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Caitlin Muraca Cardozo Arts & Entertainment Law Journal

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The 'MetaBirkin' and the Beginning of Trademark Litigation in the NFT Space

BY CAITLIN MURACA/ON FEBRUARY 14, 2022

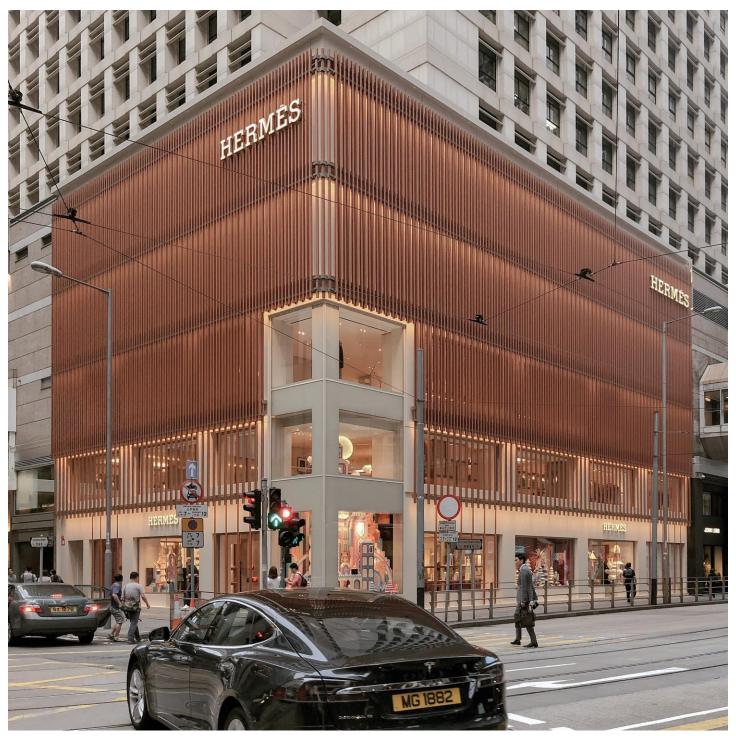


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When one thinks of art, one generally thinks of something physical. That isn't the case anymore as non-fungible tokens, or NFTs, are breaking down such notions. NFTs are completely digital, "you can't touch it, but you can own it." For starters, "non-fungible"

essentially "means that it's unique and can't be replaced with something else." NFTs can basically be anything digital, such as a meme, and is thus, not restricted to drawings or more typical art forms. After a NFT art is created, it is "tokenized on the cryptocurrency service, Blockchain." Use of the Blockchain system is "useful for tracking copyright ownership and maintaining records of creation. Mhen an NFT is purchased, that person is receiving a "digital certificate[] of authenticity." What distinguishes real-world art from NFTs "is that the artist can now get royalty fees every time the digital piece is sold or traded."

Part of the craze and buzz surrounding NFTs is the profit that can be made by both the purchaser and original creator of a particular piece of digital art.² In the first 6 months of 2021, NFT sales hit \$2.5 billion.¹⁰ The most expensive NFT to date sold for \$91.8 million.¹¹ The purchase and creation of NFTs can be an incredibly profitable side hustle if done correctly.

One particular collection of NFTs, the "MetaBirkin," has become a recent point of controversy. The 100 Metabirkin NFTs are a "range of reimagined Hérmes Birkin bags, all intentionally made with faux fur" created by Mason Rothschild in collaboration with Eric Ramirez. Unsurprisingly, Hérmes was not happy with this and allegedly sent Rothschild a cease and desist letter to which he responded that "[t]he First Amendment gives [him] every right to create art based on [his] interpretations of the world." To no avail, Hérmes has filed a lawsuit against Rothschild in New York for trademark infringement and dilution. It is clear that Hérmes has trademarked the "Birkin" name "under categories including leather goods and leather handbags." The brand "assert[ed] that it 'did not authorize nor consent to the commercialization or creation' of 100 virtual Birkin bag-centric non-fungible tokens." Prior to any action taken by Hérmes, Rothschild explained that "this is [his] artistic take on an icon, [his] remix."

Existing trademark law seems like it would apply in equal force in the digital sphere. There is little case law on trademark infringement and NFTs as the digital art form is still relatively new. Playboy Enterprises International, Inc. was able to successfully stop counterfeit websites from selling fake Playboy Rabbitars NFTs that "are almost identical to the Playboy's actual website selling authentic Rabbitar NFTs." The difference here is that Hérmes is not involved in the sale of NFTs so, the Playboy lawsuit is not particularly helpful here. Rothschild may make a fair use argument as "[t]he Lanham Act expressly protects fair use from liability for trademark infringement [and] dilution." But, this argument may prove fatal as it doesn't protect against liability "if the defendant uses the allegedly infringing mark as the defendant's own trademark." Rothschild compares his creation of the MetaBirkin to Andy Warhol's 1962 painting of a can of Campbell's soup, both "artistic interpretations."

The extent to which trademark law protects artwork in the digital world is yet to be fully understood. The Hérmes and MetaBirkin lawsuit will likely help determine the scope of trademark protection in the world of NFTs. As for now, the NFT space may be an interesting space for attorneys to begin to break into.

Caitlin Muraca is a Second Year Law Student at the Benjamin N. Cardozo School of Law and a Staff Editor for the Cardozo Arts & Entertainment Law Journal. Caitlin is interested in Music Law. Caitlin is also a member of the Entertainment Law Society and is currently an extern at David M. Ehrlich & Associates and Janine Small PLLC.

1. See Elena Fitzsimons, NFT Art: What Is It, How It Works and What It Means For The Creative Industry, 99designs (June 2021), https://99designs.com/blog/web-digital/nft-art/ [https://perma.cc/5X7K-79TB] (explaining what an NFT is).

Id.

3. Mitchell Clark, NFTS, Explained, The Verge (Aug. 18, 2021, 9:20 PM), https://www.theverge.com/22310188/nft-explainer-what-is-blockchain-crypto-art-faq [https://perma.cc/MCD3-5LNG].

4. See Id.

5. Fitzsimons, Supra note 1 ("The Blockchain is a digital transaction system that records information in a way that makes it very difficult to hack or scam, which means it's extremely useful for tracking copyright ownership and maintaining records of creation.").

6. Id.

7. Peter Maxwell, NFTS Explained: Here's How You Can Profit Off of Digital Art, WXYZ Detroit (Jan. 27, 2022, 7:34 AM), https://www.wxyz.com/news/nfts-explained-heres-how-you-can-profit-off-of-digital-art [https://perma.cc/7LEZ-9G46].

8. Id.

- 9. Id (explaining that NFTs are great for artists because "[a]rtists have always have had the situation where they actually create something and actually sell it once.").
 - 10. See Joshua Sophy, How to Make Money with NFT, Small Bus.Trends (Jan. 25, 2022), https://smallbiztrends.com/2022/01/nft.html [https://perma.cc/A7WD-GFEL].
 - 11. See George Georgiev, Top 10 Most Expensive NFTs Ever Sold (Updated 2022),
 - CryptoPotato (Jan. 24, 2022, 6:34 PM), https://cryptopotato.com/most-expensive-nfts-sold/ [https://perma.cc/E6HA-VY8A].
 - 12. See Mario Abad, The Hérmes/ MetaBirkins Drama, Explained, Paper (Jan. 18, 2022), https://www.papermag.com/hermes-metabirkins-timeline-
 - 2656217210.html?rebelltitem=3#rebelltitem3 [https://perma.cc/BH47-VK43] (explaining the timeline of the Metabirkin controversy).
- 13. Alyssa Kelly, Mason Rothschild's 'MetaBirkin' NFTs Sell for Record Prices, L'officiel (Dec. 15, 2021), https://www.lofficielusa.com/fashion/hermes-metabirkins-nfts-collection [https://perma.cc/67LZ-SUMU].

14. Abad, supra note 12.

15.Id.

16. Maghan McDowell, The 'Baby Birkin' NFT and the Legal Scrutiny on Digital Fashion, Voque Bus. (June 15, 2021), c[https://perma.cc/H822-236Z].

- 17. See From Baby Birkins to MetaBirkins, Brands Are Facing Issues in the Metaverse, TFL (Dec. 13, 2021), https://www.thefashionlaw.com/from-baby-birkins-to-metabirkins-brands-are-being-plagued-in-the-metaverse/ [https://perma.cc/R966-QYL7].
- 18. Clementina Jackson, Birkin NFT: Everything You Need To Know About The 'Handbag' Of the Future, Elle (Jan. 18, 2022), https://www.elle.com/uk/fashion/a38536774/birkin-bag-nft/ [https://perma.cc/JMA4-SZJ3].

19. The Metaverse, supra note 17.

- 20. Playboy Enters. Int'l v. www.playboyrabbitars.app, No. 21 Civ. 08932 (VM), 2021 U.S. Dist. LEXIS 222422 (S.D.N.Y. Nov. 13, 2021).
- 21. Linda A. Friedman, Online Use of Third Party Trademarks: Can Your Trademark Be Used Without Your Permission?, ABA (Feb. 20, 2016),
 - https://www.americanbar.org/groups/business_law/publications/blt/2016/02/03_friedm an/ [https://perma.cc/G6ZB-6DT7].
 - 22. Reed Smith LLP, Trademarks Meet NFTs: Hérmes Sues NFT Creator Over MetaBirkins, Lexology (Jan. 26, 2022), https://www.lexology.com/library/detail.aspx?g=1a39f3d2-09c4-4b45-9bdc-52df51e67b31 [https://perma.cc/7E93-9GLK]. 23. Id.