

GUEST COLUMN

When monkey business slips into trademark infringement

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Trademark disputes often involve competing goals: (1) prevention of consumer confusion and (2) allowance of free speech and open expression. Artists, for example, may make an artistic choice to include another's trademark in their work, but the trademark owner may object to such use.

Recently, in *Yuga Labs, Inc. v. Ripps, Yuga Labs, Inc. v. Ripps*, No. CV 22-4355-JFW (JEMX), 2022 WL 18024480, at *1 (C.D. Cal. Jan. 16, 2022), the Central District of California addressed these competing goals in a trademark dispute about “non-fungible-tokens” (NFTs), one-of-a-kind digital images authenticated through a digital ledger system called “blockchain.” Of course, when lawmakers drafted the First Amendment in the late-18th century and the Lanham Trademark Act in the mid-20th century, NFTs would have sounded like science-fiction. Today, NFTs pervade the worlds of art, finance, collectibles and pop-culture. The *Yuga Labs* decision has interesting implications.

There, Yuga Labs, Inc., the creator of one of the world's most well-known and successful NFT collections known as “Bored Ape Yacht Club” (BAYC), sued conceptual artist Ryder Ripps for trademark infringement over its BAYC trademarks. Yuga alleges that Ripps “flood[ed] the NFT market with his own copycat NFT collection,”



The NFT, pictured here, is an official Bored Ape Yacht Club NFT, which is identical to the copycat Ryder Ripps Bored Ape Yacht Club NFT. They even have the same name (#1058).

and that Ripps promotes and sells his collection by using the BAYC trademark. (*The official Bored Ape Yacht Club NFT, which is included in the complaint, is pictured above.*)

Ripps contends that his use of the BAYC images and trademark is permitted by the First Amendment as “appropriation art” that serves several artistic purposes, including bringing attention to Yuga’s alleged “racist, neo-Nazi, and alt-right messages and imagery” and exposing Yuga’s “use of unwitting celebrities and popular brands to disseminate offensive material.”

use of the mark in the work “explicitly misleads as to the source or the content of the work.”

Prior to the *Rogers* test, courts struggled for decades to settle on a sound solution that would balance the policies of free speech and trademark enforcement. 6 McCarthy on Trademarks and Unfair Competition § 31:139 (5th ed.). Under an older approach, free speech rights never trumped trademark property rights where the infringer had alternative methods to convey the same artistic message without using the trademark owner’s mark. *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 206 (2d Cir. 1979) (“trademark is in the nature of a property right ... and as such it need not ‘yield to the exercise of First Amendment rights under circumstances where adequate alternative avenues of communication exist.’”).

In *Rogers*, the Second Circuit rejected that older approach when it held that the use of the name of celebrity Ginger Rogers in the film title “Ginger and Fred” was not trademark infringement because the film was a satire about two dancers known as “Ginger and Fred” who imitated Ginger Rogers and Fred Astaire. *Rogers*, 875 F.2d at 994 (“[T]he ‘no alternative avenues’ test does not sufficiently accommodate the public’s interest in free expression [I]n general the [Lanham] Act should be construed to apply to artistic works only where the public interest in avoiding consumer confusion out-

Ripps moved to dismiss Yuga’s trademark infringement lawsuit under the *Rogers* test – the test used by almost all courts to balance the policies of free speech under the First Amendment and preventing deception and confusion under the Lanham Act. *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989).

Under the *Rogers* test, when a trademark is incorporated into an expressive work, such use only constitutes infringement in two circumstances: (1) if the mark has “no artistic relevance” to the work, or, (2) if there is artistic relevance,

weighs the public interest in free expression.” The court ruled that the title “Ginger and Fred” was artistically relevant to the film, and not used to falsely attract attention to the film.

Despite Ripps’ claim that his use of the BAYC trademark was “appropriation art,” the court in *Yuga Labs* denied Ripps’ motion to dismiss under the *Rogers* free speech test. *First*, the court held that the *Rogers* test did not apply because although Ripps’ larger project may constitute expressive artistic work, his NFTs individually “do not express an idea or point of view, but, instead, merely ‘point to the same online digital images associated with the BAYC collection,’” and are “no more artistic than the sale of a counterfeit handbag.” *Second*, the court found that even if it applied the *Rogers* test, Ripps’ use of the BAYC marks is not artistically relevant to his art.

Finally, the court determined that even if the BAYC marks were artistically relevant, Ripps’ use of the marks “is explicitly misleading” because Ripps used the BAYC marks in the same marketplaces to identify and sell NFTs bearing the exact same images underlying the BAYC NFTs, and without adding any expressive content.

The *Yuga Labs* ruling suggests that courts may be hesitant to extend First Amendment protections to “copycat” digital art, including NFTs, even if they purport to be expressive, have artistic relevance, and not mislead consumers. As the use of NFTs as an artistic medium grows, so too will the importance of lawsuits such as *Yuga Labs*.

The balance between free speech rights and trademark rights will continue to be tested, as in addition to the advent of NFTs, digital platforms like TikTok and Instagram have spawned thousands of digital

content creators, all hoping to go “viral.” Even the First Amendment has limits, and artists and content creators like Ripps may be held liable for trademark infringement if they create works that incorporate others’ trademarks. Likewise,

trademark holders like Yuga should be mindful that trademark rights are not absolute. Clients and lawyers should be aware of the contours of the *Rogers* test and how courts apply it when facing similar issues.

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