analysis of Some Common Problems*, 32 COLUM. J. L. & ARTS 481, 481–82 (2009).

45. See E-Commerce Directive, art. 15(1), O.J. (L 178), 13; *id.*, r. 47, 6 (“Member States are prevented from imposing a monitoring obligation on service providers only with respect to obligations of a general nature; this does not concern monitoring obligations in a specific case and, in particular, does not affect orders by national authorities in accordance with national legislation.”).

46. 17 U.S.C. § 512(j) (significantly limiting forms of injunctions) and 17 U.S.C. § 512(m) (“Nothing in this section shall be construed to condition the applicability of [liability exemptions on] a service provider monitoring its service or affirmatively seeking facts indicating infringing activity, except to the extent consistent with a standard technical measure”).

47. See generally MARTIN HUSOVEC, INJUNCTIONS AGAINST INTERMEDIARIES IN THE EUROPEAN UNION: ACCOUNTABLE BUT NOT LIABLE? (2017).

48. The biggest shift was brought by the CJEU in Case C-18/18, *Glawischnig-Piesczek v. Facebook Ir. Ltd.*, ECLI:EU:C:2019:458 (June 4, 2019).

between accusations of censorship and exposure to liability.”<sup>49</sup> The problem was acute to different degrees in different areas of law; however at the time, when CEOs of some technology companies were sentenced in criminal proceedings for distributing pornography, the concerns certainly were not trivial or overblown.<sup>50</sup> The growing national case law in the E.U. was seen as both too unpredictable and too unwieldy to provide clarity on how to reliably build a legal framework for the new environment that showed so much promise. Since user-generated content is so central to the digital *communications* network, the liability question was *the* question of internet regulation.

#### B. LIABILITY EXEMPTIONS AND SPECIFICITY OF THE INTERNET

The law has a key role in guaranteeing the shape and form of the internet. The decentralized nature of the internet as a network is inseparable from the underlying liability regime for those who facilitate its functioning. Without the sympathy of the law, there is no internet as we know it. In a hypothetical world where technology facilitates decentralization but the law provides incentives against it, no rational actors would have created spaces or tools without editorial control. A liability regime for the actions of others is a key incentive factor. Unless legislatures want to reinstate editors, some form of conditional immunity is necessary.

The European plan for most of the user-generated content services that host content is to ask victims to use nonjudicial notice-and-takedown systems and rely on the help of authorities, including courts, where possible. This mix of routes, while more generous to victims than the immunity-based framework of § 230 of the CDA, constrains victims’ and the state’s abilities to solve any social problem. But it does so for a good reason: to maintain the benefits of a decentralized communication network. By observing liability exemptions, everyone commits to constraining themselves in order to facilitate the emergence of an environment from which everyone can benefit. This is the essence of the digital social contract.

Strict liability, in contrast, demands total control, and such legal rules would become very expensive for society. By way of analogy, printers who are strictly liable for everything they print for others would inevitably need to first read and vet everything they print. Printing would become very slow and

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49. Communication from the Commission on Illegal and Harmful Content on the Internet, COM (1996) 487 final, at 13 (Oct. 16, 1996).

50. In Germany, the law was also a reaction to the controversial CompuServe case. See Stefan Engel-Flehsig, Frithiof Maennel & Alexander Tettenborn, *Das neue Informations- und Kommunikationsdienste-Gesetz*, NJW 1997 2981, 2984 (1997).



expensive as a result, and people would be increasingly unable to use it to share ideas.

The link between such liability and freedom of speech has been recognized by the United States Supreme Court, the European Court of Human Rights (ECtHR), and the Court of Justice of the European Union in their human rights jurisprudence.<sup>51</sup> These highest courts set the limits for how user-generated services can be regulated by legislatures responsible for a little over 1 billion people.<sup>52</sup> At the moment, the strict liability of providers for user-generated content is treated on both sides of the Atlantic as unthinkable and fundamentally unconstitutional. U.S. and E.U. courts in unison continue to advocate for “medium-specific”<sup>53</sup> or “graduated and differentiated”<sup>54</sup> regulation that differs from regulation of editorial media. The European Court of Human Rights, for instance, despite its complex case law,<sup>55</sup> makes it clear

51. See *Reno v. Am. C.L. Union*, 521 U.S. 844 (1997); *Case C-401/19, Poland v. Council & Eur. Parliament*, ECLI:EU:C:2021:613 (July 15, 2021); *MTE and Index.hu v. Hungary*, App. No. 22947/13 (Feb. 2, 2016), <https://hudoc.echr.coe.int/fre?i=001-160314>.

52. To be precise: 690 million in the Council of Europe, of which 447 million are in the European Union, and then 331 million in the United States. *COE—Council of Europe 2023*, COUNTRY ECON., <https://countryeconomy.com/countries/groups/council-europe> (last visited Sept. 9, 2023) (noting that Russia is not a member anymore).

53. The “medium-specific” approach is relied upon by Judge Dalgell in *Am. C.L. Union v. Reno*, 929 F. Supp. 824, 873 (E.D. Penn. 1996) (“My examination of the special characteristics of internet communication, and review of the Supreme Court’s medium-specific First Amendment jurisprudence, lead me to conclude that the internet deserves the broadest possible protection from government-imposed, content-based regulation.”).

54. See Council of Eur., Recommendation on a New Notion of Media, CM/Rec (2011)7 ¶ 7 (2013), <https://edoc.coe.int/en/media/8019-recommendation-cmrec20117-on-a-new-notion-of-media.html> (“A differentiated and graduated approach requires that each actor whose services are identified as media or as an intermediary or auxiliary activity benefit from both the appropriate form (differentiated) and the appropriate level (graduated) of protection and that responsibility also be delimited in conformity with Article 10 of the European Convention on Human Rights and other relevant standards developed by the Council of Europe.”), cited by the ECtHR in *Delfi AS v. Estonia*, App. No. 64569/09, ¶ 113 (June 16, 2015), <https://hudoc.echr.coe.int/app/conversion/pdf/?library=ECHR&id=001-155105&filename=001-155105.pdf>.

55. The European Court of Human Rights signaled that the Member of the Council of Europe might be exceptionally allowed to legislate that discussion forum providers should do more than only operate notice-and-takedown to avoid civil liability for hate speech. See *Delfi AS*, App. No. 64569/09. The decision is often mischaracterized as imposing a particular liability framework on the states. The case law only gives discretion to states to do this. Even more controversially, in a case concerning Facebook page administrators, the ECtHR also allowed the criminal financial liability of politicians for comments posted by others if they have some—albeit not specific—knowledge about those comments. *Sanchez v. France*, App. No. 45581/15, ¶ 162 (Sept. 2, 2021), <https://hudoc.echr.coe.int/fre?i=001-211599>. However, neither of the two rulings allows unconditional strict liability.



that “the notice-and-take-down-system could function in many cases as an appropriate tool for balancing the rights and interests of all those involved.”<sup>56</sup>

The different treatment of the internet as a medium is not an act arising from a rose-tinted, naïve love for new technology.<sup>57</sup> It comes down to what the American Judge Dalzell in 1996 called “the special attributes of internet communication” that make it “the most participatory form of mass speech yet developed[.]”<sup>58</sup> The Court of Justice of the European Union referred to the internet as “one of the principal means by which individuals exercise their right to freedom of expression and information[.]”<sup>59</sup> and supported the view of the European Court of Human Rights that “user-generated expressive activity” is “an unprecedented platform for the exercise of freedom of expression.”<sup>60</sup>

For Judge Dalzell and his colleagues in the late 90s, these “special attributes” were very low barriers to entry for speakers and readers leading to “astoundingly diverse content” and “significant access to all who wish to speak in the medium[.]”<sup>61</sup> For top European judges looking at it in the early 2010s, the special attributes of the internet are: its “accessibility”; its “capacity to store and communicate vast amounts of information”; its ability to support “user-generated expressive activity”; and its role in “facilitating the dissemination of information in general[.]”<sup>62</sup>

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56. *MTE and Index.hu v. Hungary*, App. No. 22947/13, ¶ 91 (Feb. 2, 2016), <https://hudoc.echr.coe.int/fre?i=001-160314> (presented as an application of the Grand Chamber decision in *Delfi AS v. Estonia*).

57. Discussing “internet exceptionalism” is beyond the space limitations of this Article, but the two essays worth reading on this are Mark Tushnet, *Internet Exceptionalism: An Overview from General Constitutional Law*, 56 WM. & MARY L. REV. 1637 (2015), and Tim Wu, *Is Internet Exceptionalism Dead?*, in *THE NEXT DIGITAL DECADE: ESSAYS ON THE FUTURE OF THE INTERNET* (Berin Szoka et al. eds., 2011), [https://scholarship.law.columbia.edu/faculty\\_scholarship/1676](https://scholarship.law.columbia.edu/faculty_scholarship/1676).

58. *Am. C.L. Union v. Reno*, 929 F. Supp. 824, 867, 883 (E.D. Pa. 1996).

59. Case C-401/19, *Poland v. Council and European Parliament*, ECLI:EU:C:2021:613, ¶ 46 (July 15, 2021).

60. *Delfi AS v. Estonia*, App. No. 64569/09, ¶ 110 (June 16, 2015), <https://hudoc.echr.coe.int/app/conversion/pdf/?library=ECHR&id=001-155105&filename=001-155105.pdf>.

61. *Am. C.L. Union*, 929 F. Supp. at 877.

62. Case C-401/19, *Poland v. Council and European Parliament*, ECLI:EU:C:2021:613 (July 15, 2021), at ¶ 46 (“In the light of their accessibility and their capacity to store and communicate vast amounts of information, internet sites, and in particular online content-sharing platforms, play an important role in enhancing the public’s access to news and facilitating the dissemination of information in general, with user-generated expressive activity on the internet providing an unprecedented platform for the exercise of freedom of expression”). The Grand Chamber is citing the ECtHR decisions in *Cengiz and Others v. Turkey*, Apps. No. 48226/10 and 14027/11, ¶ 52 (Dec. 1, 2015), <https://hudoc.echr.coe.int/app/conversion/docx/pdf?library=ECHR&id=001-159188&filename=CASE%20OF%20>

Any exemptions are naturally suspect to legislative favoritism towards the industry. And liability exemptions can be naturally fashioned in different ways. However, it has long been recognized that the DMCA-modelled liability exemptions are not necessarily major liability carve-outs when compared to ordinary applications of liability.<sup>63</sup> As noted by Advocate General Jääskinen, “these provisions are better qualified as restatements or clarifications of existing law than exceptions thereto.”<sup>64</sup> This is also clear when looking at the text of § 512 of the DMCA, which incorporates many requirements of American copyright secondary liability.<sup>65</sup> Thus, while conditional immunities like those laid out in the ECD and DMCA might bring about some changes, they are usually not major liability carve-outs. The case for internet exceptionalism is somewhat stronger with the prohibition of general monitoring. However, its strongest legitimacy is in the protection against indiscriminate surveillance of people and their content, not as a rule to protect providers against increased costs.<sup>66</sup>

One could object that liability exemptions are therefore not *necessary* because courts would have gradually arrived at the right solution after years of litigation by simply applying general laws. While it is impossible to prove this with a counterfactual, the early history of liability in many countries<sup>67</sup> and even numerous recent examples of inconsistent case law show that legislative clarity has a unique value. For instance, while the recent ECtHR case law on liability does not in principle allow the states to depart far from knowledge-based immunity for hosts, the Court is clearly incapable of fashioning a predictable

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CENG%C4%B0Z%20AND%20OTHERS%20v.%20TURKEY.pdf&logEvent=False, and Kharitonov v. Russia, App. No. 10795/14, ¶ 33 (Jun. 23, 2020), <https://hudoc.echr.coe.int/fre?i=002-12866>.

63. This is obviously different in the case of § 230 of the CDA, which lifts the constitutionally compelled immunity required by the First Amendment. *See generally* Eric Goldman, *Why Section 230 Is Better Than the First Amendment*, 95 NOTRE DAME L. REV. 33 (2019).

64. Case C-324/09, *L’Oreal v. eBay*, ECLI:EU:C:2010:757, ¶ 136 (Dec. 9, 2010).

65. *Compare* Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417 (1984), *with* Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd., 545 U.S. 913 (2005).

66. As rightly pointed out by one of the reviewers, especially when low-cost means cannot be imposed due to the prohibition, the argument about existence of material carve-outs from the general framework might be valid. However, in such cases, the different treatment is not a result of favouring companies but favouring the privacy and expression rights of their users.

67. The early controversial U.S. cases concerned defamation law. *See, e.g.*, *Stratton Oakmont, Inc. v. Prodigy Servs. Co.*, 23 Media L. Rep. 1794 (N.Y. Sup. Ct. 1995). The early German cases, on the other hand, concerned child abuse images and protection of minors *See, e.g.*, *Entscheidungen des Amtsgericht München in Strafsachen* [Munich Local Court] Az. 8340 Ds 465 Js 173158/95 (May 28, 1998).

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test and is constantly creating endless pockets of new, sub-case law.<sup>68</sup> It seems that judges trained to engage in granular balancing are less interested in devising bright-line rules. Had the E.U. statutory law not been as clear as it was, human rights law would have hardly offered predictability.

### C. THE NEED FOR A SECOND GENERATION OF RULES

The last two decades have drawn contours indicating many societal challenges that require solutions, ranging from: the protection of children; problems with hate speech or terrorism; to subversive activities that attack the basis of our democratic systems. All these problems are exacerbated by the “special features” of the internet as a medium: its lack of editorial approval, low barriers of entry (including omnipresent zero cost of services), incredible speed and scale of distribution, its broad social and geographical inclusiveness, and resilience of communications. Regulators across the globe are thus rightly considering how to address these challenges.

Simply pointing to the existing digital social contract seems insufficient when the clear legislative goal of the liability exceptions was to lay down incomplete and unrestrictive rules that would allow the medium to flourish. The tendency of some stakeholders to see liability exemptions as a magical limit on any future regulation mischaracterizes their key contribution. The key contribution is not in stopping any new rules from being adopted but in keeping one set of sufficiently enabling rules on the books. In any federal system, federal liability exemptions help to coordinate national or state laws by preempting national- or state-level experimentation. This is the added benefit of such rules both in the United States and European Union. However, this does not mean that such rules must be carved in stone. In fact, the E.U. and U.S. experiences both show that the inability of federal legislatures to update federal rules can lead states to test their limits.<sup>69</sup>

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68. The two leading Grand Chamber cases, *Sanchez v. France* and *Delfi AS v. Estonia*, are basically painted as exceptions in other cases like *MTE and Index.hu v. Hungary*. App. No. 45581/15 (Sept. 2, 2021), <https://hudoc.echr.coe.int/fre?i=001-211599>; *Delfi AS v. Estonia*, App. No. 64569/09 (June 16, 2015), <https://hudoc.echr.coe.int/app/conversion/pdf/?library=ECHR&id=001-155105&filename=001-155105.pdf>; Magyar Tartalomszolgáltatók Egyesülete and Index.hu Zrt v. Hungary, App. No. 22947/13 (Feb. 2, 2016), <https://hudoc.echr.coe.int/fre?i=001-160314>.

69. In Europe, the lack of early Union legislation led Germany and France to adopt their own hate speech laws for social media. *See* Case C-131/12, *Google Spain SL v. Agencia Espanola de Proteccion de Datos*, ECLI:EU:C:2013:424 (June 25, 2013). In the US, the lack of any federal regulation led to state laws in Florida and Texas. *See* S.B. 7072, 2021 Leg. (Fla.), <https://www.flsenate.gov/Session/Bill/2021/7072/>; H.B. 20, 2021 Leg., 87th Sess. (Tex.), <https://capitol.texas.gov/BillLookup/History.aspx?LegSess=872&Bill=HB20>.

Additionally, the harms and victims of various societal challenges come in different forms. Some harms are amplified by the design of services; others are caused by other people and only facilitated by lack of intervention. Some victims of such harms lack means, while some are well-resourced; some can use technology to uncover violations of their rights, while others cannot. Before the DSA, Section 4 of the ECD left all these concerns to self-regulation or national experimentation. However, to effectively regulate a global network, the regulatory action must be big enough for global companies to start paying attention to it. For instance, despite three decades of European data protection law, it took the GDPR—which was adopted in 2016—to fully bring the laws to everyone’s attention.

Horizontal liability exemptions, such as the one found in Chapter 2 of the Digital Services Act (formerly Section 4 of the E-Commerce Directive) are about creating breathing space for speech and markets while allowing enforceability of the rights of victims, but they do not address specific challenges. The rules of the first generation—§ 230 of the CDA, § 512 of the DMCA, and Section 4 of the ECD—all suffer the same insufficiency. They excel at coordinating expectations to encourage investment but fail at offering tools to solve a wide range of societal problems that emerged along with the use of these services.

The European Union’s Digital Services Act is one example of how to update the digital social contract without undermining the decentralized nature of the internet. The DSA re-affirms democratic legitimacy for the rules of conditional immunity, and even extends them on margin. Providers’ liability for user-generated content thus mostly does not change.<sup>70</sup> What changes are regulatory expectations when companies make their decisions about other people’s content or behavior, and, for some providers, what they need to think about when designing digital services. These companies are accountable to the public through regulation. However, such regulation is specifically designed for them. Instead of fitting user-generated services into ill-suited preexisting categories, they are given a regulatory category of their own based on their size and technical functions.

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70. The DSA introduces a few changes to the text of the liability exemptions, which arguably expands them; especially the mere conduit liability exemption (Article 4) now applies to a broader set of infrastructure services; hosting exemption receives some minor additions (e.g., Article 6(3)), which arguably already follow from the pre-existing case law; the newly inserted Article 7 about own investigation arguably will have limited effect, and again builds upon the case law.

III. THE TWO PILLARS OF THE DSA

The Digital Services Act has two main pillars: (1) due process requirements for content moderation, and (2) risk management obligations for services. Content moderation is defined and regulated as the process of decision-making that emerges from providers’ reliance on the liability exemptions, such as hosting. Risk management focuses on the system and product design of services and invites providers to consider the broader effects of their advertising infrastructure, recommendation algorithms, and other systems. The table below provides an overview of all the main DSA obligations.

Table 1

| Two pillars of rules | Technical activity                                | Company or service size   | Main types of due diligence obligations imposed by the DSA           |
|----------------------|---|---|--|
| Content moderation   | • Conduit   | Companies of all sizes  | • Contact points or legal agents                                     |
|                      | • Caching   |   | • Clarity of terms and conditions                                    |
|                      | • Hosting   | Medium-size <sup>71</sup> and bigger companies  | • Content moderation reports   |
|                      | • Hosting   | Companies of all sizes  | • Notice submission rules  |
|                      |   |   | • Justification of decisions   |
|                      |   |   | • Crimes notification to authorities                                 |
| Risk management      | • Online platforms (a subset of hosting services) | Medium-size and bigger companies  | • Prioritization of trusted flaggers                                 |
|                      |   |   | • Measures against abuse   |
|                      |   |   | • Internal appeal systems  |
|                      |   |   | • External appeal systems  |
|                      |   |   | • Transparency of advertising and recommender systems                |
|                      | • Online platforms (a subset of hosting services) | Medium-size and bigger companies  | • Protection of minors   |
|                      |   |   | • Dark patterns  |
|                      |   |   | • Know-Your-Client obligations of marketplaces                       |
|                      | • Very large online platforms (VLOPs)             | 45 million average active monthly users, regardless of the company’s size or turnover | Upon designation by the European Commission:                         |
|                      | • Very large online search engines (VLOSEs)       |   | • Risk assessment and auditing of all design features of the product |
|                      |   |   | • Enhanced data access for researchers to study risks                |
|                      |   |   | • Crisis response mechanism  |
|                      |   |   | • Special advertising transparency                                   |
|                      |   |   | • Choice on recommender systems                                      |
|                      |   |   | • Internal compliance officers                                       |

A. CONTENT MODERATION

The DSA recognizes that content moderation decisions by private companies can have a large impact on people’s livelihoods and their freedoms

71. Small enterprises are defined by a Council Recommendation as “an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.” Commission Recommendation of 6 May 2003 Concerning the Definition of Micro, Small and Medium-sized Enterprises, 2003 O.J. (L 124) 36.

to share and receive information from others. The last decade has shown that companies are not always willing to invest sufficient resources into such decision-making, especially in smaller countries or markets. The E.U. legislature's solution is to regulate the *process* through which such content moderation decisions are made.

Content moderation rules must be clear and predictable (Article 14(1)), and decisions must be based on existing policies (Article 14(4)). A wide range of content moderation decisions is subject to an obligation of individual explanation (Article 17) and annual transparency reporting (Article 15). Each decision must be subject to free internal appeals (Article 20) and potentially external dispute resolution (Article 21). In addition, many expectations are purposefully vague. Notification systems must be “user-friendly” (Article 16(1)), decisions made “in a timely, diligent, nonarbitrary and objective manner” (Article 16(6)), and enforcement practices must pay “due regard to the rights and legitimate interests of all parties involved” (Article 14(4)).

The above provisions set the rules for the *process side* of content moderation. Underlying contractual rules about acceptable content or behavior remain to be set by companies. However, providers' rule-making space is indirectly constrained by the limits placed on the procedure. Due to the obligation to disclose rules upfront (Article 14(1)), companies cannot retroactively change their policies, or invent sanctions *ex post facto* that have no basis in their existing rules (Article 14(4)). Providers can continue to contractually constrain speech beyond illegality according to their preferences; however, they must apply the rules in a nonarbitrary and non-discriminatory manner. Any contractual policies will be interpreted by out-of-court dispute settlement bodies which cannot consider “secret rulebooks” of any kind.

This clearly shows that the DSA does not take away all the content moderation discretion from platforms. It generally does not limit what legal content can be prohibited by providers under their community guidelines—that is a power that providers retain. Thus, if providers do not like how out-of-court bodies read their rules, they can change them and make them clearer. But once they put the rules in black and white, they cannot claim a contrary meaning without actually changing them. The DSA limits only some grossly unfair policies (Article 14(4)) that would likely already struggle with other areas of explicit legal prohibitions, such as consumer law.

The goal of these procedural guarantees is to script the process of content moderation into a tighter choreography that better reflects the impact of content moderation decisions on individuals. The mix of very specific procedural rules and vague aspirational regulatory expectations is meant to provide the basis for standard-setting but also a north star for content

moderation decision-making. For individuals, the rules give them more credible due process rights which go well beyond the standard delivered by markets alone.

Scholars like Douek criticize regulatory due process expectations as an unnecessary “process theatre”<sup>72</sup> which does not solve the overall problems because it resembles “using a teaspoon to remove water from a sinking ship.”<sup>73</sup> But is that the right framing? First, for the affected individuals, even a teaspoon of hope that their grievances can lead to proper resolution are good enough reasons to institute them. This rationale is hardly diminished by the fact that such personal disputes do not resolve the larger problems. Second, the DSA tries to use the personal dimension of disputes as a source of broader learning, something favored by Douek, and as a pressure to improve the overall quality of the processes.<sup>74</sup> Finally, for very large online platforms, content moderation is only one part of their overall risk management.

## B. RISK MANAGEMENT

The DSA’s second pillar concerns risk management, which comprises a set of rules that address how companies design their products and other behind-the-scenes processes. Unlike the United Kingdom’s upcoming Online Safety Bill,<sup>75</sup> the DSA legislatively and explicitly doses responsibility by the size or impact of the services. Risk must be mitigated only by digital services known as online platforms; that is, services that distribute user-generated content to the public as their main feature.<sup>76</sup> Platforms operated by micro and small companies—those employing less than fifty employees or earning less than ten million euros annually<sup>77</sup>—have no risk management obligations. The intuition

72. Evelyn Douek, *Content Moderation as Systems Thinking*, 136 HARV. L. REV. 526, 577 (2022).

73. *Id.* at 606.

74. See Digital Services Act art. 21, 2022 O.J. (L 277) against the background of a lab experiment concerning ADR system as a solution to rational bias against over-blocking. Lenka Fiala & Martin Husovec, *Using Experimental Evidence to Improve Delegated Enforcement*, 71 INT’L REV. OF L. & ECON. (2022), <https://www.sciencedirect.com/science/article/pii/S0144818822000357>.

75. The UK’s Online Safety Bill, *supra* note 43, is still in the legislative process. According to the recent impact assessment, out of 25 thousand forecasted regulated organizations, roughly 20 thousand are likely micro. Online Safety Bill 2022-3, Impact Assessment ¶ 109, (UK), [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1061265/Online\\_Safety\\_Bill\\_impact\\_assessment.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1061265/Online_Safety_Bill_impact_assessment.pdf).

76. Digital Services Act art. 3(i), 2022 O.J. (L 277).

77. See Commission Recommendation of 6 May 2003 Concerning the Definition of Micro, Small and Medium-sized Enterprises, 2003 O.J. (L 124) 36–41, <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32003H0361>.



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behind this is that with more power comes more responsibility. For risk management, platforms are divided into two groups:

- In the *lower* tier, mid-sized or bigger companies are subject to limited and prescriptive rules covering design practices.
- In the *upper* tier, online platforms or search engines which serve more than 45 million monthly active users in the European Union are subject to a more expansive and vaguer set of rules: general risk management.

The companies in the lower tier must mostly think about how their product design protects *minors*, and against *manipulative* and *aggressive* practices—also known as dark patterns. The companies in the upper tier must do the same, plus much more. Specific businesses are designated as quasi-public squares where many Europeans meet and exchange. By state designation, they are placed under special regulatory dialogue with the European Commission and national authorities (regulators) about *any relevant risks to democratic institutions and individuals*, including risks to people's freedoms and well-being. Given that these are interests that are hard to delineate, the scope is very broad.

In the first round in Spring 2023,<sup>78</sup> the following digital services were designated:

- *Social media*: Instagram, LinkedIn, Pinterest, Snapchat, TikTok, Twitter, Facebook, YouTube
- *Marketplaces*: Alibaba, AliExpress, Amazon Store, Booking.com, Google Shopping, Zalando
- *App stores*: Apple AppStore, Google Play
- *Other*: Google Maps, Wikipedia
- *Search engines*: Bing, Google Search.

The newly imposed risk management obligations are clearly meant to legislatively complement liability assurances with some societal responsibilities as to trust, safety, and fairness in these services.

Risk management is a result of two realizations. First, the importance of design to the health of any ecosystem. This point has been reinforced by

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78. See the designations published in European Commission Press Release IP/23/2413, Digital Services Act: Commission Designates First Set of Very Large Online Platforms and Search Engines (Apr. 25, 2023), [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_23\\_2413](https://ec.europa.eu/commission/presscorner/detail/en/IP_23_2413). For an explanation of the DSA's scope, see Martin Husovec, *The DSA's Scope Briefly Explained* (2023), <https://ssrn.com/abstract=4365029>. At the moment two platforms, Zalando and Amazon, are seeking invalidation of their designations before the General Court. Case T-367/23, *Amazon v. European Commission* (July 5, 2023); Case T-348/23, *Zalando v. European Commission* (June 27, 2023).

Francis Haugen's Facebook revelations<sup>79</sup> that put the spotlight on how amplification encourages certain types of behavior. Second, constant information and resource asymmetry between authorities (regulators) and providers realistically dictate that providers have the primary responsibility to find new solutions. The DSA's obligations relate more to the process or systems put in place. However, as shown below, this is more easily stated than practiced. In recent years, some type of "systemic regulatory approach" has been advocated by many scholars;<sup>80</sup> however, the details of such proposals differ significantly.

A particularly influential concept was Lorna Wood's and William Perrin's proposal which inspired the United Kingdom's Online Safety Bill (OSB). The proposal argued for the safety "by design" approach described as follows:<sup>81</sup>

The regulator should be given substantial freedom in its approach to remain relevant and flexible over time. *We suggest the regulator employ a harm reduction method similar to that used for reducing pollution: agree tests for harm, run the tests, the company responsible for harm invests to reduce the tested level, test again to see if investment has worked and repeat if necessary . . .* The regulator would then work with the largest companies to ensure that they had measured harm effectively and published harm reduction strategies addressing the risks of harm identified and mitigating risks that have materialised.

The framing of their model, including its placement under the statutory "duty of care" umbrella,<sup>82</sup> requires redistribution of responsibility for individual harms. This in turn evokes supervision of recommendation systems and product design features that change user behavior, including what individual content is being posted by them. While Wood and Perrin insist that content regulation is not the result of their approach,<sup>83</sup> they also envisage regulators'

79. Statement of Frances Haugen: Hearing before the S. Sub-Comm. on Consumer Protection, 117th Cong. (2021) (statement of Frances Haugen, former Facebook employee and whistleblower), <https://www.commerce.senate.gov/services/files/FC8A558E-824E-4914-BEDB-3A7B1190BD49>.

80. For an overview of (mostly) U.S. scholarship, see Kate Klonick's response to Douek, *supra* note 72. Kate Klonick, *Of Systems Thinking and Straw Men*, 136 HARV. L. REV. 339, 347 (2023).

81. LORNA WOODS & WILLIAM PERRIN, ONLINE HARM REDUCTION—A STATUTORY DUTY OF CARE AND REGULATOR 7, 13 (2019) (emphasis added), [https://d1ssu070pg2v9i.cloudfront.net/pex/carnegie\\_uk\\_trust/2019/04/08091652/Online-harm-reduction-a-statutory-duty-of-care-and-regulator.pdf](https://d1ssu070pg2v9i.cloudfront.net/pex/carnegie_uk_trust/2019/04/08091652/Online-harm-reduction-a-statutory-duty-of-care-and-regulator.pdf).

82. *Id.* at 29–30.

83. *Id.* at 12 (discussing types of content).

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ability to limit “harmful behavior”<sup>84</sup> prophylactically.<sup>85</sup> It thus hardly avoids addressing the substance of the environment—the underlying rules of engagement for users.

In contrast, Evelyn Douek’s proposal equally centers around systems but in a very different way:<sup>86</sup>

Instead of focusing on the downstream outcomes in individual cases, it focuses on the upstream choices about design and prioritization in content moderation that set the boundaries within which downstream paradigm cases can occur . . . . And in *focusing on procedural accountability rather than the pursuit of some substantive conception of an ideal speech environment*, it is more politically feasible and less constitutionally vulnerable.

Thus, her “substance-agnostic approach”<sup>87</sup> is much more limited because it allows companies to experiment with any (legal) content policies. However, it seems to be focused on regulation of amplification, which, as explained by Keller, is not always easily substance-agnostic either.<sup>88</sup>

In any risk management system, the relationship between substance and process is the most difficult one. First, any proposal that tries to tackle “risks” or overall “harmful behavior” cannot ignore that on user-generated content services, what users say or do remains a key risk factor. While user behavior can be encouraged by the design of services, in some form it will continue to exist irrespective of this encouragement; usually, the risks on such services result less frequently from purely non-human external factors.

Managing the risks of crowds *often* requires telling individuals how they must behave. If authorities subject the occurrence of selected *illegal* user expressions to some metrics, the legitimacy of such policy is straightforward. The legislatures already agreed that such behavior is illegal, and the authority is only trying to enforce compliance. However, if authorities subject the occurrence of some *legal* expressions to the same metrics, they can easily end up policing the bounds of what people can say—the content of their communications. Putting direct quotas on user expression, when taken to its logical conclusion, means telling some people what they cannot say.

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84. *Id.* at 48. See Graham Smith, *Speech Is Not a Tripping Hazard—Response to the Online Harms White Paper*, CYBERLEAGUE (June 28, 2019), <https://www.cyberleagle.com/2019/06/speech-is-not-tripping-hazard-response.html> (discussing consequences).

85. See generally Woods & Perrin, *supra* note 81.

86. Douek, *supra* note 72, at 585 (emphasis added).

87. *Id.* at 606.

88. See Daphne Keller, *Amplification and Its Discontents: Why Regulating the Reach of Online Content Is Hard*, 1, J. FREE SPEECH L. 227 (2021).

Whether addressing “harm” or “risk,” the key litmus test is *who* sets the boundaries for the content of communications. One approach gives such power to decide to authorities; others leave it to individuals, platforms and legislatures.

- The *full* risk management approach gives the broadest power to authorities to ask companies about how their service design influences what happens on the platforms. Authorities observe, compare, analyze, and ask for changes, including by imposing tailored standards or quotas of “problematic” user behavior, regardless of the behavior’s legality. The mandate of authorities thus extends to lawful but awful content and permits them to become surrogate legislatures policing the boundaries of free expression.
- The *limited* risk management approach shares the concerns about system design that might encourage various risks but stops before giving the authorities (agencies) the power to rewrite what lawful individual behavior should be banned or suppressed by quotas. This approach recognizes that authorities do not have the legitimacy of parliaments. Parliaments should remain responsible for setting the goalposts of illegal content of communications. If a specific risk or harm is particularly damaging, parliaments can move the goalposts further.<sup>89</sup> As a result, the authorities limit their demands regarding legal content to solutions that preserve people’s agency by giving them freedom of choice; such solutions mostly empower or re-design the users’ choice architecture.

Arguably, the Digital Services Act adopts the limited risk management approach. The DSA does *not* explicitly address the problem of whether the European Commission can require providers to change their contractual standards of “lawful but harmful content” as part of the risk management strategies.<sup>90</sup> However, in the absence of any explicit legal mandate, any attempts by the Commission to suppress specific legal expressions would arguably violate the rule of law.<sup>91</sup> The United Kingdom’s Online Safety Bill is

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89. In the UK, the self-harm debate led to the empowerment obligation and a proposal to create a new offence of “encouraging or assisting serious self-harm.” Online Safety Bill 2022-3 Amendments, HL Bill [87] (later 362), p. 1 (2022), <https://bills.parliament.uk/publications/51205/documents/3437>.

90. Digital Services Act art. 35(1)(b), 2022 O.J. (L 277) speaks of “adapting their terms and conditions and their enforcement.” In my view, this does not necessarily mean prohibiting lawful behavior or content. It speaks to the clarity and predictability of rules.

91. The argument is that Digital Services Act art. 34, 2022 O.J. (L 277) on its own is not sufficient to fulfil the human rights requirements under the E.U. Charter to legitimize prohibitions of speech to be “prescribed by the law.” *See* Charter of Fundamental Rights of

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currently moving in the DSA's direction too,<sup>92</sup> although the original proposal could have led to a full risk management approach.<sup>93</sup> The Australian Online Safety Act of 2021, however, seems to go the farthest by allowing authorities to ask for the removal of lawful but awful content.<sup>94</sup>

The limited risk management approach can be best explained in an analogy with managing risks during public protests. Imagine a public assembly protesting immigration policies that gathers in the streets of a city. The role of providers can be analogized to the position of protest organizers.<sup>95</sup>

The DSA designates the largest services in the European Union as controlled public spaces; it tasks their designers—the providers—to analyze risks created by bringing crowds together and to intervene if needed. What is the role of the state and providers in such cases?

The state can impose safety measures on organizers and protesters to protect them from others and others from them; and to avoid hurting bodies, property, or businesses. Physical safety measures benefit freedom of expression because they make everyone more comfortable in expressing their views. To achieve this, the authorities can ask organizers to take various safety

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the European Union art. 52, 2012 O.J. (C 326) 391. For an excellent article on the rule of law requirement in this context, see Graham Smith, *Online Harms and the Legality Principle*, CYBERLEAGUE (2020), <https://www.cyberleagle.com/2020/06/online-harms-and-legality-principle.html> (“[T]he regulator’s views about harm would sit alongside, and effectively supplant, the existing, carefully crafted, set of laws governing the speech of individuals.”).

92. Douek, *supra* note 72.

93. The UK government construed Wood and Perrin’s proposal in its initial proposal of the Online Safety Bill by creating a controversial clause about safety duties for “harmful but lawful” content for adults. The relevant clause was dropped and the bill left with an empowerment obligation under the system known as “triple lock” in the later versions of the Bill. See Online Safety Bill 2022-3, HL Bill [362], § 12 (UK), <https://bills.parliament.uk/bills/3137> (creating a duty for some services to “include in a service . . . features which adult users may use or apply if they wish to increase their control over content” that “reduce[s] the likelihood of the user encountering” or “alert” users to some types of content, such as hate speech, self-harm or eating disorders).

94. See *Online Safety Act 2021* (Cth), pt 4, 9 (Austl.), <https://www.legislation.gov.au/Details/C2021A00076>. According to Professor Nicolas Suzor, “The classification scheme has long been criticized because it captures a whole bunch of material that is perfectly legal to create, access and distribute.” See Ariel Bogle, *Australia’s Changing How it Regulates the Internet—and No-one’s Paying Attention*, ABC NEWS (Sept. 20, 2022), <https://www.abc.net.au/news/science/2022-09-21/internet-online-safety-act-industry-codes/101456902>.

95. One of the reviewers made an excellent point, with which I nevertheless do not fully agree. The reviewer argues that a better analogy would be with the owner or operator of the property. In my view, this would evoke a very passive role of the platforms that do not influence the created risks by the design of their services. While the metaphor of organisers might better fit social media with active recommender systems than Wikipedia (also an online platform), my illustration is meant to show how self-imposed rules should not be adopted by authorities as the reason for intervention for otherwise legal protests.

measures particularly to prevent illegal behavior by protesters or counter-protesters, including proscribing the use of excessive disruption or noise. However, beyond illegal modes of expression, the *authorities* cannot control who speaks or protests, what posters or chants they use, or where they present them. That said, *organizers* can go beyond illegality, whatever their motivation. They can self-impose stricter rules on crowds.

Imagine now that this public assembly has two teams of rule enforcers dressed in red and blue jackets. Red enforcers represent the state, and they can only intervene when protesters violate a set of red rules—the behavior that the legislature has determined to be illegal. Blue enforcers are paid by organizers. They are the analogue of content moderators. Because organizers want a legitimate assembly where families can gather, they ask all the participants to respect some of their own basic rules. These blue rules differ from red rules. Among other things, they allow organizers much earlier intervention. For instance, they can say that posters with profanities are not permitted because they are likely to lead to illegal behavior.

For efficiency reasons, the state will expect blue enforcers to also enforce red rules. This is the analogue of delegated enforcement in which providers engage daily when they remove illegal content. However, red enforcers *cannot* enforce blue rules. Blue rules are the analogue of contractual self-restraint that platforms adopt to make their services appealing to users and advertisers. Red enforcers cannot turn a self-imposed ban on profanities against the organizers to end the protest or arrest protesters. To justify such intervention, authorities must stick to the red rules. Logically, they cannot tell organizers what blue rules to adopt either because that is the prerogative of legislatures. The state can, however, require that protesters inching closer to escalation must take extra measures to keep bystanders safe from violence.

The DSA's very large online platforms (VLOPs) and very large online search engines (VLOSEs) manage huge crowds constantly. As a result, they must periodically assess the risks, submit their reports to auditors, and follow up in case the auditors are not satisfied. The entire dossier of documents is then submitted to the European Commission for the ultimate assessment and release for the public to see and criticize.

#### IV. PRINCIPLES FOR A NEW GENERATION OF RULES

Now that the reader is familiar with the rules in the Digital Services Act, I would like to extract some of the main principles that define the regulatory approach. As pointed out by Daphne Keller, “differences between American and European approaches shouldn’t prevent us from finding common ground

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on other functional aspects of platform regulation.”<sup>96</sup> The DSA has a lot to offer, but one needs to look beyond the exact wording and “under the hood” to understand the thinking. In my view, the following set of principles can be derived from the DSA and could serve as “common ground” to guide the legislative design of a new generation of rules:<sup>97</sup>

1. Accountability, not liability
2. Horizontality of regulations
3. Shared burden: everyone is responsible
4. Empowerment of users
5. Ecosystem solutions

#### A. ACCOUNTABILITY, NOT LIABILITY

Platforms as facilitators of user-generated content cannot be expected to bear the liability burden of conventional publishers, such as newspapers. As much as their content moderation might resemble quasi-editorial functions, the special features of the internet demand different legal regimes. The existence of some sensible legal immunities for liability generated by the actions of others is the basic precondition of the viability of the user-generated services which harness the internet’s special benefits. These include no requirements for editorial approval, low barriers of entry, incredible speed and scale of distribution, broad social and geographical inclusiveness, and resilience of communications. Instead of devising restrictions which may negate these advantages, the focus should be on how to align providers’ business operations with socially optimal practices that maximize freedoms of individuals—thus making the businesses more accountable to public interest.

Prior to the DSA, most of the relevant laws tried to influence providers’ behavior by threatening them with accessory liability for what their users do.<sup>98</sup> Save for some areas of law, most notably intellectual property law in the European Union,<sup>99</sup> the courts often faced a binary decision: impose liability, with all its consequences, or deny it entirely and confirm a liability exemption. The DSA ends this binary. Self-standing regulatory expectations created by the

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96. Daphne Keller, *For Platform Regulation Congress Should Use a European Cheat Sheet*, HILL (Jan. 15, 2021), <https://thehill.com/opinion/technology/534411-for-platform-regulation-congress-should-use-a-european-cheat-sheet/>.

97. See MARTIN HUSOVEC, *PRINCIPLES OF THE DIGITAL SERVICES ACT* (Oxford Univ. Press forthcoming 2024).

98. See Martin Husovec, *Remedies First, Liability Second: Or Why We Fail to Agree on Optimal Design of Intermediary Liability?*, in *THE OXFORD HANDBOOK OF ONLINE INTERMEDIARY LIABILITY* (Oxford Univ. Press 2020) (criticizing a one-size fits all approach).

99. See MARTIN HUSOVEC, *INJUNCTIONS AGAINST INTERMEDIARIES IN THE EUROPEAN UNION: ACCOUNTABLE BUT NOT LIABLE?* (Cambridge Univ. Press 2017).



legislature give courts and authorities a third option. A failure to satisfy such expectations is enforced separately. Thus, similar to banks that are usually not liable for the illegal financial transactions of their clients, they can still be held accountable and fined for not adopting the right anti-money laundering processes.

The DSA leaves existing liability exemptions almost intact. Section 4 of the ECD is incorporated into Chapter 2 of the DSA. Its novelty is in the creation of new regulatory expectations named “due diligence obligations” that are foreseen in Chapter 3. They are unrelated to legal immunities for third-party content. As noted by Recital 41 of the DSA, “[t]he due diligence obligations are independent from the question of liability of providers of intermediary services which need therefore to be assessed separately.” If due diligence obligations are violated, they trigger a separate enforcement system envisaged by the DSA; they do not expose providers to a flood of claims for individual grievances. Due diligence obligations aim to improve the operations of systems and procedures that companies are using to moderate users’ content or manage other overall risks.

To illustrate this, consider the following example. In American copyright law, under § 512(i) of the DMCA, a failure to terminate accounts of repeat infringers leads to the loss of a liability exemption and thus the potential joint liability of providers for the actions of users who infringe copyright when using their services. In European copyright law, such failure has no impact on liability exemptions. However, post-DSA, a failure to terminate accounts of repeat infringers can lead to a violation of Article 23(1) of the DSA, which can be enforced privately or publicly even though the liability exemption continues to apply. Thus, in both cases, the consequences are substantially different.

The DSA’s accountability-but-not-liability design was not an automatic policy choice. In the legislative process, the European Parliament strongly pushed to make the liability exemptions dependent on compliance with due diligence obligations. Thus, any violation of Chapter III of the DSA would make liability exemptions unavailable. The opposite approach, where due diligence duties act as preconditions, exists under Section 79 of the Indian Information Technology Act (2000),<sup>100</sup> and is being proposed by Professor

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100. Section 79 of the Indian Information Technology Act states that “the intermediary observ[ing] due diligence while discharging his duties under this Act and also observ[ing] such other guidelines as the Central Government may prescribe in this behalf.” The Information Technology Act, 2000, § 79. Part II(4)(4) of the Indian Ministry Guidance, <https://mib.gov.in/sites/default/files/IT%28Intermediary%20Guidelines%20and%20Digital%20Media%20Ethics%20Code%29%20Rules%2C%202021%20English.pdf> (imposing filters on “significant social media intermediaries”).



Danielle Citron as a solution for the revision of § 230 of the CDA in the United States.<sup>101</sup> Under such a system, the liability exemptions would become a truly hard-earned “prize” or a “privilege” given only to those who respected the DSA in its entirety. The more due diligence obligations are added to the list, the more impossible walking of the tightrope becomes. The E.U. legislature consciously decided against this approach—for good reasons, as it would basically nullify the existence of liability exemptions.

In the liability framework, the lack of diligence puts providers at risk of being an accessory to the entire wrongs of others. On the other hand, the accountability framework blames them only for not giving some specific assistance.<sup>102</sup> The legal culpability implied in the two settings is very different and it translates into the seriousness of the consequences for the platforms. While liable platforms face injunctions and joint liability for damages and are called to account by many victims who were wronged by the actions of others, accountable platforms only face the pain of enforcement efforts to bring them into compliance. Thus, while liable platforms restore a lawful state by making the victims whole, accountable platforms restore it by simply adjusting their behavior in ways that comply with regulatory expectations.<sup>103</sup>

If accountability is further narrowed down to *systemic* legal obligations in the design and operation of systems and processes, the difference is even more significant.<sup>104</sup> Under such systems, if a provider violates a systemic due diligence obligation, only one obligation to correct the outcome is owed to individuals or regulators. In contrast, if such obligation is embedded into a liability exemption, one failure to operate a specific policy leads to separate

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101. Danielle Keats Citron, *How To Fix Section 230*, VA. PUB. L. & LEGAL THEORY RSCH. PAPER NO. 2022-18 (2022), <https://ssrn.com/abstract=4054906> (arguing that § 230 should be narrowed in scope, and made subject to duties of care that can be further fleshed out by administrative agencies).

102. This should hold true for both public and private enforcement. Even for damages claims for violations of due diligence (Digital Services Act art. 54, 2022 O.J. (L 277)), the damage must be causally connected with the violation of the diligence obligation (Digital Services Act recital 122, 2022 O.J. (L 277) and only compensate the corresponding part of the damage. Thus, damages caused by third parties who uploaded the content are distinct.

103. Arguably, there are situations where liability exemptions will be lost, due diligence obligations violated, and the damage caused by a third party is closely related to that caused by violation of a due diligence obligation. In such cases, the DSA can indicate to national law that a component of the duty of care for domestic liability rules was violated. However, in many cases, the two harms are unlikely to be related (e.g., transparency rules or non-arbitrariness standards hardly relate to damage caused by third-party content).

104. The primary example of such obligations is Digital Services Act art. 21(2), 2022 O.J. (L 277) (“[E]ngage, in good faith, with the selected certified out-of-court dispute settlement body with a view to resolving the dispute”). Other examples are Article 22(2)(c), Article 23, and arguably many open-ended standards of Article 20(4).

debts to many who were wronged. Accountability for systemic obligations means owing one type of assistance to all affected people, while liability for others means owing all wronged people full liability for the actions of many other people. The difference is stark. Moreover, the DSA prohibits super-compensatory damages for due diligence violations (Article 54).

## B. HORIZONTALITY OF REGULATIONS

The second principle implicit in the DSA's and ECD's design is its horizontal character. The horizontal approach cuts through the entire legal system and thus creates baseline expectations. Sectorial rules remain possible; however, they are forced to interact with the horizontal approach. In the European Union, the DSA thus becomes a *digital civil charter* that shines through the entire legal system and radiates minimum rights of individuals. Unless the European legislature suspends it in various areas, it creates a baseline that holds across the entire ecosystem of user-generated content services. In the DSA, the horizontality of liability exceptions is complemented by the horizontality of due diligence obligations. This supports my earlier argument about the updated digital social contract for user-generated content services. For instance, in the European system, the DSA's rules substantially improved the situation under several sectorial rules dealing with copyright issues.<sup>105</sup>

The horizontality of rules is not only useful for complying companies and individuals, but it also prevents gaming the system. The typical problem with sectorial rules imposing different standards is that they invite regulatory arbitrage. For instance, in the US, where Section 230 of the CDA provides even post-notification immunity to hosting services, there is a strong incentive to formulate any claims as copyright issues because § 512 of the DMCA is much more accommodating.<sup>106</sup> This turns defamation claims into copyright claims and distorts copyright policy in the long run. In a situation where the identity of claims is fluid and the plaintiffs can shop around for the strongest

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105. The DSA updated the safeguards applicable under Article 17 of the Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC. See Martin Husovec, *Mandatory Filtering Does Not Always Violate Freedom of Expression: Important Lessons from Poland V. Council and European Parliament*, 60 COMMON MKT. L. REV. 173 (2023); João Pedro Quintais & Sebastian Felix Schwemer, *The Interplay between the Digital Services Act and Sector Regulation: How Special is Copyright?*, 13 EU. J. OF RISK REGUL. 191 (2022).

106. The most famous of the abuses of this kind are U.S. doctors asking for copyright assignment to text of future reviews to be able to require their takedown. See Mike Masnick, *Why Doctors Shouldn't Abuse Copyright Law to Stop Patient Reviews*, TECH DIRT (Apr. 14, 2011), <https://www.techdirt.com/2011/04/14/why-doctors-shouldnt-abuse-copyright-law-to-stop-patient-reviews/>.

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cause of action, diverging standards for different legal areas are bound to cause regulatory arbitrage. The only way to avoid this is to adopt one set of uniform rules for all areas of law.

Horizontality also allows for better balancing of different trade-offs. For example, protecting minors might come at the expense of the freedoms of adults. Enforcement of hate speech policies can have unintended effects on legitimate discourse. Having a holistic policy allows the regulators to better balance one against the other, as their mandates extend to both. Thus, the European Commission, when looking at risks and technological solutions, must equally consider the under-detection of hate speech and over-blocking of legitimate speech. Given that content moderation and risk management stretch into all areas of human interactions, having the broadest possible focus is key to any balanced policy.

Politically, the horizontal approach also moderates the excessive strength of some interest groups because it broadens the conversation and dilutes their voice with the equally valid concerns of others. The E-Commerce Directive and the Digital Services Act could hardly have been adopted as sectorial measures. In fact, both the American and European examples show that copyright rules, an area that powerful lobbies of interest groups exercise influence over, constantly diverge from the baseline in favor of copyright holders. Section 512 of the DMCA is stricter than § 230 of the CDA. Similarly, Article 17 of the Copyright DSM Directive is stricter than Article 6 of the DSA.<sup>107</sup>

### C. SHARED BURDEN: EVERYONE IS RESPONSIBLE

The DSA renews democratic support for the shared burden model for societal risks on digital services. Under the principle of shared burden, everyone is expected to play their part—to do something to protect oneself. It also means resisting the temptation to blame one actor for all ills.

In liability systems around the world,<sup>108</sup> it is an established principle that if victims contribute to their own damage by failing to exercise due care, the

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107. Article 17 of the CDSM Directive introduces a system of strict liability for unlicensed content unless case providers can meet very strict cumulative conditions: inability to obtain a license, the stay-down obligation, and notice-and-takedown system. *See* Directive 2019/790 of the European Parliament and of the Council of 17 April 2019 on Copyright and Related Rights in the Digital Single Market and Amending Directives 96/9/EC and 2001/29/EC Council Directive 2019/790, art. 17, 2019 O.J. (L 130) 92.

108. *See Principles of the European Tort Law (PETL)*, Art. 8.1.1, <http://www.cgtl.org/PETLEnglish.html> (“Liability can be excluded or reduced to such extent as is considered just having regard to the victim’s contributory fault and to any other matters which would be relevant to establish or reduce liability of the victim if he were the tortfeasor.”); Martin Turck,

person who is otherwise liable will face decreased or no liability. This principle of comparative negligence was famously formulated by Lord Ellenborough in 1809 who said that: “One person being in fault will not dispense with another's using ordinary care for himself.”<sup>109</sup> Arguably, the ECD builds upon this principle in the design of its liability exemptions, and the DSA designs its due diligence obligations the same way.

Under liability exemptions, victims or their representatives must notify providers about infringing content or seek redress before authorities, and providers must act upon notifications or state-issued orders. Providers are usually not expected to prevent all individual grievances; instead, hosting providers must investigate them mostly once they are brought to their attention. Even the ex ante risk management due diligence obligations do not change that. Reporting illegal content, disputing providers' decisions, organizing with others, and learning and teaching others how to avoid risks remain the key ingredients of the DSA's content moderation system.

One of the expressions of the shared burden principle is also the prohibition of general monitoring in the ECD and DSA. Article 15 of the ECD, now Article 8 of the DSA, prohibits the following:

No general obligation to monitor the information which providers of intermediary services transmit or store, nor actively to seek facts or circumstances indicating illegal activity shall be imposed on those providers.

The provision thus also embodies the idea<sup>110</sup> that the law generally structures the allocation of responsibilities to various actors. Providers are not subject to general obligations to intervene in other people's affairs. Such implicit allocation is not exhausted by the liability exemptions. This is also why any other rules imposed on providers, such as injunctions or any permitted national regulatory expectations, remain curtailed. As much as the burden under the liability exceptions system is shared, so must the burden under the accountability for risk management system be similarly split.

The sharing of the burden under liability exemptions allowed the user-generated content universe to flourish because it spreads responsibility and

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*Contribution Between Tortfeasors in American and German Law--A Comparative Study*, 41 TUL. L. REV. 1 (1966–1967); Giuseppe Dari-Mattiacci & Eva S. Hendriks, *Relative Fault and Efficient Negligence: Comparative Negligence Explained*, 9 REV. OF LAW & ECON. 1 (2013).

109. *Butterfield v. Forrester*, Eng. Rep. 926, 927 (1809).

110. Advocate General Øe in his Opinion in C-401/19, ¶ 106 (“I am inclined to regard the prohibition laid down in Article 15 of Directive 2000/31 as a general principle of law governing the internet, in that it gives practical effect, in the digital environment, to the fundamental freedom of communication.”).

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thus expectations. Burden sharing under the accountability-for-risk-management framework will be equally crucial to avoid moral hazard.<sup>111</sup> While the DSA clearly puts accountability for risks on VLOPs/VLOSEs, it does not require the eradication of risks. Not all risks can be controlled by providers in the same way. While inherent risks cannot be mitigated at all, other risks can be increased by the behavior of providers, their users, or third parties.

For instance, the risk of fraud via digital scams depends not only on platforms' protective systems but also on their users' behavior, skills, and awareness. Providers can do a lot to prevent such scams; however, they can only partly influence users' behavior, skills, and awareness. The risk thus needs to be distributed, and users must share their part of the burden. This is how we deal with risks in most areas because protecting people against their own irresponsibility sometimes only breeds more irresponsible behavior.<sup>112</sup> The same starting point should be used to approach the regulation of issues such as the manipulation of votes by disinformation campaigns. The VLOPs' and VLOSEs' accountability for these harms is significant, but not absolute and not exclusive.

This brings me to my next principle.

#### D. USER EMPOWERMENT

The users can only be asked to learn how to share part of the risks if they are able, and thus empowered, to mitigate them. The principle of user empowerment means that ultimately, users can share only parts of those risks that they are given a chance to control. Typically, this means the provision of tools that grant people agency in deciding what they wish to see and from whom. If platforms leave little agency to users, they should assume more risks. The more agency users gain, the more they can control their own digital experience. Thus, undeniably, more user empowerment means less central responsibility of providers, which might not appeal to everyone. But it does not mean that such tools will allow providers to shrug off any accountability for risks; if coupled with reasonable expectations on the users' side, control given to users can at best reduce it.

The DSA tries to give users new levers of control over their user experience, such as the ability to challenge decisions, receive compensation for

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111. See generally John M. Marshall, *Moral Hazard*, 66 AM. ECON. REV. 880 (1976).

112. For instance, in the EU, liability for unauthorized payments, such as those caused by phishing attacks, is primarily with banks. However, if clients behave grossly negligently, the banks do not have to compensate the clients. See Article 73 of the Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on Payment Services in the Internal Market, Amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC.

moderation mistakes, rely on representation before platforms, benefit from new parental tools and choice on recommender systems. As explained by Recital 40 of the DSA, the due diligence obligations:<sup>113</sup>

should aim in particular to guarantee different public policy objectives such as the safety and trust of the recipients of the service, . . . the protection of relevant fundamental rights enshrined in the Charter, the meaningful accountability of those providers and the *empowerment* of recipients and other affected parties, whilst facilitating the necessary oversight by competent authorities.

Thus, empowerment of individuals is encoded in the DSA and invites providers to harness its power. The trade-off for VLOPs/VLOSEs is clear. Relinquish part of control in exchange for lesser accountability for risks or keep full control and assume more responsibility for what transpires on the platform. Risk-sharing is thus an incentive to delegate to users and enhance their agency as individuals with free will and preferences.

When I am talking about empowerment tools, I do not mean the obvious tools. Realistically, all platforms give users some agency in their digital experience. We all want to follow people based on our preferences and block people who cross our personal red lines.<sup>114</sup> However, platforms still assume too much central control over many decisions where the personal preferences of their users can legitimately diverge. By definition, this is most important for the category of legal content that can be controversial to host. While few users will diverge on their preferences for commercial spam, many might have different sensitivities for shocking, sensational, nude, or vulgar content.

In the literature, Fukuyama and others have argued for empowerment through a system of middle-ware tools that could help users to personalize their content moderation experience.<sup>115</sup> The idea of polycentric content moderation that puts users in charge of more decisions arguably already exists, however, before the DSA could not have been legally compelled. Consider a new start-up, TrollWall,<sup>116</sup> that offers social media page administrators a machine learning-based content moderation tool that is meant to address the slow removal of illegal content by Facebook, but also offers a scalable solution

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113. Digital Services Act recital 40, 2022 O.J. (L 277) (emphasis added).

114. Naturally, any preference for illegal content is simply illegal and thus irrelevant.

115. FRANCIS FUKUYAMA, BARAK RICHMAN, ASHISH GOEL, ROBERTA R. KATZ, A. DOUGLAS MELAMED & MARIETJE SCHAAKE, REPORT OF THE WORKING GROUP ON PLATFORM SCALE, [https://fsi9-prod.s3.us-west-1.amazonaws.com/s3fs-public/platform\\_scale\\_whitepaper\\_cpc-pacs.pdf](https://fsi9-prod.s3.us-west-1.amazonaws.com/s3fs-public/platform_scale_whitepaper_cpc-pacs.pdf).

116. See *AI Autopilot for Comment Moderation*, TROLL WALL, <https://www.trollwall.ai/> (last accessed Sept. 26, 2023).

to preserve the civility of online discussions. This tool gives administrators the ability to adjust content categories, sensitivity, and what should happen with the detected content. Although the tool is offered by a third party to page administrators,<sup>117</sup> Facebook has a key role in creating APIs that facilitate it and approves such apps for distribution in its platform. While far from being error-free, the tool gives administrators more agency to deal with problems with a scale that is prohibitively big for full human oversight. The DSA can pave the way to more of such tools that puts users and other individuals in charge.

#### E. ECOSYSTEM SOLUTIONS

If the responsibility for societal challenges is shared, everyone needs to be part of the solution. While providers and the state navigate their respective roles, civil society holds both to account.

Countering extremism or disinformation can be successful only if providers are assisted by an ecosystem of actors, such as trusted NGOs who notify the content, fact-checkers, journalists, or researchers. One of the shortcomings of the first generation of rules like the DMCA, CDA, and ECD is their preoccupation with providers and the little consideration they pay to those other players in the ecosystem.<sup>118</sup> Under the E-Commerce Directive, only platforms were relieved of liability. The other parties involved in solving the societal challenges in play were not given any specific tools to do their work. The self-regulatory approach was meant to solve this in the European Union. However, this often led to disparate arrangements across different services that can be taken away from civil society at the whim of new owners or leadership of providers.<sup>119</sup> For civil society, disparities mean difficulties in scaling the response.

The Digital Services Act puts the ecosystem front and center. It recognizes that content moderation is a product of decision-making by providers, but its quality is equally dependent on inputs (the quality of notifications) and feedback (the ability of users to correct the mistakes).

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117. Naturally, Facebook can offer its own tools to page administrators, but these have so far very limited usefulness, especially in smaller markets. Thus, one can see how user empowerment can play out in small.

118. Jessica Litman has argued that the DMCA “sells the public short.” And yet, § 512 DMCA at least includes some safeguards—even if ineffective in practice—such as details for notices (§ 512(c)(3)) and rules on counter-notice (§ 512(j)) or misrepresentation (§ 512(f)). See JESSICA D. LITMAN, *DIGITAL COPYRIGHT* 145 (Prometheus Books, 2d ed. 2006).

119. Brian Fung, *Academic Researchers Blast Twitter’s Data Paywall as ‘Outrageously Expensive,’* CNN (Apr. 5, 2023), <https://edition.cnn.com/2023/04/05/tech/academic-researchers-blast-twitter-paywall/index.html>.



On the side of inputs, the DSA tries to incentivize the quality of notifications. Providers are tasked with designing their submission interfaces in user-friendly ways to help other actors with their work.<sup>120</sup> It gives preferential treatment to trusted flaggers who have a track record of quality.<sup>121</sup> Trusted flaggers that abuse their position might be suspended or have their certification removed by regulators.<sup>122</sup> Providers are asked to suspend or terminate the accounts of those who repeatedly submit abusive notifications or manifestly illegal content.<sup>123</sup> The DSA encourages standardization<sup>124</sup> of how notices are exchanged which should lead to the emergence of more automated cross-platform solutions.

On the side of feedback, the DSA tries to decrease the information asymmetry between providers and their content creators. Providers must properly disclose their rules up front and describe what automated tools they use to enforce them.<sup>125</sup> They must issue individualized explanations for a wide range of content moderation decisions and allow appeals free of charge.<sup>126</sup> If content creators or notifiers are dissatisfied, they can file external appeals to out-of-court dispute resolution bodies.<sup>127</sup> The providers must pay for the complainant's costs of initiating external appeals whenever they lose cases, which should motivate them to improve the quality of their decisions internally.<sup>128</sup> Specialized organizations can be included in the dispute resolution process, thus allowing content creators to improve the quality of their representation.<sup>129</sup> Consumer groups are given a collective redress in the form of injunctions which can be sought to cure noncompliance.<sup>130</sup>

In the risk management pillar, the DSA asks researchers, civil society, and auditors to formulate relevant risks and invent new ways to mitigate them. For the largest digital services, regulators conduct a regulatory dialogue about societal challenges in public to intensify scrutiny.

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120. Digital Services Act art. 16(1), 2022 O.J. (L 277),

121. *Id.* art. 22.

122. *Id.*

123. *Id.* art. 23.

124. *Id.* art. 44(1).

125. *Id.* arts. 14–15.

126. *Id.* arts. 17, 20.

127. *Id.* art. 21.

128. For an empirical test of this proposition, see *supra* note 74. Given that the system offers a more credible remedy, one can also expect that the use of it will increase, thus the impact will be higher than under the current system, where no independent third party is involved, and the only available remedy—courts—are not as de-risked for the complainants.

129. Digital Services Act art. 86, 2022 O.J. (L 277).

130. *Id.* art. 90.



In other words, the DSA gives other actors in the digital ecosystem tools that they can rely on when protecting private or public interests. By doing this, the DSA heavily relies on societal structures that the law can naturally only foresee and incentivize but cannot build. These structures—such as local organizations analyzing threats, consumer groups helping content creators, and communities of researchers—are the ones that give life to the DSA’s tools. They need to be built from the bottom up by people, perhaps even locally in each member state. If their creation fails, the regulatory promises might turn out to be nothing more than glorious aspirations.

## V. CONCLUSIONS

In 2023, content moderation continues to be a politically divisive topic in the United States. The Republican Party wants companies to moderate less content that is not prohibited by the legislature.<sup>131</sup> The Democratic Party wants them to moderate more of such content. The political currents have not yet swept Europe in a similar way, although the political situation is evolving.<sup>132</sup> While the two sides cannot agree on how to exercise content moderation discretion, they should be able to agree that legislative acts reinstating *ex ante* editors are in no one’s interest.

The internet is a special medium that should not be regulated as broadcasting or newspapers. Content moderation discretion can only exist if providers have very limited liability for the distribution of the content of others. If liability is strict or close to strict, their discretion must morph into editorial discretion because no one can offer digital spaces or tools for expression without vetting information in advance.

Running our digital services—ranging from social media and marketplaces to search engines—on the infrastructure of editorial control is impossible. Thus, what policymakers should aim for is to increase providers’ accountability while keeping their liability limited. Platforms need more *accountability*, *not liability*. Their design practices should be subject to regulation without immediately expanding the underlying content laws.

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131. See S.B. 7072, 2021 Leg. (Fla.); H.B. 20, 2021 Leg., 87th Sess. (Tex.).

132. Among the E.U. countries, only Polish conservatives introduced a bill similar to the United States’ Florida and Texas proposals. The Polish bill was meant to protect against “censorship” by prohibiting moderation of legal content. *Law To Protect Poles From Social Media “Censorship” Added To Government Agenda*, NOTES FROM POLAND (Oct. 5, 2021), <https://notesfrompoland.com/2021/10/05/law-to-protect-poles-from-social-media-censorship-added-to-government-agenda/>. However, the bill was never adopted. In the UK Online Safety Bill, the controversy around “lawful but harmful content” for adults led a new prime minister, Rishi Sunak, to drop the clause and only rely on empowerment obligation and extension of some offences.

Because non-editorial content lacks editors, some think it will also always lack *trust*. This leads policymakers to push for tighter content standards or even editorial discretion. However, there are ways to inject trust into the ecosystem without abandoning its decentralized character. The solution of the Trusted Content Creators,<sup>133</sup> for instance, draws entirely on the principles of *shared burden* and *ecosystem solutions*. Instead of banning or suppressing that what is not trusted, TCC rewards trusted content by asking providers to give extra benefits to those content creators who self-organize and commit to abide by their own shared norms. Decentralization is not the antithesis of trust.

Similarly, there are many ways to overcome different views on *how* to exercise content moderation discretion over legal content. The *user-empowerment* principle shows the way for a middle ground between two positions on how to exercise content moderation. It invites policymakers to think about solutions that delegate the choice of what legal content to display from advertisers or providers to individuals. The legislature can also facilitate user choice by making the underlying markets more competitive<sup>134</sup> or open up the content moderation experiences within dominant services to more alternatives.<sup>135</sup>

People voting with their feet show that they are interested in non-editorial content much more than they are in editorial content. Among the top fifty visited websites on the internet globally, the great majority rely on users—other people—to generate the content.<sup>136</sup> It seems that humans are primarily interested in what other humans have to say. No one can beat the educating and entertaining power of crowds. While we often fret about issues of the legality and trustworthiness of such content, only a few think the solution is to go back to the age of editorial media.

The proposed five principles offer common ground for liberal democracies to think about the challenges of our day without sacrificing what we have gained: an inclusive, decentralized and open global communication network.

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133. Martin Husovec, *Trusted Content Creators*, LSE LAW POLICY BRIEFING PAPER NO. 52, (2022), <https://ssrn.com/abstract=4290917>.

134. This is the approach taken by the Digital Markets Act. See Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828, 2022 O.J. (L 265).

135. See Fukuyama et al., *supra* note 115 (proposing middle-ware).

136. See *List of Most-visited Websites*, WIKIPEDIA, [https://en.wikipedia.org/wiki/List\\_of\\_most\\_visited\\_websites](https://en.wikipedia.org/wiki/List_of_most_visited_websites) (last accessed Sept. 26, 2023).

## CONFUSION IN TRADEMARKED NFTS

Andrew C. Michaels\*

### ABSTRACT

The recent rise of the blockchain-based technology of non-fungible tokens (NFTs) has led to a number of lawsuits where NFTs are alleged to infringe trademarks. These cases have generally centered around the inquiry of likelihood of confusion, as most trademark cases do, but have also raised disputes as to the First Amendment and first sale doctrines and their relation to the likelihood of confusion inquiry. This article will discuss three such cases in detail, and draw some general insights about the likelihood of confusion inquiry and its interaction with these other doctrines, as well as make some more specific recommendations as to how these doctrines should be applied in the newer context of NFTs.

One of the primary recommendations of this article will be that courts should generally consider whether the alleged confusion would likely increase the amount that consumers would pay for the product at issue, particularly when evaluating survey evidence of actual confusion. Specifically with respect to NFTs, this may be likely because the value of NFTs is almost entirely based on “clout.” But when a true parody is at issue, this may be less likely, as consumers may not particularly care whether the parody was authorized by the brand that is being ridiculed. Alleged confusion that will not tend to affect consumer purchasing decisions should generally be discounted or at least given less weight.

Another more general recommendation will be that likelihood of confusion should be considered a question of law based on underlying facts,

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which is surprisingly contrary to the current approach of a majority of circuit courts that currently view the question as one of fact. This article also considers when the First Amendment based *Rogers* doctrine might apply to NFTs in light of the recent but limited guidance from the Supreme Court in *Jack Daniel's v. VIP Products*, and makes recommendations as to how courts should approach the doctrine when it does apply. As for the first sale doctrine, this article argues that it should generally not protect NFTs linked to physical products, as the NFTs should generally be considered separate products and evaluated under the standard likelihood of confusion analysis.

## INTRODUCTION

Non-fungible tokens, (“NFTs”) are a recent blockchain based technology that has many possible uses. One of the primary current uses of NFTs is for the sale of digital art. There are various ways to define an NFT, but basically, it is a unique blockchain-based token that may be associated with or linked to a specific piece of digital artwork or another type of file.

NFTs provide a way to create artificial scarcity in the digital art market.<sup>1</sup> Roughly speaking, just as an artist might create only 100 signed authentic copies of a piece of physical artwork, an artist could create only 100 NFTs linked to a piece of digital artwork, meaning that there are only 100 “authentic” copies of that piece of digital artwork.<sup>2</sup> One could say that NFTs in this context are akin to digital certificates of authenticity.<sup>3</sup>

NFT artists sometimes include aspects of others’ trademarks in their digital artwork, and a number of NFT creators have already been sued for trademark infringement.<sup>4</sup> The central inquiry in trademark law is likelihood of consumer confusion,<sup>5</sup> so the foundational question in these lawsuits is

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<sup>1</sup> See Amy Adler, *Artificial Authenticity: Art, NFTs and the Death of Copyright*, 98 NYU L. REV. 706, 765 (2023) (“The NFT creates artificial scarcity in a medium where the very concept of an authentic original ‘makes no sense.’”).

<sup>2</sup> See *id.* (“The NFT responds to a world of limitless reproduction by artificially creating and monetizing authenticity.”).

<sup>3</sup> See Part I(A), *infra*.

<sup>4</sup> See, e.g., *Yuga Labs, Inc. v. Ryder Ripps*, No. 2:22-cv-04355 (C.D. Cal. June 24, 2022); *Hermes Int’l v. Rothschild*, 2022 U.S. Dist. LEXIS 89799 (S.D.N.Y. May 18, 2022); *Nike, Inc., v. StockX LLC*, No. 1:22-cv-00983 (S.D.N.Y. Feb. 3, 2022); see also Parts I(B-D), *infra*.

<sup>5</sup> See *Jack Daniel’s Properties, Inc. v. VIP Products LLC*, No. 22-148, at \*4 (June 8, 2023) (“Confusion as to source is the *bête noire* of trademark law—the thing that stands directly opposed to the law’s twin goals of facilitating consumers’ choice and protecting producers’ good will.”).

whether NFT buyers are likely to think that the NFT originated from or was otherwise endorsed by the trademark plaintiff.<sup>6</sup>

If sued for trademark infringement, the artist defendant might raise the defense that they are merely making a parody of the trademark, and their use of it should thus be protected by the First Amendment, invoking what is known as the *Rogers* doctrine.<sup>7</sup> Indeed, this defense has already been raised in multiple trademark cases involving NFTs.<sup>8</sup>

The Supreme Court in *Jack Daniel's* recently weighed in on the *Rogers* doctrine for the first time, and though it left much about the doctrine up for debate, the Court did cabin the doctrine, holding that it does not apply when the defendant is using, as its own trademark, aspects of the plaintiff's trademark.<sup>9</sup> But *Rogers* could potentially still protect some NFTs where the unauthorized use or parody of a mark has a less prominent role in the NFT.<sup>10</sup>

Given the newly limited scope of the *Rogers* doctrine, many NFT artwork cases will revert to the standard likelihood of confusion analysis. Yet that analysis itself is not well defined, with each circuit using a different multifactor test.<sup>11</sup> There is not even a consensus amongst the circuits on whether the inquiry is ultimately one of fact or of law.<sup>12</sup> The Supreme Court in *Jack Daniel's* did recently offer some limited guidance on the likelihood of confusion inquiry, particularly in the context of parody, and also specifically with respect to the underlying factor of survey evidence of actual confusion, but again, much remains to be determined.<sup>13</sup>

Another defense that has been raised in cases involving NFTs is the first sale doctrine.<sup>14</sup> The gist of this defense is that the NFT is being used merely as a technological tool to track the ownership of a physical item that has already been lawfully purchased by the trademark owner.<sup>15</sup> The defense argues that the trademark rights with respect to both the physical item and the NFT were exhausted upon that first sale of the physical item. But the defense should not be available if the NFT is considered a separate product

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<sup>6</sup> See Part I(B), *infra*.

<sup>7</sup> See *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989).

<sup>8</sup> See Parts I(B-C), *infra* (discussing the *Yuga Labs* and *Hermes* NFTs cases).

<sup>9</sup> See Part II(B), *infra*.

<sup>10</sup> See Part III(C), *infra*.

<sup>11</sup> See Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CAL. L. REV. 1581, 1582-83 (2006) (explaining that "[e]ach circuit has developed its own formulation of the test," ranging from six to thirteen factors, and that "there is also great diversity—not just in which factors are employed but in how they are employed"); Part II(A), *infra*.

<sup>12</sup> See Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721, 748 (2004).

<sup>13</sup> See Part II(A), *infra*.

<sup>14</sup> See Part I(D), *infra*.

<sup>15</sup> See *Nike, Inc. v. StockX LLC*, No. 1:22-cv-00983, Answer D.I. 21 at \*2 (S.D.N.Y. Mar. 31, 2022).

from the purchased item.<sup>16</sup> This defense is also closely linked to likelihood of confusion and the question of whether purchasers would be confused into thinking that the NFT was created by the trademark owner.<sup>17</sup>

This article will explore how the likelihood of confusion analysis should apply in the context of NFTs, including interactions with the First Amendment and first sale defenses, in light of the Supreme Court's recent guidance. This article will also use the relatively novel context of NFTs as a lens through which to view trademark law more generally, and will offer recommendations about some important open general questions in trademark law.

One of the primary normative recommendations will be that courts should pay more attention to whether confusion over the mark is likely to affect purchasing decisions, as in, would the buyer of the allegedly infringing product have paid less for it if they were not confused about whether the product was sponsored by the trademark owner.<sup>18</sup> This may often be the case when NFTs are at issue, as the market for NFTs (like the market for artwork generally) is essentially a market for "clout," and the unauthorized use of a prestigious trademark may add to the perceived clout and value of the NFTs. On the other hand, when a true parody is at issue, this may be less likely, as consumers would most likely not particularly care whether the parody was authorized by the brand that is being ridiculed.

This consideration should come into play for courts particularly in determining the weight to be given to survey evidence of actual confusion. Survey evidence of confusion that is unlikely to affect purchasing decisions should be given less weight in the ultimate balancing of factors.<sup>19</sup> Relatedly, this article will argue that although the likelihood of confusion inquiry may involve underlying factual questions, the ultimate determination should be considered a legal question, which somewhat surprisingly is contrary to the current approach of a majority of circuit courts' decision to treat the issue as a purely factual one. This recommendation is in line with some limited guidance that was offered by the Supreme Court in *Jack Daniel's*.<sup>20</sup>

With respect to the First Amendment based *Rogers* doctrine, circuit courts are currently split on the correct approach, and the Supreme Court in *Jack Daniel's* declined to resolve the circuit split.<sup>21</sup> This article will recommend that when the doctrine does continue to apply, courts should use

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<sup>16</sup> See Part II(C), *infra*.

<sup>17</sup> See Part III(E), *infra*.

<sup>18</sup> See Part III(A), *infra*.

<sup>19</sup> See, e.g., *Rex Real Est. I L.P. v. Rex Real Est. Exch. Inc.*, 80 F.4th 607 (5th Cir. 2023) ("more is required when the confusion did not or cannot sway purchases").

<sup>20</sup> See Part III(B), *infra*.

<sup>21</sup> See Part II(B), *infra*.

a flexible approach like that generally used in the Second Circuit, rather than a rigid approach such as that used in the Ninth Circuit.<sup>22</sup>

This article proceeds as follows. Part I provides an introduction to NFTs and how they interact with trademark law, discussing three recent trademark cases involving NFTs. Part II discusses the likelihood of confusion inquiry in general, and the First Amendment and first sale defenses, in light of the Supreme Court's recent guidance. Part III makes some normative recommendations about how courts should apply the law of likelihood of confusion and these defenses to the emerging context of NFTs and in general. The article then briefly concludes.

## I. INTRODUCTION TO TRADEMARKED NFTS

This part will provide a brief explanation of NFTs in general, and then discuss three cases where NFTs are allegedly infringing trademarks, introducing the legal issues that will be fleshed out further in subsequent parts, and their application in the NFT context.

### A. What are NFTs?

Non-Fungible Tokens, or NFTs, are a somewhat recent blockchain based technology that raises some interesting and novel intellectual property issues. NFTs are stored on a blockchain, which operates as a public ledger, allowing ownership of the NFT to be transferred and authenticated electronically without the need for a physical item or a trusted third party, such as a bank.<sup>23</sup> The blockchain is a distributed public ledger that keeps track of who owns what and is kept on computers across the world choosing

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<sup>22</sup> See Part III(D), *infra*.

<sup>23</sup> See Edward Lee, *NFTs as Decentralized Intellectual Property*, 2023 U. ILL. L. REV. \_\_, \*20 (forthcoming 2023) (“NFTs are virtual tokens (lines of code) created by computer programs called smart contracts that keep track of all transactions related to each token stored on blockchain, which operates as an authenticated, public ledger using peer-to-peer software . . . Each NFT has a unique identifier making it non-fungible or a unique token.”).

to run the appropriate software.<sup>24</sup> Each NFT is generally associated with a link to a digital content file, such as a picture or video.<sup>25</sup>

One of the primary uses of NFTs so far is to sell and track “ownership” of digital artwork. “Ownership” is in quotations because the owner of the NFT generally does not own the artwork in exactly the same way that the buyer of a physical painting owns that painting.

An NFT does not necessarily carry any intellectual property rights with it, but it is possible for NFTs to be set up to transfer intellectual property rights in the associated artwork.<sup>26</sup> Although most NFTs do not include any IP rights, the NFT creator can choose to associate IP rights (to the extent the NFT creator has such rights in the first place) with the NFT, and some have done this.<sup>27</sup> These IP rights could be specified in a content license that could be associated with the NFT.<sup>28</sup> The content license could potentially be transferred to the new NFT owner via a “smart contract” that automatically executes every time the NFT is transferred.<sup>29</sup>

For example, an artist who owns the copyright in a piece of digital artwork could create NFTs that carry and automatically transfer to the NFT owner a license to display the artwork, or even a license to create derivative works. In a case like this, aside from just “clout,” the buyer of the NFT is receiving potentially valuable legal rights.

However, in a case where no intellectual property rights are carried with the NFT, which seems thus far to be the usual case, it is difficult to say what exactly the owner of an NFT owns. The market for NFTs has thus been

<sup>24</sup> See generally, SATOSHI NAKAMOTO, BITCOIN: A PEER-TO-PEER ELECTRONIC CASH SYSTEM (2008) (“[W]e propose a solution to the double-spending problem using a peer-to-peer distributed timestamp server to generate computational proof of the chronological order of transactions.”); NARAYANAN ET AL., BITCOIN AND CRYPTOCURRENCY TECHNOLOGIES: A COMPREHENSIVE INTRODUCTION XX-XXII (Princeton Univ. Press 2016) (“Another key component of Bitcoin is the block chain: a ledger in which all Bitcoin transactions are securely recorded. . . . There is no longer the need for trusted servers; instead, events are recorded by a collection of untrusted nodes called ‘miners.’”).

<sup>25</sup> See Lawrence J. Trautman, *Virtual Art and Non-fungible Tokens*, 50 HOFSTRA L. REV. 361, 373 (2022) (“[A]n NFT buyer is not purchasing a work but rather a publicly available token that links to a work. For example, for a digital picture, the token may be a unique number and a link to a copy of the picture . . .”).

<sup>26</sup> See Brian L. Frye, *After Copyright: Pwning NFTs in a Clout Economy*, 45 COLUM. J. L. & ARTS 341, 346 (2022) (“[T]here’s no necessary relationship between an NFT and the work it purports to represent . . . [T]he owner of a work can create NFTs that convey rights in the work. But there’s no obligation to convey any such rights, and most NFTs don’t.”).

<sup>27</sup> See, e.g., Part I(A), *infra*.

<sup>28</sup> See Lee, *supra* note 23, at \*3-4 (“[T]he sale involves a purchase of the virtual token stored on blockchain, plus a content license that determines the uses of the associated copyrighted work, such as commercial uses and the right to make derivative works.”).

<sup>29</sup> See *id.* at \*37 (explaining that “the resale royalty requirement is programmed right into the smart contract stored on blockchain that creates the NFT”).



called a market for “clout.”<sup>30</sup> All the owner of the NFT necessarily owns is the NFT itself, which links to a picture of the digital artwork. Thus, the NFT owner generally has no right to stop others from copying the digital artwork, although others would not have the same claim to “authentic” ownership.<sup>31</sup>

The concept of “clout” is difficult to define precisely, but essentially it is the prestige that accompanies ownership of a scarce resource such as rare artwork. Bryan Frye explains that the art market “values the clout that accompanies ownership. Of course, art collectors value art for its own sake. Who doesn’t? But art isn’t scarce. Vast quantities are available for next to nothing. Only desirable art is scarce. Which is to say, only art with clout is scarce.”<sup>32</sup>

An NFT owner might, for example, publicly display their NFT on social media and, assuming they don’t own the copyright in the associate image, would generally lack the right to stop others from taking screenshots of the displayed artwork and displaying it themselves.<sup>33</sup> Yet unlike those copiers, the NFT owner would have a digital NFT token signifying authenticity that the NFT owner could brag about on social media or potentially resell for a profit. Ownership of the “authentic” token could carry other benefits, as well; for example, some social media sites might choose to require proof of authentic ownership before allowing a user to display the NFT artwork on their profile on the site. The market for NFTs has fluctuated wildly and is largely driven by speculation. At the height (at least so far) of NFT mania in 2021 and early 2022, it was not that unusual for NFTs to sell for upwards of seven figures.<sup>34</sup>

All of this may be difficult to grasp in the abstract, but the following discussion of current lawsuits involving trademarked NFTs should be helpful. Trademark suits involving NFTs will likely continue to arise, as many established brands are now registering their marks specifically for NFTs.<sup>35</sup> As discussed below, the fact that the value of NFTs are largely

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<sup>30</sup> See Frye, *supra* note 26, at 341 (“The NFT market recognizes the owner of a ‘legitimate’ NFT of a work as the ‘owner’ of the work, even though NFTs typically don’t convey copyright ownership of the work. I call this ‘pwnership,’ because it consists of ‘clout,’ rather than control.”).

<sup>31</sup> See Adler, *supra* note 1.

<sup>32</sup> See Frye, *supra* note 26, at 348.

<sup>33</sup> See Adler, *supra* note 1, at 761 (“Everyone has access to the same image and can ‘right-click’ and save it. Typically, all you own is the token itself, pointing to a limitlessly reproducible work.”).

<sup>34</sup> See *id.*

<sup>35</sup> See Mary Kate Brennan, Soniya Shah, Anna Naydonov, *Demystifying NFTs and Intellectual Property: Trademark and Copyright Concerns*, WESTLAW TODAY (June 17, 2022) (“Many brands across industries have applied for NFT trademark registrations, including Johnson & Johnson, 3M, L’Oreal, Coach, Gucci, Balenciaga, Wendy’s, Utz, Mastercard, Mattel, and Lion’s Gate.”); Mark McKenna, *Trademarks in the Metaverse* at \*5

based on clout may be important for thinking about how trademark law should apply to NFTs.

In the cases discussed below, the allegedly infringed trademark itself carries some prestige as the better known brand as compared with that of the alleged infringer, and thus if the infringed mark were associated with the NFT, that would likely increase the clout and value of the allegedly infringing NFTs. If a purchaser were confused into thinking that the mark owner authorized or was responsible for the NFT, that may well significantly increase the amount that the purchaser would be willing to pay for the NFT, which this article will argue should tend to weigh in favor of likelihood of confusion and trademark infringement.

### B. *Yuga Labs v. Ryder Ripps*

Yuga Labs created the popular Bored Ape Yacht Club (BAYC) set of NFTs. These NFTs gained popularity as celebrities such as Snoop Dogg publicly “Aped In” and bought them, helping to drive up the prices of the NFTs.<sup>36</sup> Ryder Ripps is a “conceptual artist” who created his own NFTs linking to the exact same BAYC images that Yuga Labs used. Ryder Ripps claims this was a parody of sorts, aimed to educate the public about the nature of NFTs, and also about the allegedly racist and neo-Nazi aspects of the BAYC project.

Yuga Labs filed suit in the Central District of California, asserting trademark infringement against Ryder Ripps, based on his alleged unauthorized copying (or “counterfeiting”) of Yuga Labs’ BAYC NFTs.<sup>37</sup> Each Yuga Labs BAYC NFT is linked to a digital AI generated artwork picture of a “bored ape.” The defendant, Ryder Ripps, allegedly copied the exact images (including the trademarks) and sold them under the very similar name RR/BAYC.<sup>38</sup>

One might wonder why Yuga Labs did not also assert a claim for copyright infringement, since Ripps’ wholesale copying of the original BAYC artwork would seem to present a fairly straightforward case for

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(forthcoming) (available at: <https://www.law.nyu.edu/sites/default/files/Mark%20McKenna%20-%20Trademarks%20in%20the%20Metaverse.pdf>) (discussing “the explosion of parties claiming trademark rights specifically in relation to ‘digital goods’”).

<sup>36</sup> See Elle Reeve, *Snoop Dogg, his ape and a question of celebrity hype*, CNN BUSINESS (Apr. 7, 2023) (discussing the controversy surrounding the allegation by Ryder Ripps that Snoop Dogg and other celebrities were paid by Yuga Labs to buy and promote the BAYC NFTs).

<sup>37</sup> See *Yuga Labs, Inc. v. Ryder Ripps*, No. 2:22-cv-04355, Complaint D.I. 1 (C.D. Cal. June 24, 2022) (“Yuga Labs Complaint”).

<sup>38</sup> *Yuga Labs Complaint* at para. 33.

copyright infringement. The answer may be that the original BAYC images were generated by artificial intelligence and thus may not be eligible for copyright protection, or at least Yuga Labs did not want to implicate that issue.<sup>39</sup>

The following picture, taken from the Yuga Labs complaint, shows the original Yuga Labs BAYC NFT #1058 (each BAYC NFT is identified by a number) on the left, and the RR/BAYC “knockoff” NFT on the right (which uses the exact same identification number, #1058).

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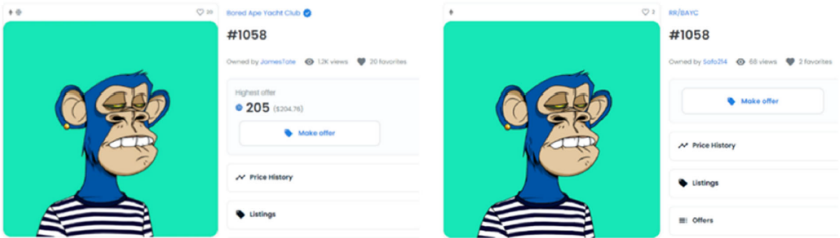
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from the NFT marketplace OpenSea.<sup>1</sup> The NFT on the left is an official Bored Ape Yacht Club NFT, which is identical to the copycat Ryder Ripps Bored Ape Yacht Club NFT on the right. They even have the same name (#1058).



Some of the BAYC digital images contain trademarks for which Yuga Labs has applied for registration, and which have also been allegedly copied by Ryder Ripps.<sup>40</sup> For example, the logos on the clothing (the hat on the left and the shirt on the right) worn by the bored apes in the following picture are allegedly trademarks of Yuga Labs that were copied by Ryder Ripps.

<sup>39</sup> See *Thaler v. Perlmutter*, 2023 U.S.P.Q.2D (BNA) 980 (D.D.C. 2023) (“human authorship is an essential part of a valid copyright claim”).

<sup>40</sup> See *id.* at para. 24-30, 34.

The NFTs depicted on the website also contain BAYC Marks. For example, RR/BAYC #362 has the BAYC, BA YC Logo, and the Ape Skull Logo marks on its hat and RR/BAYC #863 has the Ape Skull Logo mark on its shirt. Both of these fake NFTs are identical to their official BAYC counterparts BAYC #362 and BAYC #863.



Since these trademarks on the bored ape images indicate the source of the NFTs (Yuga Labs), the fact that the associated artwork may have been AI generated would not seem to create a barrier for trademark protection. Thus embedding trademarks in AI generated artwork associated with NFTs may be (and in this case was) an effective strategy for obtaining some IP protection even if AI generated artwork is not subject to copyright protection.

Unlike many NFTs which carry no IP rights, the Yuga Labs BAYC NFTs are associated with a content license that grants the NFT holder fairly broad intellectual property rights not only to display the images but also to create derivative works using the Bored Ape Yacht Club trademarks, brand, and characters.<sup>41</sup> Indeed, one restaurant entrepreneur reportedly bought a number of BAYC NFTs in order to obtain these rights and access to the

<sup>41</sup> See Lee, *supra* note 23, at \*44 (“The Bored Ape licenses give the NFT buyers unlimited commercialization rights to use their Bored Ape characters, including to make derivative works based on them.”); *Yuga Labs Complaint* at para. 17 (“Once minted, a Bored Ape NFT confers on its holder certain commercial rights with respect to content featured on the NFT (here, digital art).”); Michael D. Murray, *Transfers and Licensing of Copyrights to NFT Purchasers*, 6 STAN. J. BLOCKCHAIN L. & POL’Y 119, 130 (2023) (“In general, a creator selling an NFT on a sales platform will have the opportunity to write the description of the NFT in the listing itself, and so can input the license terms or a link to the license right in the listing at the point of purchase.”).

BAYC creator support network, and then started a Bored Ape Yacht Club themed restaurant in Los Angeles.<sup>42</sup>

The original Yuga Labs BAYC NFTs, of which there are only 10,000 total, have become popular and have sold for up to millions of dollars each, prices that were driven largely by speculation but also perhaps to some extent by perceived value of the associated IP rights to use the bored ape characters and brand.<sup>43</sup> Consumers trying to buy Yuga Labs BAYC NFTs might be confused into thinking that the Ryder Ripps “RR/BAYC” knock-off versions originated from Yuga Labs. The “RR / BAYC” NFTs created by Ryder Ripps carry no such IP rights because the knock-off NFTs do not come with a content license, and furthermore could not because these rights (such as the trademarks worn by the bored apes and any IP rights in the characters themselves) would be owned by Yuga Labs, not Ryder Ripps, and one cannot grant a license to something one does not own in the first place.

The legal standard for likelihood of confusion will be discussed in more detail in Part II, but to the extent that the allegations in the complaint are true, Yuga Labs seems to have a fairly straightforward and strong case for likelihood of confusion and trademark infringement, and as discussed below, Yuga Labs did in fact win at the district court on its trademark claim. The “goods” (NFTs) and the trademarks used are essentially identical,<sup>44</sup> and the fact that the defendant added “RR” before BAYC is unlikely to save him.<sup>45</sup>

The situation, with BAYC being the more well-known and valuable NFT brand as compared with Ripps, suggests that the defendant Ripps may have been intentionally trying to cause consumer confusion, given the high prices that the original “authentic” BAYC NFTs were selling for, and there

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<sup>42</sup> See Hypebeast, *Bored & Hungry, The First Bored Ape Yacht Club Restaurant Has Officially Opened* (Apr. 11, 2022) (available at: <https://hypebeast.com/2022/4/bored-hungry-first-bored-ape-yacht-club-restaurant-officially-opened-info>) (“Nguyen spent \$267,000 USD to purchase Bored Ape #6184 . . . to receive access to the IP ownership rights and community granted to holders of the NFT.”).

<sup>43</sup> See *Yuga Labs Complaint* at para. 20 (“The Bored Ape Yacht Club’s popularity is reflected in the value of Bored Ape NFTs . . . Individual Bored Ape NFTs likewise sell for high prices, including one that went for \$3.4 million.”).

<sup>44</sup> See Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CAL. L. REV. 1581, 1600 (2006) (“The similarity of the marks factor is by far the most influential.”).

<sup>45</sup> See *Ambassador East, Inc. v. Orsatti, Inc.*, 257 F.2d 79 (3rd. Cir. 1958) (enjoining the defendant from using the name “Orsatti’s Pump Room” for a restaurant as an infringement of the plaintiff’s trademark in the restaurant name “Pump Room,” finding that the plaintiff “is entitled to have its name protected in full, not modified by other people’s qualifying names.”).

was evidence that some consumers were actually confused.<sup>46</sup> In other words, the BAYC trademark carries a decent amount of clout given its popularity and celebrity endorsements, which would likely add to the perceived value or clout of the Ripps NFTs if people are confused into thinking that the Ripps NFTs are actually associated with the authentic Yuga Labs BAYC brand.

The BAYC marks would likely qualify as at least suggestive, giving them decent inherent strength.<sup>47</sup> And given the novelty of NFTs as a concept, there is reason to think that a substantial number of consumers may be confused about what they are buying.<sup>48</sup>

Ripps asserted that his NFTs are a form of parody and should be protected against claims of trademark infringement under the *Rogers* doctrine, which is rooted in the First Amendment.<sup>49</sup> Ripps claims that Yuga has embedded racist “dog whistles” in some of the bored ape images and logos.<sup>50</sup> Ripps also claims that the company’s name, Yuga Labs, is itself a reference to neo-Nazi and racist concepts.<sup>51</sup> Ripps claims that he created the RR/BAYC project as a way to comment on and bring attention to the racism in the Yuga Labs project, and also to educate the public about the nature of NFTs.<sup>52</sup>

<sup>46</sup> See *Yuga Labs Complaint* at para. 40 (“Ripps has gloated that it is consumers’ own fault for being confused by his fake NFTs, even though Ripps’ actions lay bare that he welcomes the confusion.”).

<sup>47</sup> See, e.g., *Xtreme Lashes, LLC v. Xtended Beauty, Inc.*, 576 F.3d 221, 227 (5th Cir. 2009) (“A suggestive term suggests, but does not describe, an attribute of the good; it requires the consumer to exercise his imagination to apply the trademark to the good.”). The strength of trademarks is generally rated on a five point scale ranging from fanciful (the strongest) to generic (the weakest), with suggestive being the middle (third) level of strength. See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992).

<sup>48</sup> See, e.g., Andy Sutherland, *Jodorowsky’s Dune - How Understanding Copyright Can Save You \$3 Million*, IP BYTES (May 3, 2022) (available at: <http://blogs.luc.edu/ipbytes/2022/05/03/jodorowskys-dune-how-understanding-copyright-can-save-you-3-million/>).

<sup>49</sup> *Ripps Answer* at \*13 (“Yuga’s Trademark Infringement Claims . . . [a]re Legally Insufficient Under the *Rogers* Free Speech Test.”).

<sup>50</sup> See *Yuga Labs, Inc. v. Ryder Ripps*, No. 2:22-cv-04355, Answer D.I. 29 at \*1 (C.D. Cal. Aug. 15, 2022) (“Ryder Ripps used conceptual art to critique hateful imagery in the popular ‘Bored Ape Yacht Club’ project . . . For example, Yuga’s ‘BA YC logo’ imitates the Nazi Totenkopf emblem for the Schutzstaffel (SS), which was the Nazi organization primarily responsible for the Holocaust . . . Yuga quietly embedded its company’s trademarks, artwork, and products with these coded ‘dog whistles,’ drawing from neo-Nazi culture and racist communities within forums like 4chan.org/pol/ — while simultaneously racking up celebrity endorsements.”) (“Ripps Answer”).

<sup>51</sup> *Ripps Answer* at \*4 (“High profile neo-Nazis . . . routinely discuss the ‘Kali Yuga.’ Yuga co-founder Wylie Aronow was aware of (and apparently embraced) this neo-Nazi dog whistle as part of his public Twitter profile.”).

<sup>52</sup> *Id.* at \*6 (claiming that “Mr. Ripps’s use of pointers to the same images is a form of ‘appropriation art’ that serves several purposes” including “to bring attention to Yuga’s use

As evidence in support of this defense, Ripps claims that his customers must agree to an acknowledgement that these are new NFTs minted by him.<sup>53</sup> The acknowledgement also explains that one cannot actually “copy” an NFT, as each NFT is a unique blockchain based token (though it could link to the same image as another NFT, as his do), and thus purportedly educates his buyers about the nature of NFTs.

Ripps’ First Amendment defense, though ultimately unsuccessful, raises some interesting questions. Initially, one might think that Ripps does not have much claim to First Amendment protection because he directly copied the BAYC images from the Yuga Labs version, and thus did not transform them or add any of his own creative content. But from a broader perspective, Ripps’ claim that his RR/BAYC project is a form of “appropriation art” intended to educate the public about the allegedly racist nature of the Yuga Labs project, and also about the nature of NFTs in general, could arguably have some merit and entitle him to some degree of First Amendment protection. For that to be the case, though, Ripps should have made these educational points more explicit. Ripps did not include much if any commentary in his NFTs explaining the racist nature of the Yuga Labs project or the nature of NFTs in general. If one has to read the court filings to understand the educational point of the project, perhaps Ripps should have featured these educational points more prominently, and his NFTs are then likely not transformative enough to warrant First Amendment protection.

Indeed, in an April 2023 order, the district court granted Summary Judgment for Yuga on likelihood of confusion, and the court (probably correctly) did not buy Ripps’ First Amendment *Rogers* defense.<sup>54</sup> On likelihood of confusion, the court found that the goods (NFTs) and the trademarks were essentially identical, and even found that Ripps had engaged in a bad faith attempt to cause consumer confusion; that is, that “Defendants intentionally designed the RR/BAYC NFTs and sales website to resemble Yuga’s branding,” noting for example that the same labeling numbers (e.g., #1058 in the figure above) were chosen.<sup>55</sup> On the First Amendment issue, the court held that *Rogers* did not apply because the

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of racist and neo-Nazi messages and imagery” and “to educate the public about the technical nature and utility of NFTs.”).

<sup>53</sup> *Id.* at \*7-8 (“Mr. Ripps further required each purchaser to adopt the following disclaimer: ‘By purchasing this Ryder Ripps artwork in the form of an NFT, you understand that this is a new mint of BAYC imagery, recontextualizing it for educational purposes, as a protest and satirical commentary. You cannot copy an NFT.’”).

<sup>54</sup> *Yuga Labs, Inc. v. Ripps, et. al.*, No. 22-4355-JFW, D.I. 225 (C.D. Cal. Apr. 21, 2023).

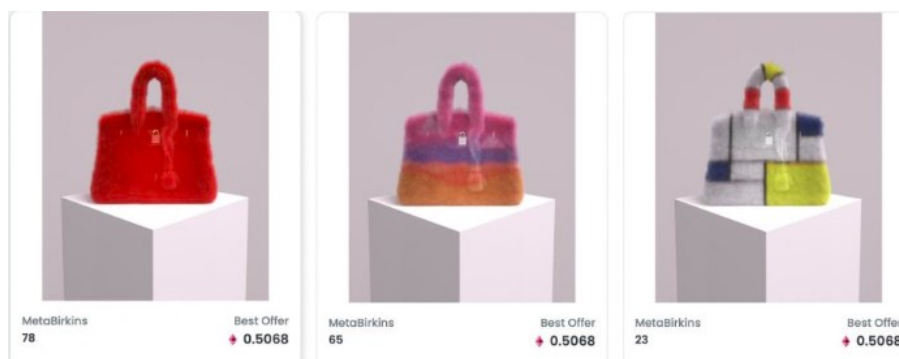
<sup>55</sup> *Id.* at \*11-12.

“Defendants’ sale of RR/BAYC NFTs is no more artistic than the sale of a counterfeit handbag.”<sup>56</sup>

The *Yuga Labs* case thus gives a basic idea of how the central trademark issue of likelihood of consumer confusion can play out in the context of NFTs. The *Hermes* case discussed next provides another example with a stronger claim to First Amendment protection.

### C. *Hermes v. Rothschild*

Mason Rothschild created 100 original digital images depicting fuzzy versions of the luxury “Birkin” handbags, selling this artwork via NFTs and calling them “MetaBirkins.”<sup>57</sup> The NFTs “have sold for prices comparable to real-world Birkin handbags,” which sell “for anywhere from thousands of dollars to over one hundred thousand dollars.”<sup>58</sup>



When *Hermes*, the owner of the Birkin trademarks, sued Rothschild for trademark infringement in the Southern District of New York, Rothschild asserted a First Amendment defense stemming from the 1989 Second Circuit case of *Rogers v. Grimaldi*.<sup>59</sup>

As will be discussed in detail in Part II, the *Rogers* case reasoned that when allegedly infringing trademarks are used in an artistic context, courts should balance the “public interest in avoiding consumer confusion” against the “public interest in free expression” so as to avoid intruding on First Amendment values, and stated that this “balance will normally not support application of the [Lanham] Act unless the title has no artistic relevance to

<sup>56</sup> *Id.* at \*16.

<sup>57</sup> See *Hermes Int’l v. Rothschild*, 2022 U.S. Dist. LEXIS 89799 at \*4 (S.D.N.Y. May 18, 2022).

<sup>58</sup> *Id.* at \*2-3.

<sup>59</sup> See *id.* at \*7.



the underlying work, or . . . unless the title is explicitly misleading as to the source or the content of the work.”<sup>60</sup>

This “*Rogers* doctrine” has been adopted in about half of the circuits, and the two-part no artistic relevance or explicitly misleading test has been applied far outside of its original context.<sup>61</sup> Artistic relevance is often said to be a “low bar” so most of the cases turn on whether the allegedly infringing work explicitly misleads consumers.<sup>62</sup> The Second Circuit, however, has clarified that explicitly misleadingness is not actually required; rather, what is required is a “particularly compelling” case of likelihood of confusion to outweigh the First Amendment interests at stake.<sup>63</sup>

In denying Rothschild’s 12(b)(6) Motion to Dismiss based (largely) on the *Rogers* doctrine, the court found that Hermes had pled facts that could plausibly make out a sufficiently compelling case for likelihood of confusion.<sup>64</sup> The court noted that consumers posting on the “MetaBirkins” Instagram page had expressed confusion as to whether Hermes was affiliated with the NFTs, and that several media outlets had mistakenly reported that Hermes was affiliated with the NFTs.<sup>65</sup> The court also pointed to the strength of the Birkin mark and potential bad faith on the part of Rothschild, as other factors that could potentially support a compelling enough case for likelihood of confusion.<sup>66</sup>

Rothschild had argued that the MetaBirkins were parodying the Birkin bags by depicting them as covered in fur, thus criticizing “the animal cruelty inherent in Hermes’ manufacture of its ultra-expensive leather handbags.”<sup>67</sup> A legitimate claim to parody would bring the MetaBirkins closer to the core of First Amendment protected expression and strengthen the *Rogers*

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<sup>60</sup> *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989).

<sup>61</sup> See Part II(B), *infra*.

<sup>62</sup> *Hermes*, 2022 U.S. Dist. LEXIS 89799 at \*14 (“the Court declines to resolve at this stage whether ‘MetaBirkins’ clear the admittedly low bar of artistic relevance”); *Dr. Seuss Enters. V. ComicMix LLC*, 983 F.3d 443, 462 (9th Cir. 2020) (stating that “any artistic relevance ‘above zero’ means the Lanham Act does not apply unless the use of the trademark is explicitly misleading”) (quoting *Twentieth Century Fox Television v. Empire Distribution, Inc.*, 875 F.3d 1192, 1198 (9th Cir. 2017)).

<sup>63</sup> See, e.g., *Twin Peaks Prods. v. Publ’ns Int’l, Ltd.*, 996 F.2d 1366, 1379 (2d Cir. 1993) (“the finding of likelihood of confusion must be particularly compelling to outweigh the First Amendment interest recognized in *Rogers*”); *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*, 886 F.2d 490, 495 n.3 (2d Cir. 1989) (explaining that in an artistic context, the likelihood of confusion factors “should be applied with proper weight given to First Amendment considerations”).

<sup>64</sup> *Hermes*, 2022 U.S. Dist. LEXIS 89799 at \*15-16.

<sup>65</sup> *Id.* at \*6.

<sup>66</sup> *Id.* at \*16 and n.5.

<sup>67</sup> *Hermes Int’l v. Mason Rothschild*, *Memorandum of Law in Support of Defendant Mason Rothschild’s Motion to Dismiss the Complaint*, No. 22-cv-00384-AJN-GWG, D.I. 17 at \*8 (S.D.N.Y. Feb. 9, 2022).

defense.<sup>68</sup> The court noted however that certain statements given by Rothschild in interviews suggested that the MetaBirkin NFTs were meant more as “a tribute” to the famous Birkin bags, rather than as a parody or criticism.<sup>69</sup> The court thus concluded that given the disputed facts relevant to the confusion inquiry, the motion to dismiss should be denied.

Although not directly at issue in this case, the court did flag an issue that may arise soon, noting that if the MetaBirkins had been “virtually wearable” clothing (which they were not here), they might be treated more as ordinary or mundane commercial products than as artistic works, and thus might not be entitled to any First Amendment protection under the *Rogers* doctrine.<sup>70</sup> However, courts have in the past applied *Rogers* in the context of virtual worlds such as video games, so the issue may turn on the degree to which artistic expression can be found in the virtual items or perhaps in the entirety of the virtual world itself.<sup>71</sup>

Rothschild continued to argue the *Rogers* First Amendment defense in a Motion for Summary Judgment.<sup>72</sup> The motion referenced an expert declaration by Dr. Blake Gopnik, a “noted art historian” and critic, which purports to explain “how the images and NFTs produced and sold by Mason Rothschild find their natural and obvious home among the artistic experiments carried out by modern artists over the last century,” and how “Rothschild seeks to probe the nature of art, and of commerce, by blurring the distinction between the two categories.”<sup>73</sup> In the motion Rothschild, referencing the report of Dr. Gopnik, explains that the MetaBirkin bag images are depicted in “goofy, garish fake fur,” that “flags the absurdist, parodic intent of the project and are both a fanciful tribute to the Birkin bag,

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<sup>68</sup> See *Cliffs Notes*, 886 F.2d at 495 (noting that “somewhat more risk of confusion is to be tolerated when a trademark holder seeks to enjoin artistic expression such as a parody”).

<sup>69</sup> *Hermes*, 2022 U.S. Dist. LEXIS 89799 at \*4-5, \*16 n.5.

<sup>70</sup> See *id.* at \*12 n.3 (“*Rogers* might not apply, Rothschild seems to concede, if the NFTs were attached to a digital file of a virtually wearable Birkin handbag, in which case the ‘MetaBirkins’ mark would refer to a non-speech commercial product.”); *id.* at \*3 n.1 (explaining that fashion companies “are just starting to branch out into offering virtual fashion items that can be worn in virtual worlds” and that “NFTs can be used to create and sell such virtual fashion items” but that “what Rothschild sells are digital images of (faux fur, not leather) Birkin bags, and not virtually wearable Birkin bags”); see also *Syler v. Woodruff*, 610 F. Supp. 2d 256, 264 (S.D.N.Y. 2009) (explaining that the First Amendment concerns are not implicated when the “allegedly infringing marks are used in connection with . . . mundane commercial merchandise”).

<sup>71</sup> See *E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095, 1099-1100 (9th Cir. 2008) (applying *Rogers* and First Amendment protection to the use of a strip club’s trademark in the virtual world of the video game *Grand Theft Auto*, explaining that “that neighborhood, with all that characterizes it, is relevant to Rockstar’s artistic goal, which is to develop a cartoon-style parody of East Los Angeles”).

<sup>72</sup> *Hermes v. Rothschild*, No. 1:22-cv-00384-JSR, D.I. 62 (S.D.N.Y. Oct. 7, 2022).

<sup>73</sup> *Id.* at 6.

which has become a cultural object signifying extreme wealth, and a reference to the fashion industry's fur-free initiatives."<sup>74</sup> With respect to the *Rogers* test, Rothschild argued that Hermes cannot show explicit misleadingness and that there is not a "particularly compelling" case for confusion, given the differences in the marks (*Birkin v. MetaBirkin*) and the large differences in the products (actual bags versus NFTs depicting parodic or fanciful images of the bags).<sup>75</sup>

The court nevertheless rejected Rothschild's Motion for Summary Judgment.<sup>76</sup> In discussing which works are artistic enough to be considered under *Rogers*, the court stated that the "touchstone" of the inquiry "is whether the trademark was used to mislead the public about the origin of the product or the parties that endorse or are affiliated with it."<sup>77</sup> The court found again that *Rogers* did apply, because "Rothschild's use of Hermes' marks did not function primarily as a source identifier that would mislead consumers into thinking that Hermes originated or otherwise endorsed the MetaBirkins collection, but rather as part of an artistically expressive project."<sup>78</sup> However, the court thought that there were genuine issues of material fact regarding whether consumers were sufficiently likely to be confused to meet the higher ("particularly compelling") threshold for likelihood of confusion even under *Rogers*.<sup>79</sup>

At trial, the jury ruled in favor of Hermes and found a sufficient likelihood of confusion. The jury was instructed to find the defendant liable, it must find that his "use of the Birkin mark was not just likely to confuse potential customers but was intentionally designed to mislead potential consumers into believing that Hermes was associated with Mr. Rothschild's MetaBirkins project."<sup>80</sup> The court thus essentially interpreted the "explicitly misleading" prong of *Rogers* to mean "intentionally misleading."<sup>81</sup>

The decision to give this question to the jury seems questionable, as it is ultimately a balancing of the likelihood of confusion against the First Amendment interest at stake, which would seem to be more appropriately

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<sup>74</sup> *Id.* at 4.

<sup>75</sup> *Id.* at 18-19.

<sup>76</sup> *Hermes Int'l v. Rothschild*, 2023 U.S. Dist. LEXIS 17669 (S.D.N.Y. Feb. 2, 2023).

<sup>77</sup> *Id.* at \*11.

<sup>78</sup> *Id.* at \*13.

<sup>79</sup> *Id.* at \*23-25.

<sup>80</sup> *Hermes v. Rothschild*, No. 1:22-cv-00384-JSR, D.I. 143 at 21.

<sup>81</sup> The court acknowledged this in response to post trial briefing, but declined to grant Rothschild's request for a new trial, reasoning that this standard was, if anything, more favorable to the defendant than what *Rogers* requires. *See Hermes v. Rothschild*, No. 1:22-cv-00384-JSR, D.I. 191 at 9 (S.D.N.Y. June 23, 2023) (stating that "by defining 'explicitly misleading' to include an intent to mislead, the Court actually accorded Rothschild greater First Amendment protection than [sic] *Rogers* arguably required").

treated as a question of law. Different interpretations of the *Rogers* doctrine amongst various courts and circuits will be discussed in detail in Part II.<sup>82</sup>

The *Hermes* decision, though it may be appealed, is consistent with a central argument of this article. Since *Hermes* is a luxury brand which carries a good deal of clout, it seems that consumers who think that the MetaBirkin NFTs are associated with *Hermes* would likely pay more for those NFTs. In other words, the consumer confusion at issue would seem likely to affect purchasing decisions by adding to the perceived clout and value of the NFTs.

#### D. *Nike v. StockX*

Another area in which NFTs are raising some novel issues and also providing an interesting lens through which to examine old doctrine is the interaction between trademark law and the first sale doctrine. This is illustrated by the *Nike v. StockX* case before the federal district court for the Southern District of New York.

The defendant, StockX, operates an online resale platform and began selling NFTs depicting pictures of various Nike sneakers.<sup>83</sup> Nike brought suit for trademark infringement, but StockX raised a first sale doctrine defense claiming that each NFT is “backed” by an actual pair of lawfully purchased Nikes that are stored in a “vault,” and that the owner of the NFT can at any time exchange it for the actual pair of shoes.<sup>84</sup>



<sup>82</sup> See Part II(B), *infra*.

<sup>83</sup> See *Nike, Inc., v. StockX LLC*, No. 1:22-cv-00983, Complaint, D.I. 1 (S.D.N.Y. Feb. 3, 2022).

<sup>84</sup> See *Nike, Inc. v. StockX LLC*, No. 1:22-cv-00983, Answer D.I. 21 at \*2 (S.D.N.Y. Mar. 31, 2022) (“Nike’s claims lack merit, disregard settled doctrines of trademark law, including the doctrines of first sale and nominative fair use, and show a fundamental misunderstanding of the various functions NFTs can serve.”) (“StockX Answer”); *id.* at \*3 (“Consumers purchase the Vault NFTs and have two choices regarding ongoing possession: (1) retain digital possession of the Vault NFT and leave the authenticated physical good in StockX’s climate-controlled, high-security vault . . . ; or (2) take possession of the physical good from the vault at any time, in which case the Vault NFT is removed from the customer’s digital portfolio and permanently removed from circulation.”).

StockX claims that generally upon each sale of an item on its re-sale platform “the seller ships the product to one of StockX’s eleven authentication centers around the world” where it is authenticated and then shipped to the buyer.<sup>85</sup> StockX claims however that it has “attracted a significant number of customers who are interested in acquiring and trading current culture products, without any interest in immediately or ever wearing (or ‘consuming’) those products or taking physical possession of those products.”<sup>86</sup> As a response to such customers, StockX claims that it began using NFTs as a technological tool to facilitate such trading of culture products, without requiring that the owner actually take possession of the physical product.

The buyer of a Nike shoe bearing Nike trademarks generally has the right to wear and resell the shoe under the first sale doctrine but, of course, does not have the right to manufacture new products bearing the Nike marks. This is likely part of the reason why StockX attempts to emphasize its NFTs “are absolutely not ‘virtual products’ or digital sneakers,” but rather are simply “claim ticket[s]” for the underlying items stored in the vault.<sup>87</sup>

StockX argues that because the NFTs are not separate products from the underlying shoes, its use of the NFTs as a technological tool to facilitate trading of the lawfully purchased shoes is protected by the first sale doctrine. One problem for StockX though is that the NFTs have sold for amounts far higher than the value of the actual Nike shoes, which tends to suggest that consumers do consider them separate products. StockX argues that this is not its fault, as it sets the initial price of the NFT as the same price as the underlying item, and cannot control the price of the NFTs after it releases them.<sup>88</sup>

But still, the fact that consumers seem to value the NFTs differently from the underlying shoes suggests that consumers view the NFTs as a separate product from the shoes. On the other hand, one might try to argue that if the NFTs ultimately sell for higher prices than the underlying item, this is due to the technological value add of the NFT which makes it easier to keep track of and resell the underlying items, but this is not inconsistent with the NFTs being merely a technological tool to track ownership.

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<sup>85</sup> *Id.* at \*2.

<sup>86</sup> *Id.* at \*3.

<sup>87</sup> *Id.*

<sup>88</sup> *See id.* at \*4 (“The actual product of value is the underlying Stored Item, and there is no mark-up for the actual Vault NFT. While StockX sets the initial price for Vault NFTs, StockX does not set or control prices for subsequent trades, which are dictated completely by StockX users.”).

At the end of the day though, the first sale argument seems like a stretch, so the case will thus likely turn on whether consumers are likely to be confused into thinking that Nike makes or sponsors the NFTs. The answer may depend partially on how StockX markets the NFTs. To the extent StockX is clear (as it claims to be) to consumers about the platform being a resale platform and the NFTs merely being used for authentication or to redeem physical goods, and makes it clear to consumers that the NFTs are not affiliated with Nike, this may help it avoid trademark liability by showing that there is no likelihood of confusion.<sup>89</sup>

Applying a primary argument of this article, courts should be aware of whether consumers who are confused into thinking that the NFTs were sponsored by Nike would likely pay more for those NFTs. In other words, if there is confusion, is it relevant to consumer purchasing decisions? The answer here may well be yes, given that the Nike brand itself carries a good deal of clout, at least as compared with the StockX brand, and thus would likely increase the clout and perceived value of the NFTs. This should be considered in the likelihood of confusion analysis. As far as where and how this should be incorporated into the analysis, that will be discussed in further detail in subsequent parts.

## II. CONFUSION, FIRST AMENDMENT, AND FIRST SALE IN TRADEMARK LAW

This part will go into more detail about the general law of trademarks in the areas raised by the NFT cases discussed above—specifically, likelihood of confusion and its relation to the First Amendment and the first sale doctrine. The legal issues raised by the NFT cases will be fleshed out and discussed in more detail, setting the stage for the normative recommendations that will be provided in Part III.

### A. Likelihood of Confusion in Trademark Law

The central question in trademark law is likelihood of confusion; that is, whether the allegedly infringing items are likely to confuse a substantial number of consumers into incorrectly thinking that the items in question originated from or were endorsed by the trademark holder.<sup>90</sup> This inquiry upholds the basic purposes of trademark law, which are to protect the brand and established goodwill of trademark holders against free riders, and to

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<sup>89</sup> See *id.* at \*3-4 (“As explained on StockX’s product pages, a ‘Vault NFT represents and tracks proof of ownership of the actual sneaker stored within [the] StockX Vault.’”).

<sup>90</sup> See, e.g., *Streetwise Maps, Inc. v. Vandam, Inc.*, 159 F.3d 739, 743 (2d Cir. 1998) (“A probability of confusion may be found when a large number of purchasers will likely be confused as to the source of the goods in question.”).

protect the public against confusion as to the source of goods and services.<sup>91</sup> Accordingly, the Supreme Court has recently referred to consumer confusion as the “bête noire of trademark law,” because it “stands directly opposed to the law’s twin goals of facilitating consumers’ choice and protecting producers’ good will.”<sup>92</sup>

There is a fair amount of confusion surrounding likelihood of confusion, even though it lies at the very heart of trademark law.<sup>93</sup> The test for likelihood of confusion unfortunately varies by circuit, but there are 5 or 6 “core” factors that can be found in most of the tests:

- (1) The strength of the plaintiff’s trademark;
- (2) The degree of similarity between the plaintiff’s and defendant’s goods or services;
- (3) The degree of similarity in the marks used by the plaintiff and defendant;
- (4) Whether the defendant’s intent is to cause confusion (bad faith);
- (5) Evidence of actual confusion;
- (6) The level of consumer sophistication in the marketplace.<sup>94</sup>

Almost every factor has been referred to, at one time or another, as the “most important” factor.<sup>95</sup>

To make matters worse, there is not even a consensus amongst the circuits on whether the likelihood of confusion inquiry is ultimately one of fact or of law.<sup>96</sup> Circuit courts are currently split on this important question. The Second Circuit takes what seems like the correct approach (as will be argued in Part III(B), *infra*), treating some individual factors as factual but

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<sup>91</sup> See *Park ’N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985) (“The Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers.”).

<sup>92</sup> See *Jack Daniel’s Properties, Inc. v. VIP Products LLC*, No. 22-148, at \*4 (June 8, 2023).

<sup>93</sup> See *Bartow*, *supra* note 12, at 749 (“Predictably, the diverging viewpoints in this area have produced a muddled body of case law, characterized by such inconsistency among and within the circuits that it has become difficult to predict how a court will deal with a particular case.”) (quoting JANE C. GINSBURG ET AL., *TRADEMARK AND UNFAIR COMPETITION LAW* 419 (3d ed. 2001)); *Beebe*, *supra*, 94 CAL. L. REV. at 1582-83 (“This heuristic device [the likelihood of confusion test] is the fulcrum of American trademark law, and yet, for all of its importance, the test is in a severe state of disrepair. Its current condition is Babelian. Each circuit has developed its own formulation of the test. . . and nearly every factor or combination of factors has been called the ‘most important’ by one court or another.”).

<sup>94</sup> See *Beebe*, *supra*, at 1646.

<sup>95</sup> *Id.* at 1583.

<sup>96</sup> See *Bartow*, *supra* note 22, at 748.

others as legal and the ultimate question of balancing them as legal.<sup>97</sup> The Federal Circuit and the Sixth Circuit also follow this approach.<sup>98</sup> However, the majority of circuits—including the Ninth Circuit—consider the ultimate question of likelihood of confusion to be one of fact.<sup>99</sup> Even within circuits, courts can be inconsistent on which approach they take to this fundamental question.<sup>100</sup>

Without resolving the circuit split, the Supreme Court recently provided some limited guidance on this question and on some other aspects of likelihood of confusion in the *Jack Daniel's* case.<sup>101</sup> The case involved the “Bad Spaniels Silly Squeaker” dog toy, which the district court found confusingly resembled a bottle of Jack Daniel’s Old No. 7 Black Label Tennessee Whiskey, ruling in favor of Jack Daniel’s on the claim for trademark infringement.<sup>102</sup>

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<sup>97</sup> See, e.g., *Car-Freshner Corp. v. Am. Covers, LLC*, 980 F.3d 314, 326 (2d Cir. 2020) (“In a trademark infringement case, we review *de novo* a ruling on whether the plaintiff has shown a likelihood of confusion because we consider the issue to be a question of law.”).

<sup>98</sup> See, e.g., *Champions Golf Club, Inc. v. The Champions Golf Club, Inc.*, 78 F.3d 1111, 1116, 38 U.S.P.Q.2d 1161 (6th Cir. 1996) (“We apply a clearly erroneous standard to the district court’s findings of fact supporting the likelihood of confusion factors, but review *de novo* the legal question of whether those foundational facts constitute a ‘likelihood of confusion.’”); 2 GILSON ON TRADEMARKS § 8.05 (explaining that the Federal Circuit “reviews the Trademark Trial and Appeal Board’s ultimate conclusion on likelihood of confusion *de novo*, categorizing it as a question of law”).

<sup>99</sup> See, e.g., *Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1355 (9th Cir. 1985) (en banc); *Equine Techs., Inc. v. Equitechnology, Inc.*, 68 F.3d 542, 546, 36 U.S.P.Q.2d 1659 (1st Cir. 1995) (“The determination as to whether a likelihood of confusion exists is a question of fact, which we review only for clear error.”); *Facenda v. N.F.L. Films, Inc.*, 542 F.3d 1007 (3d Cir. 2008) (deciding that “likelihood of confusion is a question of fact”); *Shakespeare Co. v. Silstar Corp.*, 110 F.3d 234, 241, 42 U.S.P.Q.2d 1266 (4th Cir. 1997); *Sunbeam Prods. Inc. v. West Bend Co.*, 123 F.3d 246, 257, 44 U.S.P.Q.2d 1161 (5th Cir. 1997); *Board of Regents of the Univ. of Wisconsin Sys. v. Phoenix Int’l Software, Inc.*, 653 F.3d 448, 452, 99 U.S.P.Q.2d 1571 (7th Cir. 2011); *Heartsprings, Inc. v. Heartspring, Inc.*, 143 F.3d 550, 553 (10th Cir. 1998); *Frehling Enters., Inc. v. Intl’ Select Grp., Inc.*, 192 F.3d 1330, 1335 (11th Cir. 1999).

<sup>100</sup> See, e.g., *ConAgra, Inc. v. George A. Hormel & Co.*, 990 F.2d 368 (8th Cir. 1993) (“Notwithstanding our statement in *Life Technologies*, every other Eighth Circuit case deciding the issue both before and after *Life Technologies* states the likelihood of confusion is a factual question that we review for clear error.”).

<sup>101</sup> See *Jack Daniel’s Properties, Inc. v. VIP Products LLC*, No. 22-148 (June 8, 2023).

<sup>102</sup> See *VIP Prods. LLC v. Jack Daniel’s Props.*, 953 F.3d 1170, 1172 (9th Cir. 2020) (“[T]he district court found in favor of JDPI and issued a permanent injunction enjoining VIP from manufacturing and selling the Bad Spaniels toy.”).





The dog toy contains a number of prominent differences from the Jack Daniel's bottle, including a picture of spaniel, and jokes such as "Old No.2 on your Tennessee Carpet," instead of "Old No. 7 Whiskey." The dog toy had other strong indications that it was a parody; for example, replacing the alcohol content descriptions with "43% POO BY VOL." and "100% SMELLY."<sup>103</sup> The district court's finding of likelihood of confusion thus seems questionable.

The products are quite different—dog toys versus whiskey—so this factor should have weighed strongly against confusion.<sup>104</sup> Yet the district court weighed this factor in favor of Jack Daniel's, because Jack Daniel's had licensed its marks for use on a wide variety of products, including dog leashes, dog collars, and dog houses.<sup>105</sup> This seems highly questionable, the public associates Jack Daniel's with whiskey, not dog products, and other courts have appropriately held that limited licensing of this sort does not suffice to tilt the proximity of the products factor in favor of confusion when the core product lines are far apart.<sup>106</sup>

The marks are somewhat similar but not identical; VIP used the name "Bad Spaniels" rather than "Jack Daniels" and embedded various jokes on the dog toy, making it fairly clear that the dog toys were parodies.<sup>107</sup> The

<sup>103</sup> *Id.*

<sup>104</sup> See, e.g., *Kellogg Co. v. Toucan Golf, Inc.*, 337 F.2d 616, 624 (6th Cir. 2003) (finding the mark "Toucan Gold" for golf equipment not confusingly similar to Kellogg's "Toucan Sam" for cereal largely because "if the products are unrelated, confusion is highly unlikely"); *id.* at 620 ("TGI's use of the word mark 'Toucan Gold' does not create a likelihood of confusion among consumers, principally because TGI's use of its mark is in an industry far removed from that of Kellogg."); Beebe, 94 CAL. L. REV. at 1632 (stating that "in all opinions, regardless of posture, in which the proximity [of the products or goods] factor was found to disfavor a likelihood of confusion, the plaintiffs' [likelihood of confusion] multifactor test win rate was exceedingly low").

<sup>105</sup> See *VIP Prods., LLC v. Jack Daniel's Props.*, 291 F. Supp. 3d at 910.

<sup>106</sup> See *Kellogg*, 337 F.2d at 625 ("Kellogg's presence in the golf industry was insignificant, and nothing more than a marketing tool to further boost sales of its cereal").

<sup>107</sup> See David A. Simon, *The Confusion Trap: Rethinking Parody in Trademark Law*, 88 WASH. L. REV. 1021, 1033 (2013) (explaining that the infusion approach "accounts for First

defendant's intent was not to cause confusion, but rather to create a humorous parody. On this point, the district court seems to have committed legal error by finding that the factor favored Jack Daniels.<sup>108</sup> A successful parody will generally not cause confusion, and VIP's intent was to create a parody, not to create confusion.<sup>109</sup> Indeed various courts have appropriately recognized that "[a]n intent to parody is not an intent to confuse the public."<sup>110</sup>

Although Jack Daniel's is a strong mark, the weight given to this factor should generally be diminished in a case of parody, for courts have recognized that it "is a matter of common sense that the strength of a famous mark allows consumers immediately to perceive the target of the parody, while simultaneously allowing them to recognize the changes to the mark that make the parody funny or biting."<sup>111</sup>

The district court, in finding likelihood of confusion, relied heavily on survey results that found that 29% of purchasers were likely confused.<sup>112</sup> Although this might be enough to favor likelihood of confusion in some cases, it should not be enough to establish a sufficiently compelling case for confusion in a case where many of the other factors should weigh against confusion. Indeed, in the *Rogers* case, discussed *infra*, there was survey

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Amendment considerations by altering the infringement analysis," for example, on the similarity of the marks factor "a parody can neutralize a factor that would otherwise weigh in favor of the plaintiff"). Courts have found marks more similar to be distinct enough to avoid likely confusion, even where the products are far more similar. *See, e.g.,* *Streetwise Maps, Inc. v. Vandam, Inc.*, 159 F.3d 739, 744 (2d Cir. 1998) (finding that the two marks "Streetwise" and "StreetSmart," both for use on street maps, were "not confusingly similar, given the context in which a purchaser sees them").

<sup>108</sup> *See* *VIP Prods., LLC v. Jack Daniel's Props.*, 291 F. Supp. 3d 891, 908 (D. Ariz. 2018) ("It is undisputed that in designing and marketing 'Bad Spaniels,' VIP's intent was to copy the Jack Daniel's trademarks and trade dress for the purpose of parody. . . . Thus, the intent factor favors Jack Daniel's.").

<sup>109</sup> *See* *Cliffs Notes, Inc.*, 886 F.2d at 494 ("A parody must convey two simultaneous—and contradictory—messages: that it is the original, but also that it is not the original and is instead a parody. To the extent that it does only the former but not the latter, it is not only a poor parody but also vulnerable under trademark law, since the customer will be confused.").

<sup>110</sup> *See* *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1486 (10th Cir. 1987); *see also* *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 263 (4th Cir. 2007) ("Despite Haute Diggity Dog's obvious intent to profit from its use of parodies, this action does not amount to a bad faith intent to create consumer confusion. To the contrary, the intent is to do just the opposite—to evoke a humorous, satirical association that distinguishes the products.").

<sup>111</sup> *Louis Vuitton*, 507 F.3d at 261 (citing *Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC*, 221 F. Supp. 2d 410, 416 (S.D.N.Y. 2002)).

<sup>112</sup> *See* *VIP Prods., LLC v. Jack Daniel's Props.*, 291 F. Supp. 3d at 908.

evidence indicating a higher rate of confusion, but the court nevertheless found no trademark infringement.<sup>113</sup>

Moreover, it is questionable whether the confusion that was measured in the surveys is the type that would tend to affect consumer purchasing decisions. Buyers of dog toys are unlikely to think they are buying whiskey, and probably would not give much thought to or care whether the obviously parodic dog toy they are buying was officially endorsed by the Jack Daniel's company or not. As such, even if consumers are confused into thinking that Jack Daniel's endorsed the dog toy, this confusion should be given less weight to the extent that it is unlikely to have affected purchasing decisions.<sup>114</sup> In light of the major differences between the products, the differences in the marks, and the defendant's clear parodic intent, a court could potentially find that the district court erred as a matter of law in finding that consumers are likely to be confused as to the source of the dog toy.<sup>115</sup>

Or at least, a court could easily find that in circuits where the ultimate question is considered one of law, as this article argues it should be. The Ninth Circuit, however, treats the confusion issue as one of fact, so although the appellate court may have been rightly skeptical about the district court's likelihood of confusion finding, the court reversed on other grounds. On appeal, Bad Spaniels argued that the dog toy was an expressive parody entitled to First Amendment protection under *Rogers*, and the Ninth Circuit agreed that the district court erred in finding trademark infringement without first requiring the plaintiff to satisfy at least one of the two *Rogers* prongs (no artistic relevance or explicitly misleading).<sup>116</sup> The Ninth Circuit did not otherwise directly address the district court's likelihood of confusion analysis.

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<sup>113</sup> See *Rogers*, 875 F.2d at 1001 & n.8 (noting that "38 percent responded 'yes' to the question 'Do you think that the actress, Ginger Rogers, had anything to do with this film,'" but finding "that risk of misunderstanding, not engendered by any overt claim in the title, is so outweighed by the interests in artistic expression as to preclude application of the Lanham Act").

<sup>114</sup> Cf. *Streetwise*, 159 F.3d at 746 ("due to the fact that the subject maps were rarely offered for sale at the same place and were generally impulse purchases, any lack of sophistication among buyers could not contribute to confusion between the two maps").

<sup>115</sup> See *Louis Vuitton*, 507 F.3d at 262 (affirming a summary judgment that the "differences are sufficiently obvious and the parody sufficiently blatant that a consumer encountering a 'Chewy Vuiton' dog toy would not mistake its source or sponsorship on the basis of mark similarity"); *Cliffs Notes*, 886 F.2d at 495-96 (finding that the lower court erred as a matter of law in finding a strong enough likelihood of confusion to outweigh the public interest in parodic free expression, "especially in a form of expression that must to some extent resemble the original").

<sup>116</sup> See *VIP Prods.*, 953 F.3d at 1175-76 ("Because Bad Spaniels is an expressive work, the district court erred in finding trademark infringement without first requiring JDPI to satisfy at least one of the two *Rogers* prongs.").

The Supreme Court reversed the Ninth Circuit, finding that *Rogers* did not properly apply to the case for reasons that will be discussed further in the next subsection.<sup>117</sup> The Court found that the case thus should turn on likelihood of confusion and remanded for a re-evaluation of likelihood of confusion, providing the guidance that the Bad Spaniels toy's expressive or parodic message "may properly figure in assessing likelihood of confusion."<sup>118</sup> The Court explained that the likelihood of confusion inquiry "is not blind to the expressive aspect of the Bad Spaniels toy" because "consumers are not so likely to think that the maker of a mocked product is itself doing the mocking."<sup>119</sup> In other words, "to succeed, the parody must also create contrasts," and "once that is done (*if* that is done), a parody is not often likely to create confusion."<sup>120</sup>

Unfortunately, the Supreme Court did not answer the question of whether likelihood of confusion is a question of law or fact, but it did at least note that the issue of likelihood of confusion need not always go to trial and is potentially susceptible to disposition at the summary judgment or motion to dismiss stage.<sup>121</sup> This statement seems to at least provide some support for treating the ultimate inquiry as one of law, as the Second Circuit does.

The factor of evidence of actual confusion has become somewhat problematic, as courts have sometimes given the factor an outsized role, relying on surveys which purport to show that a certain percentage of consumers are confused. This may be due to the amorphous nature of the multifactor likelihood of confusion balancing tests, causing courts to latch on to the seemingly more concrete and quantitative survey evidence; i.e., if the percentage of consumers confused in the surveys is high enough, courts will tend to find a likelihood of confusion. Indeed in the *Jack Daniel's* case, the district court's finding of likelihood of confusion relied heavily on survey evidence of confusion, even though the surveys were questionable and other factors should have weighed against confusion.<sup>122</sup> Courts and commentators alike have discussed the many problems with survey evidence

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<sup>117</sup> *Jack Daniel's Properties, Inc. v. VIP Products LLC*, No. 22-148, at \*2 (June 8, 2023).

<sup>118</sup> *Id.* at \*18.

<sup>119</sup> *Id.* at \*10.

<sup>120</sup> *Id.* at \*18.

<sup>121</sup> See *Jack Daniel's* at \*15 n.2 ("That is not to say (far from it) that every infringement case involving a source-identifying use requires full-scale litigation. Some of those uses will not present any plausible likelihood of confusion—because of dissimilarity in the marks or various contextual considerations. And if, in a given case, a plaintiff fails to plausibly allege a likelihood of confusion, the district court should dismiss the complaint under Federal Rule of Civil Procedure 12(b)(6).").

<sup>122</sup> *Id.* at \*9. ("The District Court found, based largely on survey evidence, that consumers were likely to be confused about the source of the Bad Spaniels toy.").

of confusion, and how they tend to overestimate the likelihood of consumer confusion, in part because “people are more careful when they are laying out their money than when they are answering questions.”<sup>123</sup>

VIP argued before the Supreme Court that all the survey evidence really showed was that consumers were confused about what the law required. That is, consumers may have thought that VIP got Jack Daniels’ permission for the dog toy only because they mistakenly thought that such permission is always required for parodic uses of trademarks. Some of the answers to the surveys supported this contention.<sup>124</sup> More generally, these surveys are expensive, and a party with resources can hire experts that are able to craft the questions and present the results to support the desired outcome.

Although the Supreme Court in *Jack Daniel’s* did not wade too deeply into the likelihood of confusion analysis, a concurrence by Justice Sotomayor, joined by Justice Alito, cautioned courts should not to rely too heavily on survey evidence of confusion (as the district court in the case likely did) and to be cognizant of the potential problems with such surveys, recognizing that they are but one factor in the analysis. The concurrence made the point that “in the context of parodies and potentially other uses implicating First Amendment concerns, courts should treat the results of surveys with particular caution.”<sup>125</sup> Justice Sotomayor emphasized that survey evidence “should be understood as merely one piece of the multifaceted likelihood of confusion analysis,” and that survey answers “may reflect a mistaken belief among some survey respondents that all parodies require permission from the owner of the parodied mark.”<sup>126</sup> She cautioned that courts “should be attentive to ways in which surveys may artificially prompt such confusion about the law or fail to sufficiently control for it.”<sup>127</sup>

Normative recommendations for how the likelihood of confusion test should apply in the context of NFTs, with a particular focus on issues related to survey evidence of actual confusion, will be discussed further in Part III.

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<sup>123</sup> *Indianapolis Colts, Inc. v. Metro Baltimore Football Club Ltd. Partnership*, 34 F.3d 410, 416 (7th Cir. 1994); see also John P. Liefeld, *How Surveys Overestimate the Likelihood of Consumer Confusion*, 93 TRADEMARK REP. 939 (2003); Daryl Lim, *Trademark Confusion Revealed: An Empirical Analysis*, 71 AM. U. L. REV. 1285, 1313-14 (2002).

<sup>124</sup> *Jack Daniel’s v. VIP*, 599 U.S. \_\_ (2023) (Sotomayor, J., concurring) (quoting some of the survey answers in the case, such as: “I’m sure the dog toy company that made this toy had to get [Jack Daniel’s] permission and legal rights to essentially copy the[ir] product in dog toy form.”).

<sup>125</sup> *Id.*

<sup>126</sup> *Id.*

<sup>127</sup> *Id.*

## B. The First Amendment and the *Rogers* Doctrine

This subsection will discuss the origin of the *Rogers* doctrine granting First Amendment protection to expressive uses of trademarks, as well as how the doctrine has been developed or rejected in various circuits, and recent Supreme Court guidance on the doctrine. This doctrine was raised as a defense in two of the three NFT trademark cases discussed in Part I. Although the Supreme Court did recently cabin the doctrine in the *Jack Daniel's* case, the doctrine will still at least arguably apply in some NFT cases and so likely remains important for NFTs.

To briefly review the facts of *Rogers*, Ginger Rogers and Fred Astaire had established themselves as “among the most famous duos in show business history,” through their “incomparable performances in Hollywood musicals.”<sup>128</sup> In March 1986, the defendants produced a film entitled “Ginger and Fred,” directed by Federico Fellini, which “tells the story of two fictional Italian cabaret performers, Pippo and Amelia, who, in their heyday, imitated Rogers and Astaire and became known in Italy as ‘Ginger and Fred.’”<sup>129</sup>

Shortly after distribution of the film began, Ginger Rogers brought suit seeking injunctive relief and money damages, alleging that the defendants violated section 43(a) of the Lanham Act by creating the false impression that the film was about her or that she sponsored or was somehow involved in it, and also violated her common law right of publicity.<sup>130</sup> The case thus presented a “conflict between Rogers’ right to protect her celebrated name and the right of others to express themselves freely in their own artistic work.”<sup>131</sup> Attempting to avoid intruding on First Amendment values, the court stated: “in general the [Lanham] Act should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression.”<sup>132</sup>

Having first set forth this generally applicable balancing framework, the court then tentatively ventured a more specific test for the very specific situation at issue, stating that in “the *context of allegedly misleading titles using a celebrity’s name*, that balance will *normally* not support application of the Act unless the title has no artistic relevance to the underlying work

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<sup>128</sup> *Rogers v. Grimaldi*, 875 F.2d 994, 996 (2d Cir. 1989).

<sup>129</sup> *Id.* at 996-97.

<sup>130</sup> *Id.* at 997.

<sup>131</sup> *Id.* at 996.

<sup>132</sup> *Id.* at 999.

whatsoever, or, if it has some artistic relevance, unless the title is *explicitly misleading* as to the source or the content of the work.”<sup>133</sup>

The *Rogers* court thus provided a basic balancing framework for artistic works generally (avoiding consumer confusion v. free expression), and then attempted to sketch a more specific two-part test for how that balancing framework would “normally” apply in the context of titles of artistic works using celebrity names. This two-part initially conjectural test of no trademark liability unless (1) no artistic relevance, or (2) explicitly misleading, has taken on a life of its own, and has sometimes been rigidly applied far outside of the context that the test was originally explicitly limited to.

Judge Griesa concurred with the result reached by the majority opinion (finding the likelihood of confusion outweighed by the relevant free expression interests), but had “substantial disagreement with the opinion otherwise.”<sup>134</sup> Judge Griesa thought that the majority’s distinction between explicit and implicit misleadingness would “prove to be unsound and unworkable,” and that it “should be left to future courts, dealing with real cases, to determine if there are to be exceptions to the First Amendment protection which would seem to be generally afforded to artistically relevant titles.”<sup>135</sup>

Although the general *Rogers* balancing framework of free expression against likelihood of confusion has appropriately been widely applied, the Second Circuit has appropriately *not* generally applied the more specific no artistic relevance or explicitly misleading test. Instead, the court has essentially walked the explicitly misleading prong back towards a likelihood of confusion analysis, albeit one where a stronger or more compelling likelihood of confusion is required to outweigh the free expression interests at stake. This balancing approach presumably contemplates a sliding scale: the stronger the free expression interests at issue are, the stronger the case for likelihood of confusion must be.

The Second Circuit first extended the *Rogers* balancing framework beyond the context of titles to apply as well to the content of artistic works in *Cliffs Notes*, stating: “we hold that the *Rogers* balancing approach is generally applicable to Lanham Act claims against works of artistic expression, a category that includes parody.”<sup>136</sup> But importantly, in referring to the “*Rogers* balancing approach,” the court appears to have been referring to the general approach of balancing the public interest in avoiding

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<sup>133</sup> *Id.* (emphases added).

<sup>134</sup> *Rogers*, 875 F.2d at 1005 (Griesa, J., concurring).

<sup>135</sup> *Id.* at 1007.

<sup>136</sup> *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*, 886 F.2d 490, 494-95 (2d Cir. 1989).

consumer confusion against the public interest in free expression, rather than the more specific no artistic relevance or explicitly misleading language that *Rogers* proposed specifically for allegedly infringing titles using celebrity names.

This distinction is the source of some confusion because courts refer to a general and specific concept as the *Rogers* doctrine without specificity. The *Cliffs Notes* court stated that the more general balancing approach takes into account likelihood of confusion but “allows greater latitude for works such as parodies, in which expression, and not commercial exploitation of another’s trademark, is the primary intent.”<sup>137</sup> In other words, “somewhat more risk of confusion is to be tolerated when a trademark holder seeks to enjoin artistic expression such as a parody.”<sup>138</sup> The court thus essentially applied the standard likelihood of confusion analysis with an additional thumb on the scale for the defendant given the artistic character of the allegedly infringing work.<sup>139</sup> In finding an insufficient likelihood of confusion as a matter of law, the court considered for example the degree of care which purchasers would normally exercise, a factor relevant to likelihood of confusion but irrelevant to explicit misleadingness.<sup>140</sup>

A few years later in *Twin Peaks*, this more flexible approach was endorsed by the very judge that wrote the *Rogers* opinion, Judge Jon Newman of the Second Circuit.<sup>141</sup> Interestingly, the *Twin Peaks* court very briefly stated the more specific *Rogers* test, but *dropped* the word “explicitly,” finding artistic relevance and then stating: “the question then is whether the title is *misleading* in the sense that it induces members of the public to believe the Book was prepared or otherwise authorized by TPP.”<sup>142</sup> The court then explained that this determination “must be made, in the first instance, by application of the venerable *Polaroid* factors,” (the Second Circuit’s factors for likelihood of confusion initially articulated by Judge Friendly), with the modification that “the finding of likelihood of confusion must be *particularly compelling* to outweigh the First Amendment interest recognized in *Rogers*.”<sup>143</sup>

This formulation of the *Rogers* balancing framework has subsequently been generally applied in the Second Circuit, although courts sometimes use

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<sup>137</sup> *Id.* at 495.

<sup>138</sup> *Id.*

<sup>139</sup> *See id.* (“[T]he degree of risk of confusion between *Spy Notes* and *Cliffs Notes* does not outweigh the well-established public interest in parody”).

<sup>140</sup> *See id.* at 496 (stating that “a *Cliffs Notes* book is not likely to be bought as an impulse purchase”).

<sup>141</sup> *Twin Peaks Prods. v. Publ’ns Int’l, Ltd.*, 996 F.2d 1366, 1379 (2d Cir. 1993).

<sup>142</sup> *Id.* (emphasis added).

<sup>143</sup> *Id.* (emphasis added).



the words “sufficiently compelling” instead of “particularly compelling.”<sup>144</sup> Or, as explained in the *Hermes* case, “the most important difference between the *Rogers* consumer confusion inquiry and the classic consumer confusion test is that consumer confusion under *Rogers* must be clear and unambiguous to override the weighty First Amendment interests at stake.”<sup>145</sup>

Although the Second Circuit has backed away from the “explicitly misleading” formulation of *Rogers*, the Ninth Circuit still purportedly applies it. But when analyzing whether an expressive use of a mark is “explicitly misleading,” even courts in the Ninth Circuit often seem to focus on factors that relate more to whether the defendant’s use of the mark is likely to cause confusion. The *E.S.S.* case provides an example.<sup>146</sup> The case involved the video game “Grand Theft Auto,” set in the fictional cities of Los Santos, San Fierro, and Las Venturas, which are stylized versions of Los Angeles, San Francisco, and Las Vegas, respectively.<sup>147</sup> The trademark suit centered around a virtual strip club in the game called “Pig Pen” in “East Los Santos,” which was loosely based on the actual strip club in East Los Angeles called “Play Pen Gentlemen’s Club.”<sup>148</sup> The Ninth Circuit affirmed the district court’s grant of summary judgment in favor of the defendants under the *Rogers* doctrine, because it found the strip club artistically relevant to the video game, and not explicitly misleading.<sup>149</sup> On the explicitly misleading prong, the court found it unlikely that “the Game would confuse its players into thinking that the Play Pen is somehow behind the Pig Pen or that it sponsors Rockstar’s [Grand Theft Auto] product.”<sup>150</sup>

The court’s observation that consumers are highly unlikely to be confused into thinking that “a company that owns one strip club in East Los Angeles . . . also produces a technologically sophisticated video game,”<sup>151</sup> seems correct, but it also suggests that the truly relevant question is whether there is a sufficient likelihood of confusion. That is, the relevant question is not whether any misleadingness is explicit versus implicit; rather, the

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<sup>144</sup> See, e.g., *Hermes Int’l v. Rothschild*, 2022 U.S. Dist. LEXIS 89799, at \*14-15 (S.D.N.Y. May 18, 2022) (Rakoff, J.) (explaining that “in considering explicit misleadingness under the *Rogers* balancing test, the Court should consider the *Polaroid* factors to determine whether the likelihood of confusion is sufficiently compelling to outweigh the public interest in free expression”) (citing *Twin Peaks*, 996 F.2d at 1379).

<sup>145</sup> *Hermes Int’l v. Rothschild*, 22-cv-384 (JSR), D.I. 140, \*23 (S.D.N.Y. Feb. 02, 2023) (Rakoff, J.).

<sup>146</sup> See *E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095, 1099 (9th Cir. 2008).

<sup>147</sup> See *id.* at 1097.

<sup>148</sup> See *id.*

<sup>149</sup> See *id.* at 1101.

<sup>150</sup> *Id.*

<sup>151</sup> *Id.* at 1100-01.

relevant question relates to the extent to which consumers are likely to be misled.

Other cases in the Ninth Circuit similarly look at factors sounding in confusion when purportedly applying the “explicitly misleading” prong of *Rogers*.<sup>152</sup> These cases thus seem to validate Judge Griesa’s concern in his *Rogers* concurrence that the distinction between explicitly and implicitly misleading would prove unworkable,<sup>153</sup> as even the Ninth Circuit does not really focus on the distinction, despite purporting to do so.

The Fifth Circuit has also adopted *Rogers*, and appears to have followed the lead of the Second Circuit in moving away from the “explicitly misleading” inquiry, in favor of requiring a particularly compelling likelihood of confusion to outweigh the public interest in free expression where use of the mark is relevant to an artistic or parodic work.<sup>154</sup> The other two circuits to have adopted the *Rogers* doctrine, the Sixth and Eleventh Circuits, appear to apply the explicitly misleading requirement more rigidly, even outside the context of titles, although the doctrine in both circuits is relatively undeveloped.<sup>155</sup>

The Third, Fourth, Seventh, Eighth, and Tenth Circuits have not adopted the more specific *Rogers* doctrine (requiring no artistic relevance or explicit misleadingness) despite having had opportunities to do so, and some of these circuits have offered criticism of at least the strongest versions the doctrine, suggesting that it may be unnecessary because the likelihood of confusion test itself can sufficiently account for First Amendment interests.<sup>156</sup>

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<sup>152</sup> See, e.g., *Gordon v. Drape Creative*, 909 F.3d 261, 270-71 (9th Cir. 2018).

<sup>153</sup> See *Rogers*, 875 F.2d at 1007 (Griesa, J., concurring).

<sup>154</sup> See *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 667-668 (5th Cir. 2000) (“Westchester’s First Amendment interest in choosing a title for its magazine requires a particularly compelling likelihood of confusion.”).

<sup>155</sup> See *ETW Corp. v. Jireh Pub., Inc.*, 332 F.3d 915, 937 (6th Cir. 2003); *Univ. of Ala. Bd. of Trs. v. New Life Art, Inc.*, 683 F.3d 1266, 1278 (11th Cir. 2012).

<sup>156</sup> See, e.g., *Facenda v. N.F.L. Films, Inc.*, 542 F.3d 1007, 1018 (3rd Cir. 2008) (“[T]he Lanham Act customarily avoids violating the First Amendment, in part by enforcing a trademark only when consumers are likely to be misled or confused by the alleged infringer’s use”); *Anheuser-Busch, Inc. v. Balducci Publ’ns*, 28 F.3d 769, 775-76 (8th Cir. 1994) (making clear that courts should consider the likelihood of confusion prior to considering whether the First Amendment bars trademark protection); *Eastland Music Group, LLC v. Lionsgate Entm’t, Inc.*, 707 F.3d 869, 871 (7th Cir. 2013) (finding it “unnecessary to consider possible constitutional defenses to trademark enforcement” in a case where the complaint had failed to allege likelihood of confusion as to source, and “any such allegation would be too implausible to support costly litigation”).

The Fourth Circuit has suggested that a proper application of the Lanham Act should generally be enough to protect free speech,<sup>157</sup> explaining that when marks are “used to parody, satirize, criticize, comment or compare,” that use should be considered in and infuse the application of the likelihood of confusion factors, generally weighing against confusion.<sup>158</sup> For example, in *Louis Vuitton*, the Fourth Circuit found that dog toys loosely resembling small Louis Vuitton handbags were not likely to confuse consumers into thinking that they were made or sponsored by Louis Vuitton, in part because the dog toys were “successful parodies of LVM handbags and the LVM marks and trade dress.”<sup>159</sup> The court explained that a “parody relies upon a difference from the original mark, presumably a humorous difference, in order to produce its desired effect,” such that although a finding of parody is not dispositive as to likelihood of confusion, “an effective parody will actually diminish the likelihood of confusion, while an ineffective parody does not.”<sup>160</sup>

The Tenth Circuit has also suggested that the more specific *Rogers* test is unnecessary because trademark law already has a “built-in mechanism” to avoid First Amendment concerns given that “the Lanham Act requires proof of a likelihood of confusion. In the case of a good trademark parody, there is little likelihood of confusion, since the humor lies in the difference between the original and the parody.”<sup>161</sup> A district court in the Tenth Circuit has criticized the test as “needlessly rigid and failing to account for the realities of each situation.”<sup>162</sup>

The Supreme Court in *Jack Daniel’s* had a chance to resolve the circuit split about the correct test for the *Rogers* doctrine, if the doctrine is valid at all, but declined to resolve this controversy. Instead, the Court ruled very narrowly and held that *Rogers* does not apply in the situation at hand, because the plaintiff’s mark is being used “as a mark” by the defendant.<sup>163</sup>

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<sup>157</sup> See *Radiance Found., Inc. v. N.A.A.C.P.*, 786 F.3d 316, 321-22 (4th Cir. 2015) (“The Lanham Act and First Amendment may be in tension at times, but they are not in conflict so long as the Act hews faithfully to the purposes for which it was enacted.”).

<sup>158</sup> *Id.* at 324-25.

<sup>159</sup> *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 258-263 (4th Cir. 2007).

<sup>160</sup> *Id.* at 260-261.

<sup>161</sup> *Cardtoons, L.C. v. Major League Baseball Players Ass’n*, 95 F.3d 959, 970 (10th Cir. 1996).

<sup>162</sup> *Stouffer v. Nat’l Geographic Partners, LLC*, 460 F. Supp. 3d 1133, 1143 (D. Colo. 2020).

<sup>163</sup> *Jack Daniel’s Properties, Inc. v. VIP Products LLC*, No. 22-148, at \*2 (June 8, 2023) (“[W]e do not decide whether the threshold inquiry applied in the Court of Appeals is ever warranted. We hold only that it is not appropriate when the accused infringer has used a trademark to designate the source of its own goods—in other words, has used a trademark as a trademark.”).

In similar words, the Court stated that when the defendant's use "is 'at least in part' for 'source identification' . . . *Rogers* has no proper role."<sup>164</sup>

As such, the Court vacated the Ninth Circuit's decision applying *Rogers*. The Court made clear that it was taking no position on the *Rogers* doctrine in general, but noted that the doctrine only applies to "cases involving 'non-trademark uses'—put another way, cases in which 'the defendant has used the mark' at issue in a 'non-source-identifying way.'"<sup>165</sup> The Court did appear to agree with the Fourth and Tenth Circuits that the likelihood of confusion analysis itself can and should take into account any parodic nature of the allegedly infringing work, and remanded for a reconsideration of likelihood of confusion in the case at hand with more attention given to such parodic aspects, but the Court did not resolve the question of whether *Rogers* might provide some additional protection in cases where it is applicable.

Whether, when, and how *Rogers* should continue to apply to NFTs and in general in light of the *Jack Daniel's* decision will be discussed further in Part III.

### C. First Sale Doctrine in Trademark Law

The first sale (or exhaustion) doctrine exists in patent, copyright, and trademark law, and generally provides that the lawful purchaser of an item has the right to use *that item* for its ordinary, intended uses, and to resell the item, without infringing intellectual property rights.<sup>166</sup> One way of rationalizing the doctrine is that the intellectual property owner has "received their reward" upon the first sale and thus no further compensation is needed.<sup>167</sup> The first sale doctrine is also said to facilitate resale markets and the smooth flow of goods through commerce, reflecting the common

<sup>164</sup> *Id.* at \*14 (quoting *Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC*, 221 F. Supp. 2d 410, 414 (SDNY 2002)).

<sup>165</sup> *Id.* at \*13 (citing S. Dogan & M. Lemley, *Grounding Trademark Law Through Trademark Use*, 92 IOWA L. REV. 1669, 1684 (2007)).

<sup>166</sup> See *Polymer Technology Corp. v. Mimran*, 975 F.2d 58, 61 (2d Cir. 1992) ("As a general rule, trademark law does not reach the sale of genuine goods bearing a true mark even though the sale is not authorized by the mark owner. . . . Thus a distributor who resells trademarked goods without change is not liable for trademark infringement."); *Sebastian Int'l v. Longs Drug Stores Corp.*, 53 F.3d 1073, 1074 (9th Cir. 1995) ("The right of a producer to control distribution of its trademarked product does not extend beyond the first sale of the product.").

<sup>167</sup> See, e.g., *Impression Products v. Lexmark Int'l, Inc.*, 137 S. Ct. 1523, 1532 (2017) ("Because the purpose of the patent law is fulfilled when the patentee has received his reward for the use of his invention, that law furnishes no basis for restraining the use and enjoyment of the thing sold.").

law's antipathy to restraints on the alienation of chattels.<sup>168</sup> It is sometimes thought of as the boundary between intellectual property law and commercial law, as the intellectual property rights "exhaust" upon the first sale.<sup>169</sup>

The doctrine does, of course, have its limits. The buyer of a trademarked item generally does not receive the right to create other products bearing the trademark, or to materially alter the trademarked product.<sup>170</sup> Similarly, the buyer of a patented computer or widget has the right to use, display, and resell these items, but generally does not have the right to copy or reproduce them, for example.<sup>171</sup> And in copyright law, the first sale gives the buyer the right to resell the copyrighted item and to display it locally, but not necessarily the right to make additional copies of the item.<sup>172</sup>

In general, courts have applied the first sale doctrine in trademark law to hold that "the right of a producer to control distribution of its trademarked product does not extend beyond the first sale of the product," or in other words, "resale by the first purchaser of the original article under the producer's trademark is neither trademark infringement nor unfair

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<sup>168</sup> See *id.* (stating that "extending patent rights beyond the first sale would clog the channels of commerce, with little benefit from the extra control that patentees retain"); *Kirtsaeng v. John Wiley & Sons, Inc.*, 568 U.S. 519, 539 (2013) ("A law that permits a copyright holder to control the resale or other disposition of a chattel once sold is similarly against Trade and Traffic, and bargaining and contracting.").

<sup>169</sup> *Impression Products*, 137 S. Ct. at 1531 ("This well-established exhaustion rule marks the point where patent rights yield to the common law principle against restraints on alienation.").

<sup>170</sup> See *Davidoff & CIE, S.A. v. PLD Intern. Corp.*, 263 F.3d 1297, 1301 (11th Cir. 2001) ("Under what has sometimes been called the 'first sale' or 'exhaustion' doctrine, the trademark protections of the Lanham Act are exhausted after the trademark owner's first authorized sale . . . . This doctrine does not hold true, however, when an alleged infringer sells trademarked goods that are materially different than those sold by the trademark owner.").

<sup>171</sup> See, e.g., *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 342 (1961) (noting that "although there is no right to 'rebuild' a patented combination . . . replacement of that worn-out essential part is permissible restoration of the machine to the original use for which it was bought").

<sup>172</sup> Unlike in patent and trademark law, the first sale doctrine in copyright law has been codified. See 17 U.S.C. § 109. Section 109(a) of the copyright act provides that the owner of a copy has the right "to sell or otherwise dispose of the possession of that copy," and 109(c) provides that the owner of the copy may "display that copy publicly . . . to viewers present at the place where the copy is located." *Id.* at § 109(a),(c). However, digital artwork displayed on the internet would be displayed to viewers who are not present at the place where the copy is located, so buying a digital copy of artwork likely does not automatically grant internet display rights via the first sale doctrine, such rights would instead need to be licensed via smart-contract.

competition.”<sup>173</sup> Courts have applied at least two exceptions to the first sale doctrine. The “Quality Control” exception applies when goods do not conform to the trademark holder’s quality control standards.<sup>174</sup> And the “Material Differences” exception applies if the goods differ in a way that would likely be relevant to a consumer’s decision to purchase them.<sup>175</sup>

Both of these exceptions are closely tied to likelihood of confusion, as is the first sale doctrine in general. When a product has been materially altered or no longer conforms to the trademark holder’s standards, it could cause confusion, harming the trademark owner’s brand.<sup>176</sup> Accordingly, courts have said that a difference is material if “consumers [would] consider [it] relevant to a decision about whether to purchase a product.”<sup>177</sup> But when a product is simply resold in its normal form, no such confusion is likely. Courts have explained that reselling under the first sale doctrine is permitted because “confusion ordinarily does not exist when a genuine article bearing a true mark is sold.”<sup>178</sup>

For example, in *Ledo Pizza*, in addressing the first sale doctrine, the court explained that the “relevant question here” is whether the reheating of Ledo pizzas by Expressions Catering was likely to cause confusion as to the quality consumers would expect from pizzas purchased at the Ledo Pizza restaurants. The court ultimately found that there was no evidence to show that guests being served by Expressions Catering could have known that the pizzas being served were simply reheated Ledo pizzas, and thus there was no likelihood of confusion, and Expression Catering’s lawful purchase of the pizzas shielded them under the first sale doctrine.<sup>179</sup>

Thus, like the *Rogers* doctrine and its First Amendment protections, the first sale doctrine in trademark law is also closely tied to the likelihood of confusion analysis, to the extent it is not entirely clear that a separate doctrine is necessary.<sup>180</sup> If the buyer of a Nike shoe were to add wheels to

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<sup>173</sup> *Rogers v. HSN Direct Joint Venture*, No. 97 CIV. 7710 (LLS), 1999 WL 728651 (S.D.N.Y. Sept. 17, 1999); *see also* *Iberia Foods Corp. v. Romeo*, 150 F.3d 298 (3d Cir. 1998) (“According to the ‘first sale’ or ‘exhaustion’ doctrine, a trademark owner’s authorized initial sale of its product into the stream of commerce extinguishes the trademark owner’s rights to maintain control over who buys, sells, and uses the product in its authorized form.”).

<sup>174</sup> *See* *Coty Inc. v. Cosmopolitan Cosms. Inc.*, 432 F.Supp.3d 345, 349 (S.D.N.Y. 2020).

<sup>175</sup> *Id.* at 350.

<sup>176</sup> *Beltronics USA, Inc. v. Midwest Inventory Distrib., LLC*, 562 F.3d 1067, 1072 (10th Cir. 2009).

<sup>177</sup> *Id.* at 1072-73.

<sup>178</sup> *Ledo Pizza Sys., Inc. v. Ledo Rest., Inc.*, No. CIV.A. DKC 06-3177, 2010 WL 1328538 at \*8 (D. Md. Mar. 29, 2010).

<sup>179</sup> *Id.* *See also* *Enesco Corp. v. Price/Costco*, 146 F.3d 1083, 1084-85 (9th Cir. 1998).

<sup>180</sup> *See* *Bluetooth SIG Inc. v. FCA US LLC*, 30 F.4th 870, (9th Cir. 2022) (stating that “the first sale doctrine is ‘generally focused on the likelihood of confusion among consumers’”)

the shoes and then resell them, this would likely not be protected under the first sale doctrine because it could confuse consumers into thinking that the altered shoes were made by Nike when in fact they were not, and would fall into the material alteration exception to the first sale doctrine.<sup>181</sup>

Like the *Rogers* doctrine though, the first sale doctrine arguably provides added protection that is not as dependent on the loosely defined and unpredictable likelihood of confusion inquiry, and thus can potentially reduce litigation costs by allowing for earlier dismissal for the defendant.<sup>182</sup> Someone who simply re-sells their lawfully purchased Nike shoes at a yard sale, if they were sued by Nike, could likely have the case quickly dismissed under the first sale doctrine without having to engage in potentially burdensome and sometimes uncertain litigation on the likelihood of confusion factors.

Recommendations for how these general first sale doctrine principles should be applied in the context of NFTs will be discussed further in Part III.

### III. NORMATIVE RECOMMENDATIONS

This part will make some recommendations about how the doctrines discussed in this article should apply to NFTs and in general, in light of recent Supreme Court guidance.

#### A. Applying Likelihood of Confusion to NFTs

A contrast between the *Hermes* case and the *Jack Daniel's* case helps to highlight a primary argument of this article, that courts should be cognizant of whether confusion as to source would likely increase the amount that consumers would pay for the product, and that this increased payment may be particularly likely when NFTs are at issue.

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(quoting *Au-Tomotive Gold Inc. v. Volkswagen of Am., Inc.*, 603 F.3d 1133, 1136 (9th Cir. 2010)).

<sup>181</sup> See MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 25:35.50 (explaining that “use of an ingredient trademark is proper so long as consumers are not confused or deceived into thinking that the maker of the ingredient is responsible for the nature or quality of the finished product”).

<sup>182</sup> See *id.* at § 25:41 (“Some courts have stated the general rule in terms that a trademark owner who sells products, knowing that they will be resold before reaching the consumer, is held to give an implied consent to use the mark by each dealer in the chain of distribution.”) (citing *Chanel, Inc. v. Casa Flora Co.*, 159 U.S.P.Q. 189 (1968)); *id.* (“The exhaustion doctrine means that a court will reject as inadmissible survey responses of customers who mistakenly believe that an independent and unauthorized dealer is ‘affiliated’ with a manufacturer solely because that dealer sells brand name goods on-line.”) (citing *Mary Kay, Inc. v. Weber*, 601 F. Supp. 2d 839 (N.D. Tex. 2009)).

In the *Jack Daniel's* case, it seems unlikely that many people were buying the Bad Spaniel's dog toy or paying more for it *because* they were confused into thinking that it is sponsored by Jack Daniel's. In other words, even if there is confusion about whether Jack Daniel's endorsed the dog toy, which there may well be, it seems unlikely that such confusion would affect consumer purchasing decisions, so it should be considered irrelevant, or at least given less weight in the ultimate balancing analysis.<sup>183</sup> It is hard to imagine many purchasers of the dog toy being upset to find out that it was not in fact sponsored by Jack Daniel's, even if they had been confused into thinking that it was.<sup>184</sup> Prestige or clout is not particularly important when dog toys are at issue, and moreover, although Jack Daniel's is a well-known whiskey brand, it is not exactly a luxury brand with the prestige or clout of the Hermes brand.

By contrast, in the *Hermes* case, it seems quite plausible that some consumers were paying more for the NFTs because they thought that they were buying the "official" Hermes MetaBirkin NFTs. Hermes is of course a luxury brand with a good deal of prestige, and that matters a lot for NFTs, whose value is largely if not entirely based on clout. Similarly, it is quite plausible that confused consumers would pay more for RR/BAYC NFTs because they think they are buying the "authentic" Bored Ape Yacht Club NFTs. NFTs are essentially collector's items being bought for their potential resale value or bragging rights, and both the Hermes brand and the BAYC brand have a good deal of the clout from which NFTs derive their value.<sup>185</sup>

Regarding the analysis, this clout should be considered primarily when evaluating the evidence of actual confusion. This is consonant with the warnings in Justice Sotomayor's *Jack Daniel's* concurrence for courts to closely scrutinize survey evidence of actual confusion and to be cognizant of whether it merely reflects confusion about the law.<sup>186</sup> It was likely improper for the district court in the *Jack Daniel's* case to rely heavily on survey

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<sup>183</sup> See Mark A. Lemley & Mark P. McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413, 415 (2010) ("We think trademark law needs to refocus on confusion that is actually relevant to purchasing decisions.").

<sup>184</sup> It is worth noting that on the sophistication of the relevant consumers factor, the fact that a product is cheaper generally weighs in favor of confusion, the rationale being that consumers will use more care and thus are less likely to be confused when they are spending more money. See, e.g., *Oreck Corp. v. U.S. Floor Sys., Inc.*, 803 F.2d 166, 173-74 (5th Cir. 1986). On the other hand, in at least one case, the fact that cheap products (NYC street maps) were generally bought as "impulse purchases" was used to find that this factor did not weigh in favor of confusion. *Streetwise*, 159 F.3d at 746. Given the indeterminacy and malleability of this factor, it seems that it rarely weighs very heavily in the ultimate balancing of the factors.

<sup>185</sup> See Part I(A), *supra*.

<sup>186</sup> *Jack Daniel's v. VIP*, 599 U.S. \_\_ (2023) (Sotomayor, J., concurring) ("Courts should also be attentive to ways in which surveys may artificially prompt such confusion about the law . . .").



evidence of confusion in finding a likelihood of confusion, as that survey evidence likely just showed that consumers were confused about what the law requires.<sup>187</sup> That is, some consumers thought that the law generally required that the maker of a parodic dog toy needs to get permission from the brand that is being parodied, but the mere fact that they were confused about that should not make it so. If the confusion shown by survey evidence is not the type of confusion that would likely affect consumer purchasing decisions, the weight given to this factor in the ultimate balancing should be greatly reduced, as it is just one factor in the larger analysis.<sup>188</sup>

The degree to which confusion would affect purchasing decisions could also potentially be considered in the factor of the defendant's intent, as this would provide an incentive for the defendant to intentionally cause confusion. It seems much more plausible that Ripps and Rothschild were intentionally trying to make consumers think that their NFTs were sponsored by BAYC or Hermes, respectively, as compared with VIP intentionally trying to make consumers think that Jack Daniel's endorsed the dog toy, because such confusion would likely increase the value of the NFTs but not the dog toy.

Regardless, one need fret too much over which factor this consideration falls in with. Although the various factors can be a helpful tool, courts should keep in mind that the ultimate question is whether consumers are likely to be confused, and the most relevant confusion is that which would likely affect consumer purchasing decisions.

## B. Confusion As a Matter Of Law

Recognizing likelihood of confusion as a question of law based on underlying facts would align the doctrine with similarly central and often dispositive inquiries in patent law and copyright—namely, obviousness and fair use, which the Supreme Court has made clear are both questions of law based on underlying facts.<sup>189</sup> In clarifying that the ultimate question of fair use is one of law, the Court recently explained that the question “primarily involves legal work,” although certainly it may “involve determination of

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<sup>187</sup> Jack Daniel's v. VIP, 599 U.S. \_ (2023) (Sotomayor, J., concurring) (“Survey answers may reflect a mistaken belief among some survey respondents that all parodies require permission from the owner of the parodied mark.”).

<sup>188</sup> *Id.* (“Like any other evidence, surveys should be understood as merely one piece of the multifaceted likelihood of confusion analysis.”).

<sup>189</sup> *See, e.g.*, KSR Int'l Co. v. Teleflex Inc., 550 U.S. 398, 427 (2007) (“The ultimate judgment of obviousness is a legal determination.”); Google LLC v. Oracle Am., Inc., 141 S. Ct. 1183, 1199 (2021) (stating that “the ultimate question whether those facts showed a ‘fair use’ is a legal question for judges to decide *de novo*”).

subsidiary factual questions.”<sup>190</sup> Similarly, although likelihood of confusion involves some underlying factual inquiries (such as evidence of actual confusion) some factors involve primarily legal work, as does the ultimate balancing of the factors. For example, evaluating the strength or distinctiveness of the mark on the *Abercrombie* scale has been correctly said to involve primarily legal work.<sup>191</sup> Like fair use, the *Abercrombie* scale for trademark distinctiveness was “originally a concept fashioned by judges,”<sup>192</sup> as were the multi-factor balancing tests that each circuit has developed for evaluating likelihood of confusion.

The question of whether consumers are likely to be confused is no more inherently factual than whether an invention would have been obvious at the time it was made, or whether a use of another work is fair, yet for some reason likelihood of confusion is considered a factual question in the majority of circuits. Although the question of whether confusion is likely might (for some reason) initially perhaps seem more factual, commentators have recognized that the distinction between law and fact is ultimately a myth, and must be decided based on functional considerations.<sup>193</sup> The question courts are ultimately asking is not a binary “is confusion likely or not.” The ultimate question is rather: is confusion likely *enough* to justify a claim for trademark infringement. This question involves matters of policy and balancing a variety of factors, some of them factual and some of them legal, and functionally is better suited for courts, who can try to conduct the balancing in accord with precedent and develop a greater degree of consistency and predictability in how the balancing is conducted.

Moreover, as others have observed, the question of likelihood of confusion may present a degree of circularity.<sup>194</sup> This is true as well in the

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<sup>190</sup> See *Google*, 141 S. Ct. at 1200.

<sup>191</sup> See, e.g., *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992) (noting that “following the classic formulation set out by Judge Friendly, [trademarks] may be (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful”) (citing *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976)); *Guthrie Healthcare Sys. v. ContextMedia, Inc.*, 826 F.3d 27, 37-38 (2d Cir. 2016) (“[W]e have recognized that the assessment of some of the *Polaroid* [likelihood of confusion] factors may involve issues of law. This is particularly so for determinations as to whether the senior user’s mark is sufficiently fanciful or arbitrary in relation to the senior user’s area of commerce to be deemed a strong mark, or in contrast, merely identifies or describes the senior user’s commerce so as to be unenforceable or weak . . .”).

<sup>192</sup> *Google*, 141 S. Ct. at 1200.

<sup>193</sup> Ronald J. Allen & Michael S. Pardo, *The Myth of the Law-Fact Distinction*, 97 NORTHWESTERN U. L. REV. 1769, 1770 (2003) (“By discarding the false notion that ‘law’ and ‘fact’ are fundamentally different, the haziness surrounding the distinction evaporates, and it becomes clear that functional considerations underlie the decision to label any given issue as ‘legal’ or ‘factual.’”).

<sup>194</sup> Stacey Dogan & Mark Lemley, *Grounding Trademark Law Through Trademark Use*, 92 IOWA L. REV. 1693 (2007) (stating that “the likelihood-of-confusion test is, at base circular”).

context of NFTs. If the law moves in the direction of saying that unauthorized use of trademarks in NFTs is infringing, it may come to be understood by consumers that NFTs bearing marks generally originate from or are endorsed by the mark owners. The *Hermes* and *Yuga Labs* cases discussed in Part I may already be pushing us in this direction.<sup>195</sup> On the other hand, if the law moves in the opposite direction, it may eventually come to be understood that NFTs bearing trademarks do not necessarily have anything to do with the mark owner. At this point, with NFTs being fairly new, consumers may not yet know what to expect. The question of whether consumers in the public are likely to be confused is to some extent a cultural question, and thus provides an example of culture and law influencing each-other simultaneously.<sup>196</sup>

Thus, when new situations arise, such as with NFTs, where the law has not yet chosen a firm path, the likelihood of confusion question is to some degree a normative question involving legal policy judgments. As a practical matter, these policy judgments should be considered as a matter of law, albeit one that does also involve underlying factual considerations. For example, although evidence of actual confusion is factual evidence, the relative weight to be given such evidence in the ultimate balancing should be a legal question. Judges are experts in law, and are better suited than lay jurors to be making normative decisions about the direction the law should take.

It is sometimes argued that easy dismissal under *Rogers* is necessary because litigating likelihood of confusion to trial would prove prohibitively costly for many artistic defendants.<sup>197</sup> But this concern could potentially be substantially mitigated if the Supreme Court were simply to clarify that likelihood of confusion is a question of law based on underlying facts. Indeed, in *Jack Daniel's*, the Supreme Court did note that early dismissal for no likelihood of confusion as a matter of law could sometimes be

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<sup>195</sup> See Parts I(B-C), *supra*.

<sup>196</sup> Cf. Pierre Schlag, *The De-Differentiation Problem*, 41 CONT. PHIL. REV. 35, at n.13-14 and accompanying text (2009) (“This then is reciprocal determination: The law shapes the social and the social shapes the law.”).

<sup>197</sup> See, e.g., *Hermes Int'l v. Mason Rothschild*, *Memorandum of Law in Support of Defendant Mason Rothschild's Motion to Dismiss the Complaint*, No. 22-cv-00384-AJN-GWG, D.I. 17 at \*7 (S.D.N.Y. Feb. 9, 2022) (“If the rule required extensive factfinding before upholding artistic freedom, then a trademark owner would be able to deter speech by the threat of a lawsuit, even an unsuccessful one.”) (citing William McGeeveran, *The Imaginary Trademark Parody Crisis (and the Real One)*, 90 WASH L. REV. 713 (2015), as “describing the prohibitive costs of going through litigation on likelihood of confusion, even when the defendant is likely to prevail”).

appropriate, though the Court did not clarify whether the ultimate issue is appropriately considered one of law or fact.<sup>198</sup>

### C. *Rogers* Can Still Potentially Apply to Some NFTs

It is not at all clear how one is supposed to know when the plaintiff's mark is being used by the defendant "as a mark" such that *Rogers* categorically does not apply in light of *Jack Daniel's*. In stating that *Rogers* applies "only to cases involving 'non-trademark uses'—or otherwise said, cases in which 'the defendant has used the mark' at issue in a 'non-source-identifying way,'" the Court cited to and quoted a law review article by Stacey Dogan and Mark Lemley.<sup>199</sup> That article itself recognized that "[s]ometimes it is impossible to determine whether a defendant is using a mark to indicate its products' source or sponsorship without resorting to the type of consumer-perception analysis that sits at the core of the likelihood-of-confusion test."<sup>200</sup>

The Court pointed to *Mattel v. MCA* as an example where in the song "Barbie Girl," the Barbie name was not used as a source identifier, so *Rogers* properly applied.<sup>201</sup> But Barbie was in the title of the song, which seems like it could conceivably suggest a connection to the Barbie brand. Indeed, a recent film entitled Barbie was sponsored and produced in part by Mattel Films.<sup>202</sup> The film is about the Barbie characters, so in that case, it does seem that the movie title is being used "as a mark." It does not seem clear how the use of "Bad Spaniels" on a dog toy is being used "as a mark" any more than "Barbie" in the title of the song "Barbie Girl."

The Court explained, quoting from the *Mattel* opinion, that "the band's use of the Barbie name was not as a source identifier: The use did not speak to the song's origin," and that "a consumer would no more think the song was produced by *Mattel* than would, upon hearing Janis Joplin croon 'Oh Lord, won't you buy me a Mercedes Benz?, . . . suspect that she and the

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<sup>198</sup> See *Jack Daniel's* at \*15 n.2 ("That is not to say (far from it) that every infringement case involving a source-identifying use requires full-scale litigation. Some of those uses will not present any plausible likelihood of confusion—because of dissimilarity in the marks or various contextual considerations. And if, in a given case, a plaintiff fails to plausibly allege a likelihood of confusion, the district court should dismiss the complaint under Federal rule of Civil Procedure 12(b)(6).").

<sup>199</sup> *Id.* at \*13 (quoting S. Dogan & M. Lemley, *Grounding Trademark Law Through Trademark Use*, 92 IOWA L. REV. 1669, 1684 (2007)).

<sup>200</sup> Dogan & Lemley, *supra* note 194, at 1674.

<sup>201</sup> *Jack Daniel's Properties, Inc. v. VIP Products LLC*, No. 22-148, at \*11 (June 8, 2023) (citing *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 901 (9th Cir. 2002)).

<sup>202</sup> See [https://en.wikipedia.org/wiki/Barbie\\_\(film\)](https://en.wikipedia.org/wiki/Barbie_(film)).

carmaker had entered into a joint venture.”<sup>203</sup> But again, that does not seem so clear, some consumers upon seeing the title of the song might be confused into thinking that it was produced by *Mattel*. Indeed, that is precisely why the *Rogers* test is necessary, as *Rogers* itself involved a potentially confusing title, and the court felt that the likelihood of confusion inquiry alone was not sufficient to protect the First Amendment free expression interests at stake.

Perhaps one aspect is that even where there is a potential confusion based on a title alone, courts should consider whether consumers viewing the work as a whole would likely be confused. In *Rogers* and *Mattel*, the underlying works did not suggest a connection to Ginger Rogers or Barbie, whereas the Barbie movie as a whole does suggest such a connection. The *Rogers* doctrine may thus prevent the notion of “initial interest confusion” from being used to justify infringement based on the titles of artistic works alone.

In any event, saying that *Rogers* applies only when there is no confusion collapses *Rogers* into the likelihood of confusion analysis and makes *Rogers* irrelevant. Essentially then, one could read the *Jack Daniel’s* opinion as holding that *Rogers* applies only when it is not necessary, that is, only when consumers would not be confused into thinking that the use of the plaintiff’s mark indicates any sponsorship or affiliation from the plaintiff’s brand. The Court gave the use of a Louis Vuitton bag in a movie to convey something about one of the characters as an example of a case where the Louis Vuitton mark was not being used “as a mark” and thus *Rogers* could apply.<sup>204</sup> But this would seem to be a situation where confusion as to source would be highly unlikely, so *Rogers* would be unnecessary.

On the other hand, given the circularity of the likelihood of confusion inquiry, if courts were to start to hold that the use of a product in a movie constitutes trademark infringement, then consumers may eventually begin to think that the use of a product in a movie does indicate some degree of sponsorship or affiliation. The *Rogers* doctrine then could function as a backstop to insulate such uses against infringement.<sup>205</sup> It also can provide added protection for expressive uses of trademarks that do not indicate source, given the unpredictable and malleability of the likelihood of

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<sup>203</sup> *Jack Daniel’s Properties, Inc. v. VIP Products LLC*, No. 22-148, at \*11 (June 8, 2023) (citing *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 901 (9th Cir. 2002)).

<sup>204</sup> *Jack Daniel’s* at \*12, 14 (citing *Louis Vuitton Mallatier S. A. v. Warner Bros. Entertainment Inc.*, 868 F. Supp. 2d 172 (SDNY 2012)).

<sup>205</sup> *Cf. Dogan & Lemley*, 92 IOWA L. REV. at 1683 (explaining that the primary value of the doctrine of trademark use “is to insulate certain categories of behavior from trademark liability”).

confusion inquiry. Given the difficulty of drawing clear lines in these areas, *Rogers* is likely best understood as a thumb on the scale against infringement when the allegedly infringing use of the mark is artistic or expressive and is not being used “as a mark.”<sup>206</sup> Although this would only be applied in cases where the balance likely already tilts at least somewhat against confusion, this additional thumb on the scale could make it easier to dismiss the case early on, reducing litigation costs for artistic defendants and thus insulating protected expression against an *in terrorem* chilling effect.

Turning back to the MetaBirkin NFTs, one could argue that Birkin is not being used “as a mark” any more than Barbie in the song Barbie Girl. Indeed the district court in the *Hermes* case found that *Rogers* applied because the use of the Hermes marks in the MetaBirkins “did not function primarily as a source identifier.”<sup>207</sup> However, that decision was made before the *Jack Daniel’s* decision, which stated that *Rogers* does not apply when the mark is being used “at least in part” for source identification.<sup>208</sup> And one could certainly argue that Birkin is being used “as a mark” or for source identification in MetaBirkin at least as much as the Bad Spaniels dog toy is making use of the Jack Daniel’s brand for source identification.

As such, after *Jack Daniel’s* it seems that *Rogers* would probably not apply to the MetaBirkin NFTs.<sup>209</sup> Given that the court found a likelihood of confusion, it may be difficult to argue that the name Birkin does not speak at least in part to the origin of the NFTs. And it would be even more difficult to argue that RR/BAYC is not using BAYC “as a mark.”

One can, however, imagine situations where *Rogers* could still apply to NFTs. For example, imagine a Bored Ape NFT where the Bored Ape is carrying a handbag that looks something like a Birkin bag, or perhaps even is identifiable as a Birkin bag. Or maybe the bored ape character is wearing Nike shoes. In these situations, the allegedly infringed trademark is playing a more minor role in the NFT and is not included in the title, such that it is arguably not being used “as a mark,” and *Rogers* at least arguably could apply. This would be more akin to the example the court gave of the use of a Louis Vuitton bag in one scene of a movie as a situation where *Rogers* could still properly have some application.

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<sup>206</sup> See Part III(D), *infra*.

<sup>207</sup> *Hermes Int’l v. Rothschild*, 2023 U.S. Dist. LEXIS 17669, \*13 (S.D.N.Y. Feb. 2, 2023) (“Rothschild’s use of Hermes’ marks did not function primarily as a source identifier that would mislead consumers into thinking that Hermes originated or otherwise endorsed the MetaBirkins collection, but rather as part of an artistically expressive project.”).

<sup>208</sup> *Jack Daniel’s* at \*14.

<sup>209</sup> See *Hermes v. Rothschild*, No. 1:22-cv-00384-JSR, D.I. 191 at 8 (S.D.N.Y. June 23, 2023) (“Whether the *Rogers* test even properly applies to a case like this one has now been cast in doubt by the aforementioned recent decision of the U.S. Supreme Court in *Jack Daniel’s Properties*.”).

Thus, after *Jack Daniel's*, *Rogers* can still arguably provide protection to some expressive NFTs, but probably only where the unauthorized use of the mark is less prominent than the uses at issue in the *Hermes* and *Yuga Labs* cases.

#### D. Courts Should Adopt a Flexible Approach to *Rogers*

The *Jack Daniel's* Court purported not to be overruling or taking a position on the *Rogers* doctrine more generally, as far as how exactly it should apply when it does apply.<sup>210</sup> Although the Court in *Jack Daniel's* did not decide the issue of the correct approach to *Rogers* (if any), it did provide something of an invitation for courts to reconsider the issue.

As outlined in Part II, courts have split between essentially three different approaches to the *Rogers* doctrine. Courts led by the Second Circuit take a flexible approach, requiring a “particularly compelling” case for confusion when the allegedly infringing work is expressive. Courts led by the Ninth Circuit take a rigid approach, holding that an artistically relevant use of a mark is infringing only if it is “explicitly misleading.” And some courts, such as the Fourth Circuit, hold that *Rogers* is unnecessary because confusion is unlikely in the case of a true parody. The flexible approach is the most coherent and well developed, providing sufficient First Amendment protection while avoiding the need to draw arbitrary binary lines.

Although the likelihood of confusion factors can and should take into account whether the allegedly infringing work is expressive, the confusion inquiry alone does not seem well suited to fully account for some forms of expression such as parody.<sup>211</sup> For example, although the similarity of the marks normally weighs in favor of confusion, in the case of parody, some degree of similarity is required to evoke the original, but the parodist should not necessarily be penalized for this. Similarly, generally the strength of the plaintiff’s mark weighs in favor of confusion, but in the case of a parody it may be the very thing that allows consumers to recognize the mark being ridiculed, and so its weight should likely be diminished in this context.

As such, the approach taken by the Fourth Circuit is not always adequate, and some added protection under *Rogers* may be appropriate. In other words, although courts can try to fit the likelihood of confusion factors into a parody analysis, this is to some extent like fitting a square peg in a

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<sup>210</sup> *Jack Daniel's* at \*13 (“The point is that whatever you make of *Rogers*—and again, we take no position on that issue—it has always been a cabined doctrine.”).

<sup>211</sup> See, e.g., *Cliffs Notes*, 886 F.2d at n.3 (“[T]he *Polaroid* [likelihood of confusion] test is at best awkward in the context of parody, which must evoke the original and constitutes artistic expression.”).

round hole, so some additional doctrinal protection for expressive works such as parodies may be helpful.<sup>212</sup>

As far as the rigid approach, there is no good reason that trademark infringement in the case of an expressive use of a mark (now, when not used “as a mark”) should turn solely on whether the use is implicitly or explicitly misleading, and it is not even clear what that means. Even courts, such as those in the Ninth Circuit, purportedly using the “explicitly misleading” formulation do not limit the inquiry to that question and appear to mean “very misleading.”<sup>213</sup> If courts mean something else when they say “explicitly misleading,” then they should say something else, in the name of judicial candor, to focus the inquiry appropriately, and to allow the law to develop in a more coherent and less confusing manner.<sup>214</sup>

As shown in Part II, the “explicitly misleading” approach essentially results from a misreading and overextension of one particular sentence from the *Rogers* decision. That sentence merely suggested how the more general balancing of free expression against consumer confusion would “normally” come out in the situation of artistic titles using celebrity names. It is worth emphasizing that even the judge that created the “explicitly misleading” formulation appears to have repudiated it.<sup>215</sup> It is difficult to say whether the Ninth Circuit’s approach is significantly more protective of free expression as compared to the Second Circuit’s approach. What seems clear though is that the Ninth Circuit’s approach is less coherent and does not focus as directly on the inquiry of the actual values at stake.

Although the Supreme Court did not end up addressing the appropriate *Rogers* standard in *Jack Daniel’s*, a colloquy with Justice Gorsuch during oral argument showed some appropriate skepticism as to the “explicitly misleading” test.<sup>216</sup>

Justice Gorsuch also wrote a concurrence in *Jack Daniel’s* cautioning courts to “handle [*Rogers*] with care” noting that “it is not entirely clear where the *Rogers* test comes from” and asking “is it commanded by the First Amendment, or is it merely gloss on the Lanham Act, perhaps inspired by

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<sup>212</sup> Cf. *Elsmere Music, Inc. v. National Broadcasting Co.*, 623 F.2d 252, 253 (2d Cir. 1080) (stating that “in today’s world of often unrelieved solemnity, copyright law should be hospitable to the humor of parody . . .”); Russell Jacoby, *A Climate of Fear: The free speech skeptics abandon Salmon Rushdie*, HARPER’S MAGAZINE 55 (March 2023).

<sup>213</sup> See Part II(B), *supra*.

<sup>214</sup> See David L. Shapiro, *In Defense of Judicial Candor*, 100 HARV. L. REV. 731 (1987); GUIDO CALABRESI, *A COMMON LAW FOR THE AGE OF STATUTES* 178-81 (1982) (advocating for a “choice for candor”).

<sup>215</sup> See Part II(B), *supra*.

<sup>216</sup> *Jack Daniel’s Props., Inc., v. VIP Prods. LLC*, No. 22-148, Oral Argument Transcript at 68:25-70:23 (Mar. 22, 2023) (Justice Gorsuch: “I’m not sure where ‘explicitly’ comes from as opposed to ‘implicitly misleading.’”).



constitutional-avoidance doctrine?”<sup>217</sup> The *Rogers* court did seem to be purportedly applying constitutional avoidance.<sup>218</sup> But the court did not discuss whether its saving interpretation was reasonable or fairly possible as required by that doctrine.<sup>219</sup> Another advantage of the Second Circuit’s approach over that of the Ninth Circuit’s is that it is more closely linked to the text of the Lanham Act, for although the words “explicitly misleading” do not appear in the relevant statutory text, the words “likely to cause confusion” do appear.<sup>220</sup> But the Act does not state how likely the confusion must be, so it seems reasonable to interpret the Act to require a more compelling case for confusion where the allegedly infringing work implicates First Amendment concerns.

Another problem with the Ninth Circuit’s approach is that it leads to an arbitrary binary distinction between expressive works entitled to strong protection, and other works entitled to no protection.<sup>221</sup> If there is one thing that the Supreme Court made clear in *Jack Daniel’s*, it is that this line will not be drawn so as to give full First Amendment protection to anything with a mere modicum of expressiveness.

The Second Circuit’s flexible approach helpfully allows for more of a sliding scale, analyzing the degree to which the likelihood of confusion needs to be “particularly compelling” in relation to the weight of the First Amendment interest on the other side of the balance.<sup>222</sup> The stronger the

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<sup>217</sup> *Jack Daniel’s v. VIP*, 599 U.S. \_\_ (2023) (Gorsuch, J., concurring).

<sup>218</sup> See *Rogers*, 875 F.2d at 998 (“Because overextension of Lanham Act restrictions in the area of titles might intrude on First Amendment values, we must construe the Act narrowly to avoid such a conflict.”).

<sup>219</sup> See *Nat’l Fed’n of Indep. Bus. v. Sebelius*, 567 U.S. 519, 563 (2012) (explaining that constitutional avoidance is appropriate where the saving construction is at least “fairly possible” or “reasonable”). On the other hand, it is perhaps also worth noting that even Justice Scalia appeared to recognize that when it comes to the Lanham Act, the text alone will only get you so far. See *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 32-33 (2003) (Scalia J.) (considering the “history and purpose of the Lanham Act” in interpreting Section 43(a)). The Supreme Court sometimes appears to look beyond the statutory text itself in other areas of intellectual property as well. See, e.g., *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) (explaining that the Court has long held that the Patent Act’s section 101 contains an “implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable”); *Google LLC v. Oracle Am., Inc.*, 141 S. Ct. 1183, 1196-97 (2021) (explaining that 17 U.S.C. 107, the statutory provision that embodies copyright’s “fair use” doctrine “indicates, rather than dictates, how courts should apply it,” and that the provision sets forth “general principles, the application of which requires judicial balancing, depending upon relevant circumstances”).

<sup>220</sup> See 15 U.S.C. s. 1114, 1125.

<sup>221</sup> Cf. *White v. Samsung Elecs. Am., Inc.*, 989 F.2d 1512, 1520 (9th Cir. 1993) (Kozinski, J., dissenting from denial of rehearing en banc) (“In our pop culture, where salesmanship must be entertaining and entertainment must sell, the line between the commercial and the noncommercial has not merely blurred; it has disappeared.”).

<sup>222</sup> See *Twin Peaks, Ltd.*, 996 F.2d at 1379.

case for First Amendment protection, the more compelling the case for confusion must be to outweigh it. True parody or creative criticism should require a very compelling case for confusion given the strong First Amendment interests at play.<sup>223</sup>

On the other side of the balance, a successful parody is not generally confused with the original but rather is recognized to be criticizing the original.<sup>224</sup> So while a plaintiff targeting a transformative parody not only must meet a higher bar in showing confusion, the plaintiff also tends to have a weaker case for confusion.<sup>225</sup>

This article has argued that likelihood of confusion generally should be considered ultimately an issue of law,<sup>226</sup> and the balancing of likelihood of confusion against the free expression interests for an allegedly infringing expressive work should *a fortiori* be considered a legal issue. The Court in *Hermes* arguably erred by treating the issue as too much of a factual one, essentially punting to the jury not only on weighing the various likelihood of confusion factors but also even on the *Rogers* balancing of confusion against free expression.<sup>227</sup>

The primary argument in favor of the Ninth Circuit's rigid and somewhat incoherent explicit misleadingness approach is that it is necessary to prevent properly protected speech from being chilled by the high cost of litigating the amorphous and unpredictable issue of likelihood of confusion. But this concern would be mitigated by treating the likelihood of confusion question generally as one of law as argued above, or at least doing so in

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<sup>223</sup> See *Berlin v. E.C. Publications, Inc.*, 329 F.2d 541, 545 (2d Cir. 1964) (stating that “parody and satire are deserving of substantial freedom—both as entertainment and as a form of social and literary criticism”); *Groucho Marx Prod., Inc. v. Day and Night Co.*, 689 F.2d 317, 319 n.2 (2d Cir. 1982) (recognizing “the broad scope permitted parody in First Amendment law”).

<sup>224</sup> See *Cliffs Notes, Inc.*, 886 F.2d at 494.

<sup>225</sup> The case for copyright infringement should be similarly weaker against a truly transformative or parodic NFT, as the case for fair use would be stronger. See, e.g., *Mattel Inc. v. Walking Mt. Prods.*, 353 F.3d 792, 800 (9th Cir. 2003) (explaining that “parodic works, like other works that comment and criticize, are by their nature often sufficiently transformative to fit clearly under the fair use exception” to copyright infringement). The fact that truly creative parodic or transformative works help protect a defendant in both trademark and copyright is unsurprising given that both doctrines operate to prevent intellectual property law from trampling on First Amendment interests. See *id.* at 801 (stating that “because parody is a form of social and literary criticism, it has socially significant value as free speech under the First Amendment”).

<sup>226</sup> See Part III(B), *supra*.

<sup>227</sup> See Part I(C), *supra*. However, this may have been harmless error because in light of *Jack Daniel's*, *Rogers* probably should not have applied in that case. See *Hermes v. Rothschild*, No. 1:22-cv-00384-JSR, D.I. 191 at 8 (S.D.N.Y. June 23, 2023). On the other hand, the Second Circuit is one of the few circuits that purportedly treats the likelihood of confusion inquiry as ultimately one of law (correctly so, in this article's view), so even without *Rogers*, the court arguably still should not have punted the confusion question to the jury.

cases where *Rogers* applies, and the likelihood of confusion must be balanced against First Amendment free expression interests. Moreover, in light of *Jack Daniel's*, *Rogers* will likely only apply in cases where confusion is rather unlikely, so courts should not have much trouble in such cases deciding well before trial that as a matter of law there is no sufficiently compelling case for confusion to outweigh the First Amendment free expression interests at stake.

#### E. First Sale Doctrine Should Generally Not Protect Unauthorized NFTs

The first sale doctrine is closely tied to likelihood of confusion, thought it can potentially be useful from a procedural perspective in straightforward cases, enabling quick dismissal without expensive litigation on the likelihood of confusion factors.<sup>228</sup> The use of NFTs to track physical products, however, does not present such a straightforward case for the first sale doctrine. At the very least, an NFT digital version of a purchased physical product is likely “materially altered,” (at least by being converted into digital form) and thus the first sale doctrine should not apply.<sup>229</sup> An NFT representing a pair of sneakers is simply not the same thing as a physical pair of sneakers, just as an NFT depicting a Birkin bag is not the same thing as a physical Birkin bag, and a painted image of a pipe is not the same thing as a physical pipe.<sup>230</sup>

In general, NFTs should be considered separate products from their physical counterparts (when there is such a counterpart), and thus buying a product should not necessarily give the buyer a right to create an NFT of that product. That is certainly not to say that there is necessarily trademark infringement, but whether there is should depend (as usual) on whether consumers are likely to be confused.

The factor of degree of similarity between the products or goods presents an interesting question when we are faced with an NFT with a physical counterpart. One might expect an NFT of a Nike shoe to have been made by Nike more than one might expect an Andy Warhol style painting of a Nike to have been made by Nike; although most established brands do not generally make paintings of their products, many are starting to make NFTs

<sup>228</sup> See Part II(C), *supra*.

<sup>229</sup> See, e.g., *Davidoff*, 263 F.3d at 1301.

<sup>230</sup> See *Hermes v. Rothschild*, No. 1:22-cv-00384-JSR, *Memorandum of Law in Support of Defendant Mason Rothschild's Motion for Summary Judgment*, D.I. 62, at \*18-19 (S.D.N.Y. Oct. 7, 2022) (“Despite *Hermes*’ attempts to characterize the MetaBirkins artworks as ‘digital knockoffs,’ there is no such thing as a ‘digital knockoff’ of a physical handbag. The MetaBirkins artworks are not handbags—nor are they any more ‘proximate’ to handbags than a painted image of a pipe is to a pipe.”).

of their products.<sup>231</sup> So perhaps an NFT should be considered something like a t-shirt, a common place for brands to advertise and extend their reach into the digital world. But the more the NFT picture is stylized or altered from its original, as in the case of the fuzzy Birkin bags,<sup>232</sup> the more this factor should tend to weigh against confusion.

Of course, similarity of the goods is just one factor. Even if the NFT contains an unvarnished picture of the product, courts should remain open to the possibility that where an NFT truly is being used as just a technological tool to track a physical product, and this is made completely clear to consumers, confusion may not be likely. In such a situation, noninfringement of the NFTs could be found based on no likelihood of confusion, whereas resale of the physical goods would be protected by the first sale doctrine.

In discussing the *Nike v. StockX* case, Mark McKenna has recently seemingly questioned whether NFTs should be considered separate products from the underlying shoes in this context, and argued that NFTs should generally not be protected by trademark law, in part because marks on NFTs don't convey information about quality in the sense of "durability or comfort, suitability for running, or anything analogous."<sup>233</sup> He recognizes the counterargument that consumers might still care about the origin of digital goods such as NFTs "just because the care about 'authenticity' as such—not because those digital shoes have characteristics as shoes, or even because the digital Nike shoes from Nike will 'work' differently than other digital Nike shoes."<sup>234</sup> But he rejects this counterargument, in part because the information about source can be recorded in the blockchain, that is, "[i]f you want to know if my avatar's digital shoes really came from Nike, that information can be carried in the token."<sup>235</sup>

<sup>231</sup> See Part I(A), *supra*.

<sup>232</sup> See Part I(C), *supra*.

<sup>233</sup> See McKenna, *supra* note 35, at \*37; *id.* at \*4 ("[S]trip away the NFTs from the StockX case, and it's a first sale case . . . Nike suggests that the minting and sale of NFTs in relation to the Nike shoes creates a new and different question.").

<sup>234</sup> *Id.* at \*41.

<sup>235</sup> *Id.* at \*42. Professor McKenna also argues more broadly against applying trademarks to digital goods including NFTs, because generally such digital goods "give no information about the nature or characteristics of the goods as such," and "are pure representations." *Id.* at \*9. But, as discussed, with NFTs, an established brand can potentially give important information as to the clout and thus value of the NFTs, so trademarks on NFTs at least arguably serve the purposes of trademark law, preventing both consumer confusion and free riding. In any event, the application of trademark law to intangible products is fairly well established, as Professor McKenna recognizes. See *id.* ("To be sure, a number of developments in trademark law over the last several decades have pushed in the direction of abstract protection."). Professor McKenna also argues that the Supreme Court's decision in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003), held that trademarks must be connected to physical goods, *id.* at \*28, but this interpretation of *Dastar* has

It is certainly true that information about source can be carried in an NFT token, but the question is whether a typical consumer would be aware of this information. To the extent that consumers are made aware of this information at the point of sale, that would diminish the likelihood of confusion and thus the likelihood of trademark liability. If consumers are not adequately made aware, confusion is still a possibility. In any event, the fact that the blockchain may provide a mechanism for avoiding confusion is no reason to use the first sale doctrine to categorically exclude NFTs from the likelihood of confusion analysis.

Professor McKenna also argues that if one were to “strip away the NFTs from the *StockX* case, [then] it’s a first sale case where the question is whether the fact that *StockX*’s authentication process is imperfect makes it a counterfeiter.”<sup>236</sup> That does not seem correct, in part because a painting, photograph, or digital image containing a Nike symbol is not the same thing as a Nike itself; it is a material alteration of the actual Nike shoe and as such should not be covered by the first sale doctrine. Buying a Nike shoe does not give one the right under the first sale doctrine to start selling artistic paintings or photographs of the Nike, and the fact that the image is linked to or sold via an NFT should not change that outcome. The artist’s sale of the image may be protected under *Rogers* (though that is far from clear after *Jack Daniel’s*), or there may be no likelihood of confusion, but regardless, there is not a viable first sale defense.

One might also attempt to analogize the *Nike v. StockX* situation to a coat check where one receives merely a plain claim ticket. If one were then to sell the claim ticket including the rights to the underlying coat, would that be covered by the first sale doctrine? The transfer of the coat itself would certainly be covered, as would the transfer of the underlying Nike’s. With respect to the claim ticket, there would be no reason to think that it was made or sponsored by the coat manufacturer, so there would be no likelihood of confusion and no trademark infringement. That would be the key distinction from the *StockX* case, where the NFT contains the Nike trademark and thus at least arguably creates confusion. But the coat check ticket is still a separate item from the coat itself, so if there were possible confusion as to whether it was made by the coat manufacturer, the seller of

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generally been rejected by the lower courts. See, e.g., *Hermes Int’l v. Rothschild*, D.I. 61, No. 1:22-cv-00348, at 14-16 (S.D.N.Y. Jan. 14, 2022) (stating that “neither *Dastar* nor its progeny require that a defendant’s goods be tangible for Lanham Act liability to attach . . . the vast majority of courts agree with the Court that the Lanham Act extends to trademark claims against intangible, as well as tangible, goods”); *Yuga Labs, Inc. v. Ripps*, 2023 WL 3316738 (C.D. Cal. Apr. 2, 2023) (adopting the same reasoning). Accordingly, this article takes the fact that trademark law will apply to NFTs as largely settled, and makes recommendations on less settled issues as to how the law should apply in this context.

<sup>236</sup> See McKenna, *supra* note 35, at \*4.

the ticket should not necessarily be protected from a trademark claim merely because they lawfully purchased the coat.

Another difference is that unlike plain claim tickets NFTs are a new and separate category of products or investments that are usually not even linked to any physical item. The separateness of the NFTs from the Nikes is also evidenced by the fact that the NFTs seem to sell for prices greater than and uncoupled from the value of the Nikes themselves. Thus, an NFT would seem to be a separate product from, or at least a material alteration of, an associated physical item, so a trademark claim on the NFT should turn on likelihood of confusion rather than a first sale defense founded in the lawful purchase of any associated physical item.

### CONCLUSION

The general confusion surrounding the likelihood of confusion inquiry in trademark law is exacerbated by the general confusion surrounding NFTs. Given the degree of circularity inherent in the likelihood of confusion analysis and the relative novelty of the context, courts have an important opportunity to shape how the confusion analysis will apply to NFTs.

When applying likelihood of confusion to NFTs, courts should keep in mind that the value of NFTs is largely based on prestige or clout, and thus courts should ask whether any alleged confusion would increase the amount that buyers are willing to pay for the NFTs. For example, if the NFT is making unauthorized use of a luxury brand's trademark, this could well increase the amount that buyers would be willing to pay for the NFT, as the prestige of the luxury brand would likely add to the clout and thus the value of the NFT. This consideration should factor into the weight given to any evidence of actual confusion, such as survey evidence. Likelihood of confusion should be considered a question of law based on underlying facts, so ultimately it should be up to the court to weigh and balance the various factors.

With respect to parody and the First Amendment, courts should move in the direction of a flexible approach to *Rogers*, such as that taken by the Second Circuit, where a more compelling case for confusion is required to outweigh the free expression interests at stake. This balancing should also (and *a fortiori*) be considered a legal matter for the court. The balancing can still apply even after *Jack Daniel's* where an NFT makes a less prominent or more minor parodic use of another's trademark without using aspects of that trademark as its own trademark or to indicate source. Evidence of confusion as to whether a parody was authorized by the brand being ridiculed should be given less weight if it does not appear that such confusion is likely to alter consumer purchasing decisions.

The first sale doctrine should generally not protect the use of NFTs to track physical products, as the NFT should be considered a separate product or at least a material alteration. But where it is made clear to consumers that the NFT is merely being used as a technological tool to track an underlying physical product and was not produced by the same brand that made the physical product, confusion may be unlikely.

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