

2022

Under a NiFTy Light: Trademark Considerations for the New Digital World

Willajeane McLean
University of Connecticut School of Law

Follow this and additional works at: https://opencommons.uconn.edu/law_papers



Part of the [Intellectual Property Law Commons](#)

Recommended Citation

McLean, Willajeane, "Under a NiFTy Light: Trademark Considerations for the New Digital World" (2022).
Faculty Articles and Papers. 618.
https://opencommons.uconn.edu/law_papers/618

**UNDER A NIFTY LIGHT: TRADEMARK
CONSIDERATIONS FOR THE NEW DIGITAL WORLD**

*Willajeanne F. McLean**

I.	Introduction	275
	A. What are NFTs?	276
	B. Conflict Around NFT Use	277
II.	Three N(i)FT(y) Cases.....	278
	A. Jaded Simians: Yuga Labs, Inc. v. Ryder Ripps, et al.	280
	B. The Sneaker Wars: Nike v. StockX	282
	C. Not Your Mother’s Birkin: Hermès v. Rothschild.....	284
III.	Trademark Principles.....	285
	A. Creative Expression	289
	B. Fair Use.....	291
IV.	Enforcement Dilemma.....	295
V.	Conclusion.....	300

I. INTRODUCTION

“[I]t is imperative that we understand how NFTs fit into the world of intellectual property—as said rights stand today and as they may evolve as we move into the future.”¹

* Distinguished Professor of Law, University of Connecticut School of Law. I give my thanks to Professors Emily Michiko Morris, Mark Schultz and Camilla Hrdy at the University of Akron Law School and the attendees at the December 9, 2022, University of Akron Scholars Forum for their collegiality and insightful comments which helped improve this article. I also wish to express much gratitude to my research assistants, Meghan McDermott and Keren Blaunstein, both UCONN Law Class of 2023, for continually going above and beyond their duties and for their nifty suggestions regarding the title of this article. I commend the members of the University of Akron Law Review for their enthusiasm for intellectual property and thank them for their hard work. I also wish to thank Yuga Labs and Mason Rothschild and their respective lawyers for providing exemplars of the images at issue and permission to use them. All errors are mine, and mine alone.

1. LETTER FROM PATRICK LEAHY, SEN., U.S. S., AND THOM TILLIS, SEN., U.S. S., TO KATHI VIDAL, UNDER SECRETARY AND DIRECTOR, U.S. PAT. AND TRADEMARK OFF., AND SHIRA

It is a sign of how important non-fungible tokens (NFTs) have become when two United States Senators write a joint letter to the top officials at the United States Patent and Trademark Office (USPTO) and the United States Copyright Office (USCO) to ask them to “undertake a joint study” of NFTs.² The Senators proposed that the offices address a non-exclusive list of concerns which includes, *inter alia*, “the potential infringement analysis where an NFT is associated with an asset covered by third party IP or . . . an NFT is owned by the NFT creator and infringed by another.”³

A. *What are NFTs?*

One commentator noted, “[t]his is a deceptively complex question.”⁴ However, in the joint notice of inquiry, the USPTO and USCO used the definition found in the Merriam-Webster dictionary: “a unique digital identifier that cannot be copied, substituted, or subdivided, that is recorded in a blockchain, and that is used to certify authenticity and ownership (as of a specific digital asset and specific rights relating to it).”⁵ Using the facts of one of the cases discussed *infra* as an example, StockX minted (or created) an NFT linked to Nike sneakers. The NFT serves as a marker of the good (the sneakers), but it is not the good itself.⁶ Similarly, an NFT can be created and points to a virtual object, such as an artistic

PERLMUTTER, REGISTRAR, U.S. COPYRIGHT OFF. (June 9, 2022) (requesting study of non-fungible tokens) [hereinafter U.S. SENATORS’ LETTER].

2. The USPTO and the USCO jointly announced on November 23, 2022, that they are undertaking the study and are seeking public comment. Steve Brachmann, *USPTO, Copyright Office Joint Study on NFTs Could Help Dispel Confusion About IP Ownership in Media Content Underlying Digital Assets*, IP WATCHDOG (Nov. 28, 2022, 4:15 PM), <https://ipwatchdog.com/2022/11/28/uspto-copyright-office-joint-study-nfts-help-dispel-confusion-ip-ownership-media-content-underlying-digital-assets/id=153598/> [<https://perma.cc/4AHW-ZK8T>].

3. See U.S. SENATORS’ LETTER, *supra* note 1 at 2.

4. Julian Pipolo, *NFTs and the Law: What Do I Actually Own?*, L.TECH. TODAY (June 21, 2021), <https://www.lawtechnologytoday.org/2021/06/nfts-and-the-law-what-do-i-actually-own/> [<https://perma.cc/GVC3-9NDZ>].

5. Study on Non-Fungible Tokens and Related Intellectual Property Law Issues, 87 Fed. Reg. 71,585 (Nov. 23, 2022) (quoting *NFT*, MERRIAM-WEBSTER, www.merriamwebster.com/dictionary/NFT [<https://perma.cc/3XUF-RU6D>] (last visited Mar. 17, 2023)). See also Brachmann, *supra* note 2.

6. Ben Unglesbee, *Nike Adds Counterfeiting Claims To NFT Lawsuit Against StockX*, RETAIL DIVE (last updated May 11, 2022), <https://www.retaildive.com/news/nike-sues-stockx-over-nft-shoes/618340/> [<https://perma.cc/GDP3-LT9V>].

rendering of an ape⁷ or a handbag.⁸ It should be noted that any digital work can be “minted”—or turned into an NFT,⁹ even a tweet¹⁰—achieved by using a unique digital signature that belongs only to the person minting it.¹¹

In fact, the number of trademark applications filed in the USPTO for NFT-related goods and services is exploding.¹² According to Fortune, 5,800 trademark applications were filed in the first eight months of 2022, whereas only 3,000 trademark applications were filed throughout 2021 in its entirety.¹³ Three years ago, there were practically none.¹⁴

B. Conflict Around NFT Use

With an increase in trademark filings and uses of NFTs, there was bound to be conflict regarding usage and ownership of the intellectual properties created by this new technology. Although NFTs are unique, this does not preclude minting them with the use of another’s trademark, nor does it prevent making “as many versions of the same work as [one

7. See *Yuga Labs, Inc. v. Ripps*, No. 2:22-cv-04355 (C.D. Cal. June 24, 2022); see also *Bored Ape Yacht Club © 2021 Yuga Labs, Inc. image*, *infra* Section II(A).

8. See *Hermès Int’l v. Rothschild*, 603 F. Supp. 3d 98 (S.D.N.Y. 2022); see also *Mason Rothschild, MetaBirkin image*, *infra* Section II(C).

9. It is not within the scope of this article to discuss how an NFT is made. Suffice it to say that minting a work as an NFT means that a creator uses a digital work to generate a unique number that is then written into the blockchain in the shape of a smart contract. See *How Does an NFT Mint Work?*, ZENLEDGER (Oct. 1, 2022) <https://www.zenledger.io/blog/how-does-an-nft-mint-work> [perma.cc/G86X-YHCT]. See generally, *What is Minting?*, OPENSEA (last visited Dec. 1, 2022), <https://opensea.io/learn/what-is-minting-nft> [https://perma.cc/CGL8-YV8T] (primer on minting).

10. See Alexis Benveniste, *The First-Ever Tweet Sold as an NFT for \$2.9 Million*, CNN BUS. (Mar. 23, 2021, 8:51 AM), <https://www.cnn.com/2021/03/23/tech/jack-dorsey-nft-tweet-sold/index.html> [https://perma.cc/S372-NX8K].

11. Eliza Paul, *What is a Digital Signature? How it works, Benefits, Objectives, Concept*, EMP TRUST HR (Sept. 12, 2017), <https://www.emptrust.com/blog/benefits-of-using-digital-signatures/> [https://perma.cc/KE49-RJBK].

12. Michael Kondoudis, *NFT + Crypto + Metaverse Trademark Filing Tote Board*, L. OFF. MICHAEL E. KONDOUDIS, PC, <https://www.mekiplaw.com/nft-trademark-filing-information/> [https://perma.cc/BV99-CKD9] (last updated Oct. 5, 2022).

13. See Marco Quiroz-Gutierrez, *Metaverse Trademark Filings Through August Exceeded All of 2021—Even As Crypto Prices Tanked*, FORBES CRYPTO (Sept. 7, 2022), <https://fortune.com/crypto/2022/09/07/metaverse-trademarks-nfts-cryptocurrencies-web3-blockchain/> [https://perma.cc/W8VJ-F57Y] (quoting Kondoudis, *supra* note 12).

14. See Marco Quiroz-Gutierrez, *This Week In The Metaverse: Best Year Yet For Web3 Trademark Filings, Cristiano Ronaldo NFTs, and ‘The World’s First Digital Nation,’* YAHOO NEWS (Nov. 18, 2022), <https://news.yahoo.com/week-metaverse-best-yet-web3-153849394.html> [https://perma.cc/Z8QX-RPSA].

might] wish.”¹⁵ The ability to do so detracts from the function of a trademark which is a designation “used by a person . . . 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.”¹⁶

In the real world, when confusion ensues in the marketplace as to the source of the goods, the trademark owner has recourse to both federal statutory law and state statutory and common law to stop the unauthorized use of the mark. A question presented is whether the same traditional practices that have worked in the real world can be successfully applied to determine whether infringement has occurred in the metaverse.¹⁷ Another question is whether injunctive relief, a staple remedy in the resolution of infringement cases,¹⁸ can be effectively deployed to protect the interests of trademark owners in this particular technological arena.

II. THREE N(I)FT(Y) CASES

“*This is for all the digital marbles.*”¹⁹

There are three trademark cases swirling in the ether(eum)²⁰ that are grabbing the attention of fashionistas, intellectual property mavens, and

15. Sean D. Detweiler, *Intellectual Property Considerations of NFTs*, MORSE, BARNES-BROWN & PENDLETON, PC (May 16, 2022), <https://www.morse.law/news/intellectual-property-considerations-of-nfts/> [<https://perma.cc/SC7N-4RQ8>].

16. 15 U.S.C. § 1127 (Lanham Act § 45).

17. Supposedly there is no one universally accepted definition of the term “metaverse.” See Adi Robertson & Jay Peters, *What Is The Metaverse, And Do I Have To Care?*, THE VERGE (Oct. 4, 2021, 8:40 AM), <https://www.theverge.com/22701104/metaverse-explained-fortnite-roblox-facebook-horizon> [<https://perma.cc/R3X2-PNZR>]. However, one definition is “The Metaverse is an expansive network of persistent, real-time rendered 3D worlds and simulations that support continuity of identity, objects, history, payments, and entitlements, and can be experienced synchronously by an effectively unlimited number of users, each with an individual sense of presence.” *Id.* (quoting Matthew Ball, *Framework for the Metaverse*, MatthewBall.vc (June 29, 2021), <https://www.matthewball.vc/all/forwardtothemetaverseprimer> [<https://perma.cc/94MW-WV82>]).

18. See *Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175, 1180 (9th Cir. 1988) (noting that “Injunctive relief is the remedy of choice for trademark and unfair competition cases since there is no adequate remedy at law for the injury caused by a defendant’s continuing infringement.”).

19. See Samantha Handler, *Hermès NFT trademark Suit Has “All the Digital Marbles” at Stake*, BLOOMBERG L. (Jan. 28, 2022, 5:02 AM), https://www.bloomberglaw.com/bloomberglawnews/transfer-pricing/XC4V6UNO000000?bna_news_filter=transfer-pricing#jcite [<https://perma.cc/C43T-LKH8>] (quoting Fordham Law Professor Susan Scafidi’s assessment of the Hermès case).

20. According to its website, “Ethereum is a technology for building apps and organizations, holding assets, transacting and communicating without being controlled by a central authority. There is no need to hand over all your personal details to use Ethereum - you keep control of your own data and what is being shared. Ethereum has its own cryptocurrency, Ether, which is used to pay for certain

metaverse cognoscenti alike.²¹ All three are cases of first impression, even though they involve trademark infringement claims.²² All are considered cases that will determine whether old trademark principles apply to new technology²³ and each has compelling and competing arguments that may militate against findings of infringement.²⁴

In this section, I will briefly set out the facts of each case and the arguments made by each party regarding the disputed use of trademarks.

activities on the Ethereum network.” See *What is Ethereum?*, ETHEREUM, <https://ethereum.org/en/what-is-ethereum/> [<https://perma.cc/EAL2-Y5LX>] (last visited Nov. 21, 2022).

21. See Felicia J. Boyd et al., *Hermès’ Challenge of ‘MetaBirkin’ NFTs Foretells Future Trademark Litigation Trends*, IPWATCHDOG (June 30, 2022, 7:15 AM), <https://ipwatchdog.com/2022/06/30/hermes-challenge-metabirkin-nfts-foretells-future-trademark-litigation-trends/id=149916/> [<https://perma.cc/CWS3-P9TT>] (noting “[t]here are not many trademark cases that are of equal interest to high fashion, the art world and cutting-edge tech.”).

22. Andrew Rossow, *The Nike v. StockX Lawsuit Could Determine What Type of NFTs Can Be Created*, NFT NOW (May 26, 2022), <https://nftnow.com/features/the-nike-v-stockx-lawsuit-could-determine-what-type-of-nfts-can-be-created/> [<https://perma.cc/8BR3-92TU>] (noting “our courts are yet again faced with another opportunity to create a legal precedent for how intellectual property is applied to NFTs.”); Sander Lutz, *Yuga Labs Threatened With Possible Class-Action Lawsuit*, DECRYPT (July 24, 2022), <https://decrypt.co/105871/yuga-labs-threatened-with-possible-class-action-lawsuit> [<https://perma.cc/8AUR-775M>]; *New District Court Decision Provides Useful Guidance on Application of Trademark Law to Virtual Goods*, GIBSON, DUNN & CRUTCHER LLP (May 20, 2022), <https://www.gibsondunn.com/wp-content/uploads/2022/05/new-district-court-decision-provides-useful-guidance-on-application-of-trademark-law-to-virtual-goods.pdf> [<https://perma.cc/DQU9-K76N>] (noting “[t]his litigation is one of the first significant trademark actions involving NFT offerings.”).

23. See generally, Hailey Lennon, *A Landmark NFT Lawsuit Seeks To Determine How Creators, Owners, And Investors Can Protect Their Intellectual Property And Monetize Assets Moving Forward*, FORBES (July 5, 2022, 10:13 PM), <https://www.forbes.com/sites/haileylennon/2022/07/05/a-landmark-nft-lawsuit-seeks-to-determine-how-creators-owners-and-investors-can-protect-their-intellectual-property-and-monetize-assets-moving-forward/?sh=628c0baf61ec> [<https://perma.cc/BRL8-9SMT>] (discussing *Yuga Labs v. Ripps*); Emily Faro & Danielle Garmo, *Trademarks Meet NFTs: Hermès Sues NFT Creator Over Metabirkins*, REED SMITH LLP (Jan. 26, 2022), <https://www.adlawbyrequest.com/2022/01/articles/in-the-courts/trademarks-meet-nfts-hermes-sues-nft-creator-over-metabirkins#page=1> [<https://perma.cc/CG4F-J6CC>] (noting that “extent of these [trademark law] protections in the digital world as well as what remedies can be granted are yet to be explored”); Melanie Howard & Lisa Wiznitzer, *Virtual Shoes and Vault NFTs: First Sale, Fair Use Or First Impression?*, LUXURY L. ALLIANCE (May 6, 2022), <https://luxurylawalliance.com/news-features/virtual-shoes-and-vault-nfts-first-sale-fair-use-or-first-impression/1506160073> [<https://perma.cc/8TUZ-ARFK>] (remarking that the “court’s evaluation of the StockX and Nike dispute . . . will lay the groundwork for the intersection of intellectual property laws in the virtual and physical worlds.”).

24. See discussion *infra* Sections (A)–(C).

A. *Jaded Simians: Yuga Labs, Inc. v. Ryder Ripps, et al.*

“This is no mere monkey business.”²⁵



Bored Ape Yacht Club © 2021 Yuga Labs, Inc.

A recently filed case alleging *inter alia* trademark infringement and involving NFTs is that of *Yuga Labs, Inc v Ripps et al.*²⁶ In June 2022, Yuga Labs filed a complaint against Ryder Ripps and others alleging that Ripps used the same name and logos as those coined by Yuga Labs for its “digital collectibles.”²⁷

The digital collectibles are illustrations of anthropomorphized apes. The simians have been described as “grungy apes with unimpressed expressions on their faces and human clothes on their sometimes-multicolored, sometimes-metal bodies.”²⁸ The illustrations, which are tied

25. See Complaint at ¶ 2, *Yuga Labs, Inc. v. Ripps*, 2:2022cv04355 (C.D. Cal. June 24, 2022).

26. *Id.* Yuga Labs alleged federal trademark claims of unfair competition, false advertising, cybersquatting as well as asserted common law trademark infringement and unfair competition claims. It also brought claims under California law of unfair competition, false advertising, unjust enrichment, conversion and intentional and negligent interference with prospective economic advantage.

27. *Id.*

28. Samantha Hissong, *How Four NFT Novices Created a Billion-Dollar Ecosystem of Cartoon Apes*, ROLLING STONE (Nov. 1, 2021, 10:15 AM), <https://www.rollingstone.com/culture/culture-news/bayc-bored-ape-yacht-club-nft-interview-1250461/> [<https://perma.cc/J2Y9-TW9Z>].

to tokens, were all the rage²⁹ and sold to celebrity personalities such as Serena Williams, Steph Curry, and Jimmy Fallon.³⁰

Elements of Yuga Labs's collection—Bored Ape Yacht Club (BAYC)—are claimed as common law trademarks by Yuga Labs.³¹ In addition, Yuga Labs is in the process of acquiring federal trademark registrations for words and logos associated with its collection.³² Yuga Labs claims that Ripps has unlawfully appropriated the same illustrations to promote Ripps's NFT collection, titled RR/BAYC and, according to Yuga Labs, such unauthorized use misleads and confuses consumers as to the source of the NFTs.³³ Indeed, according to the complaint, Ripps sold his duplicate “bored apes” on the same NFT platforms as those utilized by Yuga Labs.³⁴ To add insult to injury, Ripps even used the same number designations for “his” apes as those claimed by Yuga Labs.³⁵

Ripps, a conceptual artist,³⁶ asserts that his use of illustrations is protected because it is satiric in form. He claims that his use of Yuga Labs's illustrations enables him “to critique hateful imagery” present in Yuga Labs's project.³⁷ Ripps contends that his appropriation

serves several purposes: (1) to bring attention to Yuga's use of racist and neo-Nazi messages and imagery, (2) to expose Yuga's use of unwitting

29. At one point the sales of Bored Ape NFTs totaled more than \$ 2 billion dollars. See Isaiah Poritz, *Fake Bored Ape Yacht Club NFTs Sold By Artist, Yuga Labs Claims*, BLOOMBERG L. (June 27, 2022, 11:42 AM), <https://news.bloombergtax.com/ip-law/fake-bored-ape-yacht-club-nfts-sold-by-artist-yuga-labs-claims> [<https://perma.cc/MTQ4-RUDS>]. It has also been described as “the second most popular NFT collection in the world.” See Eduardo Próspero, *Does The Bored Ape Yacht Club NFT Collection Contain Racist Iconography?*, BITCOINIST.COM, <https://bitcoinist.com/the-bored-ape-yacht-club-nft-collection-racist/> [<https://perma.cc/5EHG-BST5>] (last visited Dec. 1, 2022).

30. Ryan McNamara, *Here Are The Bored Ape Yacht Club NFTs Owned By Celebrities*, BENZINGA, <https://www.benzinga.com/money/celebrities-that-own-bored-ape-yacht-club-nfts> [<https://perma.cc/V548-JUN9>] (last updated Apr. 26, 2023).

31. Hisson, *supra* note 28.

32. Yuga Labs has filed trademark applications for BORED APE YACHT CLUB, BAYC, BORED APE, APE, BA YC and BA YC BORED APE YACHT CLUB Logo, Ape Skull Logo. See Complaint at ¶¶ 24–30, *Yuga Labs, Inc. v. Ripps*, 2:2022cv04355 (C.D. Cal. June 24, 2022).

33. McNamara, *supra* note 30 ¶¶ 33–37.

34. *Id.* ¶ 33.

35. *Id.* ¶ 52. For example, the Bored Ape pictured in this article is designated “Bored Ape #0”.

36. It is not an overstatement to say that Ripps is also a controversial artist. See generally, Shanti Escalante-De Mattei, *The Art World's Digital Troll Is Determined To Take Down Bored Ape Yacht Club's \$4 Billion Empire*, ARTNEWS (Sept. 15, 2022, 11:03 AM), <https://www.artnews.com/list/art-news/news/bored-ape-yacht-club-lawsuit-ryder-ripps-1234638475/the-consequences-of-being-early/> [<https://perma.cc/9MGX-EZ9S>]; 2016 30 Under 30: Art & Style, *Ryder Ripps, 29*, FORBES (Aug. 22, 2016, 11:15 AM), <https://www.forbes.com/pictures/hjdj45fk/ryder-ripps-29/?sh=645c778241ce> [<https://perma.cc/YE3K-X7YB>]

37. Ripps claims that the Yuga Labs's imagery contains coded references to neo-Nazi and white supremacy tropes. See Motion to Strike Complaint at 1, *Yuga Labs, Inc. v. Ripps et al*, 2:2022cv04355 (C.D. Cal. Sept. 15, 2022).

celebrities and popular brands to disseminate offensive material, (3) to create social pressure demanding that Yuga take responsibility for its actions, and (4) to educate the public about the technical nature and utility of NFTs.³⁸

Ripps further argues that the Yuga lawsuit is an abusive one, aimed at silencing him,³⁹ thus prompting Ripps to file a motion to dismiss the case under the California Anti-SLAPP statute.⁴⁰

*B. The Sneaker Wars: Nike v. StockX*⁴¹

*“Nike’s claims . . . show a fundamental misunderstanding of the various functions NFTs can serve.”*⁴²

In January 2022, StockX, an online reseller of branded sneakers, apparel, and other goods, launched Vault NFT, “an experience where . . . customers can invest in NFTs tied to physical products and trade them instantly with lower fees”⁴³ According to the announcement, “the buyer of a StockX Vault NFT will also own the corresponding physical item including the opportunity to take possession of it at any time.”⁴⁴ Although a novel idea,⁴⁵ the problem for Nike is that StockX was using Nike-branded NFTs to promote its new product without any apparent authorization from Nike.⁴⁶

38. See Notice of Motion to Strike Complaint at ¶ 6, *Yuga Labs, Inc. v. Ripps*, 2:2022cv04355 (C.D. Cal. Sept. 15, 2022).

39. *Id.* at 1 (stating “Yuga’s purpose was obvious: to bully Mr. Ripps and Mr. Cahen into silence.”).

40. *Id.*

41. See Andrew Rossow, *The Nike v. StockX Lawsuit Could Determine What Type of NFTs Can Be Created*, NFT NOW (May 26, 2022), <https://nftnow.com/features/the-nike-v-stockx-lawsuit-could-determine-what-type-of-nfts-can-be-created/> [<https://perma.cc/CS7B-TR4S>] (dubbing dispute as “the sneaker wars”).

42. See Answer & Demand for Jury Trial at ¶ 2, *Nike, Inc. v. StockX LLC*, No. 22-CV-983-VEC, 2023 WL 144718 (S.D.N.Y. Mar. 31, 2022).

43. See Scott Cutler, *StockX Launches Vault NFTs*, STOCKX (Jan. 18, 2022), <https://stockx.com/about/stockx-launches-vault-nfts/> [<https://perma.cc/UL66-PHER>].

44. *Id.*

45. This type of NFT is known as a “digital twin” and is used in the fashion industry. Digital twin NFTs correspond to physical items in a company’s inventory, thereby allowing an owner to acquire real rights in a physical, as well as virtual, item. See Landon Wilneff, *Nike v. StockX: “Running” to NFTs*, LOY. U. CHI. SCH. L.: IP BYTES (Nov. 19, 2022) <http://blogs.luc.edu/ipbytes/2022/11/19/nike-v-stockx-running-to-nfts/> [<https://perma.cc/F4MA-GMPX>].

46. See Complaint at ¶ 4, *Nike Inc. v. StockX, LLC*, No. 22-CV-983-VEC, 2023 WL 144718 (S.D.N.Y. Feb. 3, 2022).

Nike sued, claiming trademark infringement, false designation of origin, and unfair competition and dilution under the Lanham Act, the federal trademark statute.⁴⁷ It also asserted injury to business reputation and dilution under New York State law, infringement of its common law trademark, and unfair competition.⁴⁸

StockX strenuously denied the allegations. StockX claimed that its Vault NFT program only “enables secondary trading on StockX to be more efficient” in that one could “track ownership of goods, and cut out unnecessary costs and fees for customers.”⁴⁹ StockX countered Nike’s allegations with one of its own—arguing that “Nike’s lawsuit is nothing more than a baseless and misleading attempt to interfere with an innovative and efficient method to trade in current culture, part of the increasingly popular and lawful secondary market for the sale of its sneakers and other goods.”⁵⁰

In its defense, StockX claimed that its depiction of Nike’s trademarks in its materials was nothing more than descriptive or nominative fair use⁵¹ and that Nike’s claims were “barred, in whole or in part, by the first sale doctrine permitting purchasers of lawfully trademarked goods to display, offer, and sell those goods under their original trademark.”⁵²

47. *Id.* ¶¶ 92–103 (alleging trademark infringement); ¶¶ 104–109 (false designation of origin) and ¶¶ 110–119 (dilution).

48. *Id.* ¶¶ 120–126 (asserting injury to business reputation); ¶¶ 127–133 (common law trademark infringement and unfair competition)

49. *See* Answer at ¶ 3, *Nike*, No. 22-CV-983-VEC, 2023 WL 144718 (S.D.N.Y. Mar. 31, 2022).

50. *See* Answer to First Amended Complaint at ¶ 9, *Nike*, No. 22-CV-983-VEC, 2023 WL 144718 (S.D.N.Y. June 6, 2022).

51. *Id.* Descriptive fair use (or classic fair use) is defined in the Lanham Act as “a use, otherwise than as a mark, . . . or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party.” *See* 15 U.S.C. § 1115(b)(4). Nominative fair use is a use by the alleged infringer to describe the plaintiff’s goods. *See* *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992) (setting forth the parameters of this type of fair use).

52. *See* Answer to First Amended Complaint at ¶ 38, *Nike, LLC*, No. 22-CV-983-VEC, 2023 WL 144718.

C. *Not Your Mother's Birkin*⁵³: *Hermès v. Rothschild*

“The fact that I sell the art using NFTs doesn’t change the fact that it is art.”⁵⁴



Mason Rothschild, *MetaBirkin*.

In *Hermès v. Rothschild*, Hermès claims that an artist, Mason Rothschild, is liable for the infringement of trademarks associated with Hermès’s highly coveted and eye-popping expensive BIRKIN brand handbag.⁵⁵ Similar to the cases discussed *supra*,⁵⁶ what makes this case unusual is that Rothschild created digital images of faux fur-covered bags, modeled on the iconic Hermès leather bags, entitled the project

53. See METABIRKINS, <https://metabirkins.com> [<https://perma.cc/Q2C4-L79G>] (last visited Nov. 21, 2022) (displaying Rothschild’s use of the phrase “Not Your Mother’s Birkin” in advertisements of his digital images).

54. See MetaBirkins (@metabirkins), INSTAGRAM (Jan. 17, 2022) <https://www.instagram.com/p/CY1qIMppbex/> [<https://perma.cc/2JK5-NT2C>] (showing “A statement in response to: Hermès International, et al. v. Mason Rothschild” from Mason Rothschild, creator of MetaBirkins).

55. Birkin handbags retail in the thousands, while the resale value is more—much more. See Taylor Lane, *This Is the Best Way to Buy a Birkin Bag, According to an Expert*, INSTYLE (Jan. 20, 2022, 3:58 PM), <https://www.instyle.com/fashion/accessories/bags/how-to-buy-a-birkin-bag> [<https://perma.cc/GG9Z-9DVA>]; Max Brownawell, *What Influences an Hermès Birkin Bag Price*, SOTHEBY’S (Nov. 28, 2022), <https://www.sothebys.com/en/articles/what-influences-an-hermes-birkin-bag-price> [<https://perma.cc/NT2E-6PBT>] (noting that the most expensive Birkin bag sold at Sotheby’s was a Himalaya Birkin 30 with diamonds for \$450,000).

56. See *supra* Sections (A), (B).

“MetaBirkins,” and sold the virtual images, using NFTs, at prices comparable to (and eventually higher than) real BIRKIN bags.⁵⁷

According to the complaint filed in January 2022, Hermès alleged that the unauthorized use of its trademarks confuses the public as to the source and sponsorship of the images and dilutes the distinctiveness of its marks.⁵⁸ Hermès also argued that by creating and selling these digital images, Rothschild foreclosed Hermès’s possibilities in the digital marketplace.⁵⁹

Rothschild, however, contends that his work is creative expression, thus implicating the First Amendment, and should be protected as such, because “[t]hese images, and the NFTs that authenticate them, are not handbags; they carry nothing but meaning.”⁶⁰ Furthermore, Rothschild defends his use against allegations of trademark infringement by arguing that his depiction of the bags in faux fur was commentary on the fashion industry’s “history of animal cruelty and its current embrace of fur-free initiatives and alternative textiles”; therefore, his use is objectively fair.⁶¹

III. TRADEMARK PRINCIPLES

“The function of trademark law is to discursively construct and institutionally enforce particular notions of corporate identity as a property right.”⁶²

57. See Lauren Golangco, *Mad About MetaBirkins: What Is the MetaBirkin and Why Is It Rocking the Fashion World?*, TATLER (Feb. 10, 2022), <https://www.tatlerasia.com/power-purpose/technology/what-is-the-metabirkin-metaverse> [<https://perma.cc/AKY6-Q7JB>] (discussing the price fluctuation of MetaBirkin NFTs over its first two weeks).

58. For an example of the confusion generated by the launch of the MetaBirkins, see generally, Alyssa Kelly, *Mason Rothschild’s ‘MetaBirkin’ NFTs Sell for Record Prices*, L’OFFICIEL USA (Dec. 15, 2021), <https://www.lofficielusa.com/fashion/hermes-metabirkins-nfts-collection> [<https://perma.cc/A3N2-A4YY>] (noting that the “digital retailer partnered with Hermès and Rothschild on the project, as well as offered the artistic visionary a contract that will further their expansion into the realm of NFTs.”).

59. See Amended Complaint at ¶¶ 6–7, *Hermès Int’l v. Rothschild*, 603 F. Supp. 3d 98 (S.D.N.Y. Mar. 2, 2023) (No. 22-cv-384).

60. See Memorandum of Law in Support of Defendant Mason Rothschild’s Motion To Dismiss The Complaint at ¶ 8, *Hermès*, 603 F. Supp. 3d 98 (No. 22-cv-384).

61. Interestingly enough, Rothschild is not as sanguine about others using his coined term “MetaBirkins” and selling what he terms “counterfeits.” See generally, *IP-Stealing Artist Gets Burned by His Own Game as Cyber-Sleuths Pirate ‘MetaBirkin’ NFTs*, PYMNTS (Dec. 13, 2021), <https://www.pymnts.com/nfts/2021/ip-stealing-artist-gets-burned-by-his-own-game-as-cyber-sleuths-pirate-metabirkin-nfts/> [<https://perma.cc/6A5H-6RB4>] (discussing Rothschild’s dismay at having his creations pirated and resold by others); see also Emily Faro & Danielle Garno, *supra* note 23 (similar).

62. Rosemary J. Coombe & Andrew Herman, *Culture Wars on the Net: Intellectual Property and Corporate Propriety in Digital Environments*, 100 S. ATL. Q. 919, 922 (2001).

It is axiomatic that the dual function of trademark is to indicate the source and protect an owner from those trying to ride on the owner's coattails. In these NFT cases, the trademark owners seek to establish that their real-world rights carry over to a new arena—the metaverse.⁶³ However, one of the challenges presented by NFTs lies in their being linked to intangible objects. In each of the cases discussed above, the plaintiffs would seem to have colorable claims since the marks would be deemed protectable, and the plaintiffs can point to instances of confusion.⁶⁴

Both Nike and Hermès have argued that unauthorized uses of their marks hinder and harm their abilities to determine their unique corporate identities. For example, in its complaint, Nike argued that “StockX’s misappropriation of Nike’s famous trademarks and goodwill to buoy its entry into the lucrative NFT and digital collectible market deprives Nike of its exclusive right to use its marks in connection with this new commercial medium.”⁶⁵ Similarly, Hermès complained that Rothschild’s continued usage of the term “MetaBirkins” would “ultimately preempt Hermès’s ability to offer products and services in virtual marketplaces that are uniquely associated with Hermès and meet Hermès’s quality standards.”⁶⁶

Yet the defendants have attempted to use, when expedient, the unique nature of the NFTs to defend against a claim of infringement. For example, on the face of the facts set forth in the *Yuga Labs* case, Ryder Ripps would appear to have infringed the trademarks at issue. Yet, he claims that “[t]hrough the process of ‘re-minting,’ the original BAYC images are recontextualized – illuminating truths about their origins and

63. This does not apply to the owners behind the Bored Apes project because they launched their project as NFTs and are solidly a part of that space.

64. See, e.g., Complaint of Yuga Labs, *supra* note 25, at ¶ 54 (noting that a NFT trading website, OpenSea, repeatedly delisted the Ripps NFTs because of consumer confusion and complaints); Kelly, *supra* note 58 (re confusion generated by Rothschild); see Complaint at ¶¶ 80-83, Nike Inc. v. StockX, LLC, No. 22-CV-983-VEC, 2023 WL 144718 (S.D.N.Y. Feb. 3, 2022) (showing Twitter and Reddit users’ confusion as to Nike’s association with the StockX project). Note that for a finding of trademark infringement, the standard is that of likelihood of infringement. On the other hand, a showing of actual infringement is icing on the proverbial cake. See generally CALLMAN ON UNFAIR COMPETITION (2016) (noting that trademark infringement “can be established without any evidence of actual confusion. But when evidence of actual confusion is available, the evidence is so highly probative of the likelihood of confusion that it is rarely ignored.”) (citations omitted).

65. See Complaint at ¶ 7, Nike Inc. v. StockX, LLC, No. 22-CV-983-VEC, 2023 WL 144718 (S.D.N.Y. Feb. 3, 2022).

66. See Amended Complaint at ¶ 15, Hermès Int’l v. Rothschild, 603 F. Supp. 3d 98 (S.D.N.Y. Mar. 2, 2022) (No. 22-cv-384).

meanings as well as the nature of Web3 – *the power of NFTs to change meaning, establish provenance and evade censorship.*⁶⁷

For its part, StockX contends that its use is lawful because it uses NFTs “to track ownership of frequently traded physical products.”⁶⁸ This use, it claims, “is transforming the trading experience on its marketplace by increasing efficiencies and decreasing transaction costs for buyers and sellers.”⁶⁹ Therefore, “[u]sing NFTs in this manner is lawful and violates no legitimate right of Nike or any of the manufacturers of the underlying goods.”⁷⁰ And Rothschild claims that his NFTs only “signify ownership of an image of a handbag” and—like Magritte’s pipe—“digital images of handbags are not handbags.”⁷¹

Notwithstanding their claims that NFTs are somehow different, the defendants have resorted to trademark law principles to justify their activities. For example, StockX claims that it has not infringed Nike’s trademarks because of the first sale doctrine.⁷² The first sale doctrine carves out an exception for the resale of “genuine goods bearing a true mark even though the sale is not authorized by the mark owner.”⁷³ If, as alleged by Nike, some of the products held by StockX and linked to a Vault NFT are counterfeits,⁷⁴ the first sale doctrine will not apply for an obvious reason—the shoes are not “genuine goods.”⁷⁵

Another one of the arguments relied upon by the defendants is that of nominative fair use, a trademark principle that allows the use of another’s trademark if:

First, the product or service must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the plaintiff’s product or service; and third, the user must do nothing that would, in conjunction

67. Statement of Ryder Ripps Regarding Re-Minting of CryptoPunk #3100, <https://rrbayc.com/https://perma.cc/DYT9-QEBY> (emphasis added).

68. See Answer to Complaint, *Nike*, No. 22-CV-983-VEC, 2023 WL 144718.

69. *Id.* ¶ 2.

70. *Id.*

71. See Reply Memorandum of Law in Further Support of Defendant Mason Rothchild’s Motion to Dismiss the Amended Complaint at ¶ 1, *Hermès*, 603 F. Supp. 3d 98 (No. 22-cv-384).

72. See Answer to Complaint, *supra* note 68. StockX also claimed the defense of nominative fair use. *Id.* For an in-depth discussion of the doctrine of first sale as it applies to trademarks, see generally David W. Barnes, *Free-Riders and Trademark Law’s First Sale Rule*, 27 SANTA CLARA COMPUTER & HIGH TECH. L.J. 457 (2011).

73. See *Coty Inc. v. Cosmopolitan Cosmetics Inc.*, 432 F. Supp. 3d 345, 350 (S.D.N.Y. 2020) (citations omitted).

74. See First Amended Complaint, ¶ 6, *Nike*, No. 22-cv-983-VEC, 2023 WL 144718.

75. See generally, *Martin’s Herend Imp., Inc. v. Diamond & Gem Trading United States of Am. Co.*, 195 F.3d 765 (5th Cir. 1999) (noting that the first sale “rule applies only to identical genuine goods”).

with the mark, suggest sponsorship or endorsement by the trademark holder.⁷⁶

For example, in *Yuga Labs*, Ryder asserts that his “appropriation art project” would not be readily identifiable without using Yuga’s marks, that there was no more use of Yuga’s marks than necessary “in the digital images to which his NFTs point, and in the title of the collection, to accomplish the use of satire to criticize Yuga,”⁷⁷ and that he had done nothing to suggest sponsorship or endorsement. Ripps claims that he has used a disclaimer to ensure that purchasers of RR/BAYC digital images understand this is “a new mint of BAYC imagery, recontextualizing it for educational purposes as protest and satirical commentary.”⁷⁸ If accepted by the court, this argument would perhaps defeat a finding of infringement.

However, in this instance, where it appears that Ripps has done nothing but place his name on the work, it is unlikely that a court would credit this as recontextualizing rather than a new technological form of reverse passing off.⁷⁹ The district court found that the sale of RR/BAYC NFTs “is the only conduct at issue in this action and does not constitute an expressive artistic work protected by the First Amendment.”⁸⁰ It further agreed with the plaintiff’s scathing assessment that the “sale of RR/BAYC NFTs is no more artistic than the sale of a counterfeit handbag.”⁸¹

Ripps and Rothschild have argued that their usage of disclaimers should militate against a finding of infringement.⁸² Nevertheless, disclaimers are of somewhat limited use in defeating trademark infringement claims,⁸³ particularly if it is true, as alleged by the respective

76. See *New Kids on the Block v. News America Pub. Inc.*, 971 F.2d 302, 308 (9th Cir. 1992)

77. See Notice of Motion; Anti-SLAPP Motion to Strike; and Motion to Dismiss at ¶¶ 18–19, *Yuga Labs, Inc. v. Ripps*, No. 22-cv-4355, 2022 WL 18024480 (C.D. Cal 2022).

78. *Id.* at 16.

79. Reverse passing off is defined as occurring when “the producer misrepresents someone else’s goods or services as his own.” See *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 28 n.1 (2003) (citations omitted).

80. See *Yuga Labs*, 2022 WL 18024480, at 5.

81. *Id.*

82. See Reply in Support of Anti-SLAPP Motion to Strike and Motion to Dismiss at 6, *Yuga Labs v. Ripps*, No. 22-cv-4355, 2022 WL 18024480 (C.D. Cal 2023) (discussing disclaimer use on the RR/BAYC website); Memorandum of Law in Opposition to Plaintiff’s Motion for Summary Judgment at ¶ 15, *Hermès Int’l v. Rothschild*, 603 F. Supp. 3d 98 (S.D.N.Y.) (No. 22-cv-384) (discussing Rothschild’s use and placement of disclaimer).

83. See generally Jacoby & Raskoff, *Disclaimers as a Remedy for Trademark Infringement Litigation: More Trouble Than They Are Worth?*, 76 TRADEMARK REPT. 35 (1986) (concluding that disclaimers are not effective in preventing consumer confusion); Laura A. Heymann, *Reading the Product: Warnings, Disclaimers and Literary Theory*, 22 YALE J.L. & HUMAN. 393, 396 (2010) (noting that “warnings and disclaimers are like footnotes: they provide important information that

plaintiffs, that there was inconsistent usage across the platforms on which the NFTs were sold.⁸⁴

A. *Creative Expression*

Another argument employed by both Ripps and Rothschild is that their artistry is protected under the First Amendment because it is creative expression.⁸⁵ Both point to *Rogers v. Grimaldi*,⁸⁶ in which the Court of Appeals for the Second Circuit (“Second Circuit”) held that a defendant’s work is insulated from trademark infringement if the defendant can show that the allegedly infringing work is creative and therefore protected under the First Amendment, that the use of the mark is relevant to the work, and that consumers are not explicitly misled as to the source or content of the work.⁸⁷

Some federal circuit courts have adopted this test (or some variation thereof) to limit liability under the Lanham Act and protect free expression.⁸⁸ However, in the Ninth Circuit, where *Yuga Labs* is being litigated, the court took a dim view of a defendant’s use of a mark where the defendant “largely just pasted [plaintiff’s] mark” onto its work.⁸⁹ In *Gordon v. Drape Creative*,⁹⁰ the court remarked that:

[U]sing a mark as the centerpiece of an expressive work itself, unadorned with any artistic contribution by the junior user, may reflect nothing more than an effort to “induce the sale of goods or services” by

explains, supports, or offers caveats to the message in the main part of the text, but we don’t always expect readers to take notice of them.”).

84. *Yuga Labs*, 2022 WL 18024480 at 5 (discussing inconsistent usage of disclaimer; *cf.*, Ray Alvarez, *Disclaimers and Drama - Yuga Labs v. Ryder Ripps*, MSQ.IO (Aug. 1, 2022), <https://msq.io/news/disclaimers-and-drama-yuga-labs-v-ryder-ripps> [<https://perma.cc/S2TV-CLN2>] (discounting the likelihood that all consumers would actually interact with the disclaimer)); Plaintiffs’ Motion in Opposition to Defendant’s Motion for Summary Judgment, *Hermès Int’l v. Rothschild*, 603 F. Supp. 3d 98 (S.D.N.Y. 2022) (No. 22-cv-384), 2022 WL 17903747 (noting the “disclaimer is especially ineffective because it only appeared on [Rothschild’s] METABIRKINS website—not on social media or any NFT marketplaces . . .”).

85. *See* Notice of Motion; Anti-SLAPP Motion to Strike; and Motion to Dismiss, *supra* note 77 at 19; *See* Amended Complaint, *supra* note 59 at 8.

86. *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989).

87. *Id.* at 1000 (“[w]here a title with at least some artistic relevance to the work is not explicitly misleading as to the content of the work, it is not false advertising under the Lanham Act.”).

88. At least four other Circuit Courts of Appeals have adopted some form of the *Rogers* test. *See generally*, Daniel Jacob Wright, *Explicitly Explicit: The Rogers Test and the Ninth Circuit*, 21 U. GA. J. INTELL. PROP. L. 193, 203 (2013) (discussing the circuit adoption and development of the *Rogers* test).

89. *See* *Gordon v. Drape Creative, Inc.*, 909 F.3d 257 (9th Cir. 2018).

90. *Id.*

confusion or “lessen[] the distinctiveness and thus the commercial value of” a competitor’s mark.⁹¹

Arguably, this is exactly what Ripps has done in reminting Yuga Labs’s apes. Furthermore, when a court applies the explicitly misleading prong of the *Rogers* test it looks to see “(1) ‘the degree to which the junior user uses the mark in the same way as the senior user’ and (2) ‘the extent to which the junior user has added his or her own expressive content to the work beyond the mark itself.’”⁹²

Recently, *Yuga Labs* determined that *Rogers* did not apply to the case at bar⁹³ because the defendants’ actions did not “constitute an expressive artistic work protected by the First Amendment.”⁹⁴ Rather, the court found that “the RR/BAYC NFTs do not express an idea or point of view,” because they “point to the same online digital images associated with the BAYC collection.”⁹⁵ Furthermore, the defendants’ activities were commercial activities designed to sell infringing products and did not fall within the category of expressive artistic speech protectable under the First Amendment.⁹⁶

As for the second test—whether use of the mark is explicitly misleading—the court concluded that the defendants’ use was indeed explicitly misleading.⁹⁷ Citing *Gordon*, the court held that the defendants’ admitted use of the BAYC marks as the centerpiece of the RR/BAYC NFTs “without any artistic contribution of their own” resulted in the consumer being explicitly misled.⁹⁸

With respect to the contention that defendants used disclaimers to distinguish their NFTs from those of Yuga Labs, the court found that such use was inconsistent. Some websites used to market the RR/BAYC NFTs did not include the disclaimer. The court imputed usage of disclaimers to the defendants’ knowledge that its appropriation of the BAYC marks was misleading.⁹⁹

91. *Id.* at 271 (citations omitted).

92. *See* *Punchbowl v. AJ Press*, 52 F.4th 1091, 1100 (9th Cir. 2022) (quoting *Gordon*, 909 F.3d at 270–71).

93. *See* *Yuga Labs v. Ripps*, No. 22-cv-4355, 2022 WL 18024480, at *4–5 (C.D. Cal 2022). The court also denied the defendants’ Anti-SLAPP motion. *Id.* at *9. An appeal has been filed to the Court of Appeals for the Ninth Circuit. *See* Notice of Appeal, *Yuga Labs*, 22-cv-4355 (C.D. Cal 2022).

94. *Yuga Labs*, 2022 WL 18024480, at 5.

95. *Id.*

96. *Id.*

97. *Id.*

98. *Id.*

99. “Moreover the fact that Defendants felt obliged to include a disclaimer demonstrates their awareness that their use of the BAYC Marks was misleading.” *Id.* at 5.

B. *Fair Use*

The defendants also claimed that their use of Yuga Labs marks was a nominative fair use.¹⁰⁰ A nominative fair use of another's mark occurs when the defendant uses a mark to describe the plaintiff's product rather than its own.¹⁰¹ That is, it does not "implicate the source-identification function that is the purpose of trademark."¹⁰² Furthermore, such use is not viewed as unfair competition because it neither suggests sponsorship nor implies endorsement by the trademark owner.¹⁰³

Unfortunately for Ripps, the court decided that using the BAYC marks was unfair. It found that "defendants are not using the BAYC to sell Plaintiff's NFTs but to sell their own competing RR/BAYC NFTs."¹⁰⁴ The court found that the defendants "failed to establish all the elements of the nominative fair use defense."¹⁰⁵ It noted that the defendants "frequently used the entirety of the BAYC marks without modification," thus failing to meet the requirement that "only so much of the mark or marks may be used as is reasonably necessary."¹⁰⁶ Furthermore, the court remarked how the defendants employed the plaintiff's mark—"prominently and boldly"—suggested sponsorship by the plaintiff.¹⁰⁷

In *Hermès*, Rothschild has also defended his use of the term "MetaBirkins" on faux-fur covered digital bags as artistic and creative expression,¹⁰⁸ arguing that the *Rogers* test applied to the facts at issue.¹⁰⁹ There are three factors that a court must consider when determining whether or not the Lanham Act will apply to claims of creative trademark use.¹¹⁰ First, whether the use may be considered artistic expression.¹¹¹ If so, then it deserves First Amendment protection.¹¹² Second, whether the

100. *Id.* at 3.

101. *Id.* at 6.

102. *Id.* (quoting *New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302, 306 (9th Cir.1992)).

103. *Id.*

104. *Id.*

105. *Id.*

106. *See* *New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302, 308 (9th Cir. 1992) (discussing the three elements required for a showing of nominative fair use).

107. *Yuga Labs, supra* note 94 (quoting *Brother Recs., Inc. v. Jardine*, 318 F.3d 900, 908 (9th Cir. 2003)).

108. *See* Memorandum of Law in Support of Defendant Mason Rothchild's Motion for Summary Judgment at 8, *Hermès Int'l v. Rothschild*, 603 F. Supp. 3d 98 (S.D.N.Y. 2022) (No. 22-cv-384) (where Rothschild claims that his "MetaBirkins project as a whole was an artistic experiment to explore where the value in the Birkin handbag actually lies . . .").

109. *Id.* at 1–2 (arguing in preliminary statement that the *Rogers* test should control).

110. *See* *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989).

111. *Id.* at 997.

112. *Id.*

use bears any artistic relevance to the underlying work.¹¹³ Third, whether the use is explicitly misleading as to its source or content.¹¹⁴ If explicitly misleading, then the use of the mark is not protected.¹¹⁵

Applying these criteria to this case, Rothschild almost certainly meets the first requirement—what he has created is artistic, and the district court held that *Rogers* could apply.¹¹⁶ Despite Rothschild’s protestations, what is not so obvious is whether Rothschild can show artistic relevance and whether the statements he made while promoting the NFTs are not explicitly misleading.¹¹⁷

Furthermore, Hermès disputes the use of the *Rogers* test, arguing that the traditional trademark infringement test is more appropriate because Rothschild used the term “MetaBirkin,” which allegedly infringes upon Hermès’ registered trademark BIRKIN.¹¹⁸ According to Hermès, the infringement was caused not only by the depiction of the faux BIRKIN bags by Rothschild but also by his use of the title “MetaBirkins” in connection with the faux bags. This use, Hermès contends, suggests that it was somehow a sponsor of or associated with the project.¹¹⁹ This type of use, artistic or not, means that the court would need to decide whether (1) the plaintiff’s mark is entitled to protection and (2) whether the defendant’s use of the mark is likely to cause consumer confusion as to the origin or sponsorship of the defendant’s goods.¹²⁰

The court denied Rothschild’s motion to dismiss, finding that there were “sufficient allegations that Rothschild entirely intended to associate the ‘MetaBirkins’ mark with the popularity and goodwill of Hermès’s Birkin mark, rather than intending an artistic association.”¹²¹ Upon the

113. *Id.* at 999.

114. *Id.*

115. *Id.*

116. *See Hermès Int’l v. Rothschild*, 603 F. Supp. 3d 98, 104 (S.D.N.Y. 2022) (noting, “[b]ecause Rothschild is selling digital images of handbags that could constitute a form of artistic expression, balancing the First Amendment concerns with Lanham Act protection requires applying the *Rogers* test.”)

117. *Id.*

118. Rothschild, through his lawyers, insists that “MetaBirkins” is the title of his art project. Memorandum of Law in Support of Defendant Mason Rothchild’s Motion for Summary Judgment, *supra* note 108, at 11 (arguing that the title is artistically relevant).

119. *See* Memorandum of Law in Support of Plaintiff’s Motion for Summary Judgment at 17, *Hermès*, 603 F. Supp. 3d 98 (No. 22-cv-384).

120. *See Gruner + Jahr USA Pub., a Div. of Gruner + Jahr Printing & Pub. Co. v. Meredith Corp.*, 991 F.2d 1072 (2d Cir. 1993).

121. *See Hermès*, 603 F. Supp. 3d at 105.

heels of that decision, both Hermès and Rothschild filed motions for summary judgment, which were denied.¹²²

In the opinion denying parties' cross-motions for summary judgment, the court reiterated its belief that digital images should be evaluated under *Rogers*.¹²³ The court did so because it found that the evidence identified by the defendant supported the argument that "Rothschild's use of Hermès' marks did not function primarily as a source identifier that would mislead consumers into thinking that Hermès originated or otherwise endorsed the MetaBirkins collection, but rather as part of an artistically expressive project."¹²⁴

In addition, the court noted that it believed that the title "MetaBirkins" referred both to the NFTs and the associated digital images, contrary to Hermès's assertion that "'MetaBirkins' refer[red] to the NFTs 'separate and apart from the digital images.'"¹²⁵ However, this finding did not resolve the question of which party should receive protection because the court found that there were two uses of the mark: (1) an expressive use, which would redound to the benefit of the defendant, and (2) a use to identify the source of the message and pointed to the plaintiff.¹²⁶ For the court, the inability to resolve "the competing protections of the Lanham Act and the First Amendment" was yet another reason to apply the *Rogers* test.¹²⁷ Yet, despite finding that the *Rogers* test was applicable, the court decided that reasonable minds could differ as to whether the defendant's use of the mark was artistically relevant and denied both parties' summary judgment motions on this factor.¹²⁸

Turning to the "explicitly misleading factor," the court noted that even were it adjudged that there was artistic relevance to the use of a mark, the First Amendment would not protect that use if it "induces members of the public to believe" that the plaintiff, and not the defendant, was the source of the use.¹²⁹

To determine whether the use of the mark is explicitly misleading, the court turned to the "venerable *Polaroid* factors,"¹³⁰ noting that the

122. See Order on Motion for Summary Judgment, *Hermès Int'l v. Rothschild*, 603 F. Supp. 3d 98 (S.D.N.Y. 2022) (No. 22-cv-384).

123. See Opinion and Order at 2, *Hermès Int'l v. Rothschild*, 603 F. Supp. 3d 98 (S.D.N.Y. Feb. 2, 2023) (No. 22-cv-384).

124. *Id.* at 13.

125. *Id.* at 13, 15.

126. *Id.*

127. *Id.*

128. *Id.* at 22.

129. *Id.*

130. *Id.* (quoting *Twin Peaks Prods., Inc. v. Publ'n Int'l, Ltd.*, 996 F.2d 1366, 1379 (2d. Cir. 1993)). The *Polaroid* factors, used by federal courts in the Second Circuit, were first devised and used

finding of likelihood of confusion must be particularly compelling to outweigh the First Amendment interest recognized in *Rogers*.¹³¹

With those strictures in mind, the court set forth the considerations necessary in determining whether likelihood of confusion existed¹³² and in assessing whether such a finding would be “clear and unambiguous” to overcome and outweigh the defendant’s First Amendment rights.¹³³ It then applied one of the *Polaroid* factors to the facts presented in the *Hermès/Rothschild* dispute.¹³⁴ Unsurprisingly, the court concluded that granting a motion of summary judgment on the likelihood of confusion would be injudicious given that “there remain[ed] substantial factual disagreements between the parties with respect to many—if not most—of the eight factors, any of which could be dispositive to the outcome.”¹³⁵

In the cases discussed, plaintiffs and defendants alike relied on traditional trademark principles to make their arguments, despite the overriding sentiment shared by pundits that NFTs are different.¹³⁶ Even the federal district courts have used established trademark law principles to support their findings.¹³⁷ A caveat is that only one of the cases has gone to trial.¹³⁸ Furthermore, the U.S. Supreme Court has not yet ruled on

by Judge Friendly in *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961), to determine the likelihood of infringement in cases involving non-competing goods. In time, the scope of its use expanded, and variations of the test are used in all 13 federal circuit courts. *See generally* J. THOMAS MCCARTHY, 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:57 (5th ed. 2019).

131. Opinion and Order, *supra* note 123, at 22.

132. *Id.* at 23.

133. *Id.*

134. *Id.* at 24.

135. *Id.*

136. Lennon, *supra* note 23; Zachary Small, *Hermès Wins MetaBirkins Lawsuit; Jurors Not Convinced NFTs Are Art*, NYTIMES (Feb. 8, 2023), <https://www.nytimes.com/2023/02/08/arts/hermes-metabirkins-lawsuit-verdict.html> [<https://perma.cc/WXB5-QGFQ>].

137. *See Hermès Int’l v. Rothschild*, 603 F. Supp. 3d 98, 116 (S.D.N.Y. 2022).

138. A jury heard the Hermès case in January 2023. *See Hermès v. Rothschild: Timeline of Developments in a Case over Trademarks*, THE FASHION LAW (Apr. 4, 2023), <https://www.thefashionlaw.com/hermes-v-rothschild-a-timeline-of-developments-in-a-case-over-trademarks-nfts/> [<https://perma.cc/4QWV-J2R8>]. The parties in the *Nike* case seem to be in settlement talks. *See Order, Nike, Inc. v. StockX, LLC*, No. 1:22-cv-00983-VEC, 2023 WL 144718 (S.D.N.Y. Sept. 12, 2022) (referring the case to magistrate judge). The district court decision in *Yuga Labs* has been appealed to the Court of Appeals for the Ninth Circuit, and the parties are still engaged in discovery as they failed to reach a settlement agreement. *See Yuga Labs Inc. v. Ripps*, No. 22-cv-4355, 2022 WL 18024480 (C.D. Cal. Dec. 16, 2022). However, Yuga Labs in a recently filed lawsuit against one of Ripps’s collaborators reached a settlement. *Yuga Labs v. Ripps*, No. 1:23-cv-00085 (N.D.N.Y. 2023); Shanti Escalante-De Mattei, *Web Developer Behind Ryder Ripps’ RR/BAYC Has Settled with Yuga Labs in a Related Case*, ARTNEWS (Feb. 7, 2023, 12:04 PM), <https://www.artnews.com/art-news/news/thomah-lehman-yuga-lab-settles-rr-bayc-lawsuit-1234656389/> [<https://perma.cc/28F3-E9T7>] (discussing parameters of the settlement).

whether parody, which was also claimed as a defense by Ripps,¹³⁹ is an expressive use to trigger the application of the *Rogers* test instead of the traditional likelihood of confusion test.¹⁴⁰ Thus, regardless of the mode of infringement, the same principles will apply when determining whether there is a cognizable trademark infringement case.¹⁴¹ In other words, *plus ça change plus c'est la même chose*.¹⁴²

An interesting issue facing courts, and not yet developed, centers on what happens once infringement is established. The next section considers the challenges courts face in crafting a workable injunctive remedy for a successful plaintiff.

IV. ENFORCEMENT DILEMMA

*“[L]egal systems should largely be able to adapt existing laws and principles to blockchain technology as was done for online activities.”*¹⁴³

Under normal—that is to say, non-virtual or digital- circumstances—the criteria for proving trademark infringement are as follows: a plaintiff must own a valid and legally protectable mark, whether or not federally registered, and the mark must have been used by the defendant in such a way that there is a likelihood of confusion.¹⁴⁴ For the defense, one can claim, *inter alia*, fair use,¹⁴⁵ the first sale doctrine¹⁴⁶ or that the First Amendment applies to the case to avoid a finding of infringement.¹⁴⁷

139. Answer and Counterclaim at 28, *Yuga Labs, Inc. v. Ripps*, No. 2:22-cv-4355, 2022 WL 18024480 (C.D. Cal. Dec. 27, 2022).

140. See Kyle Jahner, ‘Bad Spaniels’ Toy ‘Hall Pass’ Pits Trademarks, *First Amendment*, BLOOMBERG LAW (Nov. 28, 2022, 4:48 AM), <https://news.bloomberglaw.com/business-and-practice/bad-spaniels-toy-hall-pass-pits-trademarks-first-amendment> [<https://perma.cc/6BRN-6948>].

141. See generally Marie Ferey, *Legal Dispute in the Metaverse: Hermès v. Mason Rothschild*, FORDHAM INTELL. PROP., MEDIA AND ENT. L.J. (Apr. 3, 2022), <http://www.fordhamiplj.org/2022/04/03/a-legal-dispute-in-the-metaverse-hermes-v-mason-rothschild/> [<https://perma.cc/7BT6-VMN2>].

142. Translated The more things change, the more it's the same thing. See Jean-Baptiste Alphonse Karr, *plus ça change, plus c'est la même chose*, MERRIAM-WEBSTER DICTIONARY, <https://www.merriam-webster.com/dictionary/plus%20%C3%A7a%20change,%20plus%20c%27est%20la%20m%C3%Aame%20chose> (last visited Mar. 19, 2023) [<https://perma.cc/8MRY-9RGZ>].

143. See Shane Wax, *NFTs and IP Law: Who Owns What?*, LAWYER MONTHLY (May 12, 2021), <https://www.lawyer-monthly.com/2021/05/nfts-and-ip-law-who-owns-what/> [<https://perma.cc/6YH6-F9NF>].

144. See 15 U.S.C. § 1114 for a registered mark; see also 15 U.S.C. § 1125 for an unregistered trademark.

145. See discussion of fair use, *supra* note 51. See also *Fortune Dynamic v. Victoria's Secret*, 618 F.3d 1025 (9th Cir. 2010); *Kelly-Brown v. Winfrey*, 717 F.3d 295 (2d Cir. 2013).

146. See discussion of the first sale doctrine, *supra* note 72.

147. See discussion of First Amendment protection for creative expression, *supra* Section III(A).

However, assuming that infringement is found, what then? The usual remedy means proscribing further activity by the defendant through an injunction,¹⁴⁸ which may include an order of forfeiture or destruction of the infringing items. How and will this work when the infringing item is in the metaverse?

This issue is now squarely before the Hermès court because Hermès has filed a motion for a permanent injunction against Rothschild.¹⁴⁹ Since no other case discussed in this article has yet reached this point,¹⁵⁰ a case recently decided in Italy by the Rome Court of First Instance may provide some useful insights regarding enforcement of an injunction and the challenges presented by these NFT cases.¹⁵¹

Briefly, a well-known Italian soccer team, Juventus, sought an injunction against Blockeras, a blockchain-based platform, for its unauthorized minting, advertising, and offering for sale of NFTs which featured the soccer team's trademarks.¹⁵² The marks at issue included the word marks JUVE and JUVENTUS and the figurative mark for the black and white jersey with two stars worn by its players.¹⁵³

Although Blockeras claimed it did not need Juventus FC's approval to use the jersey as it had contracted with a famous star of the team to use his image wearing the jersey,¹⁵⁴ the Rome Court found that the actions by Blockeras infringed the trademarks.¹⁵⁵ Of particular note, the Rome Court found that Juventus FC was active in the field of crypto games,¹⁵⁶ and the

148. See generally J. Thomas McCarthy, *supra* note 130 (noting that an injunction is the standard remedy in trademark infringement cases).

149. See Plaintiffs' Notice of Motion for Permanent Injunction, *Hermès Int'l v. Rothschild*, 603 F. Supp. 3d 98 (S.D.N.Y. Mar. 3, 2023) (No. 22-cv-384).

150. However, as a part of the consent decree settling the suit brought against Thomas Lehmann by Yuga Labs, Lehman agreed "to destroy any RR/BAYC NFTs he owns or hand them over to Yuga Labs to destroy and never to use BAYC marks again." See Escalante-De Mattei, *supra* note 138.

151. See *Juventus F.C. v Blockeras s.r.l.*, No. 32072/2022 (Rome Court of First Instance, July 20, 2022).

152. *Id.*

153. *Id.* See generally *Bobo Vieri x Coin Of Champions Official*, OPENSEA, <https://opensea.io/en-US/collection/bobovieri> [<https://perma.cc/G8MS-EEZ3>] (last visited Mar. 19, 2023) (more information about the NFTs at issue).

154. See *Juventus*, *supra* note 151. Blockeras also claimed that the trademark registration for these marks did not include use for downloadable virtual products.

155. *Id.*

156. *Id.* Crypto games, as explained by the Rome Court, are online games that are based on blockchain technologies and on the use of cryptocurrencies and/or non-fungible tokens (NFTs). For a more extensive explanation, see generally Rachel Jones, *Crypto Games – What Are They And How To Generate Money With Them?*, CRYPTO GAMES 3D (Jan. 3, 2022), <https://cryptogames3d.com/crypto-games/#:~:text=Crypto%20games%20are%20innovative%20products%20of%20blockchain%20tec>

conduct of the defendant not only risked misleading the public as to the source of the NFTs but also dilution of the Juventus FC marks and the team's loss of the right to exploit its marks.¹⁵⁷

The Rome Court issued a preliminary injunction requiring Blockeras to refrain from any further production or sales of NFTs containing the Juventus marks.¹⁵⁸ In addition, Blockeras was to ensure that any website “*directly and/or indirectly controlled by it*” which contained links to the NFTs would become inaccessible.¹⁵⁹ The preliminary injunction order became final because it was not appealed. However, as noted by commentators, the NFTs enjoined by the Rome Court are still shown as available for sale in contravention of the order.¹⁶⁰

That the NFTs are still appearing highlights a problem with using pre-digital remedies to enforce intellectual property rights created with this new technology. The blockchain technology, on which NFTs are written, was created to be immutable to prevent fraud.¹⁶¹ Essentially, this means that NFTs are hard, if not impossible, to destroy.¹⁶²

It is possible for the owner to delete the digital image so that it is no longer visible. For example, Rothschild's buyers viewing a purchased NFT only saw a shrouded digital image of the object preceding the official

hnology,them%20offer%20experiences%20similar%20to%20high-quality%20video%20games [https://perma.cc/C8CH-BZQ7].

157. *Juventus*, *supra* note 151.

158. *Id.*

159. *Id.* (emphasis added).

160. See Paolo Maria Gangi, *Can injunctions be enforced in the case of NFTs? Do not take it for granted*, THE IPKAT (Nov. 15, 2022), <https://ipkitten.blogspot.com/2022/11/guest-post-can-injunctions-orders-be.html> [https://perma.cc/T8RL-65GR] (noting the continued presence of the NFTs on OpenSea); Marco Cavicchioli, *Juventus sues NFT-based fantasy soccer hosted on Binance*, THE CRYPTONOMIST (Nov. 21, 2022), <https://en.cryptonist.ch/2022/11/21/juventus-sues-nft-based-fantasy-soccer-hosted-on-binance/> [https://perma.cc/K52R-8ZJU] (“These NFTs are now no longer listed on Binance, although the exchange still continues its adventure in this world.”).

161. See Gangi, *supra* note 160 (discussing the immutability of blockchain); Ross Keiser, *Blockchain and its Potential Real World Applications: Implications on Discovery Procedures*, 41 PACE L. REV. 543 (2021); but see Angela Walch, *Blockchain's Treacherous Vocabulary: One More Challenge For Regulators*, 21 NO. 2 J. INTERNET L. 1 (citing Gideon Greenspan, *The Blockchain Immutability Myth*, COINDESK (May 9, 2017), <http://www.coindesk.com/blockchain-immutability-myth/> [https://perma.cc/D6WZ-FSVE] (“[i]n blockchains, there is no such thing as perfect immutability.”)).

162. See Gangi, *supra* note 160 (stating that “in principle, the NFTs which are created through a smart contract cannot be, by default destroyed); Alexander Dimitrov, Tim Ryan, Kate Loxton, *Trade mark enforcement actions against infringing NFTs – tales from Italy*, DAC BEACHCROFT (Jan. 20, 2023), <https://www.dacbeachcroft.com/en/articles/2023/january/trade-mark-enforcement-actions-against-infringing-nfts-ales-from-italy/> [https://perma.cc/SRG6-54RX] (“simply ‘deleting’ an NFT is impossible in the strict sense of the word.”).

launch of the “Metabirkins” NFTs.¹⁶³ Later, only once the NFTs were minted did Rothschild replace the shroud with the image. The replacement could only occur because Rothschild retained the “smart contract,” which is computer code stored on the blockchain and determines the terms of agreement between the owner/creator and the buyer of an NFT.¹⁶⁴ Therefore, should an order issue for the destruction of the MetaBirkins NFTs, Rothschild “retains the power to change the image, title or other attributes associated with the NFTs.”¹⁶⁵ However, there is nothing to prevent Rothschild from re-animating the images at a later time.¹⁶⁶

Although an NFT may be “burned” (destroyed),¹⁶⁷ it will always exist on the blockchain on which it was created.¹⁶⁸ One may burn an NFT, but to do so one must own the NFT.¹⁶⁹ Therefore, if the NFT has changed hands, the new owner must decide to destroy the NFT. Destruction of the NFT occurs when it is “sent to an address that no one owns,”¹⁷⁰ which renders the NFT unusable.¹⁷¹ These possible avenues of compliance with an injunctive order present a conundrum if the creator/seller, unlike Rothschild, does not retain control of the product in the smart contract.

Even if the infringer wished to comply with an order—such as the one given by the Rome Court—to “withdraw from the market and remove from every website and/or from every page of a website directly and/or indirectly controlled by the same on which such products are offered for sale and/or advertised,”¹⁷² there are multiple impediments.¹⁷³ For example, in the unlikely event that a defendant offered to buy back the

163. Memorandum Order, *Hermès v. Rothschild*, 603, F. Supp. 3d 98 (S.D.N.Y. May 18, 2022) (No. 22-cv-384) (order denying motion to dismiss).

164. *Id.*

165. *Id.*

166. *Gangi*, *supra* note 160.

167. Andy Storey, *Is it Possible For An NFT To Be Destroyed?*, POSTER GRIND (Dec. 17, 2021) <https://postergrind.com/is-it-possible-for-an-nft-to-be-destroyed/#:~:text=An%20NFT%20can%20be%20destroyed%20in%20a%20process,access%20this%20address%2C%20the%20token%20will%20be%20gone> [https://perma.cc/3V8T-GAUG] (discussing the steps required to burn an NFT).

168. *See Dimitrov*, *supra* note 162 (discussing immutability as a fundamental feature in blockchain); *What Can Brands Gain in Fights Over Metaverse Trademarks?*, THE FASHION LAW (Jan. 20, 2022), <https://www.thefashionlaw.com/what-do-brands-stand-to-gain-in-lawsuits-over-their-marks-in-the-metaverse/> [https://perma.cc/35EJ-S7Y4] (discussing the immortality of NFTs).

169. *Storey*, *supra* note 167.

170. *See Gangi*, *supra* note 160; *Storey*, *supra* note 167.

171. THE FASHION LAW, *supra* note 169 (noting that “the best outcome for a brand may be to have the NFTs sent to a burn address, which still does not actually destroy them but renders them incapable of being transferred anymore.”).

172. *Juventus*, *supra* note 151.

173. *See Dimitrov*, *supra* note 162.

infringing NFTs¹⁷⁴ so that it could own and then destroy the NFTs, one could imagine the price fluctuations that would make it all but impossible to achieve, particularly since owners of NFTs sometimes use destruction as means of increasing the value of an NFT.¹⁷⁵ Another problem with this scenario lies in determining who bought the NFTs, as many buyers are and like to remain anonymous.¹⁷⁶

A third roadblock involves receiving cooperation from the various platforms selling NFTs. They are not parties to the suit and theoretically could refuse to comply with the injunction.¹⁷⁷ However, some platforms, such as OpenSea, already have mechanisms for takedowns of alleged infringing copyrighted materials.¹⁷⁸ A possible solution and modest proposal would be to create a notice and takedown mechanism similar to the Digital Millennium Copyright Act (DMCA), which would afford a trademark owner the ability either to remove from the marketplace or freeze the sale of an NFT that is either allegedly infringing or has been adjudged an infringement, while at the same time provide the marketplace platforms a safe harbor.¹⁷⁹

174. See J. THOMAS MCCARTHY, *supra* note 130 at § 30.8 (noting that “District courts in the Second Circuit, have cautioned that a product recall is ‘an extreme remedy requiring greater justification than an injunction alone.’”).

175. See generally Alex Lopez, *What is Burning an NFT? How To, Cost and Purpose*, CYBER SCRILLA, (Dec. 16, 2022), <https://cyberscrilla.com/burning-your-nft-how-to-cost-and-purpose/#:~:text=Burning%20an%20NFT%20is%20most%20often%20used%20for,valuable%20only%20if%20there%20is%20supply%20and%20demand> [<https://perma.cc/G3AE-GN9Q>] (discussing the reasons for burning NFTs).

176. See generally David Yaffe-Bellany, *Anonymity in Crypto Raises Alarms*, N.Y. TIMES (Mar. 2, 2022), <https://www.nytimes.com/2022/03/02/technology/cryptocurrency-anonymity-alarm.html> [<https://perma.cc/U36Y-KJRS>] (noting, “[t]he ability to operate anonymously is a central tenet of crypto technology”); Kevin Roose, *Why Did Someone Pay \$560,000 for a Picture of My Column?*, N.Y. TIMES (Mar. 26, 2021), <https://www.nytimes.com/2021/03/26/technology/nft-sale.html> [<https://perma.cc/AA33-7GF5>] (discussing the pseudonymous nature of blockchain-based transactions).

177. See generally Iolanda D’Anselmo and Andrea Andolino, *NFTs and trademark infringement: Court of Rome injunction in Juventus Case (and related enforcement issues)*, CLIFFORD CHANCE (Dec. 9, 2022), <https://www.cliffordchance.com/expertise/services/intellectual-property/global-ip-updates/2022/q4/nfts-and-trademark-infringement-court-of-rome-injunction-in-juventus-case.html> [<https://perma.cc/C8MZ-22H5>] (noting “the exchange is not party to the proceedings and on this basis may refuse to freeze the wallet addresses and comply with the Injunction.”).

178. See generally, *What can I do if my copyrighted works are being sold without my permission?* OPENSEA (last visited Feb. 11, 2023), <https://support.opensea.io/hc/en-us/articles/4412092785043-What-can-I-do-if-my-copyrighted-works-are-being-sold-without-my-permission-#:~:text=Pursuant%20to%20the%20Digital%20Millennium%20Copyright%20Act%20%28DMCA%29%2C,if%20they%20believe%20that%20it%20violates%20their%20copy%20right> [<https://perma.cc/4MFA-RUCM>].

179. Congress created a notice and takedown scheme for the DMCA because of the need for cooperation between copyright owners and internet providers. I suggest the same is needed in the case

V. CONCLUSION

*“It seems that the possibilities for NFTs are endless but litigation, particularly around intellectual property rights – especially trademarks and copyright – is likely to define those possibilities.”*¹⁸⁰

It is very clear that NFTs are here to stay, and it is equally clear that brands are jumping on the NFT bandwagon.¹⁸¹ Also clear is that there will be misappropriation of intellectual property rights.¹⁸² Although trademark infringement is not a new phenomenon, what gave fashionistas, intellectual property mavens, and metaverse cognoscenti pause was that the alleged infringements were occurring in a digital space.

In the three trademark infringement cases presented, the use of NFTs prompted consideration of whether the use of venerable trademark law is appropriate when new technologies are at play. The notion that NFTs are so different that new approaches might be needed to determine infringement spurred two senators to question the infringement analysis if NFTs were implicated. In the wake of the now-decided *Hermès* case, it seems that one of the questions posed by the senators regarding NFTs has been answered.¹⁸³

Apparently, “old” trademark principles can be successfully deployed in determining the existence of trademark infringement despite the litigation being precipitated by new technologies. What is less clear is how one who has prevailed in NFT litigation enforces a judgment without some mechanism that works across the various NFT marketplaces. It will be instructive to see how the court crafts the injunctive relief in the *Hermès* case and to see how effectively *Hermès* can enforce it. In the

of trademark owners and NFT marketplace providers. *See generally*, Emily Zarins, *Notice versus Knowledge under the Digital Millennium Copyright Act’s Safe Harbors*, 92 CAL. L. REV. 257, 259 (2004).

180. *See Boyd, supra* note 21.

181. *See generally*, Julia Ng, *Which Industry has the Most Brand NFTs?*, COINGECKO (Oct. 6, 2022), <https://www.coingecko.com/research/publications/industries-with-brand-nfts> [<https://perma.cc/FGE5-PW93>] (discussing the increasing number of brands entering the NFT world).

182. *See* Dhani Mau, *Making Sense of the Hermès v. Rothschild Metabirkins Verdict*, FASHIONISTA (Feb. 9, 2023), <https://fashionista.com/2023/02/hermes-metabirkins-nft-lawsuit-explainer> [<https://perma.cc/5L3P-FJEU>] (quoting Professor Susan Scafidi who noted “As long as brands have to defend their trademarks against others who want to exploit them, we will see similar cases arise.”).

183. *See U.S. Senators’ Letter, supra* note 1 and accompanying text.

words of the defendant in the case, Mason Rothschild, “This is far from over.”¹⁸⁴

184. *See Mau, supra* note 182. Although Rothschild was talking about his quest to have his work viewed as non-infringing, I am signaling that some trademark principles must, and will, continue to evolve to combat infringement effectively in this new digital world.