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Beyond the Bag: MetaBirkins, Hermès, and the Legal Frontier of NFTs in Trademark Law

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ABSTRACT

The MetaBirkins case, pitting Hermès against digital artist Mason Rothschild, underscores a groundbreaking challenge in trademark law within the rapidly evolving landscape of digital assets. Rothschild's fur-covered, Birkin-inspired Non-Fungible Tokens (NFTs) presented as digital art, not only defied Hermès' strict brand identity but also ignited a legal debate over the intersection of artistic freedom, consumer protection, and brand exclusivity. Hermès argues that the MetaBirkins infringe on its Birkin trademark, claiming they could dilute the brand's value and confuse consumers. At the same time, Rothschild asserts his N.F.T.s. are artistic expressions protected under the First Amendment. This paper delves into the legal complexities raised by this case, analyzing Rothschild's defenses against Hermès' claims of infringement, dilution, and cybersquatting in the United States (U.S.) and exploring how similar claims might fare under European Union (E.U.) trademark law. It highlights the limitations of traditional trademark frameworks in addressing digital assets, examining how both U.S. and E.U. laws might adapt to protect intellectual property rights without stifling creative expression. To provide a comprehensive analysis, this paper first offers an overview of the technologies involved, specifically N.F.T.s. and blockchain, establishing the foundation for Rothschild's and Hermès' respective claims. It then presents Hermès' arguments regarding U.S. trademark protections before assessing Rothschild's First Amendment defenses. Next, a comparative section examines how E.U. trademark law might apply, considering the potential defenses Rothschild could raise under the E.U.'s different legal framework. Finally, the study reflects on the implications of Rothschild's ongoing appeal, positioning this case as a pivotal reference point for the future of intellectual property in digital spaces and for balancing brand rights with creative freedoms.



KEYWORDS

Non-fungible Tokens; Trademark; Intellectual Property Law; Digital Art; Blockchain

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INTRODUCTION

The year is 2021, and the *most wonderful time of the year* had just begun – i.e., it was early December. As the stores prepared for another busy shopping season, an unexpected challenger showed up at the doorstep of Hermès, one of the most famous fashion houses in the world. This challenger, however, was not a competing brand, rather a digital artist with a collection of Non-Fungible Tokens [hereinafter N.F.Ts] of virtual, fur-covered handbags called “MetaBirkins”.¹ Coined by Mason Rothschild, these N.F.Ts. reimagined the iconic Birkin bag in a way that defied Hermès’ traditional branding. As colourful, furry reinterpretations of one of the most desired handbags, the MetaBirkins were designed not from exotic leather, but from pixels, blockchain codes, and – as Rothschild argues- artistic vision.

As a result, the MetaBirkins quickly attracted attention—not only from N.F.Ts. collectors and digital art enthusiasts, but from Hermès’ legal team. For the fashion house, Rothschild’s N.F.Ts. were not just art; they were an infringement on Hermès’ trademark, an unauthorized appropriation of the Birkin brand that could confuse consumers and dilute the exclusivity meticulously crafted around the Birkin name. In a world where a single Birkin bag can be worth hundreds of thousands of dollars, Hermès saw Rothschild’s N.F.Ts. as a threat to its premium position in the luxury market.

Thus, Hermès did what any other brand owner would have done in its place: filed a lawsuit against Rothschild for trademark infringement, dilution, and cybersquatting.² For Hermès, the MetaBirkins directly impacted the Birkin brand identity, which had been carefully curated over decades to become a symbol of status and exclusivity. For reference, it is impossible to walk into a Hermès store and buy a Birkin bag. The bag is only available to the customer if Hermès offers them the opportunity to purchase it, and there is not much clarity about the steps that one needs to take to enter the Hermès “whitelist” and finally get the iconic bag.³ In the eyes of Hermès, making the MetaBirkins available to anyone who wants to buy them has stripped away the exclusive character of the Birkin brand. There was a real fear that Birkins would become just another commodity openly sold in the N.F.Ts. digital market.

On the other hand, Rothschild took a stand and argued that the MetaBirkins were not just a commercial product, but digital art pieces that alerted consumers against animal

¹ See Alyssa Kelly, *Mason Rothschild’s ‘MetaBirkin’ NFTs Sell for Record Prices*, L’OFFICIEL USA (Apr. 14, 2022), <https://www.lofficielusa.com/fashion/hermes-metabirkins-nfts-collection>.

² See *Hermès Int’l v. Rothschild*, No. 22-CV-384-JSR, 2023 WL 1458126 (S.D.N.Y. Feb. 2, 2023), Doc. n. 1, https://storage.courtlistener.com/recap/gov.uscourts.nysd.573363/gov.uscourts.nysd.573363.1.0_2.pdf.

³ See Jasmine Li, *A Birkin insider shares her tips on buying the elusive bag: ‘They want you to be a disciple of the brand’*, FORTUNE (Apr. 2, 2024), <https://fortune.com/2024/04/02/birkin-insider-tips-buying-disciple-brand/>.

cruelty. The Birkin design was specifically chosen because it is made with leather from exotic animals. Rothschild's main goal was to criticise the use of animal products in the luxury market. His MetaBirkins, consequently, carried out a form of speech that warrants protection under the First Amendment rights. Rothschild argued that he did not intend to become Hermès competitor or create digital imitations of the Birkin bag. Conversely, the MetaBirkins were, at their core, expressive works of art that were designed to inspire and provoke.

Besides highlighting the conflict between freedom of artistic expression and trademark protection, the *MetaBirkins* case brought to light a new legal question: how do traditional trademark protections apply to N.F.Ts., which operates in a digital, borderless, and decentralized environment? Trademark law is inherently territorial⁴ and designed to protect the brands within a specific geographic region, yet the MetaBirkins existed on the Blockchain, accessible worldwide and unbound by jurisdictional constraints. This friction between tokenised digital art and Trademark law underscored the need for a cross-border approach to Intellectual Property Law.

In this scenario, the *MetaBirkins* case is more than a judicial precedent in the U.S. courts. It also serves as a critical case study in the evolution of Intellectual Property rights. As N.F.Ts. are growing in popularity in the digital art market, the judiciary is being called upon to balance two fundamental interests: artistic freedom and trademark protection. This balance is fascinating for N.F.Ts., which blur the lines between art and asset in ways that defy traditional legal categorization.

This paper aims to dissect the complex interplay between trademark rights and freedom of artistic expression within the context of N.F.Ts, deploying the *MetaBirkins* case as a lens. It will explore Hermès' claims and Rothschild's First Amendment defence. Further, this research will conduct a comparative analysis, examining how the European Union's approach to trademark law might yield different outcomes in similar cases. This comparison is particularly relevant as Hermès is a globally recognized French brand with trademarks registered in the E.U., subjecting it to E.U. trademark regulations. Moreover, the E.U.'s legal framework offers a contrasting perspective to the U.S. system, since it is rooted in civil law rather than common law, emphasising harmonized trademark protections across Member States and a distinct balance between consumer rights and brand ownership. By contrasting U.S. and E.U. frameworks, this study seeks to illustrate the legal and jurisdictional challenges that arise when national laws confront decentralized digital assets.

⁴ See generally Annette Kur, *Trademark Functions in European Union Law*, in THE CAMBRIDGE HANDBOOK OF INTERNATIONAL AND COMPARATIVE TRADEMARK LAW 162 (Irene Calboli & Jane C. Ginsburg eds., 2020) (U.K.).

The paper is organized as follows. First, it provides a concise explanation of the technologies that surround the *MetaBirkins* case, specifically N.F.Ts. and Blockchain. Second, it outlines the trademark protection scenario in the U.S. to lay the groundwork for the third part, which starts with the legal analysis of the *MetaBirkins* case, from the U.S. perspective, detailing Hermès' claims of trademark infringement and dilution and examining Rothschild's defences. Next, a comparative analysis explores how E.U. trademark law would approach the Case, from the perspective of Hermès, i.e., the potential claims available for the fashion house in the E.U. This is followed by discussing the possible defences for Rothschild within the E.U. Member States. Finally, the paper concludes with an analysis of the broader implications of the findings.

1. BRIEF CONSIDERATIONS OF NON-FUNGIBLE TOKENS

Blockchain technology serves as the structure that allows N.F.Ts. to exist as unique digital assets. It functions as an unchangeable record that logs transactions across a network of computers.⁵ Every “block” in the chain holds a transaction record, resulting in a tamper-proof and transparent system where data cannot be modified retroactively.⁶ Blockchain, therefore, creates an environment that allows transactions and exchanges to happen in a secure and immutable way. This framework supports activities ranging from digital currency transfers to trading unique assets, such as N.F.Ts.

N.F.Ts. are generated, or “minted”, by smart contracts on a blockchain, producing a token that represents metadata associated with certain goods or rights.⁷ By establishing a link between metadata and ownership records to the blockchain, N.F.Ts. benefit from this transparent and secure infrastructure, which forms the foundation of digital asset transactions and ownership tracking.⁸

This characteristic allows this type of token to represent individual ownership and authenticity of an asset, which is now stored digitally and can be as tradeable as a physical object.⁹ Therefore, N.F.Ts. functions as units of value representing various items, ranging from physical assets to voting power. And, by being recorded on the blockchain, the ownership of the N.F.Ts. can be transferred from one individual to another, much like the transfer of a real asset.¹⁰ In other words, N.F.Ts. to provide creators and businesses a means to monetize digital assets while guaranteeing the origin and rarity of each item.¹¹ All of those factors made N.F.Ts. particularly attractive to the digital art market, as N.F.Ts. can be used by artists to confirm ownership and originality of their digital artworks, which had previously suffered from the lack of means for such verification.¹² And the use of this technology in this specific sector reached its apex in 2021, when Beeple’s digital collage

⁵ See Andrés Guadamuz & Christopher Marsden, *Blockchains and Bitcoin: Regulatory Responses to Cryptocurrencies*, FIRST MONDAY, Vol. 10, N. 12, (Dec. 7, 2015), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2704852.

⁶ See generally Klint Finley, Gregory Barber & Nicole Kobie, *The WIRED Guide to the Blockchain*, WIRED (Feb. 2, 2023), <https://www.wired.com/story/guide-blockchain/>.

⁷ See generally Usman W. Chohan, *Non-Fungible Tokens (NFTs): Early Thoughts and a Research Agenda* (CRITICAL BLOCKCHAIN RSCH. INITIATIVE (CBRI), Working Paper, 2021).

⁸ See generally Pierluigi Cuccuru, *Beyond Bitcoin: An Early Overview on Smart Contracts*, 25 INT’L J.L. & INFO. TECH. 179 (2017) (U.K.).

⁹ See generally Andres Guadamuz, *The Treachery of Images: Non-Fungible Tokens and Copyright*, 16 J. INTELL. PROP. L. & PRAC. 1367 (2021) (U.K.).

¹⁰ See generally Nikhil Malik et al., *Blockchain Technology for Creative Industries: Current State and Research Opportunities*, 40 INT’L J. RSCH. MKTG. 38 (2023).

¹¹ See Jessica Bookout et al., *A Brief Introduction to Digital Art & Blockchain*, 37 CARDOZO ARTS & ENT. L.J. 553, 556 (2019).

¹² See Steve Kaczynski & Scott Duke Kominers, *How NFTs Create Value*, HARVARD BUSINESS REVIEW (Nov. 10, 2021), <https://hbr.org/2021/11/how-nfts-create-value>.

sold for \$69 million¹³. Even though recent data¹⁴ suggests a decline in the global sales of art-related NFTs, the market for this specific type of token has been projected to grow at an annual rate of 34.5% through 2030, having reached the size of 26.9 billion just in 2023.¹⁵

However, the absence of existing legal frameworks prepared to deal with this new type of technology poses a significant difficulty, especially in the field of Intellectual Property, where the use of N.F.Ts. is a significant problem. Subsequently, whenever there is a lack of regulation, legal disputes are sure to arise.¹⁶ This study analyses one of them, the *MetaBirkins* case.

2. THE METABIRKINS CASE: A U.S. APPROACH TO TRADEMARK PROTECTION AND N.F.TS.

In the next Section, this Article will discuss the history of Mason Rothschild's relationship with Hermès and how it led to a lawsuit. The fundamental legislative framework regulating trademark protection and intellectual property rights in the United States will then be outlined. This is necessary since the following part will examine Hermès' allegations and Rothschild's responses. This Section will conclude with the jury's verdict and repercussions.

2.1 BACKGROUND OF THE LAWSUIT BETWEEN HERMÈS AND ROTHSCHILD

The dispute arose in 2021 after a contemporary artist, under the pseudonym of Mason Rothschild [hereinafter Rothschild], decided to create virtual images of handbags with an almost identical design to the iconic Birkin bag from the luxury French fashion house Hermès International [hereinafter Hermès]. Rothschild's first digital work, "Baby Birkin", portrayed a human fetus inside of a transparent Birkin lookalike handbag. This image was linked to an N.F.T., which, in turn, sold for the modest sum of \$23,500 and later

¹³ See Jesse Damiani, *Beeple's 'The First 5000 Days' Sold To Metakovan, Founder Of Metapurse, For \$69,346,250*, FORBES (Mar. 12, 2021), <https://www.forbes.com/sites/jessedamiani/2021/03/12/beeples-the-first-5000-days-sold-to-metakovan-founder-of-metapurse-for-69346250/?sh=1f1354354de4>.

¹⁴ See *Sales Value of Art and Collectibles NFTs Worldwide 2019-2023*, STATISTA (Mar. 18, 2024), <https://www.statista.com/statistics/1299636/sales-value-art-and-collectibles-nfts-worldwide/>.

¹⁵ See GRAND VIEW RESEARCH, *NON-FUNGIBLE TOKEN MARKET SIZE, SHARE & TRENDS ANALYSIS REPORT BY APPLICATION (ART, SPORTS), BY TYPE (PHYSICAL ASSETS, DIGITAL ASSETS), BY END-USE (COMMERCIAL, PERSONAL), BY REGION, AND SEGMENT FORECASTS, 2024 - 2030* (2024).

¹⁶ In fact, there are a few cases involving Intellectual Property Law and N.F.Ts. around the world. See e.g., Alt Legal Team, *Top NFT Intellectual Property Disputes in 2022*, ALT LEGAL (Dec. 1, 2022), <https://www.altlegal.com/blog/top-nft-intellectual-property-disputes-in-2022/>.

resold for almost \$50,000. By the end of 2021, Rothschild had created a collection of one hundred N.F.Ts. called MetaBirkins and each N.F.T. was linked to an image portraying virtual Birkin-like handbags covered in different varieties of fur.¹⁷ The collection was an immediate success with an estimated sale of one million dollars.¹⁸ With the launch and rapid success of Rothschild's MetaBirkin N.F.Ts., Hermès soon took legal action, claiming that this digital interpretation unlawfully infringed upon its renowned Birkin brand.

2.2 TRADEMARK PROTECTION IN THE U.S

The Lanham Act (15 U.S.C. §§ 1051 et seq.) is the primary source of regulation for trademark matters.¹⁹ It establishes federal guidelines for registering and enforcing trademark rights. The Act's goal is to protect the public and the businesses, and to do so, it ensures that trademarks are not used in ways that might cause consumer confusion or damage the reputation that trademark owners have built around their brand.²⁰

Trademark rights in the U.S. originate from two actions: actual use in trade and/or formal registration with the United States Patent and Trademark Office [hereinafter U.S.P.T.O.].²¹ Whereas common law rights are derived from the use of the mark in commerce, the federal registration offers additional protections, such as the presumption of ownership and validity.²²

2.2.1 CORE PROTECTIONS OF U.S TRADEMARK: INFRINGEMENT AND DILUTION

Among the protections available under the Lanham Act, the most relevant for the present discussion are those brought by Hermès in its claims against Rothschild: trademark infringement and dilution.

Trademark infringement occurs when a mark is used in a way that might confuse customers regarding its origins. According to the Lanham Act, to establish trademark infringement, the following must be verified: (1) the existence of a valid and protectable mark; (2) the complainant owns this mark; (3) the unauthorized use of the

¹⁷ See Cassell Ferere, *Digital Artist Mason Rothschild Drops 100 'MetaBirkins' NFTs Through Basic.Space*, FORBES (Dec. 13, 2021), <https://www.forbes.com/sites/cassellferere/2021/12/13/digital-artist-mason-rothschild-drops-100-metabirkins-nfts-through-basicspace/>.

¹⁸ See *Hermes Int'l v. Rothschild*, No. 22-CV-384-JSR, 2023 WL 1458126 (S.D.N.Y. Feb. 2, 2023), Doc. nn. 24-41, <https://storage.courtlistener.com/recap/gov.uscourts.nysd.573363/gov.uscourts.nysd.573363.24.41.pdf>.

¹⁹ See Lanham Act, 15 U.S.C. §§ 1051-1127 (1946), https://www.law.cornell.edu/wex/lanham_act.

²⁰ See Lanham Act, Legal Information Institute, https://www.law.cornell.edu/wex/lanham_act.

²¹ See *Why register your trademark?*, USPTO, (Mar. 31, 2021), <https://www.uspto.gov/trademarks/basics/why-register-your-trademark>.

²² *Id.*

mark to identify goods or services causes a likelihood of confusion.²³ Although the Lanham Act codified trademark protection in the U.S., it did not provide guidance on determining the likelihood of confusion.²⁴ This legal void has become an invitation for the American courts to deliberate. As a result, each of the thirteen circuits in the U.S. employs a fact-based analysis for the likelihood of confusion test, all of which have distinct details, but are comparable in general.²⁵ The Polaroid test is applied in the Second Circuit – which has jurisdiction over the *MetaBirkins* case. It examines the strength of the original user’s mark, the similarity of the two marks, the proximity of the two products, the likelihood that the original user would enter the alleged infringer’s market (“bridging the gap” between the two markets), evidence of actual confusion, the alleged infringer’s intent, the relative quality of the products bearing the marks in question, and the sophistication of the product’s consumers. This test will be further analysed when assessing Hermès’ claims on the Section below.

The trademark dilution infringement (15 U.S.C. §1125) is a recent addition to the Lanham Act,²⁶ implemented by the Trademark Dilution Revision Act [hereinafter: T.D.R.A.] of 2006. It provides supplementary protection for famous trademarks, against uses that diminish their uniqueness.²⁷ Unlike infringement, which focuses on confusion, dilution applies regardless of it.²⁸ Dilution takes two forms: *blurring*—which weakens a mark’s distinctiveness by linking it with unrelated products—and *tarnishment*, which associates a mark with inferior or undesirable goods.²⁹ Hermès argued that Rothschild’s use of the Birkin name risked diluting its luxury image. This claim is discussed in greater depth in the section covering Hermès’ dilution claims.

2.2.2 THE BALANCE BETWEEN FREEDOM OF ARTISTIC EXPRESSION AND TRADEMARK IN THE UNITED STATES

Whenever one talks about freedom in the U.S., they are often referring to the First Amendment of the U.S. Constitution, which prohibits Congress from passing laws

²³ See Lanham Act.

²⁴ See Daryl Lim, *Trademark Confusion Simplified: A New Framework for Multifactor Tests*, 37 BERKELEY TECH. L.J. 867, 881 (2022).

²⁵ See Dan Hunter, *Trademark*, in THE OXFORD INTRODUCTIONS TO U.S. LAW: INTELLECTUAL PROPERTY 131, 166 (Dan Hunter & Dennis Patterson eds., 2012) (U.K.).

²⁶ See *id.* at 139.

²⁷ See Stacey L. Dogan & Mark A. Lemley, *The Trademark Use Requirement in Dilution Cases*, 24 SANTA CLARA HIGH TECH. L.J. 541, 545 (2008).

²⁸ See Lim, *supra* note 24, at 891.

²⁹ See Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, H.R. 683, 109th Cong., <https://www.congress.gov/bill/109th-congress/house-bill/683>.

“abridging the freedom of speech”³⁰, making it one of the cornerstones of the protection of various forms of expression, including political speech, public discourse, and creative works. Although freedom of artistic expression is not explicitly mentioned, the U.S. Supreme Court has recognized that artistic expression is a form of free speech strongly protected by the First Amendment.³¹ The Supreme Court went even further to affirm that the First Amendment protection extends even if the artistic or expressive materials are sold for profit.³²

At times, trademark law protections under the Lanham Act will clash with the First Amendment protections,³³ as illustrated in the *MetaBirkins* Case. Therefore, when courts enforce trademark laws that restrict such expression, it is considered an act that warrants First Amendment assessment to determine whether the law unjustifiably limits creative freedom.³⁴ The absence of an explicit mention has not limited the protection of freedom of artistic expression; instead, its scope has been expanded by the courts, which include “whatever the human creative impulse produces” as artistic expression.³⁵ This judicial interpretation is critical, especially in the context of N.F.Ts., which challenges the conventional categories of expression.

Thus, whenever there is an artistic work that is alleged to infringe a trademark, it is necessary to weigh the public interest in freedom of speech against the public interest in preventing consumer confusion.³⁶ In an attempt to find a balance between those interests, the American courts have developed different tests to determine whether the use of another’s mark in artistic expression violates that mark.³⁷ The Second Circuit, where the *MetaBirkins* case was tried, applies the *Rogers test*. According to this test, First Amendment rights should take precedence over trademark rights when the defendant uses the plaintiff’s mark in the title of an artistic work, unless the title has no artistic significance to the underlying work at all or, if it does, unless it explicitly

³⁰ “Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.” U.S. Const. amend. I.

³¹ See Stephanie Dotson Zimdahl, *A Celebrity Balancing Act: An Analysis of Trademark Protection Under the Lanham Act and the First Amendment Artistic Expression Defense*, 99 Nw. U. L. REV. 1817, 1825-26 (2005).

³² See *Time, Inc. v. Hill*, 385 U.S. 374, 397 (1967).

³³ See Dotson Zimdahl, *supra* note 31, at 1825.

³⁴ Lisa P. Ramsey, *First Amendment Limitations on Trademark Rights*, in 3 *INTELLECTUAL PROPERTY AND INFORMATION WEALTH: ISSUES AND PRACTICES IN THE DIGITAL AGE* 147, 148 (Peter K. Yu ed., 2007).

³⁵ *Freedom of Expression in the Arts and Entertainment*, AMERICAN CIVIL LIBERTIES UNION (Feb. 27, 2002), <https://www.aclu.org/documents/freedom-expression-arts-and-entertainment>.

³⁶ See Alexander J. Kasparie, *Freedom of Trademark: Trademark Fair Use and the First Amendment*, 18 U. PA. J. CONST. L. 1547, 1573 (2016).

³⁷ See Dotson Zimdahl, *supra* note 31, at 1827.

misleads as to the work's source or content.³⁸ When assessing Rothschild's defences in the following sections.

With the *Rogers test* as a foundational tool for balancing the interests of artistic freedom and trademark protection, the *MetaBirkins* case provides a critical lens through which to explore the tension between expressive rights and brand integrity in digital contexts. The following Section will focus on Hermès' claims against Rothschild's *MetaBirkins* collection, delving into how trademark infringement and dilution concerns are addressed within the expanding field of N.F.T.-based art. This analysis will reveal the complexities of applying traditional IP frameworks to contemporary forms of digital expression.

2.3 HERMÈS CLAIMS AGAINST ROTHSCHILD'S METABIRKINS COLLECTION

To better understand Hermès' claims, examining the key legal arguments put forth by the fashion house in the U.S. court system is crucial. Hermès filed claims for trademark infringement, dilution, and cybersquatting.³⁹ For this paper, the focus will be on (1) trademark infringement and (2) dilution of the Birkin brand, both of which are protected under the Lanham Act.⁴⁰ The following sections break down Hermès' arguments, detailing how it contended that Rothschild's use of the Birkin mark likely led to consumer confusion and threatened the brand's iconic status.

2.3.1 THE TRADEMARK INFRINGEMENT CLAIM (15 U.S.C. § 1114)

Hermès' central claim is based on Section 32 of the Lanham Act⁴¹. This Section states that any person who uses a registered mark in commerce, without the consent of the trademark owner, is liable for trademark infringement.⁴² Hermès' complaint revolved around the fact that Rothschild was using the Birkin mark,⁴³ without permission, in

³⁸ See Ramsey, *supra* note 34, at 158.

³⁹ See *Hermes Int'l v. Rothschild*, No. 22-CV-384-JSR, 2023 WL 1458126 (S.D.N.Y. Feb. 2, 2023), Doc. n. 1, <https://storage.courtlistener.com/recap/gov.uscourts.nysd.573363/gov.uscourts.nysd.573363.1>.

⁴⁰ See Lanham Act, 15 U.S.C. §§ 1051-1127 (1946). The Lanham Act is the main federal trademark statute in the United States. It governs trademark law, including registration, maintenance and protection of trademark. Full Act available at: <https://www.bitlaw.com/source/15usc/index.html>.

⁴¹ See 15 U.S.C. § 1114 (1946) (Section 32 of the Lanham Act): Remedies; infringement; innocent infringement by printers and publishers, Nov. 2015 (BitLaw), n.d., <https://www.bitlaw.com/source/15usc/1114.html>.

⁴² See *Id.*

⁴³ Hermès owns the registered trademark for both the Birkin name and the Birkin handbag design within U.S. territory. See Birkin handbag design, Registration No. 3936105, USPTO, Search; BIRKIN, Registration No. 2991927, USPTO, Search.

connection with the sale, distribution, and advertising of the MetaBirkins N.F.Ts.⁴⁴ Moreover, the fashion house claimed that the N.F.Ts. had no discernible artistic intent and, therefore, should be treated as commercial speech under the *Gruner + Jahr v. Meredith Corp test*.⁴⁵ The Gruner + Jahr test functions as a preliminary consideration for whether the trademark use should even qualify for artistic protection in the first place. It essentially asks whether the trademark is being used as part of the content (eligible for artistic protection) or as a label for branding purposes (more likely to be viewed as a commercial source indicator).⁴⁶

One fact that supported the application of this test is the slogan used by Rothschild, “NOT YOUR MOTHER’S BIRKIN” when marketing his N.F.Ts., which made a clear indication of commercial intent on the Birkin brand.

Rothschild, in turn, defended himself in a Motion to Dismiss⁴⁷ by arguing that his N.F.Ts. did not infringe the trademark because they were used in the context of art. By attaching his tokens to the digital images of the reimagined Birkin bags, they should be considered as an artistic expression, protected by the First Amendment. To analyse cases that require the balance between artistic expression and trademark protection, the courts generally begin with applying the *Rogers test*. This test acts as a gatekeeper for First Amendment rights in creative works, by posing two questions: first, if the use of the trademark has artistic relevance; second, if this use is explicitly misleading to consumers.⁴⁸

However, the First Amendment does not extend its protection to unauthorized use of another’s mark as a source identifier.⁴⁹ This is precisely what Hermès counterargued. It claimed that the use of the Birkin trademark was a mere indicator of source and that Rothschild’s addition of the generic term “Meta” (referring to metaverse) to the mark “Birkin” created an explicitly misleading impression that Hermès – the only source of the Birkin handbags – was offering the Birkin bags in the metaverse.⁵⁰ Furthermore, Hermès challenged the application of the *Rogers test*, not only for the lack of artistic relevance of the N.F.Ts, but also because it could be explicitly misleading. However, the Second Circuit – where the case was tried – has already stated that explicit misleadingness is not necessary;

⁴⁴ See *Hermes Int’l v. Rothschild*, 2023 WL 1458126, Doc. n. 1, at 34, ¶¶ 115-28, <https://storage.courtlistener.com/recap/gov.uscourts.nysd.573363/gov.uscourts.nysd.573363.1.0>.

⁴⁵ See *id.*, Doc. n. 31, at 8, <https://storage.courtlistener.com/recap/gov.uscourts.nysd.573363/gov.uscourts.nysd.573363.1.0>.

⁴⁶ See Muzamil Abdul Huq, Ani Oganessian & Alyssa Mahatme, *Hermès Successfully Defends its Trademark in the Metaverse*, LEXOLOGY (Feb. 9, 2023), <https://www.lexology.com/library/detail.aspx?g=6dba3b12-030d-41ff-98c6-1c2aad6468ce>.

⁴⁷ *Hermes Int’l v. Rothschild*, 2023 WL 1458126, Doc. n. 17, <https://storage.courtlistener.com/recap/gov.uscourts.nysd.573363/gov.uscourts.nysd.573363.1.0>.

⁴⁸ See Sven Schonhofen, *Trade Mark Law and the First Amendment: California District Court Clarifies the Rogers Test*, 11 J. INTELL. PROP. L. & PRAC. 482, 483 (2016) (U.K.).

⁴⁹ See *Yankee Publ’g Inc. v. News Am. Publ’g Inc.*, 809 F. Supp. 267, 276 (S.D.N.Y. 1992).

⁵⁰ See *Hermes Int’l v. Rothschild*, 2023 WL 1458126, Doc. n. 31, at 11.

instead, a “particularly compelling” case of likelihood of confusion is required to overcome the First Amendment interests involved.⁵¹

The Court denied Rothschild’s Motion to Dismiss based on the *Rogers* doctrine, finding that, despite the MetaBirkins showing artistic relevance, Hermès presented a compelling case for likelihood of confusion.⁵² The Court noted that customers commenting on the MetaBirkins Instagram page were unsure if Hermès was linked with the N.F.Ts., and that various media sources had incorrectly asserted that Hermès was affiliated with the N.F.Ts.⁵³ The Court also cited the strength of the Birkin mark and apparent bad faith on the part of Rothschild as other elements that might create a convincing case of likelihood of confusion.⁵⁴

Courts across the U.S. apply several key factors to assess this likelihood, through specific tests. The one used in the Second Circuit is the *Polaroid test*. It consists of an eight-factor test to evaluate the potential for consumer confusion in trademark disputes.⁵⁵ Under the *Polaroid* analysis, the following factors should be taken into consideration: (1) the strength of Hermès’ trademark; (2) the similarity between Hermès’ Birkin mark and MetaBirkins; (3) evidence of actual consumer confusion; (4) the likelihood that Hermès might expand to the N.F.Ts. market, “bridging the gap”; (5) the proximity of the products in the marketplace; (6) the existence of bad faith when Rothschild used the Birkin sign; (7) the quality of the marks; and (8) the sophistication of the relevant consumers.⁵⁶

By incorporating these factors, Hermès presented a compelling argument for the likelihood of consumer confusion. Initially, Hermès emphasised the Birkin mark’s significance as a global symbol of exclusivity and luxury. This strength increases the probability that consumers will associate any use of the mark with Hermès. Secondly, Hermès was significantly favoured by the similarity of the marks. The fashion house contended that the name MetaBirkins combines the entire “Birkin” mark and the prefix “Meta”, which does not significantly distinguish it. This is because “Meta” can imply a virtual or digital interaction, which further reinforces the association with the original Birkin purses.⁵⁷ The N.F.Ts. displayed a striking resemblance to the renowned Birkin handbags, accentuating their similarity.

⁵¹ See Andrew C. Michaels, *Confusion in Trademarked NFTs*, 7 STAN. J. BLOCKCHAIN L. & POL’Y 1, 15 (2024).

⁵² *Hermes Int’l v. Rothschild*, 2023 WL 1458126, Doc. n. 50, at 20, <https://storage.courtlistener.com/recap/gov.uscourts.nysd.573363/gov.uscourts.nysd.573363.50.0.pdf>.

⁵³ See *id.* at 5.

⁵⁴ See *id.* at 14.

⁵⁵ See Lim, *supra* note 24, at 884.

⁵⁶ See *Hermes Int’l v. Rothschild*, 2023 WL 1458126, Doc. n. 50, at 17.

⁵⁷ See *id.*, Doc. n. 1, at 34, ¶ 1.

Moreover, regarding the third factor, Hermès provided substantial evidence of consumer uncertainty, such as a commissioned survey that indicated an 18.7% net confusion rate among potential N.F.Ts. consumers.⁵⁸ The fashion house also brought examples of press articles and social media posts in which consumers and commentators appeared to believe that Hermès was associated with or endorsed the MetaBirkin N.F.Ts.⁵⁹

Following the remaining factors, the plaintiff sustained that it was feasible that Hermès might expand into the N.E.T. space, given the trend of high-end luxury brands exploiting this market,⁶⁰ supporting the fourth factor of the *Polaroid test*. Hermès further argued that

. . . [C]onsumers are sophisticated enough to be well aware that brands have been expanding from physical into digital goods; they nonetheless are likely to be (and in fact have been) confused by Defendant's use of the BIRKIN trademark and apparent affiliation with Hermès and actual BIRKIN handbags.⁶¹

Therefore, the luxury brand made clear that, despite sophistication, consumers can be confused due to unfamiliarity with N.FTs. technology and digital marketplaces.

2.3.2 THE DILUTION CLAIM (15 U.S.C. § 1125(C))

In addition to the consumer confusion claim, the fashion house contended that the MetaBirkins also diluted the distinctiveness of the Birkin brand. The dilution claim in the U.S. is based on the T.D.R.A., which adds a new Section 43(c) to the Lanham Act.⁶² This statute is intended to protect famous trademarks from uses that erode their uniqueness or tarnish their image, even when consumers are not likely to be confused about the origin of the goods.⁶³ The dilution claim is a key aspect in the strategy of trademark protection in the luxury sector, because it is a protection limited to famous marks and also does not require proof of consumer confusion.⁶⁴

⁵⁸ See *id.*, Doc. n. 67-1, at 15, ¶ 21, <https://storage.courtlistener.com/recap/gov.uscourts.nysd.573363/gov.uscourts>.

⁵⁹ See *id.*, Doc. n. 72, <https://storage.courtlistener.com/recap/gov.uscourts.nysd.573363/gov.uscourts.nysd.>

⁶⁰ See Noah Johnson, 15+ Luxury Fashion Brands into NFTs in 2023, NFT EVENING (Apr. 10, 2024), <https://nftevening.com/luxury-fashion-brands-nft/>.

⁶¹ *Hermes Int'l v. Rothschild*, 2023 WL 1458126, Doc. n. 31, *supra* note 45, at 14.

⁶² See generally David S. Welkowitz, *Oh Deere, What's to Become of Dilution?* (A Commentary on the New Federal Trademark Dilution Act), 4 UCLA Ent. L. Rev. 1, 4 (1996).

⁶³ See Ilanah Simon, *Dilution in the US, Europe, and Beyond: International Obligations and Basic Definitions*, 1 J. INTELLECT. PROP. L. & PRAC. 406, 409 (2006) (U.K.).

⁶⁴ See *id.* at 410.

Section 43(c) of the Lanham Act⁶⁵ requires Hermès to demonstrate four aspects to win a trademark dilution claim: (1) the Birkin trademark is well-known; (2) the defendant is using the MetaBirkins trademark in commerce; (3) Rothschild’s use started after the Birkin trademark gained notoriety; and (4) Rothschild’s use of MetaBirkin lowers the quality of the Birkin mark by reducing its ability to identify and differentiate goods and services.

Thus, in contrast to conventional trademark infringement, which relies on the “confusion” test centred on source or sponsorship, dilution is predicated on more nebulous notions of “*blurring*” and “*tarnishment*” that do not inherently rely on consumer perceptions regarding the origin of a defendant’s product.⁶⁶ *Blurring* occurs when the association with a famous mark is weakened through repeated use on unrelated products, causing it to lose its distinctiveness over time. *Tarnishment*, by contrast, involves associations that could harm the brand’s reputation, such as linking it with unsavoury or lower-quality products. Although the MetaBirkins may not “blur” Hermès’ reputation, Rothschild’s use of the Birkin mark could be seen as exploiting its recognizability and prestige without authorization. Though diluting the Hermès brand is a genuine issue, the concern is specific to N.F.T.s. is that Rothschild may unintentionally “take” Hermès’s place in this digital tokenised market.⁶⁷ Moreover, owing to the fact that the Birkin handbag serves not just as a utilitarian item but as an emblem of luxury and exclusivity, any connection to Rothschild’s fur-adorned, creative reinterpretations of the bags could jeopardize Hermès’ authority over the Birkin’s image.

2.4 ROTHSCHILD DEFENCES AGAINST HERMÈS CLAIMS

In response to Hermès’ accusations, Rothschild asserted that his MetaBirkins N.F.T.s. were not an infringement but rather a legitimate exercise in artistic expression. Consequently, he employed several defences, centred around the First Amendment, to argue that the MetaBirkins represented a commentary on luxury culture rather than an unauthorized use of Hermès’ trademarks. In addition, against the dilution claim, Rothschild made a strategic use of non-commercial and referential arguments.

The following Sections outline these defences, examining how Rothschild’s claim to artistic freedom was positioned against Hermès’ assertion of consumer confusion and dilution.

⁶⁵ 15 U.S.C. § 1125 (Section 43 of the Lanham Act): False designations of origin, false descriptions, and dilution forbidden, Nov. 2015 (BitLaw), n.d. <https://www.bitlaw.com/source/15usc/1125.html>.

⁶⁶ See Dogan & Lemley, *supra* note 27, at 543-44.

⁶⁷ See Michelle Gery, *Understanding the MetaBirkin: Trademark Law and an Appropriate Legal Standard for NFTs*, 47 COLUM. J.L. & ARTS 619, 636 (2024).

2.4.1 FREEDOM OF ARTISTIC EXPRESSION DEFENCE UNDER THE FIRST AMENDMENT

For Rothschild, the MetaBirkins were more than just N.F.Ts.; they were a result of his expression as an artist, designed to instigate the consumers into questioning the use of animal products in the luxury market. Not surprisingly, in the U.S., one of the primary defences against a trademark infringement lawsuit is the assertion of freedom of artistic expression, which is protected under the First Amendment.⁶⁸ Therefore, after Hermès filed the complaint, Rothschild presented a Motion to Dismiss, invoking his First Amendment rights. He claimed that his creations constituted a form of artistic expression condemning animal cruelty, and consequently, were subject to being protected by the said Amendment.⁶⁹ This defence is typically evaluated using the *Rogers test*, which determines whether the right to protect a registered trademark should be restricted in specific circumstances to safeguard freedom of expression in artistic works.⁷⁰

Hermès, however, counterargued that the *Rogers test* did not apply because Rothschild was using the MetaBirkins not as art, but rather as a mark to identify source on social media, to promote and advertise the sale of N.F.Ts., as a U.R.L., and neither of those uses is protected by the First Amendment.⁷¹ In other words, the referred Amendment does not protect the unauthorized use of another's mark when it functions as a source identifier.⁷²

When analysing the Rothschild motion to dismiss, Judge Rakoff made relevant remarks considering the artistic relevance of the MetaBirkins. First, he stated that using the artwork's title for social media and relevant accounts dedicated to its sale is consistent within *Rogers'* marketing and advertising guidelines. Furthermore, regarding the specifics of N.F.Ts, the Judge concluded:

Neither does Rothschild's use of [N.F.Ts.] to authenticate the images change the application of *Rogers*: because [N.F.Ts.] are simply code pointing to where a digital image is located and authenticating the image, using [N.F.Ts.] to authenticate an image and allow for

⁶⁸ See Michaels, *supra* note 51.

⁶⁹ See Christian Tenkhoff, Philipp Grotkamp & Sylvia Burgess-Tate, *Brands in the Metaverse: The Concept of 'Interdimensional Confusion' Between the Physical and the Virtual Space under EU Trade Mark Law*, 72 GRUR INT'L 643, (2023) (Ger.).

⁷⁰ See Paolo Maria Gangi, *The NFT Hermès Case: Mainly Relevant for Large Collection of NFTs*, THE IPKAT: GUEST POST (Mar. 2, 2023), <https://ipkitten.blogspot.com/2023/03/guest-post-nft-hermes-case-mainly.html>.

⁷¹ See Felicia Boyd, *Trademarks and NFTs: The battle over "MetaBirkin" NFTs continues*, THE BRAND PROTECTION BLOG (June 10, 2024), <https://www.thebrandprotectionblog.com/2024/06/trademarks-and-nfts-the-battle-over-metabirkin-nfts-continues/>.

⁷² See *Daniel's Properties, Inc. v. VIP Products L.L.C.*, 599 U.S., slip op. at 3 (2023), <https://supreme.justia.com/cases/federal/us/599/22-148/case.pdf>.

traceable subsequent resale and transfer does not make the image a commodity without First Amendment protection any more than selling numbered copies of physical paintings would make the paintings commodities for Rogers.⁷³

Concerning the applicability of the *Rogers test*, Judge Rakoff noted that the test required a very low threshold for artistic expression. It could be satisfied unless the use had “no artistic relevance to the underlying work at all”.⁷⁴ And since the MetaBirkins represented a commentary on consumerism and luxury fashion, there was, therefore, a direct link to creative expression. Nonetheless, the Judge noted that Hermès provided enough evidence of Rothschild’s intention of having his N.F.Ts. associated with the fashion house, instead of with an artistic association, especially when Rothschild made statements saying the MetaBirkins were a tribute to Hermès.⁷⁵ Still, Judge Rakoff concluded that the *Rogers test* was applicable in this Case, given that Rothschild’s use had a modicum of artistic relevance. However, Judge Rakoff left open the issue of whether Rothschild’s use was explicitly misleading, indicating that this prong required further examination to determine if the use implied Hermès’ endorsement or sponsorship.⁷⁶

Before delving into the application of the *Rogers test*, it is necessary to understand its origins. It emerged from a ruling in *Rogers v. Grimaldi* in 1989, which involved the use of actress Ginger Rogers’ name in the film *Ginger and Fred*.⁷⁷ The question was whether the movie title constituted commercial speech or artistic expression, and if the Lanham Act would ban the use of her name in the title.⁷⁸ The Second Circuit determined that the Lanham Act should only apply to artistic works where the public interest in avoiding consumer confusion outweighs the public interest in free expression.⁷⁹ Since then, the *Rogers test* has evolved into a fundamental legal test in the United States for assessing the applicability of First Amendment rights in instances of trademark utilization within creative creations.⁸⁰

In summary, the *Rogers test* determined that an artistic use of a trademark was protected by the First Amendment as long as (1) the use of the trademark has artistic

⁷³ *Hermès Int’l v. Rothschild*, No. 22-CV-384-JSR, 2023 WL 1458126 (S.D.N.Y. Feb. 2, 2023), Doc. n. 50, at 12.

⁷⁴ *Id.* at 13.

⁷⁵ *See id.* at 14.

⁷⁶ *Id.* at 19.

⁷⁷ *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989).

⁷⁸ *See* John Villasenor & Sam Albright, *NFTs and Birkin Bags: A Hermès Lawsuit Tests the Limits of Trademark Rights*, THE BROOKINGS INSTITUTION (Apr. 21, 2022), <https://www.brookings.edu/articles/nfts-and-birkin-bags-a-hermes-lawsuit-tests-the-limits-of-trademark-rights/>.

⁷⁹ *See* *Rogers v. Grimaldi*, 875 F.2d 994, 996 (2d Cir. 1989).

⁸⁰ *See* Michael D. Murray, *Deepfakes and Dog Toys: First Amendment Defenses under the Rogers Test after Jack Daniel’s v. VIP Products*, SSRN (May 1, 2024), <https://ssrn.com/abstract=4811359> <http://dx.doi.org/10.2139/ssrn.4811359>.

relevance to the underlying work; (2) the use is not explicitly misleading as the source or content of the work.⁸¹ The initial factor—artistic relevance—establishes a modest threshold, indicating that the mark’s usage must possess some connection to the work’s creative expression. The second factor—explicitly misleading—determines that the work does not imply the trademark owner’s sponsorship or involvement in a deceptive manner.⁸²

Regarding the first prong, Hermès argued that the N.F.Ts. failed to meet the artistic relevance standard. As continuously reiterated by Hermès, the N.F.Ts. were mere digital reproductions of the Birkin bag with no genuine artistic purpose besides capitalizing on Hermès’ reputation. On the other hand, Rothschild argued that his MetaBirkins were expressive works because they reimaged the Birkin bag in a digital form that critiques the values the Birkin symbolizes (i.e. exclusivity, and luxury).

Moving on to the second prong, Hermès contended that the MetaBirkins were explicitly misleading to consumers, since they mirrored the name and design of the Birkin bag. To support this claim, Hermès presented evidence of actual confusion to the court, such as surveys, magazine reports, and social media publications.⁸³ Adversely, Rothschild argued that his use was not explicitly misleading, since it did not imply Hermès endorsement or sponsorship. Quite the contrary, Rothschild added a disclaimer in the MetaBirkins website that read “*We are not affiliated, associated, authorized, endorsed by, or in any way officially connected with the HERMES, or any of its subsidiaries or its affiliates*” and included a link to the Hermès website.⁸⁴ The defence even went as far as to compare his works with Andy Warhol’s Campbell Soup paintings, which recontextualized a well-known brand into the realm of fine art.⁸⁵

Whereas the works of Andy Warhol were singular pieces, the MetaBirkins collection consisted of one hundred NFTs. One could have argued that there is no risk of a consumer intending to purchase a can of Campbell Soup in a supermarket and inadvertently acquiring the Warhol artwork representing the Campbell’s Soup. These are both distinctly different products and aimed at disparate consumer demographics in the market.⁸⁶

⁸¹ See Ramsey, *supra* note 34, at 158.

⁸² See Taylor E. Green, *The Rogers Test Dances Between Trademark Protection under the Lanham Act and Freedom of Speech under the First Amendment*, 112 TRADEMARK REP. 844, 848 (2022).

⁸³ See Hermès Int’l v. Rothschild, No. 22-CV-384-JSR, 2023 WL 1458126 (S.D.N.Y. Feb. 2, 2023), Doc. n. 72.

⁸⁴ Taylor Dafoe, *Hermès Is Suing a Digital Artist for Selling Unauthorized Birkin Bag NFTs in the Metaverse for as Much as Six Figures*, ARTNET NEWS (Jan. 26, 2022), <https://news.artnet.com/art-world/hermes-metabirkins-2063954>.

⁸⁵ See Hermes Int’l v. Rothschild, 2023 WL 1458126, Doc. n. 65-1, https://storage.courtlistener.com/recap/gov.uscourts.nysd.573363/gov.uscourts.nysd.573363.65.1_1.pdf.

⁸⁶ See Gangi, *supra* note 70.

Notwithstanding Hermès's efforts to disqualify the application of the *Rogers test* to the Case, the Court thought otherwise due to its allegations about the lack of artistic expressions in an N.F.T.. When denying both parties' Motion for Summary Judgment, Judge Rakoff reaffirmed that the *Rogers test* was the appropriate framework for evaluating the Case, noting specifically that N.F.Ts. qualified as an expressive work. By doing so, the Judge inherently clarified that N.F.Ts. possess a dual character. Namely, N.F.Ts. are digital assets (tokens on the blockchain that certify ownership) and artistic or creative works (the digital content associated with those tokens). The decision also clarified that N.F.Ts. are fundamentally digital assets that provide unique ownership rights over an associated image or file, but that Rothschild was not merely selling virtual assets devoid of content.⁸⁷ Instead, the N.F.Ts. represented digital handbags with distinct visual features (fur-covered Birkin bags) that consumers might view as a form of artistic expression or even virtual luxury goods.⁸⁸ As for the "explicitly misleading" factor, Judge Rakoff found sufficient evidence to suggest a likelihood of consumer confusion, pointing to Hermès' evidence of consumer misunderstanding regarding MetaBirkins' association with Hermès. The Judge noted that there was substantial factual disagreement concerning multiple factors of the *Polaroid test*, including the strength of the Birkin mark, the similarity of the marks, and evidence of actual consumer confusion. These unresolved issues on key *Polaroid* factors indicated that the "explicitly misleading" prong could not be conclusively resolved at this stage.

Consequently, while Judge Rakoff applied the *Rogers test* to Rothschild's work, he ultimately denied summary judgment, concluding that a jury trial was necessary to determine whether Rothschild's MetaBirkins N.F.Ts. explicitly misled consumers into believing there was an endorsement or association with Hermès.⁸⁹

2.4.2 NON-COMMERCIAL USE AND REFERENTIAL USE DEFENCE AGAINST DILUTION

Several defences are available against dilution claims, especially when the defendant's use can be argued as non-commercial or artistically expressive.⁹⁰ The Lanham Act's dilution provision outlines these potential defences,⁹¹ exempting uses that are descriptive, non-

⁸⁷ See *Hermes Int'l v. Rothschild*, 2023 WL 1458126, Doc. n. 140, at 14, <https://www.courtlistener.com/docket/62602398/hermes-international-v-rothschild/>.

⁸⁸ See *id.*

⁸⁹ See *id.*, Doc. n. 50, at 19.

⁹⁰ See Hunter, *supra* note 25, at 179.

⁹¹ See 15 U.S.C. § 1125 - False designations of origin, false descriptions, and dilution forbidden, <https://www.law.cornell.edu/uscode/text/15/1125>.

commercial, or otherwise protected under the First Amendment as forms of expressive speech.⁹²

In the *MetaBirkins* case, Rothschild strategically selected a defence grounded in non-commercial artistic expression and referential use. His approach emphasised that MetaBirkins N.F.Ts. should be considered protected art, positioning his work as a commentary on luxury culture and animal cruelty, rather than a commercial enterprise attempting to leverage the Birkin brand for profit.⁹³ Moreover, Rothschild contended that MetaBirkins were merely referring to Hermès' trademark, only describing the good, with no intent to tarnish the brand's reputation.⁹⁴

By leveraging artistic expression, non-commercial use, and referential use defences, Rothschild sought to distinguish MetaBirkins as protected speech, maintaining that his reinterpretation of the Birkin bag was designed to reflect its cultural status rather than dilute or harm the brand.

2.5 THE JURY VERDICT AND IMPLICATIONS

Despite Rothschild's efforts to defend the MetaBirkins as artistic expression, the jury ultimately sided with Hermès, concluding that Rothschild was liable for trademark infringement, dilution and cybersquatting.

However, it remains uncertain which of the two prongs was pivotal: whether the MetaBirkins N.F.Ts. were deemed to lack artistic relevance or if the usage was regarded as explicitly misleading to consumers.⁹⁵ Since a jury verdict does not provide detailed reasoning or legal analysis, the decision only indicated liability without clarifying its rationale. This lack of explanation left it unclear whether the jury found the MetaBirkins N.F.Ts. lacking in artistic relevance, explicitly misleading, or both. This uncertainty generated criticism⁹⁶, of the verdict, highlighting the need for further clarity on brand use within N.F.Ts. and digital assets, where the boundaries between artistic expression and commercial endorsement are still evolving.

⁹² See Welkowitz, *supra* note 62, at 5.

⁹³ See *id.*

⁹⁴ See *id.* at 22.

⁹⁵ See Inès Tribouillet, Magdalena Borucka & Christian Tenkhoff, *MetaBirkin: Hermès Successful in First NFT Trade Mark Trial*, MARQUES (Feb. 11, 2023), <https://www.marques.org/blogs/class46/?XID=BHA5158>.

⁹⁶ See Brian L. Frye, *Tokenized Brands*, 9 ST. THOMAS J. COMPLEX LITIG. (SPECIAL ISSUE) 32, 40 (2023).

In response, Rothschild has recently filed an appeal,⁹⁷ seeking a reassessment of the legal principles applied to N.F.Ts. as artistic expression in the context of trademark law. This appeal will reexamine the intersection of trademark rights and First Amendment protections, offering an opportunity to clarify how courts might address similar cases. With the appeal now in motion, the legal community is closely watching for potential refinements or adjustments to brand use standards in digital art.

To clarify these unanswered questions, examining the possible legal ramifications of such situations in other jurisdictions is essential. This is significant not only for Hermès, a French fashion brand, but also for legal practitioners, academics, and magistrates. Analysing jurisdictions' approaches like the E.U. to analogous trademark and intellectual property matters enables interested parties to obtain insights into developing legal principles, foresee potential challenges, and engage in the broader discourse on reconciling intellectual property rights with emerging technological advancements. This is especially valuable for Hermès, given its Birkin trademark is also registered in the E.U. jurisdiction.⁹⁸

Therefore, exploring the *MetaBirkins* case under the E.U. 's trademark framework could shed light on whether European courts would reach similar conclusions, given the E.U. 's distinct requirements and protections against unlawful trademark usage. With disputes in digital spaces still in early stages, the U.S. decision may influence European perspectives; however, a comparative analysis is essential to understand how E.U. trademark law might respond to similar challenges.

In the following section, the *MetaBirkins* case will be assessed from an E.U. perspective. This will offer insight into the global landscape of digital trademark enforcement and highlight the diverse protections brands must navigate in a cross-border digital marketplace.

⁹⁷ See Blake Brittain, *MetaBirkins NFT Creator, Hermes Square off in US Trademark Appeal*, REUTERS (Oct. 23, 2024), <https://www.reuters.com/legal/litigation/metabirkins-nft-creator-hermes-square-off-us-trademark-appeal-2024-10-23/>.

⁹⁸ See BIRKIN, Registration No. 0686529, EUIPO, <https://euipo.europa.eu/eSearch/#details/trademarks/W10686529>; Birkin 3D form, Registration No. 004467247, EUIPO, <https://euipo.europa.eu/eSearch/#details/trademarks>.

3. THE METABIRKINS CASE: AN ANALYSIS FROM THE E.U. LEGAL FRAMEWORK PERSPECTIVE

This section will analyse the *MetaBirkins* case through the E.U. legal framework and provide a structured examination of how European trademark law would address Hermès' claims and Rothschild's defences. With the expansion of digital assets like NFTs, which blur the lines between commercial products and expressive art, understanding E.U. trademark protection in this context offers insights into how Europe might respond to similar cases.

First, Section 3.1 will outline trademark protections in the E.U., starting with an overview of the legislative framework and examining the balance between trademark rights and artistic freedom under European law. This will assist in contextualizing Rothschild's potential defences under E.U. legal principles, particularly in light of Europe's nuanced approach to balancing freedom of expression against brand protections.

Section 3.2 will explore the specific claims Hermès might assert under E.U. trademark law. The analysis will begin with the double-identity protection outlined in art. 9(2)(a) European Union Trademark Regulation 2017/1001 [hereinafter E.U.T.M.R.] and art. 10(2)(a) Trademark Directive [hereinafter T.M.D.], where Hermès could argue that the *MetaBirkins* infringe directly on its Birkin trademark. This Section will continue by assessing the likelihood of confusion protections in art. 9(2)(b) E.U.T.M.R. and art. 10(2)(b) T.M.D., including a closer look at the likelihood of confusion test in E.U. law and key distinctions between E.U. and U.S. approaches. Finally, it will be evaluated how these principles might apply to Hermès' arguments that *MetaBirkins* create consumer confusion in a European setting.

Moving further, Section 3.2.3 will address the protections against dilution and unfair advantage (or "*free-riding*") in Article 9(2)(c) E.U.T.M.R. and Article 10(2)(c) T.M.D. Examining the concepts of dilution by "*blurring*" and "*tarnishment*" as well as unfair advantage. It will be considered how Hermès could argue that *MetaBirkins* dilutes the exclusivity of the Birkin brand or unfairly benefits from its reputation. This part will also analyse how successful Hermès' claims might be under E.U. law, shedding light on the standards Rothschild would face when asserting European artistic and referential defences.

3.1 TRADEMARK PROTECTION IN THE EUROPEAN UNION

The European trademark framework is founded on two significant legal instruments. The Harmonization Directive [hereinafter First Council Directive 89/104]⁹⁹ served as the foundation for unifying trademark legislation among the Member States of the E.U. This directive has been replaced by a new Directive¹⁰⁰ EU 2015/2436 [hereinafter T.M.D.], which eradicates inconsistencies among national regulations that may obstruct the free flow of goods and services and distort competition.¹⁰¹ National trademark regulations are now nearly equivalent across the E.U. due to the implementation of the First Directive into national law. Almost all Member States already possess such provisions in their legislation, and where this is not presently the case, they will be required to amend their laws in compliance with Directive 2015/2436, which mandates such protection.¹⁰²

The second legal instrument is the Trademark Regulation 2017/1001¹⁰³ and its provisions are almost identical to those of the Directive.¹⁰⁴ The E.U.T.M.R., besides being valid throughout the E.U. without needing national implementation, also provides a unified trademark registration system in the E.U., whereby one registration provides protection in all Member States,¹⁰⁵ much like the registration at the U.S.P.T.O.

⁹⁹ First Council Directive 89/104/ECC of 21 Dec. 1988, To Approximate the Laws of the Member States Relating to Trade Marks, 1989 O.J. (L 40) 1.

¹⁰⁰ Directive (EU) 2015/2436, of the European Parliament and of the Council of 16 Dec. 2015, To Approximate the Laws of the Member States Relating to Trade Marks, 2015 O.J. (L 336) 1.

¹⁰¹ See Charles Gielen, *Trademark Dilution in the European Union*, in TRADEMARK DILUTION AND FREE RIDING 188, 223 (Daniel R. Bereskin ed., 2023) (U.K.).

¹⁰² See *id.* at 223.

¹⁰³ Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017, European Union Trade Mark, 2017 O.J. (L 154) 1 [hereinafter E.U.T.M.R.].

¹⁰⁴ See *Trade Marks*, *supra* note 101, at 224.

¹⁰⁵ See *Trade Marks*, EUROPEAN UNION INTELLECTUAL PROPERTY OFFICE [hereinafter E.U.I.P.O.], <https://www.euipo.europa.eu/en/trade-marks>.

3.2 HERMÈS POSSIBLE CLAIMS UNDER EU TRADEMARK LEGISLATION (ART. 9 (2) E.U.T.M.R. AND ART. 10 (2))

Both the E.U.T.M.R. and the T.M.D. The provides protections highly relevant to Hermès' claims in this study. Those protections are outlined in Article 9(2) E.U.T.M.R. and Article 10(2) T.M.D., which establish three types of protection: under sub (a) protection against double identity; sub (b) protection against confusion; and sub (c) protection against dilution:

Without prejudice to the rights of proprietors acquired before the filing date or the priority date of the E.U. trade mark, the proprietor of that E.U. trade mark shall be entitled to prevent all third parties not having his consent from using in the course of trade, in relation to goods or services, any sign where:

1. the sign is identical with E.U. trade mark and is used in relation to goods or services which are identical with those for which the E.U. trade mark is registered;
2. the sign is identical with, or similar to, the E.U. trade mark and is used in relation to goods or services which are identical with, or similar to, the goods or services for which the E.U. trade mark is registered, if there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;
3. the sign is identical with, or similar to, the E.U. trade mark irrespective of whether it is used in relation to goods or services which are identical with, similar to or not similar to those for which the E.U. trade mark is registered, where the latter has a reputation in the Union and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the E.U. trade mark.¹⁰⁶

From the assessment of the law, it is clear to observe that to successfully assert trademark rights under E.U. trademark law, under those protections, it must first be demonstrated that the use of a conflicting sign occurred “*in the course of trade*” and “*in connection with goods or services*”. These two conditions, therefore, delimit the scope of the

¹⁰⁶ Art. 9(2)(a)(b)(c) EUTMR (Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (codification) (Text with EEA relevance).

exclusivity granted to the owner of a registered trademark.¹⁰⁷ While there is no hierarchy of protection between those three categories, each of them has its own peculiarity.¹⁰⁸ For instance, in sub (a), there is an unwritten requirement, established by the Court of Justice of the European Union¹⁰⁹ [hereinafter C.J.E.U.], which determines that the use must impact the origin function¹¹⁰ of the trademark.¹¹¹ Each of these protections will be analysed in detail in the following sections.

With Hermès' registrations of both the "Birkin" word mark and the Birkin 3D form mark established as the foundation of their rights, examining the specific legal protections provided under E.U. trademark law is essential. These protections, as outlined in Article 9(2) of the E.U.T.M.R. and Article 10(2) of the T.M.D., delineate the various forms of infringement that Hermès could claim in this case. In particular, they offer recourse in instances of double identity, confusion, and dilution, each of which prevents unauthorized uses of registered marks within the E.U.

3.2.1 THE DOUBLE-IDENTITY PROTECTION UNDER ARTICLE 9(2)(A) E.U.T.M.R. AND ARTICLE 10(2)(A) T.M.D

The first type of protection is outlined in art. 9(2)(a) E.U.T.M.R. and art. 10(2)(a) of the Directive. Known as the "double identity rule", this protection grants the trademark proprietor the exclusive right to prohibit the use of a sign that is identical to the registered mark, in relation to goods or services that are identical to those for which the trademark was registered.¹¹² In simple terms, the double identity protection grants trademark owners the exclusive right to prevent others from using an identical mark for identical goods or services.

Moreover, the double identity rule provides absolute protection, meaning that if someone uses an identical mark on identical goods, the trademark owner can prevent

¹⁰⁷ See Michal Bohaczewski, *Conflicts Between Trade Mark Rights and Freedom of Expression Under EU Trade Mark Law: Reality or Illusion?*, 51 IIC - INT'L REV. INTELL. PROP. & COMPETITION L. 856, 858 (2020) (Ger.).

¹⁰⁸ See ILANAH FHIMA & DEV S. GANGJEE, *Introduction: The Likelihood of Confusion*, in THE CONFUSION TEST IN EUROPEAN TRADE MARK LAW 1, 2 (2019) (U.K.).

¹⁰⁹ See Case C-487/07, *L'Oréal SA v. Bellure NV*, 2009 E.C.R I-05185.

¹¹⁰ Originally, trademarks primarily served the origin function, helping consumers identify the source of goods or services. However, as trademark law has evolved, the C.J.E.U.'s function theory has expanded to protect additional functions, such as investment, advertising and quality function. See Annette Kur, *Trademark Functions in European Union Law - Also Containing a Comment on C.J.E.U. Case C-129/17, Mitsubishi v. Duma 11* (Max Planck Institute for Innovation & Competition, Research Paper No. 19-06, 2019), <https://doi.org/10.2139/ssrn.3425839>.

¹¹¹ See ANNETTE KUR & MARTIN SENFTLEBEN, *Rights Conferred*, in EUROPEAN TRADE MARK LAW 276, 276 (2017).

¹¹² See EU, European Union Intellectual Property Office (EUIPO), EUIPO Guidelines <https://guidelines.euiipo.europa.eu/binary/2214311/2000180000> P. 883.

that usage without needing to demonstrate consumer confusion.¹¹³ Unlike the other two protections (against confusion and dilution), no additional conditions are required by the provision itself.¹¹⁴ The Recital 16 of the T.M.D. confirms that the protection should be absolute, if the two identity criteria are met : (1) same sign or mark and (2) same category or class of registration.¹¹⁵

In addition to the letter of the law, there is an unwritten condition set by the C.J.E.U. that there must be some negative impact on at least one of the trademark's functions.¹¹⁶ Therefore, an infringement claim under double identity must prove that the infringing use harms the traditional origin function or the accessory ones.¹¹⁷ As a result, the double identity claim cannot prevail unless the trademark owner proves all the cumulative conditions of use, including proof of a detrimental effect on at least one of the functions of the trademark.

When assessing whether this rule would apply to the *MetaBirkins* case, one needs to consider the statutory requirements and the C.J.E.U. 's interpretation. Firstly, the mark and goods or services must be identical to the trademark owner's. In this context, Hermès could argue that the *MetaBirkins* N.F.T.s. Replicate the Birkin name and visual design, which could be perceived as an identical use of Hermès' Birkin trademark. Secondly, it must be proven that the infringing sign causes harm to the function of the

¹¹³ See César Ramírez-Montes, *EU Trademarks in the Metaverse*, 63 IDEA: L. REV. FRANKLIN PIERCE CTR. FOR INTELL. PROP. 555, 673-74 (2023).

¹¹⁴ See Kur & Senftleben, *supra* note 111, at 294.

¹¹⁵ Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks, recital 16, 2015 O.J. (L 336) 1:

The protection afforded by the registered trade mark, the function of which is in particular to guarantee the trade mark as an indication of origin, should be absolute in the event of there being identity between the mark and the corresponding sign and the goods or services. The protection should apply also in the case of similarity between the mark and the sign and the goods or services. It is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion. The likelihood of confusion, the appreciation of which depends on numerous elements and, in particular, on the recognition of the trade mark on the market, the association which can be made with the used or registered sign, the degree of similarity between the trade mark and the sign and between the goods or services identified, should constitute the specific condition for such protection. The ways in which a likelihood of confusion can be established, and in particular the onus of proof in that regard, should be a matter for national procedural rules which should not be prejudiced by this Directive.

¹¹⁶ Specifically in the case of double identity, the C.J.E.U. already positioned itself by stating that this right: was conferred in order to enable the trade mark proprietor to protect his specific interests as proprietor, that is to say, to ensure that the trade mark can fulfill its functions. The exercise of that right must therefore be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods...

in Case C-206/01, *Arsenal Football Club plc v. Matthew Reed*, 2002 E.C.R. I-10317, ¶ 51.

¹¹⁷ See Kur & Senftleben, *supra* note 111, at 298.

existing trademark. On this matter, Hermès could contend that the consumers might interpret the MetaBirkins as affiliated with or endorsed by Hermès, thus impacting the Birkin Brand's origin function. Moreover, since Hermès has heavily invested in the Birkin mark as a symbol of exclusivity and luxury, using an identical mark could diminish the return on this investment by confusing the brand image.

However reasonable it may be, Hermès' claim under the double-identity protection may fall short on fulfilling the first requirement. This is because, when applying the double identity test on a case-by-case basis, the C.J.E.U. Takes a rigorous interpretation of the first criteria (i.e., identity of signs and goods), emphasising that the sign and the mark must appear identical in all essential respects.¹¹⁸

Even though the signs are similar, the term "MetaBirkins" includes the addition "Meta" to the original "Birkin" mark, suggesting that the term is not identical, and it also does not meet the threshold of "minor differences in the consumer perception". Moreover, there is no consensus regarding the identity of goods: the MetaBirkins are N.F.T.s linked to a digital image of a handbag, meanwhile Hermès Birkin handbags are, in fact, physical bags. Hermès's only possibility would be to persuade the courts to consider N.F.T.s as conceptually identical to the physical handbags in terms of market positioning and consumer perception in the luxury market. Nonetheless, one cannot ignore the clear physical-versus-digital divide, making Hermès's approach challenging, especially compared to more straightforward cases of identical goods or services in traditional trademark disputes.

Therefore, the fashion house would certainly face a challenge proving the identity of goods, making the double identity claim one of the weakest protections under E.U. law in the *MetaBirkins* case.

¹¹⁸ According to the C.J.E.U. in Case C-291/00, *L TJ Diffusion SA v. Sadas Vertbaudet SA*, 2003 E.C.R. I-2833, ¶50-51, "The criterion of identity of the sign and the trade mark must be interpreted strictly. The very definition of identity implies that the two elements compared should be the same in all respects. . . . There is therefore identity between the sign and the trade mark where the former reproduces, without any modification or addition, all the elements constituting the latter.". Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A62000CJ0291>.

3.2.2 PROTECTION AGAINST CONFUSION UNDER ARTICLE 9 (2) B E.U.T.M.R. AND ARTICLE 10(2)(B) T.M.D

The protection specified in Article 9(2)(b) of the E.U.T.M.R. and Article 10(2)(b) of the Trademark Directive, enables registered trademark owners to take action against a third party's use of a similar mark on related goods or services when it creates a likelihood of confusion among consumers.¹¹⁹ To succeed in this claim, therefore, the trademark owner must prove (1) identity (or similarity) of the marks; (2) identity (or similarity) of the goods and services (both of those requirements also present in case of double identity); and (3) likelihood of confusion.¹²⁰

3.2.2.1 LIKELIHOOD OF CONFUSION TEST IN EU

The assessment of the likelihood of confusion is used in trademark disputes, especially in infringement cases. However, neither the E.U.T.M.R. nor the T.M.D. defines when it happens or even what "confusion" means.¹²¹ The C.J.E.U., consequently, took it upon itself to provide more clarity.

Regarding the meaning of "confusion", the C.J.E.U. already stated in the *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* case that it occurs when "*the public can be mistaken as to the origin of the goods or services in question*".¹²² This can include situations where consumers may believe that the goods come "*from the same undertaking or, as the case may be, from economically-linked undertakings*".¹²³ In simple terms, the risk of confusion can arise either through direct confusion (where consumers mistakenly perceive the sign as the trademark itself), or through indirect confusion (where consumers associate the owner of the sign with the trademark owner, leading to uncertainty about origin).¹²⁴

In *SABEL BV v. Puma AG*, the European Court identified the relevant factors for assessing the likelihood of confusion:

[I]t is clear from the tenth recital in the preamble to the Directive that the appreciation of the likelihood of confusion 'depends on numerous

¹¹⁹ See Martin Senftleben, *Adapting EU Trademark Law to New Technologies: Back to Basics?*, in CONSTRUCTING EUROPEAN INTELLECTUAL PROPERTY 137 (Christophe Geiger ed., 2013) (U.K.).

¹²⁰ See ILANAH FHIMA & DEV S. GANGJEE, *Assessing Likelihood of Confusion*, in THE CONFUSION TEST IN EUROPEAN TRADE MARK LAW 160 (2019) (U.K.).

¹²¹ See EU, European Union Intellectual Property Office (EUIPO), EUIPO Guidelines, p.885, <https://guidelines.euipo.europa.eu/binary/2214311/2000180000>.

¹²² Case C-39/97, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc.*, 1998 E.C.R. I-5534, ¶ 26.

¹²³ *Id.* ¶ 29.

¹²⁴ See Fhima & Gangjee, *supra* note 120, at 164 (U.K.).

elements and, in particular, on the recognition of the trade mark on the market, of the association which can be made with the used or registered sign, of the degree of similarity between the trade mark and the sign and between the goods or services identified. The likelihood of confusion must therefore be appreciated globally, taking into account all factors relevant to the circumstances of the case.¹²⁵

This ruling establishes that to verify the likelihood of confusion, the courts require (1) a degree of similarity of the signs and (2) a degree of similarity between the goods and services; (3) recognition of the trademark in the market; and (4) the association between the sign and the registered mark. Besides, all those requirements must be assessed “globally”, meaning an “*appreciation of the visual, aural or conceptual similarity of the marks in question...based on the overall impression given by the marks*”.¹²⁶ Furthermore, the C.J.E.U. also stated that “*the more distinctive the earlier mark, the greater will be the likelihood of confusion*”.¹²⁷ In other words, the uniqueness of the mark also plays an important role when assessing the likelihood of confusion.¹²⁸

3.2.2.2 KEY DIFFERENCES BETWEEN U.S. AND E.U. LIKELIHOOD OF CONFUSION

From this analysis, it is possible to observe that the E.U. approach to examining likelihood of confusion is quite similar to the U.S. approach. Particularly concerning the application of the *Polaroid test*, both the E.U. and the U.S. consider factors such as similarity of the marks, proximity of goods, strength of the marks, and consumer confusion. However some key differences could be crucial when analysing the *MetaBirkins* case from the E.U. perspective.

For instance, in the context of the U.S. *Polaroid test*, the American courts also consider the intent of the (1) alleged infringer, (2) evidence of actual confusion, and (3) the sophistication of the relevant consumers.¹²⁹ In contrast, in the E.U., the intention or knowledge of the infringer is not taken into consideration, meaning that the intent is irrelevant when it comes to determining liability.¹³⁰ In other words, this lack of intent does not excuse the infringement even if someone unknowingly or unintentionally uses a trademarked sign. Subsequently, whether Rothschild had bad faith when creating the

¹²⁵ Case C-251/95, *SABEL BV v. Puma AG, Rudolf Dassler Sport*, 1997 E.C.R. I-6214, ¶¶ 22-25.

¹²⁶ *Id.* ¶ 25.

¹²⁷ *Id.* ¶ 24.

¹²⁸ See EU, European Union Intellectual Property Office (EUIPO), EUIPO Guidelines, p. 888, <https://guidelines.euipo.europa.eu/binary/2214311/2000180000>.

¹²⁹ See Gery, *supra* note 67, at 624.

¹³⁰ See *Fhima & Gangjee*, *supra* note 108, at 4.

MetaBirkins collection would not be as pertinent if the *MetaBirkins* case were judged in the E.U.

Secondly, the evidence of actual confusion (i.e., concrete proof) plays a significant role in the assessment of likelihood of confusion in the U.S., while the C.J.E.U. had already determined that actual confusion is not a requirement under the likelihood of confusion test, although desirable.¹³¹ While acknowledging that this is one element to be weighed against others as part of a global appreciation, it is sometimes stated that proof of actual confusion is the best evidence of likely confusion. Consequently, the same way Hermès presented evidence – through surveys, social media posts and news reports – this would also be a relevant factor to consider before the European courts.

Finally, while both the E.U. and U.S. systems consider consumer attention levels, the U.S. *Polaroid test* evaluates explicitly the sophistication of the target audience, recognizing that consumers of certain goods may be more discerning and less prone to confusion. In the E.U., consumer sophistication is more generalised, with the assumption that the “average consumer” is reasonably observant and circumspect but still subject to “imperfect recollection”.¹³² As a result, slight differences between marks may go unnoticed by consumers in the E.U., especially if a strong impression remains that links the goods to a particular origin.¹³³

3.2.2.3 HOW SUCCESSFUL WOULD HERMÈS’S LIKELIHOOD OF CONFUSION CLAIM BE IN THE E.U.?

If the *MetaBirkins* case were judged in the E.U. based solely on the likelihood of confusion, it would follow the E.U.T.M. and the T.M.D. according to the interpretation set by the C.J.E.U.

Applying these E.U. factors to the Case, the first area of consideration would be the similarity of the signs. It is enough that the relevant audience perceives the sign through any form that consumer senses can perceive. In this light, there is no doubt that MetaBirkins used the Hermès sign (i.e., the Birkin bag).

¹³¹ See Fhima & Gangjee, *supra* note 120, at 184.

¹³² For the purposes of that global appreciation, the average consumer of the category of products concerned is deemed to be reasonably well-informed and reasonably observant and circumspect (see, to that effect, Case C-210/96, Gut Springenheide GmbH and Rudolf Tusky v. Oberkreisdirektor des Kreises Steinfurt, 1998 E.C.R. I-4690, 31). However, account should be taken of the fact that the average consumer only rarely has the chance to make a direct comparison between the different marks but must place his trust in the imperfect picture of them that he has kept in his mind. It should also be borne in mind that the average consumer’s level of attention is likely to vary according to the category of goods or services in question in Case C-342/97, Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel BV, 1997 E.C.R. I-3841, ¶ 26.

¹³³ See Fhima & Gangjee, *supra* note 120, at 162.

The second requirement is that it must be used about goods and services that are identical or similar to those for which the trademark is registered. The greater the similarity, the higher the potential for confusion. In this regard, the claim may face a challenge arising from the classification of goods in which Hermès has the registration for its trademarks. Although it could be argued that they are both focused on “fashion items”, N.F.T. digital handbags would be classified as “downloadable image files” or “downloadable digital image files authenticated by non-fungible tokens”¹³⁴ under Class 9 of the Nice Classification.¹³⁵ Physical Birkin bags are classified as “handbags and leather goods”, falling under Class 18. Notably, at the time of the lawsuit, Hermès did not extend its company to include digital items for use in the virtual world, nor had it filed trademark registrations for the Birkin mark for such goods.

Nevertheless, one requirement remains to be satisfied. The third and final requirement is the likelihood of confusion. The key question is whether consumers will likely view MetaBirkins N.F.T.s as originating from Hermès or as an endorsed digital line of Birkin bags. Hermès may argue that the high distinctiveness of the Birkin mark, combined with its reputation in the luxury market, heightens this risk. For an average consumer, particularly one navigating digital and physical luxury markets, even subtle associations may suffice to create a perception of endorsement.

Therefore, the same problem encountered in the analysis of the second requirement is also found in the third assessment. There is a clear distinction between a digital image of an asset, specifically, a digital handbag, and another type of digital media file, such as a virtual handbag intended for use by an avatar in a virtual environment like the Metaverse. And it was undisputed that Rothschild sold images, rather than virtually

¹³⁴ The European Intellectual Property Office (“EUIPO”) asserts that the terms “downloadable goods” and “virtual goods” are ambiguous and require further specification, such as identifying the specific goods involved, for instance, downloadable multimedia files in class 9 or retail of virtual clothing in class 35. The term “NFT” is deemed unacceptable by EUIPO and must further describe the category it denotes. See Iza R. Mešević, *Intellectual Property Rights in the Metaverse*, 2023 REG’L L. REV. 345, 355 (Serb.).

¹³⁵ The Nice Classification is an international system used to categorize goods and services for trademark registration. Established by the Nice Agreement of 1957, it is maintained by the World Intellectual Property Organization (W.I.P.O.) and is widely adopted by countries worldwide. The system organizes goods and services into 45 distinct classes (34 for goods and 11 for services) to standardize trademark applications, making it easier to identify and protect trademarks across different jurisdictions. This classification system ensures uniformity in trademark filings, helping applicants and trademark offices determine the scope and potential conflicts of trademarks within specific classes. This classification provides a universal reference that allows trademark offices worldwide to uniformly assess applications, reducing inconsistencies in trademark registration processes. By clearly defining the scope of protection in specific classes, the Nice Classification helps prevent confusion and conflicts between trademarks in similar sectors, supporting effective enforcement and legal clarity. This system is particularly valuable for international trademark registration, where applicants seek protection in multiple countries under the same classification framework. See World Intellectual Property Office – WIPO, Nice Classification, <https://www.wipo.int/classifications/nice/en/>.

wearable goods. This is what is called “interdimensional confusion”¹³⁶ and it has also been seen in other cases around the world.¹³⁷ Consumers might not directly believe that Hermès created the Metabirkins, but rather sponsored them.

Nonetheless, as previously highlighted, the role of the “average consumer” is fundamental under the E.U.’s likelihood of confusion standard. The C.J.E.U. assumes that an average consumer may not remember minor distinctions between marks.¹³⁸ With a distinctive mark like Birkin, even minor similarities can reinforce an association. This imperfect recollection may lead consumers to overlook the “Meta” prefix and focus on the dominant “Birkin” element, especially in an era where digital and physical luxury goods frequently intersect. While MetaBirkins consists of digital assets, consumers might believe Hermès is involved in or has endorsed the MetaBirkins project, particularly given the trend of luxury brands expanding into virtual fashion.

The E.U.’s consumer-oriented, origin-based approach could favour Hermès more strongly than a U.S. court, where the *Polaroid test* places greater emphasis on intent and explicit confusion in expressive works. As a result, if the consumers believe the mark or sign merely as an embellishment, it will not be considered a trademark.¹³⁹ On the other hand, one must also consider that some brands have established themselves in virtual works and/or collaborated with developers to produce digital goods, which increases the likelihood of confusion between a physical asset and a digital one.

3.2.3 PROTECTION AGAINST DILUTION AND UNFAIR ADVANTAGE IN ARTICLE 9(2)(C) E.U.T.M.R. AND ARTICLE 10(2)(C) T.M.D

Up to this point, two of the three types of protection provided by E.U. trademark law have been assessed: protection against double identity and confusion. Those two provisions focus on preventing consumer confusion regarding the origin of the goods and services. Both protections also focus on satisfying the similarity requirements of the sign and the goods and services. However, in the protection against double identity, when an identical mark is used for similar goods and services, the Articles 9(2)(a) E.U.T.M.R. and 10(2)(a) T.M.D. do not require proof of confusion. Which is not the case in the protection against confusion. The safeguard under Article 9(2)(a) E.U.T.M.R. and Article 10(2)(a) T.M.D. applies when similar marks or goods/services might lead to

¹³⁶ Tenkhoff, Grotkamp & Burgess-Tate, *supra* note 69.

¹³⁷ See, e.g., *AM Gen. LLC v. Activision Blizzard, Inc.*, 450 F.Supp.3d 467 (S.D. N.Y. 2020); Court of Rome, Preliminary Injunction, July 20, 2022, *Juventus Football Club S.p.A. v. Blockeras S.r.l.*, (It.).

¹³⁸ See Case C-342/97, *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel BV*, 1999 E.C.R. I-3841, ¶ 26.

¹³⁹ See Case C-102/07, *Adidas AG v. Marca Mode CV*, 2008 E.C.R. I-2437, ¶ 33.

consumer confusion about the origin of the products. This requires a “global assessment” of factors, such as visual and conceptual similarities between the signs, the relatedness of the goods or services, and the average consumer’s perception.

As can be observed, so far, trademark protection has been limited to signs used to differentiate one trader’s goods from another to avoid trade confusion. For this purpose, trademarks must be capable of indicating a commercial origin. This has restricted the scope of protection to the use in the course of trade of identical or similar signs about identical or similar goods or services for which the trademark has been registered, where such use creates a likelihood of confusion (except in the case of double identity, where confusion is presumed).¹⁴⁰ However, the third type of safeguard provided in the E.U.T.M.R. and T.M.D. brings distinct forms of protection that step beyond consumer confusion.¹⁴¹ Article 9(2)(c) E.U.T.M.R. and 10(2)(c) T.M.D. provide three distinct protections for well-known trademarks: against dilution by *blurring*, dilution by *tarnishment*, and *free-riding*. Each protects the mark’s reputation and distinctiveness from different forms of misuse, recognizing that the harm to a well-known brand can take various forms beyond the traditional framework of confusion.

3.2.3.1 PROTECTION AGAINST DILUTION BY “BLURRING” AND “TARNISHMENT”

Dilution is a form of protection designed specifically for trademarks with a reputation.¹⁴² This safeguard is outlined in Article 9(2)(c) of the E.U.T.M.R. and Article 10(2)(c) of the T.M.D., which states that the protection applies regardless of whether the goods and services are identical, similar, or entirely unrelated.¹⁴³ Rather than concentrating on protecting the consumers from confusion or ensuring fair market practices, this provision ensures that the uniqueness and appeal of the trademark remain intact. In other words, the purpose of this provision is to safeguard the investment made by the trademark owner in establishing a trademark with a specific brand image.¹⁴⁴

In the context of dilution, trademark law lists specific requirements that differentiate this protection from the other two types. First, to invoke this protection,

¹⁴⁰ See Anselm Kamperman Sanders, *Dilution and Damage beyond Confusion in the European Union*, in THE CAMBRIDGE HANDBOOK OF INTERNATIONAL AND COMPARATIVE TRADEMARK LAW 499, 500 (Irene Calboli & Jane C. Ginsburg eds., 2020) (U.K.).

¹⁴¹ See *id.* at 505.

¹⁴² See Kur & Senftleben, *supra* note 111, at 338.

¹⁴³ See Gielen, *supra* note 101, at 251-52.

¹⁴⁴ See Martin Senftleben, *The Trademark Tower of Babel – Dilution Concepts in International, US and EC Trademark Law*, 40 INT’L REV. INTELL. PROP. & COMPETITION L. 45, 56 (2009) (Ger.).

the registered trademark must have a significant market reputation. Secondly, if the reputation threshold is reached, the protection is applied to all kinds of goods and services. Notably, the mere likelihood of association is enough to bring the claim instead of demonstrating consumer confusion. The last criterion for infringement is taking unfair advantage of, or being damaging to, the unique character of the mark with a reputation. In addressing the last requirement, the C.J.E.U. differentiates between two types of dilution: by *blurring* and by *tarnishment*. In the *Intel Corporation Inc. v. CPM United Kingdom Ltd.*, the C.J.E.U. established that dilution by *blurring* occurs when

. . . that mark's ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark.¹⁴⁵

The C.J.E.U. even went further to determine that this type of dilution requires establishing a “link” in the mind of the average consumer between the reputed trademark and the third-party use.¹⁴⁶ Concerning dilution by *tarnishment*, the damage occurs when the trademark is associated with goods or services that could degrade its image. In this sense, the C.J.E.U. asserted that “*such detriment may arise in particular from the fact that the goods or services offered by the third party possess a characteristic or a quality which is liable to hurt the image of the mark*”.¹⁴⁷ In the United States, dilution is also protected but demands a higher threshold for harm, specifically requiring evidence of actual damage to the famous mark's distinctiveness or reputation. The T.D.R.A. mandates that brand owners prove that the association between the marks is demonstrable rather than merely potential, contrasting with the E.U.'s standard of a possible mental “link” in the mind of consumers.

However, the European Court has already asserted that, in both cases of dilution, the trademark owners need to provide evidence of potential alteration in consumer economic behaviour or significant imminent risk that must not be speculative.¹⁴⁸

¹⁴⁵ Case C-252/07, *Intel Corporation Inc. v. CPM United Kingdom Ltd.*, 2008 E.C.R. I-8857, ¶ 29.

¹⁴⁶ *See id.* ¶ 30.

¹⁴⁷ Case C-487/07, *L'Oréal SA v. Bellure NV*, 2009 E.C.R. I-5246, ¶ 40.

¹⁴⁸ Case C-252/07, *Intel Corporation Inc. v. CPM United Kingdom Ltd.*, 2008 E.C.R. I-8876, ¶77. *See also* Ramírez-Montes, *supra* note 113, at 672. However, there is a minority opinion that believes that this interpretation is wrong. In this regard, “*If the distinctiveness of a mark is diluted, the result will be that consumers, when faced with the mark, will no longer make a direct association with the earlier mark, thus influencing their economic behavior by causing them to turn away from the original mark. This is all the trade mark owner must prove.*” *See* Gielen, *supra* note 101, at 254.

3.2.3.2 PROTECTION AGAINST UNFAIR ADVANTAGE (OR “FREE-RIDING”)

Finally, the last type of protection provisioned in Article 9(2)(c) of the E.U.T.M.R. and Article 10(2)(c) of the T.M.D. is “*free-riding*”. This type of protection can be regarded as a form of unjust enrichment, as it emphasises the advantages that an authorized party unfairly gains from the trademark.¹⁴⁹ In other words, brand proprietors must provide proof of the infringer’s purpose to establish a connection between marks to promote the marketing of their products.¹⁵⁰

Adversely, from the protections against dilution, *free-riding* does not require evidence of harm. For claims involving damage to a mark’s distinctive character or reputation, the key issue is whether the mark itself has suffered harm. This focuses on how the infringing act has affected the trademark and its owner. In contrast, when dealing with unfair advantage (*free-riding*), the main question is whether the infringer has gained, rather than causing harm to the trademark owner. While claims of *blurring* and *tarnishment* involve a decrease in the value of the trademark, *free-riding* focuses on an increase in the value of the infringer’s goods or services. Therefore, demonstrating harm is only required for claims involving detriment to the mark, not for those based on unfair advantage.¹⁵¹ In the *L’Oréal v. Bellure*, the C.J.E.U. emphasised that *free-riding*

. . . relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation.¹⁵²

Moreover, the precedent also established that the trademark owners must offer evidence of the defendant’s intention to create an association between the marks “to facilitate the marketing”.¹⁵³ Unfair advantage, therefore, claims focus on protecting the trademark owner’s marketing efforts and investment in building a favourable image or positive associations linked to the E.U. trademark.¹⁵⁴ While there is no exact U.S. equivalent to E.U. free-riding protection, a comparison may be drawn with the T.D.R.A., which

¹⁴⁹ See Kur & Senftleben, *supra* note 111, at 338.

¹⁵⁰ See Ramírez-Montes, *supra* note 113.

¹⁵¹ See Kur & Senftleben, *supra* note 111, at 351.

¹⁵² Case C-487/07, *L’Oréal SA v. Bellure NV*, 2009 E.C.R. I-5246, ¶ 41.

¹⁵³ *Id.* ¶ 47.

¹⁵⁴ See Ramírez-Montes, *supra* note 113, at 673.

considers the intention to create an association with the earlier mark as a relevant factor for establishing *blurring*.¹⁵⁵

In summary, while *free-riding* and dilution (*blurring* and *tarnishment*) are protected under the same provision (Article 9(2)(c) E.U.T.M.R. and Article 10(2)(c) T.M.D.), free-riding is not a type of dilution. Instead, it is a separate form of infringement that focuses on preventing unjust enrichment without requiring harm to the brand's distinctiveness or reputation. Both forms of protection exist to comprehensively guard famous trademarks' value and prestige in the E.U.

However, there is also a negative condition in the above-mentioned provision, which the trademark owners need to observe: protection is only granted when there is no "due cause" to justify the alleged infringing use. Article 9(2)(c) E.U.T.M.R. and Article 10(2)(c) T.M.D. clearly states:

[T]he sign is identical with, or similar to, the [E.U.] trade mark irrespective of whether it is used in relation to goods or services which are identical with, similar to or not similar to those for which the [E.U.] trade mark is registered, where the latter has a reputation in the Union and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the [E.U.] trade mark.

Thus, this provision effectively incorporates a defence mechanism, allowing the use of a reputed trademark without constituting infringement if the defendant can present a sufficiently compelling reason for the unauthorized use. This flexible and broad defence has become an important safeguard, helping to balance trademark rights against prior rights and competing fundamental freedoms, particularly in the realms of artistic and commercial expression.¹⁵⁶ In the next sections, this negative condition will be further analysed when assessing the possible defences available for Rothschild.

3.2.3.3 HOW SUCCESSFUL WOULD HERMÈS DILUTION AND "FREE-RIDING" CLAIMS BE IN THE E.U.?

Hermès' dilution claim against Rothschild could argue both dilution by *blurring* and *tarnishment*. Regarding the first requirement – repute – it is undisputed that the Birkin mark has acquired a reputation, especially in the luxury market. Secondly,

¹⁵⁵ See Simon, *supra* note 63, at 412.

¹⁵⁶ See Kur & Senftleben, *supra* note 111, at 338.

even though the Birkin mark identifies physical leather handbags, MetaBirkins are N.F.Ts. linked to digital images, in the case of reputed marks, as seen in Section 3.2.3.1, the protection applies even when the goods and services are dissimilar. This condition, therefore, would also be met. Thirdly, it is undeniable that there is a likelihood of association in this case. In this regard, the mere fact that social media posts and news werereports mentioning Hermès' Birkin bag together with MetaBirkins would suffice to demonstrate that the "link" between the signs in the mind of the consumers was already formed. Finally, when assessing the final criterion of being detrimental to the distinctiveness or reputation of the mark, Hermès also has good chances.

In case of dilution by *blurring* (detriment to distinctive character), Hermès could argue that the widespread use of the "Birkin" name in the digital space could erode the exclusivity of the Birkin mark, gradually blurring its association with physical luxury handbags. Furthermore, Rothschild's use of digital replicas of Birkin handbags, replicating their shape and design, could negatively impact Hermès' plans to digitize and tokenise its trademarked Birkin products for future use in the metaverse. This may result in the 'Birkin' brands losing their ability to evoke an immediate association with the genuine goods in the digital market.¹⁵⁷ However, a shift in consumers' economic behaviour resulting in *blurring* cannot be presumed solely because the E.U. trademark is distinctive or simply due to the presence of a new, similar sign that consumers may notice.¹⁵⁸ Hermès would have to present evidence of a change in the economic behaviour of the consumers, which could be more difficult in the digital space.

In the dilution by *tarnishment*, although MetaBirkins N.F.Ts. Hermès could not claim that associating its high-end brand with an unauthorized digital product is inherently low-quality; Hermès could claim that associating its high-end brand with an unauthorized digital product harms the mark's luxurious reputation. In *L'Oréal v. Bellure*, the C.J.E.U. recognized that unauthorized associations can degrade a brand's image, especially luxury brands known for exclusivity and prestige.¹⁵⁹ Hermès could argue that *MetaBirkins* N.F.Ts. cheapen the Birkin name by making it widely accessible in a digital format, which runs against Hermès' carefully carved image of exclusivity. This

¹⁵⁷ See Ioanna Lapatoura, *From Hermes v Rothschild to Vegap v Mango: An EU Analysis on Fair Metaverse Uses of Digitised IP*, 2024 PROCS. INT'L. CONG. TOWARDS RESPONSIBLE DEV. METAVERSE 1, 4 (Spain).

¹⁵⁸ See Ramírez-Montes, *supra* note 113, at 672.

¹⁵⁹ In this case, Bellure sold budget perfumes that mimicked the scents of L'Oréal's high-end fragrances and used comparative advertising to inform customers of the similarities to L'Oréal's products. Although Bellure's products were neither counterfeit nor intended to deceive consumers into thinking they were from L'Oréal, they leveraged L'Oréal's well-established brand reputation to gain market traction. The Court held that Bellure's use of L'Oréal's reputation to promote lower-cost products degraded L'Oréal's luxury image by associating it with budget offerings, thereby reducing its exclusivity and prestige. See Case C-487/07, *L'Oréal SA v. Bellure NV*, 2009 E.C.R. I-5248, ¶ 46.

perceived cheapening could tarnish the Birkin mark in the eyes of consumers, particularly if they begin to associate it with the broader, less exclusive digital N.F.T. market.

Finally, the last possible path for Hermès is the claim of *free-riding*. Different from dilution by *blurring* or *tarnishment*, if Hermès failed to prove harm to its trademark, it is enough to argue that an unfair advantage has been obtained from it. When arguing unfair advantage, the trademark owner does not need to provide evidence of harm (Section 3.2.3.2). In this argument, the key point for Hermès would be to demonstrate that Rothschild's MetaBirkins N.F.T.s likely benefited from the Birkin brand's prestige, drawing upon its image as a symbol of luxury and exclusivity.

Therefore, Hermès could argue that the intense demand and high sale price of the MetaBirkins were mainly due to the Birkin handbag's rare and highly selective nature, which Rothschild exploited. Unlike the physical Birkin handbag, the MetaBirkins N.F.Ts. were available to anyone willing to pay, undermining Hermès' curated exclusivity and creating broad public access to the Birkin name in a way that Hermès carefully restricts. This line of argumentation would bolster Hermès' *free-riding* claim, emphasising that Rothschild tapped into the allure of exclusivity and luxury surrounding the Birkin name to drive demand for MetaBirkins, a factor central to proving unfair advantage.

However, even as Hermès asserts that Rothschild has improperly capitalized on the Birkin handbag's renowned status, the E.U. trademark framework provides artists and creators with specific legal defences against claims of infringement that will be the focus of this analysis in the next section.

3.3 DEFENCES AVAILABLE FOR ROTHSCHILD UNDER THE EU TRADEMARK FRAMEWORK

To evaluate the defences available to Rothschild under the E.U. Trademark framework, this Section will analyse the specific legal provisions that could support his arguments against Hermès' claims.

First, Section 3.3.1 will cover the defences against trademark infringement claim, provided under Article 14(1) of the E.U.T.M.R. and T.M.D., where it will be assessed whether Rothschild's use of the Birkin design serves as a descriptive (Section 3.3.1.1), or referential (Section 3.3.1.2). Furthermore, Section 3.3.1.3 will explore the critical concept of "honest practices" in E.U. trademark law, which could influence how courts interpret the legitimacy of Rothschild's use.

In Section 3.3.2, the “due cause use” in Article 9(2)(c) E.U.T.M.R. and Article 10(2)(c) T.M.D. will be analysed. This use could be particularly relevant if Rothschild can demonstrate that his use of the Birkin trademark serves a legitimate social or artistic purpose that justifies the otherwise unauthorized use.

3.3.1 DEFENCES AGAINST TRADEMARK INFRINGEMENT (ART. 14 (1) E.U.T.M.R. AND T.M.D.)

Art. 14 (1) E.U.T.M.R. and T.M.D. explicitly limit the exclusive rights granted to trademark holders. These provisions are crucial in delineating the scope of trademark protection, ensuring that it does not unreasonably encroach upon other legitimate trademark uses. By balancing exclusivity with broader public interests, they acknowledge the necessity of trademarks coexisting with principles such as fair competition, freedom of expression, and trade facilitation.

In essence, the provisions specify three categories of uses deemed “fair” under the law: (1) use of one’s name and address, (2) descriptive use, and (3) referential use. While the first category is not relevant to this discussion, the focus will be on the latter two. Nevertheless, Article 14(2) introduces a critical safeguard, stipulating that these permissible uses must align with ‘honest practices in industrial and commercial matters’, thereby setting a standard of ethical conduct in applying these limitations.

3.3.1.1 DESCRIPTIVE USE (ART. 14 (1) B E.U.T.M.R. AND T.M.D.)

The descriptive use defence under Article 14(1)(b) E.U.T.M.R. allows a trademark to describe characteristics of goods or services, such as kind, quality, or intended purpose. This defence is particularly relevant when a term has come to represent the nature or features of a product or service or where work titles or other culturally significant signs have been registered as trademarks, as it permits third-party references that enhance consumer understanding without infringing on trademark rights. However, not all uses will qualify as descriptive, and this defence applies only when the sign genuinely communicates a characteristic of the product rather than serving as a brand identifier.¹⁶⁰

The C.J.E.U. has provided some guidance on the scope of descriptive use, in cases such as *Adidas AG v. Marca Mode CV* and *Adam Opel AG v. Autec AG*. The first Case dealt with

¹⁶⁰ See Martin Senftleben, *Safeguarding Freedom of Artistic Expression in the European Union: Toward a Legal Presumption of Fair Use*, in CHARTING LIMITATIONS ON TRADEMARK RIGHTS 121, 125 (Haochen Sun & Barton Beebe eds., 2023) (U.K.).

the use of decorative stripes on clothing that bore a resemblance to Adidas's famous three-stripe trademark. In this Case, the C.J.E.U. found that the purely decorative use of a two-stripe motif on sports clothing was "*not intended to give an indication concerning one of the characteristics of those goods*".¹⁶¹ The Court clarified that these stripes, used as design features, did not indicate any characteristic of the products as sportswear or leisurewear, thereby denying that the use was descriptive.¹⁶²

In the *Adam Opel AG v. Autec AG*, the C.J.E.U. analysed the Opel logo on scale model cars produced by a third party, Autec AG. The C.J.E.U. held that the reproduction of the Opel logo on toy cars was not necessarily intended to indicate the origin of those goods but rather to achieve an accurate likeness to the original Opel cars. However, since Opel had registered its trademark specifically for toy cars, the Court ruled that the use could still be deemed relevant for infringement purposes if it fell outside "honest practices".¹⁶³

3.3.1.2 REFERENTIAL USE (ART. 14 (1) C E.U.T.M.R. AND T.M.D.)

Referential use is one of the core defences available to Rothschild under Article 14(1)(c) of the European Union Trademark Regulation. This provision permits the use of a trademark to "identify or refer to" the goods or services associated with the mark owner, particularly when the use is necessary for conveying information, such as compatibility or association.¹⁶⁴ Initially focused on product and service identification, the 2015 E.U. trademark reforms expanded this limitation,¹⁶⁵ allowing third-party uses "*which concern the kind, quality, quantity, intended purpose, value, geographic origin, the time of production of goods or rendering of the service or other characteristics of goods or services*".

The present version of the provisions allows users to express opinions, criticism, or refer to goods and services marked by that trademark, including indicating participation in an undertaking. It also allows lawful recognition of statements often debated, such as satirical or political expressions.¹⁶⁶

¹⁶¹ Case C-102/07, *Adidas v. Marca Mode*, 2008 E.C.R. I-2481, ¶ 48.

¹⁶² See Martin Senftleben, *The Unproductive "Overconstitutionalization" of EU Copyright and Trademark Law – Fundamental Rights Rhetoric and Reality in CJEU Jurisprudence*, 55 IIC – INT'L REV. INTELL. PROP. & COMPETITION L. 1471 (2024) (Ger.).

¹⁶³ Case C-48/05, *Adam Opel AG v. Autec AG*, 2007 E.C.R. I-1050, ¶ 43.

¹⁶⁴ See Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (hereinafter E.U.T.M.R.), art. 14 (1), 2017 O.J. (L 154) 1: "A trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade: . . . (c) the trade mark for the purpose of identifying or referring to goods or services as those of the proprietor of that trade mark, in particular, where the use of the trade mark is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts."

¹⁶⁵ See Ramírez-Montes, *supra* note 113, at 693.

¹⁶⁶ See Krystyna Szczepanowska-Kozłowska, *Referential Use – A Limitation or Expansion of the Right to a Trademark*, 56 IIC – INT'L REV. INTELL. PROP. & COMPETITION L. 771 (2025) (Ger.).

However, the wider referential use defence's ability to encompass artistic usage has seldom been tested.¹⁶⁷

3.3.1.3 HONEST PRACTICES IN INDUSTRIAL AND COMMERCIAL MATTERS

Referential and descriptive use defences have to be interpreted “*in accordance with honest practices in industrial or commercial matters*”.¹⁶⁸ This is a provision outlined in Article 14(2) E.U.T.M.R. and T.M.D, and it aligns with Article 17 of the Agreement on Trade-Related Aspects of Intellectual Property,¹⁶⁹ making emphasis on the importance of allowing a fair use of descriptive terms.¹⁷⁰

The “honest practices” standard requires third-party trademark use, even when intended for commentary, critique, or other expressive purposes, to respect established norms of fairness and avoid misleading implications about origin or endorsement. Although Recital 21 E.U.T.M.R. and Recital 27 T.M.D. both affirm that artistic expression should be “considered fair” as long as it complies with “honest practices”, this language offers limited concrete guidance on what constitutes fair behaviour.¹⁷¹

The “honest practices” condition introduces complexities for artists who may lack familiarity with industry-specific norms that typically apply to commercial actors. This requirement can constrain artists who wish to utilise trademarks in their expressive works.¹⁷²

In *BMW v. Deenik*, the C.J.E.U. interprets “honest practices” to mean that third-party use “[...] must be regarded as constituting in substance the expression of a duty to act fairly in relation to the legitimate interests of the trade mark owner.”¹⁷³ In addition, the C.J.E.U. held in *Gillette v. LA-Laboratories* that the use will not comply with the “honest practices” if

. . . use of the trade mark will not comply with honest practices in industrial or commercial matters where, first, it is done in such a manner that it may give the impression that there is a commercial

¹⁶⁷ See *id.* at 771-74.

¹⁶⁸ E.U.T.M.R., art.14(3).

¹⁶⁹ Agreement on Trade-Related Aspects of Intellectual Property Rights art. 17, Apr. 15, 1994, 1889 U.N.T.S.: “Members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties”.

¹⁷⁰ See Martin Senftleben, *Robustness Check: Evaluating and Strengthening Artistic Use Defences in EU Trademark Law*, 53 IIC - INT'L REV. INTEL. PROP. & COMPETITION L. 567, 583 (2022) (Ger.).

¹⁷¹ See Senftleben, *supra* note 160, at 132.

¹⁷² See Senftleben, *supra* note 170, at 570.

¹⁷³ Case C-63/97, *Bayerische Motorenwerke AG (BMW) & BMW Nederland BV v. Ronald Karel Deenik*, 1999 E.C.R. I-947, ¶ 61.

connection between the reseller and the trade mark proprietor[...]
Nor may such use affect the value of the trade mark by taking unfair
advantage of its distinctive character or repute . . .¹⁷⁴

As the C.J.E.U.'s interpretations in *BMW v. Deenik* and *Gillette v. LA-Laboratories* show, "honest practices" demand that any referential or descriptive mark use must avoid implying a false connection or profiting from the brand's reputation. However, a use that could be confusing – such as in the *MetaBirkin* case – will inherently create a connection.¹⁷⁵ The C.J.E.U. has not yet assessed this question, but in *Céline SARL v Céline SA*, it has been concluded that

. . . [W]hether the condition of honest practice is satisfied, account must be taken first of the extent to which the use of the third party's name is understood by the relevant public, or at least a significant section of that public, as indicating a link between the third party's goods or services and the trade- mark proprietor or a person authorised to use the trade-mark, and secondly of the extent to which the third party ought to have been aware of that.¹⁷⁶

As a result, there is little clarity about what "honest practices" will be considered in European courts.

3.3.1.4. FREEDOM OF EXPRESSION

In the European Union, the relationship between freedom of expression and trademark is approached differently than in the U.S. Whereas the American system has the freedom of expression explicitly codified under the First Amendment, the E.U. relies on the Article 10 of the European Convention on Human Rights [hereinafter E.C.H.R.]¹⁷⁷ and Article 11 of the Charter of Fundamental Rights of the European Union [hereinafter

¹⁷⁴ Case C-228/03, *Gillette v. LA-Laboratories*, ECLI:EU:C:2005:177, ¶¶ 41–42.

¹⁷⁵ See *Fhima & Gangjee*, *supra* note 108, at 10.

¹⁷⁶ Case C-17/06, *Céline SARL v. Céline SA*, 2007 E.C.R. I-7072, ¶ 34.

¹⁷⁷ Article 10 Freedom of expression 1. Everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers. This Article shall not prevent States from requiring the licensing of broadcasting, television or cinema enterprises. 2. The exercise of these freedoms, since it carries with it duties and responsibilities, may be subject to such formalities, conditions, restrictions or penalties as are prescribed by law and are necessary in a democratic society, in the interests of national security, territorial integrity or public safety, for the prevention of disorder or crime, for the protection of health or morals, for the protection of the reputation or rights of others, for preventing the disclosure of information received in confidence, or for maintaining the authority and impartiality of the judiciary. See Convention for the Protection of Human Rights and Fundamental Freedoms art. 10(1), Nov. 4, 1950, 213 U.N.T.S. 221.

C.F.R.E.U.].¹⁷⁸ When considering the direct applicability of this freedom, the E.U.'s framework becomes even more distinct from that of the U.S. In the latter, the courts have developed the *Rogers test*, which is based on case law that favours artistic expression by requiring that trademark protection apply only if a creative work is explicitly misleading or lacks artistic relevance. As for the E.U., since the protection of intellectual property rights is also recognized in art. 17(2) C.F.R., a horizontal relationship between fundamental rights is established and, in those cases, the application of those rights is limited.¹⁷⁹ The C.J.E.U. already had the opportunity to clarify this on two cases regarding copyright law, where a balance between copyright protection and fundamental rights must be achieved strictly within the framework established by E.U. law.¹⁸⁰ This means that the Directive exhaustively defines the exceptions and limitations to copyright and cannot be expanded by Member States or justified by invoking fundamental rights alone. This interpretation underscores the E.U.'s commitment to harmonizing copyright laws to ensure legal certainty and the proper functioning of the internal market, while still safeguarding fundamental rights within the limits explicitly set by the legislation. This interpretation could also be applied to E.U. Trademark Law, when one must consider the limitations provided by the E.U.T.M.R. and T.M.D. to balance those fundamental rights.

¹⁷⁸ Article 11 - Freedom of thought, conscience and religion 1. Everyone has the right to freedom of thought, conscience and religion. This right includes freedom to change religion or belief and freedom, either alone or in community with others and in public or in private, to manifest religion or belief, in worship, teaching, practice and observance. 2. The right to conscientious objection is recognised, in accordance with the national laws governing the exercise of this right. See Charter of Fundamental Rights of the European Union art. 11, June 7, 2016, 2016 O.J. (C 202).

¹⁷⁹ See Til Todorski, *The Concept of 'Due Cause' and Its Role in Safeguarding Fundamental Rights Under EU Trade Mark Law: How Should the CJEU Rule in IKEA, C-298/23?*, 19 J. INTELL. PROP. L. & PRAC. 809, 810 (2024) (U.K.).

¹⁸⁰ See Case C-469/17, *Funke Medien NRW GmbH v. Federal Republic of Germany*, ECLI:EU:C:2019:623, ¶¶ 55-64 (July 29, 2019); Case C-516/17, *Spiegel Online GmbH v. Volker Beck*, ECLI:EU:C:2019:625, ¶¶ 40-49 (July 29, 2019).

3.3.1.4.1 FREEDOM OF ARTISTIC EXPRESSION

Even though freedom of artistic expression is recognized as a fundamental right under Article 13 of the C.F.R.E.U., the C.J.E.U. has strictly interpreted this freedom. For instance, freedom of artistic expression is not an autonomous defence against trademark infringement. Instead, the C.J.E.U.'s approach, often described as "internal balancing", requires that any reconciliation between artistic freedom and trademark rights must occur within the harmonized framework of E.U. trademark law.¹⁸¹ This means that artists seeking to invoke freedom of expression must fit their use within statutory limitations like descriptive or referential use and comply with the additional constraint of "honest practices in industrial and commercial matters".¹⁸²

The E.U.T.M.R. and T.M.D. provide unique guidelines for balancing trademark protection and freedom of artistic expression. The Recital 21 E.U.T.M.R. and Recital 27 T.M.D. state that "[T]he use of a trade mark by third parties for the purpose of artistic expression should be considered as being fair as long as it is at the same time in accordance with honest practices in industrial and commercial matters".

At first glance, these provisions give the impression of a more explicit safeguarding of freedom of artistic expression against trademark protection in the E.U. However, there are a few concerns regarding the recitals. First, a Recital does not constitute a legally enforceable standard. Therefore, it cannot be used to justify a deviation from the real terms of the relevant statute. Instead, recitals are interpretive instruments in the E.U. legal system that the C.J.E.U. might use to shed light on the meaning of operational laws.¹⁸³

Secondly, instead of requiring trademark owners to demonstrate noncompliance with standards of fairness and honesty in the field of art and culture, the "honest

¹⁸¹ See C-661/11, *Martin y Paz Diffusion SA v. David Depuydt and Fabriek van Maroquinerie Gauquie NV*, ECLI:EU:C:2013:577, (Sep. 19, 2013). This precedent establishes the principle of complete harmonization in E.U. trademark law, under which tensions between competing rights and interests must be resolved internally. Under this internal balancing approach, conflicts must be addressed exclusively within the system of trademark rights, limitations, and exceptions provided by the E.U.T.M.R. and T.M.D., without recourse to external constitutional doctrines or supplementary national rules. This model of internal reconciliation mirrors the methodology later confirmed by the C.J.E.U. in the copyright context in *Pelham* (C-476/17), where the Court reaffirmed that the reconciliation of fundamental rights must occur entirely within the harmonized framework, thereby excluding broader constitutional balancing outside the legislative structure. Thus, *Martin Y Paz* serves as a foundational case for the C.J.E.U.'s doctrine of internal balancing in intellectual property law. Even in subsequent rulings, such as *Constantin Film Produktion v. EUIPO* (C-240/18 P), where the Court stressed that E.U. trademark law must be applied with "full respect for fundamental rights and freedoms, in particular freedom of expression," the commitment to internal reconciliation remains unchanged: fundamental rights must be accommodated within the legislative framework, without altering the rule. i.e. exception architecture established by harmonized E.U. I.P. law; see also Senftleben, *supra* note 162, at 1493-94.

¹⁸² See Senftleben, *supra* note 162, at 1501.

¹⁸³ See Ramírez-Montes, *supra* note 113, at 705.

practices” guideline provided in Recital 21 E.U.T.M.R. and Recital 27 T.M.D. takes the opposite approach: the artist is forced into a defensive position and must prove compliance with standards of honesty in industrial and commercial matters. Using industrial and commercial norms as a benchmark for determining the legitimacy of unlawful artistic usage promotes an information imbalance, giving the trademark owner an advantage. Unlike artists, trademark owners may remain within their industry and “play a home game”.¹⁸⁴

When compared to the U.S., the balance between trademark protection and freedom of artistic expression is less clear.¹⁸⁵ The E.U. protects artistic expression under the larger umbrella of freedom of expression and approaches this freedom through the prism of “honest practices”, offering less specific protection.¹⁸⁶

3.3.1.4.2 PARODY

The parody defence in the E.U. would also present unique challenges. The legal foundation for parody in the E.U. is grounded in the broader constitutional principle of freedom of expression, as protected under Article 10 E.C.H.R., which explicitly encompasses satirical and critical forms of expression. This principle also informs the parody exception in E.U. copyright law. Article 5(3)(k) of Directive 2001/29/EC (the InfoSoc Directive) allows Member States to introduce exceptions or limitations to exclusive rights in cases of caricature, parody, or pastiche. However, the Directive does not define these terms or provide criteria for their application.

In *Deckmyn v. Vandersteen*, the C.J.E.U. clarified that the notion of parody must evoke humour or mockery and be distinct from the original work, ensuring it does not serve as a replacement or compete with the original in its commercial exploitation.¹⁸⁷ Although this interpretation offers guidance within the copyright framework, E.U. trademark law does not provide a statutory definition of parody, and the concept remains undefined in both the E.U.T.M.R. and national trademark statutes across Member States.¹⁸⁸

Therefore, successful delivery of a parody in connection with a trademark hinges on the nuanced balance between recognition and satire: it must evoke the original

¹⁸⁴ See Senftleben, *supra* note 162, at 1501.

¹⁸⁵ See Senftleben, *supra* note 170, at 569.

¹⁸⁶ Some scholars are going as far as to say that the balancing between freedom of artistic expression and Trademark is undeveloped in the E.U. See Ramírez-Montes, *supra* note 113, at 705; see also Lapatoura, *supra* note 157, at 9.

¹⁸⁷ See Case C-201/13, *Deckmyn v. Vandersteen*, ECLI:EU:C:2014:2132, ¶ 33 (Sep. 3, 2014).

¹⁸⁸ See Diana D. Chiampi Ohly, *Trademark Protection Versus Parodic Use in Commerce: A Comparative Analysis of the US Approach Post Jack Daniel’s Properties v. VIP Products and the German Likelihood of Confusion Analysis*, 73 GRUR INT’L 198, 206 (2024) (Ger.).

reference while distinctly conveying that the intent is humorous rather than authentic or commercially linked. Should the parodist neglect to achieve this equilibrium, their creation may be deemed as infringement.¹⁸⁹ The legal complexity is exacerbated by the limited European case law on trademark parody, particularly in contrast to the more established jurisprudence in the United States,¹⁹⁰ and by the lack of a comprehensive creative fair use theory under E.U. trademark law.¹⁹¹

National courts across the E.U. have approached this tension with varying degrees of flexibility. For instance, the Italian Supreme Court settled a case in 2022 involving a television and radio ad for “Brio Blu” water bottles depicting an actor costumed as Zorro.¹⁹² Although the Zorro figure was not directly displayed on the product and the actor was shown holding the bottle rather than consuming it, the Court of Appeal initially found no infringement because the image was not affixed to the product and the use did not function as a trademark.¹⁹³ However, the Italian Supreme Court ruled otherwise. It criticised the Appeal Court’s interpretation as shallow, emphasising that the key question is whether the symbol is utilised as a trademark, not just in trade.¹⁹⁴ The Court stressed that trademark functions, especially for well-known marks, go beyond origin to include communicative, reputational, and association aspects.¹⁹⁵ The Court decided that the advertisement’s humorous Zorro reference risked creating a closeness between the marks, which might affect consumer perceptions and the protected sign’s communicating power.¹⁹⁶ The Court also cautioned of “parasitic free-riding” when a parody might exploit a well-known mark’s reputation, diluting its distinctiveness or allowing unfair advantage in commerce, in which such parody should be considered trademark violation.¹⁹⁷

In the same year, a more flexible approach was taken by the Benelux Court of Justice in the *Moët Hennessy Champagne Services v. Cedric Art*.¹⁹⁸ In this Case, the Benelux

¹⁸⁹ See Ines Duhanic, *The Artistic Use Defence in Trademark Dilution Cases – Hermès’ Legal Setback in Its Attempt to Prevent Others from Using Its Iconic Birkin Handbag*, 73 GRUR INT’L 421, 421 (2024) (Ger.).

¹⁹⁰ See Leonardo M. Pontes, *Trademark and Freedom of Speech: A Comparison Between the U.S. and the EU System in the Awakening of Johan Deckmyn v Helena Vandersteen*, Address Before the 2015 Ninth Wipo Advanced Intellectual Property Research Forum: Towards a Flexible Application of Intellectual Property Law – a Closer Look at Internal and External Balancing Tools.

¹⁹¹ See Duhanic, *supra* note 189.

¹⁹² Cass. Civ., Sez. I [Court of Cassation], 30 December 2022, N. 38165/2022 (It.).

¹⁹³ See Eleonora Rosati, *Parody under copyright and trade mark law: key guidance from Zorro .. and the Italian Supreme Court*, THE IPKAT (Jan. 5, 2023), <https://ipkitten.blogspot.com/2023/01/parody-under-copyright-and-trade-mark.html>.

¹⁹⁴ See *id.*

¹⁹⁵ See *id.*

¹⁹⁶ See *id.*

¹⁹⁷ See Federico Manstretta, *Italian Supreme Court Provides Guidance on Parody Exception Under Copyright and Trade Mark Law*, 18 J. INTELL. PROP. L. & PRAC. 177, 179 (2023) (U.K.).

¹⁹⁸ [Benelux Court of Justice], Oct. 14, 2019, Case No. A2018/ 1/ 8, *Moët Hennessy/ Cedric Art*.

Court ruled that parody in a commercial context should not infringe upon the rights of a trademark owner, provided it is not done with the primary intent to harm the brand's reputation or goodwill.¹⁹⁹ In addition, the Court clarified that artistic expression should not attempt to damage the trademark or its proprietor.²⁰⁰ The ruling shifted towards a more contextual evaluation, in which parody is safeguarded, provided it is identifiable as a critique. It does not unjustly exploit or create misunderstanding about the original trademark's source.

The trend promoting a more proportional reasoning was further reflected in Germany, where the Frankfurt Regional Court ruled in 2023 in favour of a non-commercial fashion performance that referenced the design of Hermès.²⁰¹ The Berlin fashion label *Namilia* made a fashion show, titled "In loving memory of my sugar daddy", featuring designs referencing Hermès' Birkin bag. The performance used provocative slogans and Birkin-inspired garments to critique gender stereotypes and the association of women with luxury goods provided by affluent men.²⁰² The Court emphasised that the absence of product sales, combined with the purely artistic nature of the performance, meant that neither an unfair advantage was taken nor reputational harm was caused to the trademark owner.²⁰³ Applying a balancing test grounded in fundamental rights under Article 13 of the C.F.R.E.U., the Court concluded that the parodic use was a legitimate exercise of artistic freedom.²⁰⁴ This judgment reflects an increasing recognition that expressive uses of trademarks, particularly where there is no commercial intent, deserve protection against infringement claims. This reasoning resonates with the U.S. Supreme Court's most recent decision in *Jack Daniel's v. VIP Products*.²⁰⁵ In both cases, courts acknowledge that trademark law must be carefully calibrated to avoid unduly restricting freedom of artistic expression, particularly when the use does not involve commercial exploitation or source-identifying purposes.

However, this more permissive approach was limited by the *Tribunal Judiciaire de Paris* (Paris Judicial Court) in its decision of 25 April 2024 in the *Louis Vuitton v. Pooley*

¹⁹⁹ See Senftleben, *supra* note 160, at 147.

²⁰⁰ See *id.*

²⁰¹ See *Striking a Balance Between Trade Mark Rights and Artistic Freedom*, 73 GRUR INT'L 450 (David Wright-Policepayeh trans., 2024) (Ger.).

²⁰² See Duhanic, *supra* note 189, at 423.

²⁰³ See *Striking a Balance Between Trade Mark Rights and Artistic Freedom*, *supra* note 201, at 451.

²⁰⁴ See *id.*

²⁰⁵ In the 2023 *Jack Daniel's v. VIP Products* decision, the U.S. Supreme Court reaffirmed that trademark infringement applies only when a mark is used in commerce in a manner that implicates the core functions of a trademark, i.e. identifying a product's source and distinguishing it from others in the marketplace. The decision further suggests that if a defendant uses a trademark as a designation of source for its own goods, even if the product has expressive content, the use falls under the traditional "use in commerce" standard, making it subject to the "likelihood of confusion" analysis. See Stacey Dogan & Jessica Silbey, *Jack Daniel's and the Unfulfilled Promise of Trademark Use*, 42 Cardozo Arts & Ent. L.J. 705 (2024).

Puitton case.²⁰⁶ The dispute concerned a children's toy designed to resemble a luxury purse, marketed as a slime-making kit under the name "Pooey Puitton", with floral motifs mimicking Louis Vuitton's signature monogram.²⁰⁷ The defendants argued that the product was a playful and humorous reference unlikely to cause consumer confusion.²⁰⁸ Nevertheless, the Court rejected this defence, reaffirming the absence of a statutory parody exception in French trademark law.²⁰⁹ It concluded that such use within the commercial sphere constituted an unjustified appropriation of Louis Vuitton's reputation.²¹⁰ The Court further emphasised that humorous intent does not override the rights of trademark proprietors when the use occurs "*dans la vie des affaires*", particularly when it risks capitalising on the prestige associated with a renowned brand.²¹¹

These cases illustrate both convergence and divergence in national approaches to trademark parody within the E.U. The Italian and French courts tend to rigorously protect trademark reputation in commercial contexts, regardless of humorous or satirical intent. By contrast, the Benelux and German courts exhibit a more nuanced recognition of parody as a legitimate form of artistic expression, particularly where the use does not result in consumer confusion or reputational harm. These differences highlight the fragmented legal landscape governing trademark parody across Member States.

The pending C.J.E.U. ruling in the *IKEA* (C-298/23) case may offer much-needed doctrinal consolidation. The case concerns whether the unauthorised use of IKEA's brand by a political party constitutes "due cause" under Article 9(2)(c) E.U.T.M.R., thereby justifying the parodic use on freedom of expression grounds.²¹² The Court of Justice is now called upon to determine whether and how fundamental rights can operate as legitimate justifications for expressive trademark uses.²¹³ Its decision has the potential to harmonise these divergent national practices, offering more explicit guidance on the balance between trademark exclusivity and freedom of expression in the absence of an explicit parody exception in E.U. trademark law.

In addition, the pending C.J.E.U. case is seen by many as a pivotal moment: some commentators argue that the concept of "due cause" under Article 9(2)(c) E.U.T.M.R. offers the most appropriate doctrinal framework to accommodate expressive uses such

²⁰⁶ Tribunal Judiciaire de Paris, [Paris Judicial Court], RG No. 19/01735, 25 April 2024., <https://www.courdecassation.fr/decision/662a9fd6c8a1343b8cd62599> (Fr.).

²⁰⁷ See Anne-Sophie Cantreau, *Marques: La Renommée Vainc La Parodie*, LEXING AVOCATS (June 26, 2024), <https://www.lexing.law/avocats/marque-de-renommee-vainc-la-parodie/2024/06/26/>.

²⁰⁸ See *id.*

²⁰⁹ See *id.*

²¹⁰ See *id.*

²¹¹ See Tribunal Judiciaire de Paris, [Paris Judicial Court], RG No. 19/01735, p. 19 (Fr.).

²¹² Case C-298/23, *Inter IKEA Systems*, (May 8, 2023) (lodged).

²¹³ See Sabine Jacques, *The EU trade mark system's lost sense of humour*, 1 INTELL. PROP. Q.J. (forthcoming 2024).

as parody,²¹⁴ while others defend that, after the 2015 European Union Trademark Law reform, the scope of art. 14(1) b – referential use – was enlarged and could entail satirical discourses, such as parody.²¹⁵

Moreover, Recital 21 E.U.T.M.R. and Recital 27 T.M.D. provide limited guidance,²¹⁶ merely suggesting that artistic use may be considered fair if it complies with “*honest practices in industrial and commercial matters*”.²¹⁷ Due to the lack of guidance and clarity of the existing principles, it becomes unhelpful to artists to defend themselves in infringement proceedings.²¹⁸

3.3.1.5 HOW SUCCESSFUL WOULD ROTHSCHILD’S DEFENCES AGAINST TRADEMARK INFRINGEMENT BE IN THE E.U.?

If Rothschild’s *MetaBirkins* case were judged under E.U. trademark law, the artist would have potential defences against the trademark infringement claim, though each comes with its challenges. His arguments could rely on descriptive and referential use, but all would hinge on whether his actions align with the “honest practices” requirement in Article 14(2) of the E.U.T.M.R. and the T.M.D.

Concerning the referential use, Rothschild might first argue that his *MetaBirkins* serve as a form of referential commentary on the cultural status of Hermès’ Birkin bag. This is only possible due to the expanded scope of referential use under the 2015 E.U. trademark reforms. As previously stated, this reform allowed trademarks to critique or symbolize a brand’s social implications, which could theoretically support Rothschild’s position. The artist has claimed that the fur-covered digital Birkin bags were intended to critique Hermès’ non-compliance with the fur-free movement gaining traction in the fashion industry. By “diverting” the meaning of the Birkin mark, Rothschild might argue that *MetaBirkins* represent a broader critique of the luxury sector’s reliance on animal products, which aligns with a growing ethical stance in the fashion world. This line of argument could indeed be strong if his digital works were perceived as engaging meaningfully with this ethical discourse.²¹⁹

²¹⁴ See Todorski, *supra* note 179.

²¹⁵ See Szczepanowska-Kozłowska, *supra* note 166.

²¹⁶ See Rosati, *supra* note 193.

²¹⁷ Directive 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks, art.10 (2), 2015 O.J. (L 336) 1.

²¹⁸ “[...] the guideline given in Recital 21 EUTMR and Recital 27 TMD seems to reflect the opposite approach: the artist is forced into a defensive position and obliged to prove compliance with standards of honesty in industrial and commercial matters.” See Senftleben, *supra* note 170, at 570.

²¹⁹ See Lapatoura, *supra* note 157, at 7.

However, one could interpret Rothschild's presentation of MetaBirkins as lacking explicit indicators of this message. Unlike other cases where artists issue explicit statements to reinforce the critical or artistic nature of their work, Rothschild's marketing did not visibly communicate an anti-fur or animal rights message.

Rothschild might try to argue descriptive use, as allowed under Article 14(1)(b) E.U.T.M.R. and T.M.D. permits using trademarks to describe characteristics of goods or services. Rothschild could claim that the term "Birkin" descriptively conveys luxury and exclusivity in his digital products. However, past C.J.E.U. cases like *Adidas AG v. Marca Mode* and *Opel AG v. Autec AG* demonstrate a high bar for descriptive use. Therefore, the courts have generally found that mere decoration or branding does not qualify. This defence would likely fall short in Rothschild's case, as the term "Birkin" is more indicative of Hermès' brand than any specific characteristic of his N.F.Ts.

Another possible defence would be parody, as Rothschild used the phrase "Not your mother's Birkin" in MetaBirkins promotions. This tagline could suggest a humorous take, positioning MetaBirkins as a modern, digital reinterpretation of the classic Birkin. However, parody in E.U. trademark law remains complex, without a clear protection like the First Amendment in the U.S. If a similar standard were applied here, Rothschild's phrase might struggle to meet the parody threshold, as it does not critique Hermès. The court may view it as a marketing strategy rather than genuine humour or critique, further weakening his case.

3.3.2 "DUE CAUSE" IN DILUTION CLAIMS

Under the art. 9(2) (c) E.U.T.M.R., the "due cause" defence can be invoked if a legitimate reason justifies a third-party usage of a reputed trademark. This defence is applicable where the utilization of the mark fulfils a broader purpose. The statute, however, did not include an illustrative list of considerations that might assist in evaluating the validity of unauthorized use of a mark.²²⁰ From one angle, the lack of due cause factors complicates the uniform use of the defence in practice. On the other hand, this flexibility allows due cause to be invoked to accommodate freedom of speech.²²¹

The C.J.E.U. has not yet had the opportunity to decide on cases concerning the use of the due case defence about political or artistic expression.²²² On a national level,

²²⁰ See Kur & Senftleben, *supra* note 111, at 363.

²²¹ See Senftleben, *supra* note 119, at 167–68.

²²² See Bohaczewski, *supra* note 107, at 874.

however, rulings²²³ illustrate the capacity of the due cause defence to function as a protection for political and artistic freedom.²²⁴

The ‘due cause’ is exciting from the Rothschild perspective. One of his central claims was that the MetaBirkins should be regarded as art, designed to draw attention to the cruelty of using animal leather in the production of Birkin handbags. By reimagining the iconic design with fur-covered digital versions, Rothschild sought to critique the luxury fashion industry’s reliance on animal products. This line of reasoning aligns closely with the due cause defence under E.U.T.M.R., as using the Birkin design is essential to the message he aims to convey. By incorporating the recognizable Birkin silhouette, Rothschild’s artwork directly engages with the cultural significance of the handbag, making it an integral element of his artistic and ethical commentary, rather than merely commercial exploitation.

However, a significant challenge for Rothschild is the “honest practices” requirement in Article 14(2) E.U.T.M.R. and T.M.D., applied to referential and descriptive use and due cause. This requirement demands that any defence meets commercial integrity standards. Those standards, however, are unclear and could backfire. This is because, according to the C.J.E.U. understanding, the use is only in line with “honest practices” if it does not imply a false connection or profiting from the brand’s reputation. This could be extremely difficult for Rothschild to prove, since his N.F.T.s. did sell for astronomical values and also gained extensive popularity – two facts that could be considered as acts of taking unfair advantage of the Hermès Birkin bag’s reputation.

In conclusion, while Rothschild has several defences available, each is constrained by the “honest practices” requirement and the ambiguity of his artistic intent. His lack of a clear statement about the social or ethical critique behind MetaBirkins limits his reliance on referential use and parody. The high prices and commercial nature of MetaBirkins further complicate these defences, which would likely tip the scales in favour of Hermès if Rothschild’s use were seen as leveraging Hermès’ reputation rather than a form of social critique.

²²³ See Senftleben, *supra* note 160, at 123.

²²⁴ See Kur & Senftleben, *supra* note 111, at 366.

CONCLUSION

The *MetaBirkins* case is a milestone in trademark law because it overlaps with the emerging realm of non-fungible tokens and digital assets, which is new primarily territory in legal practice. The disagreement between Hermès and Rothschild highlights the complexities of applying existing legal frameworks to modern technologies, mainly when they function as creative expressions and commercial objects. The *MetaBirkins* lawsuit exemplifies the issues that luxury businesses confront in retaining exclusivity and safeguarding their trademarks in internet markets, as Hermès alleges trademark infringement, dilution, and customer confusion.

One of the key issues raised by the *MetaBirkins* case is the difficulty of differentiating between digital assets generated for artistic purposes and those meant for commercial use. N.F.Ts., as shown in Rothschild's collection, do more than simply copy physical items; they frequently endow them with fresh interpretative or aesthetic aspects that call into question traditional notions of ownership and originality. By tying images of virtual fur-adorned Birkin bags to N.F.Ts, Rothschild developed a product that serves as a digital collection and, potentially, an artistic statement. This uncertainty poses fundamental concerns in intellectual property law, such as when an N.F.T. becomes a commercial product infringing on established trademarks and qualifies for protection as an artwork.

While Hermès viewed Rothschild's creations as unauthorized replicas that jeopardized the Birkin's brand identity, Rothschild presented the *MetaBirkins* as transformative, critiquing luxury fashion's reliance on animal-derived materials. In finding for Hermès, the court determined that this critique did not supersede the risk of consumer confusion and the commercial exploitation of the Birkin brand's exclusivity. This Case also highlights the limitations of traditional trademark laws, such as the Lanham Act, in addressing the novel issues posed by digital assets like NFTs. Hermès' concerns over trademark dilution and blurring are magnified in the digital realm, where rapid dissemination and limited regulatory oversight can easily erode a brand's carefully curated image.

The judgment reinforces the brand's exclusive control over its reputation and resistance to unauthorized associations, even those made under claims of artistic expression. However, the defence Rothschild raised, arguing his N.F.Ts. were comparable to artistic works like Andy Warhol's Campbell Soup series, illustrates the potential for future cases to question whether the commercial value of an N.F.T. always nullifies its artistic claim. The court's reluctance to accept Rothschild's First Amendment defence

may set a precedent. Still, it also raises questions about how digital art is defined legally and where the line between art and commerce should be drawn.

Further analysis from an E.U. perspective, as undertaken in this study, reveals that Rothschild's defences might have gained stronger consideration under E.U. law. The European legal framework prioritizes consumer confusion and dilution differently, notably without the explicit protection for artistic expression in U.S. law. Rothschild's potential to argue under "due cause" or to invoke the "freedom of artistic expression" defence offers a distinct perspective, underscoring how cultural and legal differences can shape outcomes in trademark disputes involving digital assets. Unlike in the U.S., where the *Rogers test* governs the balance between trademark rights and free speech, the E.U.'s reliance on likelihood of confusion, distinctiveness, and association may open nuanced defences to those claiming artistic reinterpretation. The examination of both frameworks in this paper highlights a critical need for convergence or consideration of a harmonized approach to digital assets, given the global and decentralized nature of N.F.Ts.

The *MetaBirkins* case has given us a glimpse of how U.S. courts might interpret trademark rights concerning digital assets. It underscores the necessity for brand owners to remain vigilant in protecting their intellectual property within digital spaces. It reinforces the potential need for legislative advancements that specifically address digital assets and their multifaceted nature. As N.F.Ts. continue to proliferate and artists increasingly experiment with digital reinterpretations of luxury brands, the *MetaBirkins* ruling may serve as a foundational case study, guiding the development of a more nuanced legal framework for digital assets. Simultaneously, the case invites ongoing discourse on the boundaries of artistic expression in an era where digital art and commerce are becoming inextricably linked. The contrasting approaches of the U.S. and E.U. legal systems provide an invaluable lens to consider future cases, advocating for more precise definitions and even new legal categories that recognize and protect the unique intersections of art, commerce, and technology in the digital age.

Rothschild's recent appeal promises further developments in this debate, marking this case as a milestone with far-reaching implications. It's not just a legal battle; it's a litmus test for how courts worldwide might adjust trademark doctrines to accommodate—or constrain—creative digital expressions. In this case, each new ruling will likely shape the future for artists, brands, and platforms within the metaverse, setting precedents that may redefine what's permissible when reimagining iconic brands in a digital form.

As the outcome of this appeal is yet to come, the legal community, brands, and artists alike are left to ponder: will the courts expand protections to shield brand

identity in the virtual space, or will they permit broader freedoms in artistic expression? The *MetaBirkins* case reminds us that, in the digital age, the boundaries of intellectual property are no longer set in stone but are being continuously redrawn. This ongoing litigation is not just about Hermès and Rothschild; it's about setting the stage for the digital economy's legal framework, where art, commerce, and intellectual property intersect in unprecedented ways.

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