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Don't "Just Do It": Upscaling and Trademark Infringement

BY [PEARL HERTZ](#)/ ON NOVEMBER 1, 2021



Photo by Wu Yi on Unspalsh

On March 29, 2021, the famous rapper, Montero Lamar Hill, more commonly known as Lil Nas X, released a highly anticipated limited-edition sneaker collaboration with the Brooklyn-based company, MSCHF Product Studio Inc. ("MSCHF"). Coming in at \$1,018 a pair, the "Satan Shoe," as it was called, was a modified red and black Nike Air Max 97 sneaker "featur[ing] a pentagram pendant, a drop of human blood in the sole of the shoe and 'Luke 10:18' written on the midsole."¹ While it was clear that the sneaker had been altered, the well-recognized Swoosh symbol associated with Nike, Inc. ("Nike") was prominently displayed and Nike quickly asserted that the sneakers were produced "without Nike's approval or authorization, and Nike [was] in no way connected."² In just under one minute, the limited-edition sneakers were sold

out and, on that same day, Nike swiftly filed a complaint against MSCHF in the United States District Court for the Eastern District of New York for trademark infringement, false designation of origin, and dilution.³

While a temporary restraining order was granted, Nike also requested that the court permanently enjoin MSCHF from “manufacturing, transporting, promoting, advertising, publicizing, distributing, offering for sale, or selling any products (including but not limited to the Satan Shoe) under Nike’s marks”⁴ since MSCHF “did not take any prior permission or authorization before launching the product.”⁵ While it is common for Nike sneakers to be purchased and “upscaled” by small business owners and average consumers, the question of whether to pursue an infringement claim often comes down to the time and money it takes to litigate and how popular the infringing product is.⁶ Since the Satan Shoe gathered a massive amount of attention through its contentious character and connection to Lil Nas X, it was fitting that Nike chose to sue MSCHF to protect its brand. Furthermore, since a large amount of the identical sneakers (666 pairs) were being sold through a legitimate website, it was more likely that the reasonable person would assume that Nike was involved in the collaboration when forming their opinion in support of or against Nike.⁷

To prevail on a trademark infringement case under the Lanham Act of 1946, “a plaintiff must demonstrate that (1) it has a valid and legally protectable mark; (2) it owns the mark; and (3) the defendant’s use of the mark to identify goods or services causes a likelihood of confusion.”⁸ Courts have already established that the Nike Swoosh design is a “famous trademark [that] . . . [c]onsumers sometimes buy . . . for the appeal of the mark itself, without regard to whether it signifies the origin or sponsorship of the product.”⁹ Here, Nike easily demonstrated that it owned the Swoosh design as a valid and legally protectable mark by presenting its trademark registrations.¹⁰ They also used social media posts to assert that consumers believed the sneakers were produced in collaboration with Nike since the famous Swoosh symbol was left unaltered, even though it was not involved in the design or production of the sneaker.¹¹ When putting these elements together, Nike had a verifiable claim for trademark infringement.

Among other things, the social media posts were also presented in support of Nike’s dilution claim. Dilution occurs when a well-known mark (like the Swoosh symbol) is either blurred or tarnished.¹² Nike reasoned that the release of the sneaker had already caused significant damage to its brand due to the controversial nature of the project and the thought that Nike was “endorsing Satanism”.¹³ They asserted that many consumers began to abhor the upstanding company and threatened to boycott Nike since they believed the company was involved in the sneaker’s peculiar model and creation.¹⁴ Given that all of this occurred in a matter of hours after the release of the sneaker, it was plausible to assume that the damage would continue to amplify and cause irrevocable harm to Nike’s reputation.

Less than two weeks after the release of the sneaker, MSCHF and Nike settled.¹⁵ In doing so, MSCHF agreed “to initiate a voluntary recall to buy back any Satan Shoes . . . for their original retail prices, in order to remove them from circulation.”¹⁶ In response to the conclusion of the case, attorneys for MSCHF stated that the company “intended to comment on the absurdity of the collaboration culture practiced by some brands, and about the perniciousness of intolerance” and was therefore, satisfied with the outcome of the case.¹⁷ While it was clearly beneficial for Nike to step in and sue due to the potential business and financial losses, this begs the question as to the cost incurred by MSCHF and whether its social “comment” was worth the waste of time, money, and labor. Some may argue that it was advantageous as it brought a large amount of attention to MSCHF as a company and to its sneaker in general, but others might suggest the courts implement some sort of rule to prevent the use of the judicial system as a marketing ploy. Considering that the sneaker had sold out by the time the temporary restraining order was granted, it seems that Nike was not too concerned about the actual infringement itself, but rather the statement that the infringement made to consumers. This highlights an obscure concern of infringement and emphasizes the need for it to be taken seriously.

Pearl Hertz is a Second Year Law Student at Benjamin N. Cardozo School of Law and a Staff Editor at the Cardozo Arts & Entertainment Law Journal. Pearl is interested in corporate, intellectual property, and trust & estate law.

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