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PERSPECTIVE

Artistry no excuse for trademark infringement where use is source identifying

By David Martinez and Zac Cohen

The test for trademark infringement is whether the defendant's use of a mark is "likely to cause confusion, or to cause mistake, or to deceive." When "artistic" works are involved, however, courts apply a different standard – the Rogers test – to determine whether use of the mark is infringing. *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989). Under the Rogers test, guided by the First Amendment, the artistic use of a mark constitutes infringement only if a mark has "no artistic relevance" to the work or if it "explicitly misleads as to the source or the content of the work." The initial question, therefore, is whether a work is artistic. The answer is not always simple when digital art is concerned.

Recently, the Southern District of New York in *Hermès Int'l v. Rothschild* determined that certain digital art pieces and associated non-fungible tokens (NFTs) were "artistic" under *Rogers*. *See Hermès*, 2023 WL 1458126 (S.D.N.Y. Feb. 2, 2023). There, luxury fashion brand Hermès–famous for their "Birkin" handbag–sued entrepreneur Mason Rothschild for trademark infringement over Rothschild's creation of a collection of digital images he called "MetaBirkins." The MetaBirkins depicted unique faux-fur-covered Birkin handbags.

Rothschild used NFTs to sell the MetaBirkins to individual buyers. NFTs are digital records of ownership, typically recorded on a public ledger known as "blockchain." On the blockchain, an NFT functions as a "digital deed" representing ownership in an asset. Here, the NFTs signified sole ownership of a particular MetaBirkin image.

At summary judgment, a key issue was whether the MetaBirkins were artistic and therefore protectable under Rogers. Hermès argued that Rothschild had no discernable artistic intent in selling the MetaBirkins, and that Rogers should not apply. Hermès also argued Rothschild's MetaBirkins were not artistic because they were sold for commercial purposes - *i.e.*, Rothschild told others he wanted to make "big money" by "capital [izing] on the hype" in the media for the collection.

The court disagreed with Hermès and held that it must apply *Rogers* because Rothschild had identified sufficient evidence that his use of Hermès marks did not function primarily as a source identifier that would mislead consumers, "but rather as part of an artistically expressive project." Rothschild showed that he viewed the MetaBirkins as a vehicle to comment on the actual Birkin bag's influence on modern society and that he sought to introduce "a little bit of irony" to the efforts of some fashion companies to "go fur-free."

The court was also unpersuaded by Hermès's argument that the MetaBirkins were sold for commercial purposes and therefore not artistic. "[C]ourts should not expect that the First Amendment applies only to the works of 'starving artists' whose sole mission is to share their artistic vision with the world."

Most federal courts take a similar approach to the Southern District of New York in *Hermes*. For example, the Ninth Circuit, substituting in the word "expressive" for "artistic," finds a work expressive where it "is communicating ideas or expressing points of view." Thus, "[a] work need not be the expressive equal of *Anna Karenina* or *Citizen Kane* to satisfy this requirement, and is not rendered non-expressive simply because it is sold commercially."

In other cases, courts have held that certain digital images and their associated NFTs were not artistic and thus not protected under Rogers. For example, we previously reported that the Central District of California found (at the motion to dismiss stage) that the defendant's recycled use of plaintiff's digital images of cartoon apes was "no more artistic than the sale of a counterfeit hand-bag." *See Yuga Labs, Inc. v. Ripps*, 2022 WL 18024480 (C.D. Cal. Dec. 16, 2022). The NFTs there, unlike the MetaBirkins, did not "express an idea or point of view, but, instead, merely 'point to'" the plaintiff's work, and therefore were not eligible for protection under *Rogers*.

At trial, the jury held Rothschild liable for trademark infringement, found that Rothschild's use of the mark was not protected under *Rogers*, and awarded $133,000 in damages.

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Rothschild moved for judgment as a matter of law in his favor and a new trial. In June 2023, both requests were denied. In its opinion, the Southern District of New York highlighted that the recent decision of the U.S. Supreme Court in *Jack Daniel's Properties, Inc. v. VIP Prod. LLC*, No. 22-148, 2023 WL 3872519 (U.S. June 8, 2023) cast serious doubt on whether *Rogers* even applies to a case like *Hermès*.

In *Jack Daniel's Properties*, a defendant designed a dog toy that closely resembled a bottle of Jack Daniel's whiskey. The defendant argued that the dog toy was artistic under *Rogers*. In its unanimous opinion, the Supreme Court held that *Rogers* "does not [apply] when an alleged infringer uses a trademark in the way the Lanham Act most cares about: as a designation of source for the infringer's own goods." The *Hermès* court noted the parallels between that case and its own: "This, of course, is precisely what Rothschild did here, by using a website he labeled "metabirkins.com" to sell NFTs he labeled "MetaBirkins NFTs." The references to Hermès' registered "Birkin" trademarks were thus explicit and central to Rothschild's venture."

In sum, while the *Hermès* court established that digital art pieces and associated NFTs can be "artistic" under Rogers, the Supreme Court in *Jack Daniel's Properties* clarified that the *Rogers* test is "a cabined doctrine" that "has applied only to cases involving 'non-trademark uses' in which 'the defendant has used the mark' at issue in a 'non-source-identifying way.'" Trademark defendants should not expect First Amendment protection under Rogers if their use of the mark is source identifying - even if said use is also artistic. Likewise, trademark plaintiffs should lean on *Jack Daniels Properties* and the recent opinion in *Hermès* to defeat motions to dismiss and motions for summary judgment that rely on *Rogers*. These decisions will continue to raise questions – especially with the rise of digital art – about what is "artistic" and what is "source identifying" under trademark law.