

NFTs and Trade Mark Infringement – Hermès International and Hermès of Paris, Inc vs Mason Rothschild

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A US Court has found in favour of French Fashion House, [Hermès](#), owner of the renowned Birkin handbag, in its case filed in 2022 against an individual, Mason Rothschild ("Rothschild"), and his non-fungible tokens ("NFTs") which he named "MetaBirkins". While these NFTs were first sold for a few hundred US\$ it is reported that several have sold, and resold, for thousands more.

This is the first matter that has gone to Trial concerning NFTs and trade mark infringement and is therefore very significant for brand holders and intellectual property ("IP"), navigating the inevitable overlap between reality and the digital world.

Background

Towards the end of 2021 Rothschild created a number of NFTs comprising computerised pictures which look like the [Hermès](#) Birkin handbag, with the addition of fake fur, which he named "MetaBirkins". Below is an example MetaBirkins NFTs –



[Hermès](#) filed its case against Rothschild before the US Courts on the grounds of trade mark infringement, trade mark dilution and cybersquatting.

In his defence, Rothschild, who is in the fashion industry, was termed a "marketing strategist" and an entrepreneur and claimed that he was entitled to artistic expression. It was said that his use of the term "MetaBirkins" to refer to the NFTs on his website and social media platforms is the title of his artwork and not "a source identifier" and that such artistic expression is protected under the US First Amendment, providing for Freedom of Expression in the US Constitution.

The Court considered that even though NFTs authenticate the MetaBirkins for sale and resale, it does not mean that by using and naming look-alike images in this manner that Rothschild is exempt from the IP protection afforded to [Hermès](#). The Court noted that it is also possible to assume a connection between NFTs and other forms of media files, for example PC gaming and other virtual world platforms, causing confusion from whom the NFTs originate and to which the question of trade mark infringement applies.

NFTs / Blockchain / Cryptocurrency – take-aways for brand owners and internet users

NFTs use blockchain as proof of ownership, NFTs are therefore associated with a digital certificate of authenticity on the blockchain and are stored in digital wallets.

These terms are defined on [Oxford Learners Dictionary](#) as:

- **Non-fungible token ("NFT"):** "A unit of data attached to a unique digital file, such as a song or video that contains proof of the identity of the owner of the file";
- **Blockchain:** "A system in which a record of payments made in cryptocurrency is maintained across several computers that are linked".
- **Cryptocurrency:** "A system in which a record of payments made in cryptocurrency is maintained across several computers that are linked".
- **Digital wallet:** "An App or online service that stores users payment information and allows them to make payments online and to store electronic tickets; documents, etc".

NFTs are popular, available on NFT marketplaces and associated with so many things from art, photography and collectibles to actual property, sports grounds and playing fields.

It remains debatable whether NFTs are subject to Copyright Protection, which are rights which vest automatically and exclusively in the Creator of an "original work", for example literary works, artistic works or computer programs. Since NFTs represent works on the blockchain, they may not be considered "original". Copyright protection may, however, reside in the works on which the NFT is based.

Brand owners can address unauthorised use of IP on the internet with take down processes available on social media platforms in respect of domain names, by filing a Complaint in terms of the World Intellectual Property Office ("WIPO") Uniform Domain Name Dispute Resolution ("UDRP").

Regarding NFTs, while some main NFT marketplaces provide for take-downs, the caveat is that even if the NFT is removed from that platform, the content remains on the blockchain. With no single remedy for NFTs, the MetaBirkins decision should provide some guidance to the question whether NFTs include IP rights.

Considering purchasing an NFT?

Select a reputable and trusted NFT marketplace with policies and check for smart contracts which ensures the Purchaser a licence from the Creator.

Brand Owners are advised to:-

Maintain regular contact with agents, retailers and distributors to stay up to date with market trends;

Monitor social media platforms, utilise watching services;

Good record keeping is imperative, particularly when commissioning a third party since Copyright ownership can only be transferred in writing between the Parties;

Maintain and retain existing trade marks, albeit for defensive purposes;

Consider product and service diversification with additional classes and wider goods and service specifications for trade marks;

Please contact the [Werkmans Intellectual Property Team](#) for further assistance.

References

1. [NFTS Brand Protection in the Age of Blockchain](#)



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