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MetaBirkins Update: Is It Art or a Commercial Product?

By Jonathan Hyman and Eric Blosser
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The U.S. Court of Appeals for the Second Circuit is poised to rule on two important issues relating to trademark infringement in the arts in *Hermès International v. Rothschild:* (i) the scope of the "explicitly misleading" prong established in the Second Circuit case *Rogers v. Grimaldi* and (ii) the impact of the Supreme Court's 2023 *Jack Daniel's v. VIP Products* decision on the threshold applicability of *Rogers* to the case.

The appeal stems from a February 2023 jury verdict in the Southern District of New York finding in favor of plaintiff Hermès in a first-of-its-kind case involving NFTs created by artist Mason Rothschild. Rothschild created a series of NFTs depicting Hermès' immensely popular (and hard to get) Birkin bags wrapped in a variety of different fur patterns, which Rothschild called "MetaBirkins." Hermès' actual Birkin bags can cost from $20,000-$300,000 and once reportedly had a six-year waitlist. Rothschild characterized his NFTs as art in the appeal, but Hermès argued, and the jury found, that the NFTs were commercial products.

In the October 2024 oral argument for his appeal, Rothschild's counsel argued that his use

Courtesy photo

Jonathan Hyman, left, and Eric Blosser, right, of Knobbe Martens.

of the trademark Birkin and the Birkin trade dress were permissible under *Rogers*, which provided protection to works of creative expression that use trademarks in their title where the use is artistically relevant to the work—so long as they do not explicitly mislead consumers. While the *Rogers* test was initially adopted to address right of publicity for use of a celebrity's name in a creative work, courts have expanded this doctrine to apply to trademark infringement, trademark dilution, and trade dress claims. This argument

was ultimately unpersuasive to the district court and the nine-member jury. The court found that Rothschild's use of Birkin failed the second factor of the *Rogers* test, which requires the use of the trademark to not be explicitly misleading to consumers as to the source of the work. This finding was based on several statements made by Rothschild indicating that the creation of the "MetaBirkins" NFTs was merely a commercial venture, and that Hermès could "buy him out" if they were concerned about confusion.

On appeal, Rothschild also argued that the district court's jury instructions improperly conflated intent to associate his MetaBirkins line with the popular Birkin mark with an attempt to explicitly mislead as to the source of his MetaBirkins line. Rothschild's counsel argued that: "There has to be an overt, open, misrepresentation [of source]. ... If Rothschild had titled his art 'MetaBirkins by Hermès' ... *that* would be an explicitly misleading use. But he did nothing like that." While this argument seemed to find some ground with Judge Pierre Leval, who noted that intent to deceive was not the appropriate question under *Rogers*, nor supported on the record, the other judges on the panel echoed concerns voiced by U.S. District Judge Jed Rakoff of the Southern District of New York that Rothschild was simply attempting to trade off the goodwill of Hermès. Hermès' counsel argued that the district judge correctly applied past precedent as to the meaning of "explicitly misleading" in the *Rogers* context.

Another major issue argued in this appeal is the impact of the *Jack Daniel's* decision on this case. The jury verdict in *Rothschild* came before the Supreme Court's *Jack Daniel's* decision—though the court did consider the decision in deciding the parties' post-trial motions. In *Jack Daniel's*, the Supreme Court held that the *Rogers* test did not apply if the putative infringer uses another's trademark as a source designation for its own goods. The Supreme Court held that VIP Products' use of Bad Spaniels as the name of its chew toy that mimicked the Jack Daniel's bottle was a source-identifying trademark use. In the MetaBirkins case, the jury and district court judge found that this was precisely what Rothschild did here by using a website he labeled "metabirkins.com" to sell NFTs he labeled "MetaBirkins NFTs." The district court judge held that the "references to Hermès' registered 'Birkin' trademarks were thus explicit and central to Rothschild's venture," in *Hermès International v. Rothschild*, 678 F.Supp.3d 475, 484 (S.D.N.Y. 2023).

The oral argument on appeal set up an interesting decision for the Second Circuit. Does the court interpret the jury decision applying *Jack Daniel's*, or does it remand to the district court for a new trial? Two judges on the appeal panel, Denny Chin and Raymond Lohier, seemed skeptical that Rothschild could succeed under this newly clarified *Rogers* test. Chin asked Rothschild's attorney, "Isn›t there substantial evidence here that Rothschild was indeed using the mark as a source identifier?» Rothschild's attorney flatly denied that the use here was a "trademark" source-identifying use. He argued that, because the items at issue were works of art, not consumer goods, and because the term "MetaBirkins" was used to merely describe the artwork's content instead of the artwork's source, this case falls squarely within *Rogers*. Counsel for Hermès rebutted this argument, noting that Rothschild himself referred to the MetaBirkins as "digital commodities" and admitted that connection with the Birkin trade dress was what would

drive sales of the NFTs. Hermès argued that the district court and the jury's findings were consistent and correct under *Jack Daniel's* and that *Rogers* does not apply.

Leval appeared sympathetic to the fact that upholding the decision could chill artistic creations. He wondered if a decision for Hermès would essentially preclude artists from making art that comments on something famous in commerce, using a hypothetical involving an artist's painting of a Rolls Royce. But he put those sympathies aside in the closing minutes of Rothschild's counsel's rebuttal argument when he seemed to be leaning toward upholding the jury's finding that the NFTs were commercial products and not art like Andy Warhol's iconic Campbell Soup cans. Interestingly, right before the jury trial, Rakoff barred Rothschild from presenting his expert who would have testified that the NFTs were art and not commercial products.

The blurred line between art and commercial products is not new, and courts have sought to clarify this issue before. For example, in the University of Alabama's lawsuit against artist Daniel Moore, the court found that Moore's artistic paintings depicting famous University of Alabama football plays using the university's trademarks were protected under the *Rogers* test, but once those same paintings were applied to commercial products like mini-prints and mugs, they may no longer be subject to the protections afforded by the *Rogers* test. See *University of Alabama Board of Trustees v. New Life Art,* 683 F.3d 1266, 1279 (11th Cir. 2012)).

The resolution of *Hermès International v. Rothschild* should be of great interest to artists, especially NFT and digital artists, and brand owners. Assuming the appeals court decides to reach both issues, this case could both clarify the meaning of the *Rogers* test and how *Jack Daniel's* changed the application of the *Rogers* test in trademark infringement disputes, especially those involving digital artwork. A decision for Rothschild would undoubtedly open the door for artists seeking to similarly utilize famous fashion icons and brands in the virtual world. But it remains to be seen whether a decision for Hermès would discourage digital artists. The parties, district court, and the appeals panel all seemed to agree that if Rothschild did not call his NFTs "MetaBirkins," the outcome may have been different.

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