
2023

The Ultimate Metaverse Match: An Analysis of First Amendment Protections and Unauthorized Trademark Use in Non-Fungible Tokens

Alena Khan
Southern Methodist University, Dedman School of Law

Recommended Citation

Alena Khan, *The Ultimate Metaverse Match: An Analysis of First Amendment Protections and Unauthorized Trademark Use in Non-Fungible Tokens*, 76 SMU L. REV. 975 (2023)

This Comment is brought to you for free and open access by the Law Journals at SMU Scholar. It has been accepted for inclusion in SMU Law Review by an authorized administrator of SMU Scholar. For more information, please visit <http://digitalrepository.smu.edu>.

THE ULTIMATE METAVERSE MATCH: AN ANALYSIS OF FIRST AMENDMENT PROTECTIONS AND UNAUTHORIZED TRADEMARK USE IN NON-FUNGIBLE TOKENS

*Alena Khan**

ABSTRACT

The First Amendment has long provided protections for artists' creative expression and is a fundamental right for all United States citizens. However, with the rise of a predominantly digital world, those protections begin to blur with the introduction of non-fungible tokens (NFTs). Artistic creation often stems from an inspired source, and sometimes, that inspiration may come from registered intellectual property, specifically trademarks. Trademarks are everywhere we look, so it is not unusual for artists to be inspired by the logos, images, colors, figures, or symbols that are featured on billboards, magazine covers, or everyday items. When these trademarks are used in third-party artistic works, the situation often results in trademark owners gearing up to protect their marks and artists invoking their First Amendment rights to protect their creations.

*NFTs have become an extremely lucrative market, presenting a new route for artists to explore their creative ideas and an appealing business opportunity for luxury brands to enter into a unique space. Courts and practitioners must focus their attention on the rise of NFTs and trademark-related issues as litigation gradually increases. There has been a longstanding precedent formed by *Rogers v. Grimaldi* that gives courts some guidance on how to balance First Amendment protections and trademark rights, but with the introduction of NFTs, circuit courts are interpreting and applying the *Rogers* test in various ways resulting in inconsistent outcomes. This calls for another look at the *Rogers* test and a reconsideration of its design to balance First Amendment and trademark interests.*

*This Article examines the nuances of First Amendment and trademark law to determine the effectiveness of the traditional *Rogers* test. This Article concludes that while courts have applied *Rogers* in unique ways, the emergence*

<https://doi.org/10.25172/smulr.76.4.8>

* J.D. Candidate 2024, SMU Dedman School of Law; B.A. 2019, New Jersey Institute of Technology. I owe a special thank you to my husband, Shawn Syed, for his continued support especially when listening to all my ramblings on the issues surrounding NFTs and trademark rights. I would also like to thank all the dedicated editors of the *SMU Law Review Association* for their help throughout the editing process.

of NFTs requires a uniform approach that can only be accomplished by reconsidering Rogers's application to the digital world. This Article encourages courts to include a more fact-intensive analysis in Rogers cases so fact finders can distinguish between expressive artistic works and ordinary consumer products while discerning the works' true motives.

TABLE OF CONTENTS

I. INTRODUCTION	976
II. THE <i>ROGERS</i> TEST	979
III. NFT AND TRADEMARK CASES OVERVIEW	982
A. A SERIES OF TRADEMARK AND NFT-RELATED CASES	983
B. <i>HERMÈS V. ROTHSCHILD</i>	985
IV. APPLYING THE TRADITIONAL <i>ROGERS</i> TEST	987
V. <i>ROGERS</i> RECONSTRUCTED	988
A. DISTINGUISHING BETWEEN AN "EXPRESSIVE WORK" AND AN ORDINARY CONSUMER PRODUCT	988
B. DISCERNING THE MOTIVES BEHIND AN "EXPRESSIVE WORK"	992
C. WHY <i>ROGERS</i> RECONSTRUCTED IS BETTER	995
VI. CONCLUSION	997

I. INTRODUCTION

AT their core, trademarks are source identifiers. They are all around us, whether on the front of our laptops in the shape of an apple, on our red and white bottled beverages in large script saying "Coca-Cola," or on our clothes, shoes, or accessories with identifying logos, colors, and brand names. When consumers look at trademarks, especially famous ones, they can immediately identify the source of the goods. The significant impact of trademarks has allowed brands across the globe to create and maintain successful brands and quality products.

The Trademark Act of 1946, or the Lanham Act, is the U.S. federal statute governing the registration and protection of trademarks.¹ The Lanham Act is critical to the understanding and practice of trademark law. A trademark is defined as "any word, name, symbol, or device, or any combination thereof" used "to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown."² The Lanham Act provides trademark owners the right to protect their registration by preventing the use of a mark on the goods or services by others, such that use by others would cause confusion among the purchasing public as to the source of origin of the goods or services.³

A key component of trademark law is the concept of "likelihood of confusion." There is a likelihood of confusion between trademarks when "the

1. 15 U.S.C. § 1051.

2. 15 U.S.C. § 1127.

3. *See id.*

marks are so similar and the goods and/or services for which they are used are so related that consumers would mistakenly believe that they come from the same source.”⁴ In determining whether a likelihood of confusion exists, courts will examine the marks for their similarities and differences.⁵ Although there are many factors courts consider when determining whether a likelihood of confusion exists, the most common are the similarities of the marks in sound, appearance, or general impression, as well as the relatedness of the goods or services offered.⁶ For example, if a jeweler who goes by “Tiffany Club” uses the same blue boxes as luxury retailer Tiffany and Co., the purchasing public is likely to confuse the two jewelers.

Trademark law has always been relatively consistent, but the emergence of non-fungible tokens is testing fundamental trademark law principles. Non-fungible tokens, more commonly called NFTs, are “one of a kind” digital assets that can take the form of any kind of digital information, including artwork, virtual avatars, videos, music, graphics, fashion, and even real property.⁷

NFTs play a significant role in the “metaverse,” which “literally means ‘beyond our universe.’”⁸ Although lacking a universal definition, the metaverse can be seen as a simulated digital world that uses augmented and virtual reality, artificial intelligence, blockchain technology, and social media to “create spaces for rich user interaction that mimics the real world.”⁹ The metaverse’s evolution is creating a trend in trademark litigation: high-end brands are initiating lawsuits against NFT creators for using their trademarks in their own work without authorization.¹⁰ In many cases, NFT creators are using famous shapes, lettering, and colors that almost always create consumer confusion.

In an emerging technological world, the introduction of NFTs and the metaverse has disrupted intellectual property law and generated a number of disputes that will determine the future of digital asset regulation, protection, and ownership.¹¹ To protect their creations, NFT owners often incorporate third-party intellectual property through licenses from the original intellectual property owners. However, because NFT creators often include intellectual property without authorization, they ultimately put their creations at risk.¹²

4. *Likelihood of Confusion*, U.S. PATENT AND TRADEMARK OFF. (Feb. 19, 2021, 9:10 AM), <https://www.uspto.gov/trademarks/search/likelihood-confusion> [<https://perma.cc/DS7A-VLLD>]; see also Sean Peek, *Apple vs. Apple: 6 Trademark Cases and What You Should Learn From Them*, BUSINESS.COM (Apr. 17, 2023), <https://www.business.com/articles/5-trademark-cases-and-what-you-should-learn-from-them> [<https://perma.cc/9EKE-5XH9>].

5. *Likelihood of Confusion*, *supra* note 4.

6. *See id.*

7. John Morrow, Jr. & James Dority, *United States: Trademark Law, NFTs and the Metaverse*, MONDAQ (July 7, 2022), <https://www.mondaq.com/unitedstates/trademark/1209370/trademark-law-nfts-and-the-metaverse> [<https://perma.cc/F2WQ-VWPN>].

8. *Id.*

9. *Id.*

10. *See id.*

11. *Id.*

12. See James Gatto, Yasamin Parsafar & Laura Chapman, *NFTs and Intellectual Property: What IP Owners and NFT Creators Need to Know*, SHEPPARD MULLIN: LAW OF THE

Establishing trademark rights is a critical tool for companies who wish to protect their brands while building goodwill among consumers for their products or services.¹³ However, when it comes to trademark infringement, trademark law is not the only legal framework that comes into play. The First Amendment of the Constitution states, “Congress shall make no law . . . abridging the freedom of speech, or of the press”¹⁴ The First Amendment gives broad, expressive rights to artists or creators who produce works or products that incorporate third-party trademarks.¹⁵ Courts have often faced the issue of balancing the protection of trademarks of rightful owners while avoiding stripping away expressive First Amendment rights from artists.¹⁶ As NFTs, metaverses, and digital goods continue to rise in popularity, issues concerning the scope of trademark rights and the First Amendment arise.¹⁷ To defend their works in trademark litigation, NFT creators often attempt to invoke their First Amendment rights by identifying their work or products as “expressive works.”¹⁸ When a trademark is used in an expressive work, the *Rogers* test, created by the Second Circuit, is often used to balance two rights: the right of free speech under the First Amendment and the public’s right not to be confused or deceived under the Lanham Act.¹⁹ The *Rogers* test requires courts to look at whether the allegedly infringing work has any artistic relevance, and if so, whether the use of the mark in such work “explicitly misleads as to the source or the content of the work.”²⁰ The *Rogers* test is widely used in many courts.²¹ The sudden increase of NFT and trademark-related lawsuits requires a closer look at the *Rogers* test and a reconsideration of its design.

This Comment seeks to understand the potential impact of inconsistently applying the *Rogers* test to trademark and NFT-related cases. It purports to familiarize the reader with trademark and NFT-related cases, the likelihood of confusion analysis, and the implication of First Amendment rights before critically analyzing the *Rogers* test and proposing an alternative method for courts faced with trademark infringement issues, essentially creating a reconstructed *Rogers* test. This Comment analyzes pending

LEDGER (May 25, 2021), <https://www.lawoftheledger.com/2021/03/articles/art/ip-owners-nft-creators> [https://perma.cc/JP8D-FWGR].

13. Denise Pritchard, *Big Tech Trademarks: Trademark Law Empowers Big Tech to Maintain Market Dominance*, 13 HASTINGS SCI. & TECH. L.J. 101, 103 (2022).

14. U.S. CONST. amend. I.

15. John Villasenor & Sam Albright, *NFTs and Birkin Bags: A Hermès Lawsuit Tests the Limits of Trademark Rights*, BROOKINGS INST. (Apr. 21, 2022), <https://www.brookings.edu/articles/nfts-and-birkin-bags-a-hermes-lawsuit-tests-the-limits-of-trademark-rights> [https://perma.cc/9JB7-SYWP].

16. Joshua Simmons, *Trademarks and the First Amendment: Litigation Trends*, N.Y. L.J. (Nov. 6, 2020, 3:04 PM), <https://www.law.com/newyorklawjournal/2020/11/06/trademarks-and-the-first-amendment-litigation-trends> [https://perma.cc/M7K7-37RZ].

17. Villasenor & Albright, *supra* note 15.

18. J. THOMAS MCCARTHY, 6 MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION § 31.144.50 (5th ed. 2023), Westlaw (database updated Sept. 2023). Courts have considered trademark use in a range of expressive works including books, paintings, filmed documentaries, television shows, political news publications, movies, video games, and greeting cards. *Id.*

19. *Id.*

20. *Id.*

21. *Id.*

cases and determines how the cases will impact the future application of the *Rogers* test.

Ultimately, this Comment advocates for a simpler method of distinguishing between expressive works and ordinary consumer products and suggests possibly foregoing the *Rogers* analysis altogether. Further, in the result that a court finds *Rogers* does apply, this Comment encourages courts to construct a more fact-intensive analysis into discerning genuine artistic motives behind creations. These changes will reconstruct and narrow the *Rogers* test, creating greater uniformity in its application.

II. THE *ROGERS* TEST

The *Rogers* test was created in 1989 by the Second Circuit in *Rogers v. Grimaldi*.²² This case involved the famous dancer, Ginger Rogers, and film producer Federico Fellini's film *Ginger and Fred*.²³ Rogers asserted that the use of her name in the film was a false endorsement under the Lanham Act.²⁴ In response, the defendant argued for free artistic expression under the First Amendment.²⁵ The film *Ginger and Fred* was a satire built around two Italian dancers with the nickname Ginger and Fred.²⁶ The characters were named after Ginger Rogers and Fred Astaire, two American dancing legends.²⁷

The court determined that although the name Ginger Rogers had some artistic relevance, the title itself was not misleading, as Ginger Rogers herself was not connected to the film.²⁸ The court concluded that the use of Rogers's name in Fellini's film was not trademark infringement, which allowed Fellini to prevail on the defense of free artistic expression.²⁹ The court reasoned that the Lanham Act should be construed to apply to artistic works "only where the public interest in avoiding consumer confusion outweighs the public interest in free expression."³⁰ Further, the court argued that in situations where allegedly misleading titles use a celebrity's name, the "balance will normally not support application of the [Lanham] Act unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work."³¹ Thus, the court adopted the immensely influential two-part balancing test followed by almost all courts.³²

The *Rogers* test states that a trademark used in an expressive work will constitute trademark infringement under the Lanham Act "only if the

22. *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989).

23. *Id.* at 996.

24. *Id.* at 997.

25. *Id.*

26. *Id.* at 996–97.

27. *Id.*

28. *Id.* at 1001.

29. *Id.* at 1001–02.

30. *Id.* at 999.

31. *Id.*

32. *See id.*

mark has: (1) ‘no artistic relevance’ to the accused work[,] and (2) if there is artistic relevance, use of the mark in the work ‘explicitly misleads [consumers] as to the source or the content of the work.’”³³ The Ninth Circuit has held that the plaintiff faces a “heightened burden” under the *Rogers* test.³⁴ The plaintiff must prove that one of the two prongs of the *Rogers* test is met and also prove that there is a likelihood of confusion.³⁵ The *Rogers* test is meant to balance the rights of senior trademark users “against the artistic license granted to the junior user who has used the mark in a creative work.”³⁶ Many courts, such as the Ninth Circuit, consider the *Rogers* test to be “an appropriate balance between First Amendment interests in protecting artistic expression and the Lanham Act’s purposes to securing trademark rights.”³⁷

The first part of the test considers whether the use is artistically relevant to the underlying work.³⁸ This analysis is “meant to ensure that a defendant’s use [of the trademark] was an artistic choice, rather than an attempt to associate” themselves with the trademark.³⁹ The standard of artistic relevance is set quite low as it is met by anything “above zero,” meaning there is “no artistic relevance to the underlying work whatsoever.”⁴⁰ This standard makes it easy for defendants to bring forward just enough facts to show at least a minimal level of artistic relevance.⁴¹ The second prong, whether the use is “explicitly misleading,” presents complications among circuit courts.⁴² The Second Circuit applies a traditional likelihood of confusion analysis, examining the marks for their similarities and differences.⁴³ However, in these cases, the use will only be infringing if it is “particularly compelling.”⁴⁴

Conversely, the Ninth Circuit dismisses the likelihood of confusion factors when determining whether the use of a mark is explicitly misleading.⁴⁵ Instead, the court examines “whether the defendant engaged in overt or intentional acts to ‘dupe’ consumers into believing” there is some association with the original user.⁴⁶ Specifically, *Twentieth Century Fox Television*

33. McCARTHY, *supra* note 18, § 31.144.50 (quoting *Rogers*, 875 F.2d at 999).

34. *Gordon v. Drape Creative, Inc.*, 909 F.3d 257, 264 (9th Cir. 2018).

35. *See id.*

36. McCARTHY, *supra* note 18, § 31.144.50.

37. *Id.* (quoting *Gordon*, 909 F.3d at 260–61).

38. *See id.*

39. Lynn M. Jordan, *Recent Shifts in Rogers v. Grimaldi: Looking for Genuine Artistic Motive*, 37 ENT. & SPORTS LAW. 39, 39 (2021).

40. *Id.* at 39–40; *see also* *E.S.S. Ent. 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095, 1100 (9th Cir. 2008).

41. Jordan, *supra* note 39, at 40.

42. *See* McCARTHY, *supra* note 18, § 31.144.50.

43. *See* Jordan, *supra* note 39, at 40 (citing *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961)).

44. *Id.* (citing *Twin Peaks Prods., Inc. v. Publ’ns Int’l*, 996 F.2d 1366 (2d Cir. 1993)).

45. *Id.* at 40.

46. *Id.* (citing *Twentieth Century Fox Television v. Empire Distrib., Inc.*, 875 F.3d 1192, 1199 (9th Cir. 2017)); *see also* *Gordon v. Drape Creative, Inc.*, 909 F.3d 257, 266 (9th Cir. 2018). The Ninth Circuit has heard a myriad of trademark infringement cases, but despite this, the requirement to find intentional acts to “dupe” consumers has been a difficult standard to meet. *See, e.g.*, *Reflex Media v. Pilgrim Studios, Inc.*, No. 18-2260, 2018 WL 6566561, at *5–6

v. Empire Distribution, Inc. clarified that “explicitly misleading” should be shown through an “overt claim,” “explicit misstatement,” or “explicit indication” that resulted in consumer confusion.⁴⁷ The Ninth Circuit expanded the *Rogers* test the most, stretching it so thin that it goes beyond its original purpose.⁴⁸ The Fifth Circuit has adopted the Second Circuit’s traditional application of the *Rogers* test; in contrast, the Third, Sixth, and Eleventh Circuits have adopted the Ninth Circuit’s approach to do away with the likelihood of confusion factors altogether.⁴⁹ On the other hand, a district court in the Tenth Circuit has eliminated the second prong of the test, making *Rogers* a single-prong analysis focused on “genuine artistic motive.”⁵⁰

It has been thirty-three years since the *Rogers* test was first established by the Second Circuit, resulting in decades of inconsistent applications that have left trademark owners even more confused as to what protections they have now that they face the emergence of NFTs. Across circuits, decisions based on *Rogers* have favored accused artists as they invoke their First Amendment protections by meeting minimal standards, while trademark owners are left to strategize ways to safeguard their so-called protected trademarks. The current inconsistent approach could create a chilling effect on both trademark owners and artists. Trademark owners will be left to entertain lengthy litigation or search for unnecessary licenses for their once-protected (often world-famous) marks. Thus, artists will have no choice but to go against trademark owners who have superior financial stability and resources and run the risk of restricting their artistic freedoms.

The *Rogers* test caught the attention of the U.S. Supreme Court as it reviewed the applicability of *Rogers* in *Jack Daniel’s Properties, Inc. v. VIP Products LLC* in June 2023.⁵¹ Dog toy manufacturer, VIP Products, created and sold a toy resembling Jack Daniel’s iconic liquor bottle.⁵² The toy, titled “Bad Spaniels,” featured additional labels such as “The Old No. 2 on your Tennessee Carpet.”⁵³ In comparison, the original Jack Daniel’s bottle says, “Jack Daniel’s,” “Old No. 7,” and “Tennessee Sour Mash Whiskey.”⁵⁴ Jack Daniel’s brought suit against VIP Products alleging trademark

(C.D. Cal. 2018) (dismissing claims for containing conclusory allegations that use of the same title for a television series was explicitly misleading); *Brown v. Elec. Arts, Inc.*, 724 F.3d 1235, 1245 (9th Cir. 2018) (holding that “[i]t is well established that the use of a mark alone is not enough [for the plaintiff] to satisfy this prong of the *Rogers* test”).

47. *Twentieth Century Fox Television*, 875 F.3d at 1199.

48. Zachary Shufro, *Based on a True Story: The Ever-Expanding Progeny of Rogers v. Grimaldi*, *FORDHAM INTELL. PROP. MEDIA & ENT. L.J.* 391, 393 (2022).

49. Lynn M. Jordan & David M. Kelly, *Another Decade of Rogers v. Grimaldi: Continuing to Balance the Lanham Act with the First Amendment Rights of Creators of Artistic Works*, 109 *TRADEMARK REP.* 833, 853, 867 (2019).

50. *Id.* at 873.

51. *Jack Daniel’s Props. v. VIP Prods. LLC*, 599 U.S. 140, 152–53 (2023).

52. *Id.* at 144.

53. *Id.*

54. *See id.*; see generally Deirdre M. Wells, William H. Milliken & Kristina Caggiano Kelly, *Bad Spaniel’s: Barking the Line Between Permitted Parody and Trademark Infringement*, *REUTERS* (Feb. 15, 2023, 9:22 AM), <https://www.reuters.com/legal/legalindustry/bad-spaniels-barking-line-between-permitted-parody-trademark-infringement-2023-02-15> [<https://perma.cc/C9FS-4QGM>] (displaying images for comparison of the original Jack Daniel’s liquor bottle and the Bad Spaniels dog toy).

infringement.⁵⁵ The district court ruled that VIP's use of Jack Daniel's trademark was an infringement likely to cause confusion among consumers.⁵⁶ On appeal, the Ninth Circuit reversed, holding that "Bad Spaniels" was an expressive work protected by the First Amendment.⁵⁷ Jack Daniel's petitioned for certiorari, arguing that the Lanham Act prohibits trademark use that is likely to cause confusion and trademark use in a humorous or expressive work is not entitled to heightened protection.⁵⁸ The Supreme Court ruled that *Rogers* does not apply when an alleged infringer uses a trademark as its own trademark.⁵⁹ The Court labeled *Rogers* as a "cabined doctrine" and did not make any changes to the test.⁶⁰ The overall decision of *Jack Daniel's* advances trademark law in part by resolving some issues of consumer confusion. However, with respect to *Rogers's* applicability to NFTs, there remains many unanswered questions, particularly regarding trademark infringement in the metaverse and the dilution of brand owners' goodwill.⁶¹

III. NFT AND TRADEMARK CASES OVERVIEW

The metaverse and the fashion world first intertwined in 2022 during the "Metaverse Fashion Week," which debuted wearable NFT designs by multiple world-renowned fashion brands.⁶² The Metaverse Fashion Week proved that the metaverse is "fashion's next frontier"; it has created a buzz surrounding NFTs, now seen as a profitable business opportunity for famous brands.⁶³ However, in the process of trying to secure those opportunities, brands are instead initiating lawsuits against NFT creators that may have beat them to the punch.

55. *Jack Daniel's*, 599 U.S. at 144; see also JACK DANIEL'S OLD NO. 7 BRAND, Registration No. 4,537,984.

56. *Jack Daniel's*, 599 U.S. at 151–52.

57. *Id.* at 152.

58. *See id.*

59. *Id.* at 153 (describing 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").

60. *See id.* at 155.

61. Wells, Milliken & Kelly, *supra* note 54 (providing the issues that the U.S. Supreme Court decided, including "[w]hether humorous use of another's trademark as one's own on a commercial product is subject to the Lanham Act's traditional likelihood-of-confusion analysis . . . or instead receives heightened First Amendment protection from trademark-infringement claims"); see also *Trademark Dilution (Intended for a Non-Legal Audience)*, INT'L TRADEMARK ASS'N (Nov. 9, 2020), <https://www.inta.org/fact-sheets/trademark-dilution-intended-for-a-non-legal-audience> [<https://perma.cc/PG3B-TNGE>]. Trademark dilution occurs when the unauthorized use of a famous or well-known mark weakens that mark's distinctive quality. *See Trademark Dilution, supra*. The mark must be famous or well-known, and the trademark owner must show that the unauthorized use of the famous mark will likely weaken or tarnish its distinctive qualities. *See id.*

62. *See* Morrow & Dority, *supra* note 7.

63. *Id.*

A. A SERIES OF TRADEMARK AND NFT-RELATED CASES

In February 2021, Nike filed a lawsuit against online resale platform StockX, LLC.⁶⁴ StockX created digital tokens tied to Nike sneakers called the “Vault NFT” that customers could collect or use to redeem sneakers.⁶⁵ Nike alleged that StockX created the Vault NFT using their trademarks and marketed the product using Nike’s goodwill without authorization.⁶⁶ Nike further alleged that StockX inflated the prices of the Vault NFT, incorrectly leading consumers to suspect that the NFTs were authorized by or associated with Nike.⁶⁷ StockX argued that the Vault NFT was tied to secondhand Nike sneakers that were purchased from the “rightful owner” and sold on the platform with the option to resell or redeem for the physical shoe without shipping or storage costs.⁶⁸ StockX rested its argument on the “first sale doctrine,” which states that an entity can resell goods using a trademark after the trademark owner has sold those items.⁶⁹ In May 2022, Nike amended its original complaint against StockX to include the fact that Nike released their own virtual products, which would potentially lead to more consumer confusion.⁷⁰ Considering these claims, the district court is now tasked with determining whether StockX’s use of Nike’s trademark constitutes actionable trademark infringement.

In *McCullum v. Opulous*, famous recording artist, entrepreneur, and fashion brand ambassador, Miles Parks McCollum, professionally known as “Lil Yachty,” brought suit against Opulous, a start-up business “selling ownership interests in musicians’ copyrighted works.”⁷¹ McCollum argued that Opulous published commercial advertisements and promotions in the media that falsely represented that he was affiliated with Opulous’ products and services.⁷² He alleged that Opulous specifically used his name, trademark, and photos, all without consent to “successfully raise

64. Complaint at 2, Nike, Inc. v. StockX LLC, No. 1:22-cv-00983 (S.D.N.Y. Feb. 3, 2022). See generally *Collecting What’s Next: Introducing Vault NFTs on StockX*, StockX, <https://stockx.com/lp/nfts> [<https://perma.cc/UHQ7-LAYW>].

65. See Complaint, *supra* note 64, at 3–5.

66. *Id.* at 2; see also Mary Kate Brennan, Soniya Shah & Anna Naydonov, *Demystifying NFTs and Intellectual Property: Trademark and Copyright Concerns*, REUTERS (June 17, 2022, 8:15 AM), <https://www.reuters.com/legal/legalindustry/demystifying-nfts-intellectual-property-trademark-copyright-concerns-2022-06-17> [<https://perma.cc/U6VD-T3AG>]; see also NIKE, Registration No. 1,325,938.

67. See Complaint, *supra* note 64, at 2; see also Benjamin Stasa, *Nike v. StockX Case Highlights Many Unanswered Questions About IP and NFTs*, JDSUPRA (Sept. 7, 2022), <https://www.jdsupra.com/legalnews/nike-v-stockx-case-highlights-many-9205701> [<https://perma.cc/4RLB-CES9>].

68. Stasa, *supra* note 67.

69. *Id.*

70. See First Amended Complaint, Nike, Inc. v. StockX LLC, No. 1:22-cv-00983 (S.D.N.Y. May 25, 2022), 2022 WL 20289526.

71. Nathaniel Bach & Sarah Moses, *Move Fast and Make (Break?) Things: IP-Related NFT Litigation Trends*, JDSUPRA (Sept. 20, 2022), <https://www.jdsupra.com/legalnews/move-fast-and-make-break-things-ip-6202365> [<https://perma.cc/CLH9-QCDV>]; see also Complaint at 3–8, *McCullum v. Opulous*, No. 2:22-cv-00587 (C.D. Cal. Jan. 27, 2022).

72. Complaint, *supra* note 71, at 7–8.

substantial venture capital funds” — apparently over \$6.5 million — without compensation.⁷³

NFT and trademark-related cases go way beyond the U.S. On an international level, the Intellectual Property Division of the Court of Rome has prohibited the minting and marketing of NFTs that use well-known trademarks.⁷⁴ In 2021, Blockeras, a company in the crypto industry, launched a NFT collection consisting of sports trading cards featuring Italian football player Christian Vieri.⁷⁵ The cards included images of Vieri wearing the official uniform of the Juventus Football Club.⁷⁶ The Juventus club filed a preliminary injunction application against Blockeras claiming that their NFTs featuring Juventus’s trademarks without authorization constituted trademark infringement.⁷⁷ The Court of Rome ruled that the NFT cards infringed Juventus’s well-known trademarks, granting the preliminary injunction.⁷⁸ The court reasoned that Juventus’s trademarks are highly recognized by the public and are actively promoted through marketing channels, making the trademarks well-known and entitled to broader protections.⁷⁹ The court concluded that the creation and minting of NFTs depicting famous trademarks created a risk of likelihood of confusion among consumers and would induce consumers to believe Juventus was somehow involved with Blockeras’s cards.⁸⁰ The court supported its conclusion with the fact that consumers are even more likely to assume an association between both parties since Blockeras’s NFTs identify the Juventus Football Club, and Juventus had begun creating NFTs itself.⁸¹ The Court of Rome’s decision represents a progression in international trademark law where NFTs are concerned. This decision shows that NFTs can be subject to intellectual property laws and proper authorization from trademark owners is needed before NFTs can incorporate and use trademarks.

Italy has taken a step towards regulating NFT creation in a way that the United States has yet to figure out, which shows that we must constantly monitor the progression of the metaverse. While cases like *Nike* and *McCollum* are still in litigation, it is imperative to establish a more uniform methodology of applying trademark law to NFTs, especially when First Amendment considerations are implicated.

73. *Id.* at 3; *see also* LIL YACHTY, Registration No. 5,226,262.

74. Giulia Maienza, Rachel Montagnon, Pietro Pouchè, Andrew Moir & Andrea Pontecorvi, *European Union: NFT Infringes Trade Mark Rights Italian Court Grants Preliminary Injunction in Juventus Case*, MONDAQ (Jan. 12, 2023), <https://www.mondaq.com/uk/trademark/1269996/nft-infringes-trade-mark-rights-italian-court-grants-preliminary-injunction-in-juventus-case> [<https://perma.cc/TL4P-VD46>].

75. *Id.*

76. *Id.*

77. *Id.*; *see also* JUVENTUS, Registration No. 3,658,124.

78. Maienza, Montagnon, Pouchè, Moir & Pontecorvi, *supra* note 74.

79. *Id.*; *see generally* Famous/Well-Known Marks, INT’L TRADEMARK ASS’N, <https://www.inta.org/topics/famous-well-known-marks> [<https://perma.cc/4UHS-4LG6>] (“A famous or well-known mark is a trademark that, in view of its widespread reputation or recognition, may enjoy broader protection than an ordinary mark.”).

80. Maienza, Montagnon, Pouchè, Moir & Pontecorvi, *supra* note 74.

81. *Id.*

B. *HERMÈS V. ROTHSCHILD*

Hermès v. Rothschild was the first-ever case to examine trademark law and NFTs at trial.⁸² After ongoing litigation, the case was recently decided by a jury in the Southern District of New York.⁸³ Luxury fashion company Hermès brought suit against entrepreneur Mason Rothschild who created digital images of Hermès's unique and exclusive Birkin bags using NFTs.⁸⁴ Hermès owns trademark rights in the marks "HERMÈS" and "BIRKIN," including colors, logos, and bag design.⁸⁵ In December 2021, Rothschild created a collection of digital images titled "MetaBirkins," each of which depicts images of the Birkin bag famously produced by Hermès.⁸⁶ Rothschild described his collection as a "tribute to Hermès' most famous handbag, the Birkin."⁸⁷ He described the Birkin bag as one of the most "well-made luxury accessories."⁸⁸ Rothschild had sold his MetaBirkin NFTs on various NFT platforms and used social media as their primary marketing channel by using the MetaBirkin name with slogans including "NOT YOUR MOTHER'S Birkin," as well as the hashtags "#MetaBirkins GONNA MAKE IT," and "#MINT A METABIRKIN HOLD A METABIRKIN."⁸⁹ Rothschild's NFTs created "actual confusion" among consumers believing that the NFTs were affiliated with Hermès.⁹⁰

Beyond consumers, even well-known magazines such as *Elle* and the *New York Post* have mistakenly reported that MetaBirkins was a product of a Hermès and Rothschild partnership.⁹¹ As a result, Hermès filed suit against Rothschild under the Lanham Act and claimed that the MetaBirkin NFTs constituted trademark infringement and trademark dilution.⁹² In response, Rothschild invoked protection under the First Amendment.⁹³ Rothschild's argument included four parts. First, Rothschild contended that his MetaBirkins are creative expressions protected by the First Amendment.⁹⁴ Second, he argued that the title Metabirkins is artistically relevant to the NFT, as it describes the artwork's content.⁹⁵

82. *Hermès Int'l v. Rothschild*, No. 22-cv-384, 2023 WL 4145518 (S.D.N.Y. June 23, 2023) (order denying defendant's post-verdict motions and granting plaintiff's permanent injunction); see also Isaiah Poritz & Hadriana Lowenkron, *Hermès Defeats MetaBirkins in the First NFT Trademark Trial*, BLOOMBERG L. (Feb. 8, 2023, 12:42 PM), <https://news.bloomberglaw.com/ip-law/hermes-gets-win-over-metabirkins-in-first-nft-trademark-trial> [https://perma.cc/3MQF-QUCZ].

83. *Hermès*, 2023 WL 4145518, at *1.

84. *Id.*

85. See *id.*; see also HERMES, Registration No. 2,213,940; BIRKIN, Registration No. 2,991,927.

86. See *Hermès*, 2023 WL 4145518, at *1.

87. *Hermès Int'l v. Rothschild*, 603 F. Supp. 3d 98, 101 (S.D.N.Y. 2022) (order denying defendant's motion to dismiss).

88. *Id.*

89. *Id.* at 102.

90. *Id.*

91. *Id.*

92. See *id.* at 100.

93. *Id.* at 102–03.

94. *Id.* at 103.

95. *Id.* at 104–05.

Third, Rothschild claimed there was nothing done to intentionally mislead consumers as to the source of the NFTs, and fourth, he argued that Hermès had failed to establish a likelihood of confusion.⁹⁶

The Southern District of New York stated that *Rogers* is the appropriate test for analyzing trademark infringement in this case.⁹⁷ Hermès survived Rothschild’s motion to dismiss because Rothschild’s statements were sufficient to demonstrate that his use of Hermès’ trademarks may be misleading to consumers—regarding the NFT’s source—and in violation of the Lanham Act.⁹⁸ Because Rothschild described his NFTs as a “tribute” to Hermès, and stated he “wanted to see as an experiment if [he] could create that same kind of illusion that [the Birkin bag] has in real life as a digital commodity,” the court concluded these statements evidenced either a likelihood of confusion or were “explicitly misleading.”⁹⁹

In the February 2023 jury trial, Rothschild maintained that he was merely commenting on Hermès’ “alleged animal cruelty” in the production of their leather handbags when he created the MetaBirkin.¹⁰⁰ Rothschild related his work to Andy Warhol’s famous prints of Campbell’s soup cans and categorized his MetaBirkins as an “artistic experiment.”¹⁰¹ Hermès argued that it “plans to enter into the NFT space” and that Rothschild’s MetaBirkins created an obstacle in their plans.¹⁰² Further, Hermès argued that Rothschild’s MetaBirkins were not a product of “artistic expression” and should not be shielded by First Amendment protections.¹⁰³ Ultimately, the jury was not persuaded by Rothschild’s arguments and found that the MetaBirkins constituted a trademark infringement.¹⁰⁴ The jury believed that Rothschild’s MetaBirkins were so similar to Hermès’ products that they would be “likely to confuse consumers.”¹⁰⁵ Although Rothschild has appealed,¹⁰⁶ this case can still be seen as a win for brand owners and provides guidance on how intellectual property rights should apply to the digital world. However, because *Hermès* was a federal district jury trial, the case “has not necessarily established any legal precedent,”¹⁰⁷ and since

96. *Id.* at 106.

97. *Id.* at 102–03.

98. *Id.*

99. *Id.* at 101–02; see also Dorothy R. Auth, Howard Wizenfeld & A.J. Harris, *Trademarks in the Metaverse—Artistic Expression or Commercial Product?*, REUTERS (Jan. 5, 2023), <https://www.reuters.com/legal/legalindustry/trademarks-metaverse-artistic-expression-or-commercial-product-2023-01-05> [<https://perma.cc/K39T-JYLH>].

100. Danielle N. Garno & Krithika Rajkumar, *A Victory for Brands: Hermès Wins U.S. Trademark Trial Over “MetaBirkins” NFT*, FASHION & L.J. (Feb. 10, 2023), <https://fashion-lawjournal.com/a-victory-for-brands-hermes-wins-u-s-trademark-trial-over-metabirkins-nft> [<https://perma.cc/R97Z-BEPR>].

101. *Id.*; see generally *Andy Warhol Campbell’s Soup Cans 1962*, MoMA, https://www.moma.org/learn/moma_learning/andy-warhol-campbells-soup-cans-1962 [<https://perma.cc/6GXL-KX2Z>].

102. Garno & Rajkumar, *supra* note 100.

103. See *id.*

104. See *id.*

105. *Id.*

106. *Hermès Int’l v. Rothschild*, No. 22-cv-384, 2023 WL 4145518 (S.D.N.Y. June 23, 2023) (noting that an appeal was filed to the Second Circuit on July 24, 2023).

107. Garno & Rajkumar, *supra* note 100.

the *Jack Daniel's* ruling would indicate that *Rogers* still applies here, the solution to disputes between NFT creators and trademark owners remains unclear.

IV. APPLYING THE TRADITIONAL *ROGERS* TEST

If the defendants in the previous cases decided to invoke their First Amendment rights by classifying their creations as “expressive works,” a traditional application of the *Rogers* test would create varied results.

In *Nike*, if StockX were to argue that the Vault NFT is an “expressive work,” the court, under the *Rogers* test, would first look at whether the work is artistically relevant. StockX could argue that the Vault NFT is meant to give consumers a more personalized experience when purchasing sneakers with the added value of collecting an NFT. Each Vault NFT includes a picture of the sneaker, identical to the original. For example, the NFTs that feature Nike’s famous “Air Force 1” sneakers will look exactly like Nike’s design.¹⁰⁸ There are no additional features that StockX adds to their Vault NFTs. Based on this alone, Nike could argue that the Vault NFT has no artistic relevance. However, because of the low standard imposed by the first prong of the *Rogers* test, StockX could emphasize that the Vault NFT provides a unique customer experience, similar to how art connoisseurs collect favorable pieces of art: sneaker lovers get to collect digital tokens of their favorite Nike shoes. Under the *Rogers* test, this may be enough to satisfy the artistic relevance prong.

In *McCollum*, Opulous could argue that its NFT has some artistic relevance because featuring images of McCollum while using his stage name “Lil Yachty” with the release of his music gives the music a “cover art” pairing. Just as music albums feature cover art, which were traditionally sold on CDs that are not as common now, using the NFTs would give consumers the opportunity to connect with music associated with images just like it was so often done in the past. McCollum could argue that because the name and images are his trademarks, Opulous, like StockX in *Nike*, has not added anything original to the NFT, thus having no artistic relevance. Yet again, because the standard is set so low, Opulous may not need a substantial amount of evidence to satisfy the artistic relevance prong.

The same arguments could have been applied in *Hermès*. Perhaps if Rothschild argued that his MetaBirkins provided consumers an opportunity to enjoy an exclusive experience, as Hermès is often associated with luxury and exclusivity, or that not every MetaBirkin is an exact color combination or design as Hermès’ Birkin bags, he may have succeeded in showing some artistic relevance behind the MetaBirkin collection.

Each of these cases has a fair chance of satisfying the artistic relevance prong of the *Rogers* test. However, this leaves the rest of the analysis up to the second prong: whether the use of a trademark is “explicitly misleading.”¹⁰⁹ This step requires exploration into the likelihood of

108. See STOCKX, *supra* note 64.

109. See McCARTHY, *supra* note 18, § 31.144.50.

confusion factors, which could weigh in either party's favor. For example, Hermès could demonstrate actual confusion because there was evidence that the media mistakenly associated them with Rothschild. Nike could argue that because they also have an online platform for selling their shoes, StockX is using a similar marketing channel. Moreover, McCollum could argue that Oplulous lacked good faith in using the "Lil Yachty" trademark because of the amount of investment fund capital raised without compensation.¹¹⁰ In all these cases, the trademark owners and NFT creators have factor-based arguments that would weigh in their favor, but the varying application of the traditional *Rogers* test across circuits creates inconsistent outcomes that blur the line between authorized and unauthorized trademark use. A different approach to the *Rogers* test will prove that many of these NFTs actually lack artistic relevance and, in some cases, the creators may have monetary purposes for their creations, leading to more consistent results and reestablishing an actual balance between trademark law and First Amendment rights.

V. ROGERS RECONSTRUCTED

A. DISTINGUISHING BETWEEN AN "EXPRESSIVE WORK" AND AN ORDINARY CONSUMER PRODUCT

The *Rogers* test should be reconstructed to create a more stringent analysis of trademark owners' and NFT creators' perspectives. Reconstructing can be as simple as distinguishing between an "expressive work" and an ordinary consumer product. The court in *Yuga Labs, Inc. v. Ripps* may have already done this.¹¹¹ Yuga Labs created the NFT titled "Bored Ape Yacht Club," commonly referred to as "BAYC."¹¹² BAYC has become one of the "world's most well-known and successful" NFT collections and has earned substantial attention from the media as it's been featured in recent editions of *Rolling Stone* and *Forbes* magazines.¹¹³ In May 2022, "conceptual artist" Ryder Ripps released his own NFT collection titled "Ryder Ripps Bored Ape Yacht Club," referred to as "RR/BAYC."¹¹⁴ Ripps's collection features the same digital artwork as the BAYC NFT collection, which features several animated images of apes with different facial expressions and outfits.¹¹⁵ A few months later, Yuga Labs filed suit against Ripps asserting trademark infringement under the Lanham Act.¹¹⁶ Yuga Labs claimed that Ripps's collection is a misuse of their trademarks as he sought to "devalue the Bored Ape NFTs by flooding the NFT market with his own copycat

110. See Complaint, *supra* note 71, at 7–8.

111. *Yuga Labs, Inc. v. Ripps*, No. 22-4355, 2022 WL 18024480 (C.D. Cal. Dec. 16, 2022) (order denying defendant's motion to dismiss and anti-SLAPP motion).

112. See *id.* at *1.

113. *Id.*

114. See *id.* at *2–3.

115. See *id.*

116. See *id.* at *3.

NFT collection using the original [BAYC] images.”¹¹⁷ Further, Yuga Labs claimed that Ripps marketed his collection as “falsely equivalent” to an “authentic [BAYC] NFT.”¹¹⁸ Ripps argued that the RR/BAYC NFTs are works of artistic expression, which means the plaintiff’s claims are legally insufficient under the *Rogers* test.¹¹⁹ However, the Central District of California held that even if the *Rogers* test applied, Ripps failed the test because his use of the BAYC trademarks was not “artistically relevant” and was “explicitly misleading.”¹²⁰ Further, the court reasoned that because the marks were used in the same marketing channels to sell NFTs using the exact same protected images in BAYC, Ripps’s collection and use of BAYC was explicitly misleading.¹²¹ The court essentially looked at the RR/BAYC collection as “nothing more than a collection of counterfeits” that did not qualify as a form of artistic expression nor warrant protection under the First Amendment.¹²² Moreover, the court’s ruling implies that the *Rogers* test may not apply to NFT infringers when the primary purpose of their work is *commercial rather than “expressive artistic speech protected by the First Amendment.”*¹²³ Here, Ripps created NFTs using Yuga Labs’ trademarks in the BAYC collection in furtherance of Ripps’s own “commercial activities . . . to sell infringing products.”¹²⁴

The court in *Yuga Labs* distinguished between an expressive work and an ordinary consumer commercial product, which is an application of the *Rogers* test that is different from the one traditionally applied.¹²⁵ If the *Rogers* test is altered to include additional analysis into distinguishing between expressive works and commercial products, courts may have an easier time applying the *Rogers* test in a more uniform manner. If you take a look at the expressive elements of a work or product and believe they can be extracted while leaving the underlying product intact, then it should be considered no more than an ordinary consumer product. Expressive works require more than just a creation out in the marketplace. Courts have previously interpreted expressive trademarks to be a “mode of expression entitled to First Amendment protection when intended to convey an expressive message.”¹²⁶ Looking at *Yuga Labs*, Ripps’s RR/BAYC collection was not intended to convey any type of expressive message; rather,

117. *Id.* at *3 (quoting Complaint at 2, *Yuga Labs, Inc. v. Ripps*, No. 22-cv-4355 (C.D. Cal. June 24, 2022)).

118. *Id.* (quoting Complaint, *supra* note 117, at 2).

119. *See id.*; *see also* Jeremy S. Goldman, *United States: Yuga Labs Wins Key Victory in NFT Infringement Case Against Ryder Ripps*, MONDAQ (Dec. 23, 2022), <https://www.mondaq.com/unitedstates/trademark/1264300/yuga-labs-wins-key-victory-in-nft-infringement-case-against-ryder-ripps> [<https://perma.cc/PGP2-5YSS>].

120. *Yuga Labs*, 2022 WL 18024480, at *5.

121. *See id.*

122. Goldman, *supra* note 119; *see also Yuga Labs*, 2022 WL 18024480, at *5.

123. *Yuga Labs*, 2022 WL 18024480, at *5, 8.

124. Auth, Wizenfeld & Harris, *supra* note 99 (quoting *Yuga Labs*, 2022 WL 18024480, at *5).

125. *See Yuga Labs*, 2022 WL 18024480, at *5 (“[Ripps’s NFTs] are all commercial activities designed to sell infringing products, not expressive artistic speech protected by the First Amendment.”).

126. *See* Ryan Gonder & Philip J. Petrina, *2022 Trademark Law Recap: NFTs, Distinct Branding, and the First Amendment*, MONDAQ (Jan. 18, 2023), <https://www.mondaq.com/>

as Yuga Labs also contended, Ripps's collection was an attempt to "troll" Yuga Labs, as he has continuously done, by creating his own collection that merely imitates BAYC and attempts to take advantage of Yuga Labs' goodwill in creating an impression of association between Ripps and Yuga Labs among consumers.¹²⁷

If we take another look at *Nike*, StockX's Vault NFTs also do not seem to convey any expressive message. They are simply copies of Nike's trademarks used to sell physical sneakers at inflated prices.¹²⁸ Further, taking another look at *McCollum*, Opulous used McCollum's trademarked name, "Lil Yachty," in an attempt to create an implied association between the two and attract attention to their NFT products. Reanalyzing these cases, you can remove the expressive elements from the NFTs like the exact images of BAYC used in RR/BAYC, the infamous Nike swoosh used by StockX, and McCollum's stage name "Lil Yachty," and the NFT remains intact. These can all be considered ordinary consumer products, and by concluding as such, no further analysis would be needed by the *Rogers* test.

A clearer definition of "expressive works" has been proposed by others, including the International Trademark Association (INTA). In an amicus brief filed in the Second Circuit from a case styled *Vans, Inc. v. MSCHF Product Studio, Inc.*,¹²⁹ INTA proposed that the *Rogers* test should only apply "where the expression cannot be removed from the product without it ceasing to be the same product."¹³⁰ In *Vans*, defendant MSCHF Production Studio sold their product, the "Wavy Baby" shoe, which resembles elements of Vans' well-known "Old Skool" shoe design, featuring similar colors and stripes in their designs.¹³¹ The Wavy Baby shoe takes the original stripe that goes across Vans' Old Skool shoe and places it on theirs in a wavy design with a similar but wavy sole.¹³² If you take away these expressive elements, the product remains a shoe lacking any additional expressive meaning and leaving the product intact. INTA argues that the primary purpose of the *Rogers* test is to protect authors of expressive works from

unitedstates/trademark/1272156/2022-trademark-law-recap-nfts-distinct-branding-and-the-first-amendment [https://perma.cc/2L3J-P79P].

127. See Complaint, *supra* note 117, at 1–3.

128. See Brennan, Shah & Naydonov, *supra* note 66.

129. *Vans, Inc., v. MSCHF Prod. Studio, Inc.*, 602 F. Supp. 3d 358 (E.D.N.Y. 2022) (appeal pending).

130. *INTA Proposes Clear Definition for When Courts Should Apply the Rogers Analysis*, INT'L TRADEMARK ASS'N (June 29, 2022), <https://www.inta.org/news-and-press/press-releases/inta-proposes-clear-definition-for-when-courts-should-apply-the-rogers-analysis> [https://perma.cc/C655-BGFE].

131. *Vans*, 602 F. Supp. 3d at 364; see also Isaiah Poritz, *Are Shoes Art? "Wavy Baby" Case Tests Trademark, Expression Line*, BLOOMBERG (Sept. 8, 2022), <https://news.bloomberglaw.com/ip-law/are-shoes-art-wavy-baby-case-tests-trademark-expression-line> [https://perma.cc/BPC4-8GCX]; OLD SKOOL, U.S. Trademark Application Serial No. 87/154,398 (filed Aug. 29, 2016).

132. Brendan Dunne, *Vans Sues MSCHF Over Wavy Baby Tyga Collab Sneaker*, COMPLEX (Apr. 14, 2022), <https://www.complex.com/sneakers/a/brendan-dunne/vans-sues-mschf-wavy-baby-tyga-sneaker> [https://perma.cc/CD6R-VZBT] (displaying images for comparison of Vans' Old Skool shoe and MSCHF's Wavy Baby shoe).

being limited in their expression due to trademark rights.¹³³ INTA's argument is premised on the idea that expanding *Rogers* to ordinary consumer products inappropriately provides "heightened First Amendment protections" to infringing creators.¹³⁴ If applied to ordinary consumer products, it will be nearly impossible for trademark owners to protect their marks, which have gone through the proper registration process and are entitled to strict enforcement.¹³⁵ The Supreme Court can change the application of the *Rogers* test by ensuring that the infringing products are actually expressive such that the expressive components are essentially inseparable from the product.¹³⁶ This narrower application of the *Rogers* test will strengthen trademark owners' rights by limiting the application to purely expressive works rather than consumer products hiding behind the description of "expressive" solely because they include some expressive quality.¹³⁷ Instead of applying the *Rogers* test immediately, the court can forgo the analysis altogether and instead apply traditional factors—such as the *Polaroid* factors—to determine whether there is a likelihood of confusion.¹³⁸

The *Polaroid* factors and numerous variations of the likelihood of confusion analysis have proven successful for years. More recently, the U.S. Solicitor General, in an amicus brief, weighed in on the *Jack Daniels* dispute and stated that the "likelihood-of-confusion standard is the governing standard in all actions" for trademark infringement.¹³⁹ Many other voices have weighed in, including intellectual property professionals and several companies such as Levi's, Campbell's Soup, and Patagonia, supporting Jack Daniel's and arguing for the Court to modify the *Rogers* test.¹⁴⁰ *Polaroid* and other cases have developed various factors in determining whether trademark use will result in a likelihood of confusion including: (1) the strength of the plaintiff's mark; (2) the degree of similarity between the two marks; (3) the proximity of the products; (4) the likelihood that the prior owner will bridge the gap; (5) evidence of actual confusion; (6) the defendant's good faith in adopting its own mark; (7) the quality of the defendant's product; and (8) the sophistication of the consumers.¹⁴¹

133. See *INTA Proposes Clear Definition for When Courts Should Apply the Rogers Analysis*, *supra* note 130.

134. Brief for Int'l Trademark Ass'n as Amici Curiae Supporting Neither Party at 3, *Vans, Inc. v. MSCHF Prod. Studio, Inc.*, 602 F. Supp. 3d 358 (E.D.N.Y. 2022) (No. 22-1006-cv).

135. See *id.* at 18.

136. See *id.* at 4.

137. See *id.*

138. See generally *Polaroid v. Polard*, 287 F.2d 492, 495 (2d Cir. 1961).

139. Brief for United States as Amici Curiae Supporting Petitioner at 11, *Jack Daniel's Props. v. VIP Prods. LLC*, 599 U.S. 140 (2023) (No. 22-148).

140. See Tiffany Hu, *SG, Levi's, and More Back Jack Daniel's High Court TM Fight*, LAW360 (Jan. 18, 2023, 10:06 PM), <https://www.law360.com/retail/articles/1566847> [https://perma.cc/3EU2-DUN4].

141. See *Polaroid*, 287 F.2d at 495. The likelihood of confusion analysis varies among courts. Several cases, as well as the U.S. Trademark Office, have established their own set of factors in assessing whether there is a likelihood of confusion. See generally *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 463 (3d Cir. 1983); *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973); *Likelihood of Confusion*, *supra* note 4; *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 959 (7th Cir. 1992); *Roto-Rooter Corp. v. O'Neal*, 513 F.2d

This fact-intensive analysis allows courts to bring the focus back to fundamental trademark law principles in an attempt to distinguish between marks. Looking into factors such as the similarity of the marks, marketing channels used, and the defendant's good faith provides more than enough guidelines for courts when weighing in on whether trademark use constitutes infringement. There is also more uniformity between courts in the application of the likelihood of confusion analysis, ridding of the common confusion that arises when trying to apply the *Rogers* test to trademark use that is deemed to be non-expressive.

B. DISCERNING THE MOTIVES BEHIND AN "EXPRESSIVE WORK"

In *Hermès*, the court concluded that the *Rogers* test applied but did not get into an extensive *Rogers* analysis.¹⁴² However, an alternate method could have been more useful. By engaging in a more fact-intensive deep dive into discerning the motives behind an expressive work, courts could ultimately reveal whether artists and creators are standing behind their work as something with real artistic relevance or are merely trying to step into the ring of the highly lucrative field of cryptocurrency for their own benefit.

NFTs provide companies with multiple opportunities to level up their brand. For example, brands can leverage NFTs to create "an authentication system for their customers."¹⁴³ Brands that use serial numbers for their luxury items are "using NFTs to provide authentication for their goods."¹⁴⁴ This process is not only effective but also highly efficient because the brands produce thousands of high-quality products that are constantly mimicked by counterfeit items.

Musical artists are also getting involved with NFTs to license their trademarks "in connection with the release of exclusive digital content for their fans."¹⁴⁵ In general, brands are trying to capitalize on NFTs, and there are many reasons why. Venturing into the digital space has been a goal for multiple high-end luxury brands, such as Louis Vuitton, Burberry, and Gucci, primarily to introduce NFTs into their products and marketing strategies.¹⁴⁶ As of 2021, 17% of brands in the *Vogue Business Index* have

44, 45 (5th Cir. 1975); *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 543 (5th Cir. 1998), abrogated by *Ill. Tool Works, Inc. v. Rust-Oleum Corp.*, 955 F.3d 512 (5th Cir. 2020).

142. See *Hermès Int'l v. Rothschild*, No. 22-cv-384, 2023 WL 4145518, at *4 (S.D.N.Y. June 23, 2023).

143. Sharon Urias, *Trademark and Copyright Considerations for NFTs*, REUTERS (May 2, 2022), <https://www.reuters.com/legal/legalindustry/trademark-copyright-considerations-nfts-2022-05-02> [https://perma.cc/B344-KLQ2].

144. *Id.*

145. *Id.*

146. See *Ten Major Brands Jumping into NFTs*, MEDIUM (Mar. 29, 2022), <https://medium.com/fayrelabs/ten-major-brands-jumping-into-nfts-18b23d358be> [https://perma.cc/7S82-NE6F] (providing a list of additional brands entering the NFT space); Maghan McDowell, *Louis Vuitton to Sell \$39,000 NFTs*, VOGUE (June 6, 2023), <https://www.vogue.com/article/louis-vuitton-to-sell-dollar41000-nfts> [https://perma.cc/B9FZ-448X] (describing Louis Vuitton's venture into the NFT space with the introduction of the "Treasure Trunk" collection); *Burberry X Blankos Block Party: New NFT Collection and Social Space*, BURBERRY (June 20, 2022), <https://burberryplc.com/news/brand/2022/>

already worked with NFTs, and that number will only increase over time as NFTs become even more popular.¹⁴⁷ According to Morgan Stanley, digital demand for fashion and luxury could generate sales “that reach \$50 billion by 2030.”¹⁴⁸ NFT fashion projects have become a major trend with events, such as the “Metaverse Fashion Week” in 2022, and have proved to be a way for consumers to connect with fashion in light of the pandemic, which has only highlighted a growing consumer interest in virtual fashion.¹⁴⁹

In a new and predominantly digital world, consumers tend to lean more towards a virtual online experience when it comes to fashion, whether because of the pandemic and more time at home or the fun, immersive digital experience NFTs provide. Nike has recently used NFT technology to create items that customers not only can collect or trade, but also wear.¹⁵⁰ Nike released a collection of virtual sneakers called “Nike Dunk Genesis Cryptokick” that allows owners to visualize the sneakers in the real world through social media filters.¹⁵¹ In March 2022, the Metaverse Fashion Week featured brands like Dolce & Gabbana, Philipp Plein, and Tommy Hilfiger showcasing their designs with digital designers.¹⁵² These brands were able to sell NFT wearables of their iconic designs to hundreds of thousands of customers.¹⁵³ The event itself reported “more than 108,000 guests and distribution of more than 165,000 wearables.”¹⁵⁴ Some brands dove directly into the digital world by creating virtual stores, like Selfridges, opening the world’s first NFT department store where users can view NFT products offered by Selfridges.¹⁵⁵ Indulging the world of NFTs allows brands to create exclusive content and enhance luxury. NFTs provide brands ample opportunities to take advantage of the evolving digital world and connect with consumers on a newfound level.

The world of NFTs has proven to be profitable and rewarding to these brands, and these benefits can be extremely appealing to third-party NFT creators. Courts should be cautious of this appeal and suspect that infringing

burberry-x-blankos-block-party—new-nft-collection-and-social-sp [https://perma.cc/2FWZ-6WL3] (introducing Burberry’s partnership with Mythical Games and the Blankos Block Party NFT collection).

147. See Maghan McDowell & Madeline Schulz, *The Vogue Business NFT Tracker*, VOGUE BUS. (Aug. 22, 2023), <https://www.voguebusiness.com/technology/the-vogue-business-nft-tracker> [https://perma.cc/4DJM-QQTL].

148. Alison Bringé, *How Fashion Brands Can Enter the Metaverse*, FORBES (July 1, 2022, 7:00 AM), <https://www.forbes.com/sites/forbescommunicationscouncil/2022/07/01/how-fashion-brands-can-enter-the-metaverse> [https://perma.cc/2VVC-DN69].

149. See *id.*

150. See Alex Williams, *Nike Sold an NFT Sneaker for \$134,000*, N.Y. TIMES (May 26, 2022), <https://www.nytimes.com/2022/05/26/style/nike-nft-sneaker.html> [https://perma.cc/F7Q6-5J3X].

151. See *id.*

152. See Leah Dolan, *I Went to Fashion Week in the Metaverse*, CNN (Mar. 30, 2022), <https://www.cnn.com/style/article/fashion-week-metaverse-review> [https://perma.cc/56CF-QEHF].

153. See Madeleine Schulz & Maghan McDowell, *Metaverse Fashion Week to Return Next Year*, VOGUE BUS. (Dec. 6, 2022), <https://www.voguebusiness.com/technology/metaverse-fashion-week-to-return-next-year> [https://perma.cc/FX7F-FSYV].

154. *Id.*

155. See Maghan McDowell, *Selfridges is Selling NFTs in Store*, VOGUE BUS. (Jan. 13, 2022), <https://www.voguebusiness.com/technology/selfridges-is-selling-nfts-in-store> [https://perma.cc/MHP2-SNB6].

NFT products may not be all that artistically relevant and instead have underlying monetary motives. When an infringing user implements famous trademarks, they may be taking advantage of a brand's goodwill that came from years of hard work, production, and maintenance of quality products. In attempting to discern the motives behind an "expressive work," courts can look at the channels used to market products. If an NFT creator is using the same channels as the trademark owner, it may be more likely that they are trying to create an impression among consumers that their NFTs are related to a specific brand. Causing this kind of confusion among consumers will only benefit NFT creators, as they can inflate prices, gain more traction on social media, and ultimately profit considerably more than they would if they had created something without the use of another's trademark.

Courts should look at marketing methods to determine whether the infringing user has a genuine artistic motive for using a senior user's trademark. In *Nike*, Nike alleged that StockX was capitalizing off Nike's goodwill and misleading customers to pay inflated prices for their sneakers.¹⁵⁶ StockX alleged that they rightfully bought the sneakers from the owner and were merely reselling them using their Vault NFT.¹⁵⁷ However, by inflating prices, StockX would be making a larger profit off of Nike's shoes from their Vault NFT, and one could argue that the appeal of the Vault NFT is to be able to redeem Nike's sneakers, as Nike is a famous brand with customers worldwide. StockX's online platform is similar to Nike's in that StockX features its most popular shoes on the homepage, and customers can make purchases directly off the website, just like Nike's website.¹⁵⁸ In fact, the first featured image on StockX's Vault NFT page is one of Nike's sneakers.¹⁵⁹ These would be considered similar channels for marketing products, and while applying the *Rogers* test, the court can take another look at this fact to discern whether StockX's monetary motives are stronger than the motive to create an NFT that has artistic relevance.

In *McCollum*, McCollum alleges that Opolous used his trademarked name "Lil Yachty" to raise capital for its NFT products without compensation.¹⁶⁰ McCollum's initial complaint alleged that Opolous raised around \$6.5 million in capital.¹⁶¹ If this fact is proven to be true, the court's application of the *Rogers* test will be made simpler by using the method of looking into ulterior motives. If Opolous is using the trademarked name "Lil Yachty" to raise capital, that is clear evidence of an ulterior motive. This is especially true if none of the \$6.5 million dollars raised was used to compensate McCollum for the use of his trademark.

156. Brennan, Shah & Naydonov, *supra* note 66.

157. *Id.*

158. See generally *Collecting What's Next: Introducing Vault NFTs on StockX*, *supra* note 64; NIKE, <https://www.nike.com> [<https://perma.cc/6UGK-FJH4>].

159. See generally *Collecting What's Next: Introducing Vault NFTs on StockX*, *supra* note 64.

160. See Bach & Moses, *supra* note 71.

161. *Id.*

Looking at *Hermès*, the MetaBirkin looks exactly like Hermès's famous Birkin bag.¹⁶² Not only do they look the same, but Rothschild used social media and hashtags that included the protected name "BIRKIN," which would lead consumers to assume a relationship between the NFT and Hermès.¹⁶³ Birkin bags are known to be one of the most famous handbags in the world, with the top prices reaching north of \$400,000.¹⁶⁴ These prices reflect Hermès's success in creating a brand that is known for its high quality and exclusivity. Further, the prices alone could have indicated that Rothschild's use of Hermès's trademark was a result of wanting to make large profits from the MetaBirkin NFTs. In fact, at trial, the court considered evidence of text messages that showed Rothschild wanting to "create the same exclusivity and demand for [Hermès's] famous [Birkin] handbag."¹⁶⁵ This evidence, along with evidence of Rothschild stating he was essentially "sitting on a goldmine,"¹⁶⁶ would have weighed heavily in favor of a finding for monetary motives.

Using this proposed application method of the *Rogers* test has shown that in each of these cases, there is strong evidence to support a finding for monetary motives that may very well outweigh genuine artistic motives. This application sets the standard for artistic relevance higher, or if anything, at least a bit more than "anything above zero," which will prove to be more efficient because once true motives are exposed, the artistic relevance prong will no longer be so easily met, and further analysis into the "explicitly misleading" prong may not even be needed.

C. WHY *ROGERS* RECONSTRUCTED IS BETTER

There is a common argument among scholars, researchers, and legal professionals that the *Rogers* test is an effective way for courts to balance the public interest in free speech against the rights of trademark owners.¹⁶⁷ However, as presented in many cases, the test arguably sets the balance in favor of artists' First Amendment interests despite an overwhelming amount of confusion in applying the *Rogers* test effectively. The Ninth Circuit's method of disregarding the likelihood of confusion analysis strips away an essential component of trademark law—protecting consumers from unfair business practices and protecting trademark owners by giving them the right to prevent others from misusing, applying, or capitalizing on their goodwill. Applying *Rogers* this way misses what the Lanham Act aims

162. See *Hermès Int'l v. Rothschild*, No. 22-cv-384, 2023 WL 4145518, at *1 (S.D.N.Y. June 23, 2023).

163. See *Hermès Int'l v. Rothschild*, 603 F. Supp. 3d 98, 102 (S.D.N.Y. 2022).

164. See Olivia Pennington, *The Top 6 Most Expensive Hermès Birkin Bags*, SOTHEBY'S (Aug. 8, 2022), <https://www.sothebys.com/en/articles/the-top-6-most-expensive-hermes-birkin-bags> [https://perma.cc/UP6H-YAX5].

165. Poritz & Lowenkron, *supra* note 82.

166. *Id.*

167. See, e.g., Daniel Jacob Wright, *Explicitly Explicit: The Rogers Test and the Ninth Circuit*, 21 J. INTEL. PROP. L. 193, 221 (2013).

to accomplish: providing additional safeguards for famous or well-known marks and minimizing consumer confusion in the marketplace.¹⁶⁸

Although using or registering a trademark is a relatively easy task, the creativity, uniqueness, and influence that comes from producing famous marks takes time, money, and passion. Trademark owners who have created such marks and began initial use establish priority in their marks which should be protected.¹⁶⁹ Reconstructing the *Rogers* test with the aim of reestablishing a proper balance will allow trademark owners to confidently stand behind their right to protect their marks against NFT creators who are more motivated by profit rather than artistic expression. As a result of cases like *Hermès*, it is imperative for creators to be aware of the significant risk of litigation when capitalizing on the goodwill of well-established brands.¹⁷⁰ Furthermore, creators should know that their art will not be protected against trademark enforcement just because it is expressed through NFTs.¹⁷¹

This is not to say that NFT creators will be at a total loss. There is an overwhelming amount of passion and hard work that goes into artistic creation in relation to NFTs, similar to the process of creating unique trademarks. Freedom of expression in the arts is a core element of our fundamental First Amendment rights, as it is a common outlet for creativity, uniqueness, and imagination not only for artists but for anyone looking for a way to express themselves. Artistic creation often stems from an inspired source, and sometimes that inspiration may come from registered trademarks. Trademarks are everywhere we look, so it is not unusual for artists to be inspired by the logos, images, colors, figures, or symbols that are featured on billboards, magazine covers, or on our everyday items.

Artists should not be subject to punishment for profiting from their creations. However, a fine line exists between taking inspiration from famous brands and copying already famous trademarks with the intent to generate profits based on similarity and association with the senior brand. A reconstruction of the *Rogers* test will only give equal strength to trademark owners, but an analysis that distinguishes expressive works and

168. See Jennifer E. Rothman, *Navigating the Identity Thicket: Trademarks Lost Theory of Personality, the Right of Publicity, and Preemption*, 135 HARV. L. REV. 1271, 1289–90 (2022) (describing the Lanham Act’s goal of protecting the public from deception and confusion supported by Senate reports and subsequent amendments to the Act); see also *Well-Known Marks*, U.S. PATENT AND TRADEMARK OFF., <https://www.uspto.gov/ip-policy/trademark-policy/well-known-marks> [<https://perma.cc/X8YN-UBQV>] (describing the different protections granted to the owner of a well-known mark).

169. See generally *Blue Bell, Inc. v. Farah Mfg. Co.*, 508 F.2d 1260, 1267 (5th Cir. 1975); *Zazú Designs v. L’Oréal, S.A.*, 979 F.2d 499, 503 (7th Cir. 1992); *Lucent Info. Mgmt., Inc. v. Lucent Techs., Inc.*, 186 F.3d 311, 315 (3d Cir. 1999) (addressing the issues of the kind of use necessary to create common law rights in a trademark which can be enforced against a later user of a confusingly similar mark and the date from which those rights are enforceable, referred to as their “priority”).

170. See Andrew Comer, *How the Hermès NFT Case Will Impact Expression and Enterprise*, BLOOMBERG L. (Feb. 13, 2023, 3:00 AM), <https://news.bloomberglaw.com/us-law-week/how-the-hermes-nft-case-will-impact-expression-and-enterprise> [<https://perma.cc/8GA5-LKKS>] (analyzing the impact of *Hermès* on brands and NFT artists and creators).

171. See *id.*

ordinary consumer products or discerns the motives underlying artists' creations will continue to give NFT creators a fair chance in invoking their First Amendment rights. With a reconstructed *Rogers* test, true artistic expression will not go unnoticed. Instead, courts will be able to see the gap between creators who have genuine artistic motives and those whose goal is more focused on for-profit commercialization while trading on a brand's goodwill.

The metaverse, along with the entire industry of cryptocurrency, is a relatively new area that remains unfamiliar to many. As we continue to explore this new digital world, it is essential that we create a more efficient and uniform application of rules to protect trademarks as they continue to intersect with the metaverse. Major players like Nike, Hermès, musical artists, filmmakers, and more would benefit from stronger trademark protection from NFTs. Although it is clear that such big players have an abundance of resources to go into litigation with smaller NFT creators, the ultimate goal is to use trademark law to reestablish a proper balance between trademark owners and creators who are just exercising their freedom of expression. It is not the goal to put artists and creators out of business or leave them to deal with grand losses as they go up against big companies, but instead, a reconstructed *Rogers* test will continue to give importance to the freedom of expression with fundamental trademark law principles in mind.

At this current rate, inconsistent application of *Rogers* will only leave trademark owners with weak protections and favor NFT creators, including the ones who may have ulterior motives that should not be rewarded. This is when we have to ask whether it is worth the risk of shaking up trademark law altogether by implementing a test that leans heavily in favor of artists at the cost of rewarding those artists who are misusing trademarks in bad faith by intentionally capitalizing on the goodwill of others. It seems counterproductive to impose limits on trademark law to protect First Amendment rights for those who may be undeserving of it and potentially tarnish the reputation of artists as a whole when there are many who have genuine motives of artistic expression in mind. The goal is not to tip the balance away from artists and NFT creators and implement a test that favors trademark owners, but to preserve essential elements of trademark law so that it does not become obsolete as we enter a new digital era.

VI. CONCLUSION

Trademark owners are entitled to the protections provided by the Lanham Act, which aims to reduce consumer confusion. But NFT creators, as artists, also deserve their fundamental First Amendment protections. NFT and trademark-related cases have proven that the *Rogers* test, initially established to strike a balance between First Amendment and trademark rights, has lost its focus and needs some reconstructing as NFTs become more prominent in the digital world.

Research shows that NFTs have become a profitable market, which has great appeal not only to artists, but to luxury brands as well. As both parties fight for a way to enter this new and captivating market, it becomes even

more essential that courts provide a uniform way to decide on potential issues that arise between these parties.

Analysis that aids in distinguishing between an “expressive work” versus an ordinary consumer product will allow courts to prioritize trademark law’s likelihood of confusion principles without having to go into a traditional *Rogers* analysis that has only resulted in conflicting outcomes. Where an accused work is considered an “expressive work,” courts should use the *Rogers* test to discern the motives behind the work, determining whether creators are motivated by artistic values or simply because of monetary purposes. Either method will create a more stringent application of the *Rogers* test in trademark and NFT cases that reestablishes the balance between the rights of trademark owners and NFT creators while continuing to protect both parties and avoid stripping either of their rights. A reconstructed *Rogers* test will be more fair, efficient, and economically positive, setting the stage for an equal battle between brands and NFT creators as the trend in trademark and NFT-related litigation continues to rise.