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Intellectual Property Alert

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Jury sides with Hermès in MetaBirkins trademark infringement lawsuit

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Intellectual Property law and digital media—Does your artwork tread on trademark rights?



What's the Impact

- / A New York jury found that Mason Rothschild's "MetaBirkins" NFTs constituted trademark infringement and dilution and that the First Amendment did not bar Rothschild from liability
- / The jury agreed with Hermès, finding that the NFTs were more appropriately viewed as commercial goods rather than art
- / This decision clarifies the extent to which real-world trademark rights apply in the digital space, helping to fill an intellectual property quagmire left in the wake of NFTs and the metaverse

Summary of the MetaBirkins case

In January 2022, Hermès filed a trademark infringement lawsuit in the Southern District of New York against artist Mason Rothschild, who had released a collection of 100 MetaBirkins NFTs in November of the previous year. The MetaBirkins replicated Hermès' iconic Birkin bag shape but added fur, patterns, artwork, and other digital flourishes. Rothschild also registered and used the

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domain name www.metabirkin.com and promoted the NFTs through the Instagram account @metabirkins. Under these facts, Hermès argued that Rothschild's sale of MetaBirkins likely caused consumer confusion, the touchstone of trademark law, because consumers likely mistakenly believed that Hermès and MetaBirkins were affiliated.

In response, Rothschild asserted that the *Rogers* test applied, which provides an exception to trademark infringement under the First Amendment. Specifically, *Rogers* provides that trademark law does not bar works of artistic expression that (i) meet a minimal level of artistic relevance and (ii) do not explicitly mislead consumers. Under this test, Rothschild argued that his MetaBirkins were protected because they were a commentary on status symbols, the fashion industry, Hermès, and the metaverse. Hermès countered that Rothschild failed to satisfy *Rogers* because he was using "MetaBirkin" as a trademark and not as an artistic expression because his use served to identify the origin of his commercial goods.

After the court denied Rothschild's motion to dismiss and the parties' cross-motions for summary judgment, the case went to trial at the beginning of February 2023. On February 8, 2023, the jury found for Hermès and awarded the luxury fashion house \$133,000 in damages for trademark infringement, dilution, and cybersquatting.

Takeaways

The MetaBirkins case provides additional clarity on the interaction of intellectual property law and digital media. Although—as with all infringement cases—this case's outcome was specific to its facts, NFT creators should exercise additional caution when using or even drawing inspiration from another's trademarked goods, especially where they offer such works for sale and seek to exploit the reputation of a famous brand, like the evidence showed Rothschild did in this case.

As MetaBirkins demonstrates, artistic works that provide commentary on the original work are not immune from legal challenges. Creators should take extra precautions to ensure that their artwork does not tread on others' trademark rights. The best way for creators to mitigate risk is always to obtain a license from the trademark owner that sets forth the desired scope of use. In addition, brands can now have some level of comfort knowing their "real world" intellectual property should have the same protections in the "virtual world."

This case is one of several high-profile recent matters concerning the fair use doctrine, and First Amendment challenges to intellectual property infringement claims. As the Supreme Court is poised to rule on the fair use doctrine imminently in *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith* and later the First Amendment defense in *Jack Daniel's Properties Inc. v. VIP Products LLC*, it is important for creators and companies to stay tuned to changes and developments in this area of the law to evaluate risk in this space.

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