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A Setback for Resellers of Digital Products

By BEN SISARIO

A federal judge in New York has dealt a blow to the nascent business of reselling digital goods like music and e-books, ruling that a small company's secondary market for digital music infringes on the copyrights controlled by record companies.

The company, [ReDigi](#), opened an [online platform](#) in late 2011 that allowed people to upload and resell songs they had bought from online retailers like Apple's iTunes. ReDigi said its technology deleted the original file once a copy was put up for sale, but the major record labels were skeptical, and Capitol Records sued in early 2012.

The case has been closely watched as a test of whether the first sale doctrine — the legal principle that someone who owns a copy of a copyrighted work, like a book or album, is free to resell it — can be applied to digital goods.

In [an order dated Saturday](#), Judge Richard J. Sullivan of United States District Court in Manhattan ruled that ReDigi was liable for copyright infringement, and seemed entirely unmoved by ReDigi's arguments.

"The first sale defense does not cover this any more than it covered the sale of cassette recordings of vinyl records in a bygone era," he wrote.

In sometimes wry language — one footnote mentions that ReDigi compared its system to the "Star Trek" transporter and "Willy Wonka's teleportation device, [Wonkavision](#)" — Judge Sullivan ruled that ReDigi's system infringed on Capitol's reproduction rights because it transmitted an unauthorized copy of the file over the Internet.

In a statement, ReDigi said it was "disappointed" by the ruling and would appeal it, but noted that the decision applied to its original technology, not its updated version, ReDigi 2.0.

"While ReDigi 2.0, 3.0, or 4.0 may ultimately be deemed to comply with copyright law," the judge wrote, "it is clear that ReDigi 1.0 does not."

Damages for the infringement will be considered at a later date.

Capitol Records did not respond to a request for comment.

Although ReDigi is a small player in the world of digital media, the case has been watched for the effect it may have on [two giants, Apple and Amazon, which have applied for patents for secondary digital markets but have not put them in place.](#)

In addition to record companies, [book authors](#) have spoken out against the idea of a digital secondary market, saying that the presence of a “used” but perfect digital copy of a book would cause prices to crash.

Among those supporting reselling digital goods are libraries, because it could make more material publicly available.

The decision came less than two weeks after the Supreme Court upheld the first sale doctrine in the case of [Kirtsaeng v. John Wiley & Sons](#), about a student who was importing and selling textbooks that he had bought at a lower price overseas.

That case concerned different aspects of the rule, and legal experts said it did not apply strictly in the ReDigi case. But digital rights advocates worried the decision effectively banned an online secondary market.

“The decision was very one-sided,” said Jason M. Schultz, an assistant clinical professor of law at the University of California, Berkeley. “There needs to be some way to resell if we believe the Supreme Court that first sale is important.”

If you choose to resell digital products, you won't have to worry about any of this. Here are some advantages of reselling digital goods: Low overall costs. Software is becoming an increasingly popular digital product to resell. If you want to sell software because it is profitable, but you are not a programmer nor a developer, you can still do so. There are many white label software providers who give you the option to resell their products under your brand while they provide full technical support to your customers. Physical products: In this reseller model you enter into a dropshipping agreement where you sell physical products and the supplier/producer ships them directly to your customers. Digital services: This reseller model focuses only on digital services such as web design, social media management, app design, virtual assistant and video production " to name a few. What's nice about this online business model is that you don't need any products or services of your own make money in the market you choose. If you resell domain, as your business grows you can resell SSL Certificate and other security tools. Or if you resell clothes then you can also sell shoes, jewellery, accessories, handbags, lingerie, or other related products. Which digital products are trending in 2020? Which have the biggest profit margins? We have done the research for you. Check it out! So if you've decided to give digital product sales a go, but can't think of a great niche product that's perfect for you, then this list of digital products to sell is the only thing you need. We've put together a giant list of 101 digital products you can sell, divided it into different categories for easier browsing. Use this as a source of inspiration, and don't be afraid to think outside the box and come up with your own unique spin on a product to sell. Here's our list of 101 digital product ideas you can sell online. Regardless of what you're selling, whether online or off, the key is to You've created a great new product and you can't wait to get it before customers. You've already started an online store and established a presence on leading marketplaces. The next step is to get the product into as many retail stores as possible. To do this, you need the help of a distributor. Distributors work with retailers and get your product into stores across the country. The right partner can dramatically increase your sales and help you reach untapped market. This article will help you find the perfect distributors for your product. How to sell online. Tips from e-commerce experts fo In comparison, digital products are easy to distribute, significantly more sustainable, can be replicated infinitely, and are oftentimes simpler to create. With little more than one or a few devices, any person is capable of making a digital product worthy of sharing or selling. No physical materials, factories, or staff required. Just a computer, a sprinkle of passion and drive, and some time. So, you may now be wondering "But what types of digital products can I create?" In this post we've gathered a short list of digital products you can sell online. Get ready for some digital product inspiration, so you too can start creating and sharing with the world! 1. eBooks. eBooks have been and continue to be one of the most popular digital products for both creators and customers.