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**A CRITICAL ANALYSIS OF HERMES v. ROTHSCHILD VIS-À-VIS
TRADEMARK INFRINGEMENT, DILUTION AND CYBERSQUATTING**- Eesha Parande¹**Abstract**

With the rapid evolution in technology and virtual accounting systems, Cryptocurrency and NFTs are gaining platform progressively. A Non-Fungible Token, also known as an NFT is a digital asset which cannot be replaced or interchanged unlike the physical or cryptocurrency which can be exchanged for one another. An NFT possesses certain unique properties because of which it cannot be traded or exchanged like the other currencies. An NFT is a digital asset which acts for a collection of music, arts, games, designs which uses blockchain technology.

Hermès v Rothschild is one of the first cases with respect to Intellectual Property rights which deals with these digital tokens-NFTs. It is a testimony to the evolving paradigms of Trademark Protection. With the new technological advances, the ambit of Trademark Protection is also expanding. The author aims at shedding light on the facts, judgement and interpretation of the said case along with discussing the relevant provisions under Trademarks Laws. Framework of the paper is as follows:

- 1) Introduction to Trademark
- 2) Background and facts of the case
- 3) Arguments
- 4) Issues
- 5) Judgement and Analysis
- 6) Interpretation of relevant provisions of Law
- 7) Conclusion

Keywords- Intellectual Property, NFT, Infringement, Dilution, Cybersquatting**1) Introduction to Trademark**

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Trademarks fall under the broad category of Industrial Property and are given protection under Intellectual Property Rights. A Trademark, according to the World Intellectual Property Organisation is a sign capable of distinguishing the goods and services rendered by an enterprise from another enterprise.² The Paris convention, Madrid Agreement, Vienna Agreement, Nice agreement are few of the Treaties which are instrumental in the registration and protection of trademarks.

A trademark is used by a brand to protect its logo, slogan, tagline which is engaged in business transactions of goods and services. It protects the brand from other enterprises from using a similar or even a deceptively similar trademark. The different types of trademarks include:

- 1) Product Mark
- 2) Service Mark
- 3) Pattern Mark
- 4) Shape Mark
- 5) Collective Mark
- 6) Sound Mark
- 7) Certification Mark

2) Background and facts of the Case

Hermès, founded in Paris, France is an internationally known luxury brand which deals in goods made from authentic leather, perfumes, jewellery, watches and apparels. It uses the trademark of a Duke Carriage with a horse since its inception in 1950s. Hermès is especially known for its bags and luggage made from authentic leather which takes a long time to produce because of its intricate processes and designs. For example, Kelly bag, a product of Hermès, takes around 18-24 hours to be produced.

Another famous product of Hermès, the Birkin bag, is the product in question in the case of Hermès and Rothschild. Hermès, back in 2021 sent a cease-and-desist order to Rothschild stating that it was allegedly infringing Hermès' registered Trademarks by selling the product called MetaBirkins over the internet in the form of Non-Fungible Tokens.

This was the case of Hermès International v Rothschild in the US District Court for the

² World Intellectual Property Organisation (WIPO)

Southern District of New York³. It was a lawsuit under the First Amendment Protection for Arts.

Rothschild argued that his creations in the form of an NFT were protected from the allegations of Hermès and that he had a right to create any form of art on the basis of his interpretation of things in the world. The first sale of this digital asset called MetaBirkins was sold for a whopping 42000\$ on the internet.

On the non-compliance of Rothschild of the cease-and-desist orders given by Hermès, Hermès proceeded to file a suit against the MetaBirkins producer in the US Federal Court on 14th January. The accusation made by Hermès included infringement of Federal and Common laws of Trademark, its dilution, creating misconception of origin of the Birkin bag, cybersquatting, injury to the reputation of the business filed under the New York General Business Law. The prayer included monetary damages and an injunction order barring Rothschild from continuing the sale of MetaBirkins.

3) Arguments

Argument put forth by Hermès

Hermès filed a complaint soon after filing the suit that Mason Rothschild would not cease the sale of MetaBirkins which was allegedly causing a confusion among the consumers as to the origin of such sales and argued that the sale of MetaBirkins was a flagrant violation of Trademark provisions and it is also causing an injury to the goodwill of the enterprise. Hermès also provided testimonials of the online consumers being confused about the MetaBirkins and the original Birkin bags.

It was also argued by Hermès that they were already in course of producing their own NFTs when MetaBirkins hampered their plans under the sale by Rothschild.

Argument put forth by Rothschild

According to the counsel of Rothschild, the argument out forth by Hermès regarding the trademark infringement and dilution of trademark should be set aside on the basis of the precedent set out in the case of Robert v Grimaldi.⁴ The counsel stated that according to the precedent, the decision should be given in favour of Rothschild as the depiction of Rothschild fall under “low threshold of minimal artistic relevance”. Allegedly Rothschild did nothing to

³ US District Court for the Southern District of New York

⁴ United States Court of Appeals for the Second Circuit, No. 88-7826, 88-7828.

sway the consumers interests in a manner detrimental to the reputation of Hermès. According to the counsel, there was nothing misleading about MetaBirkins and its usage on the social networking platforms. He

Another argument put forth by the counsel of Rothschild was that MetaBirkins fall under creative expressions falling under the First Amendment and are hence not liable to be termed as infringement of Trademark.

4) Issues

- Will Trademark Laws apply to Non-Fungible Tokens which use blockchain technology to verify the ownership of the digital art?
- Will such NFTs fall under the “low threshold of minimal artistic relevance”?

5) Judgement and Analysis

The Jury awarded Hermès damages for Trademark infringement, dilution and cybersquatting, 133000\$. They further stated that MetaBirkins was not liable to protection under the First Amendment.⁵

It means that the First Amendment does not provide a free pass to the upcoming entrepreneurs to deceptively copy the designs or infringe the trademarks of renowned brands. The NFT virtual market is not a lawless society but it too, is bound by the laws of Intellectual Property.

This is a quintessential landmark case which shows us how law is a very dynamic field which is flexible when new advances take place. The ambit of Trademark extended itself to the virtual accounting systems and virtual designs in the form of NFTs. The verdict of this case ultimately boiled down to the test named “Rogers Test” which had taken place in a precedent in 1989. The test stipulates that Trademark protection will be given when there is no artistic relevance to the underlying work.

6) Relevant Provisions of Law

⁵ First Amendment, The Constitution, United States of America.

- Trademark Infringement

Trademark infringement is said to be done when someone who is not the registered owner of the Trademark uses it under his own brand or enterprise which is likely to cause confusion among the consumers as to the origin of the goods.

In order to prove the infringement of Trademark, the plaintiff must show that the impugned trademark is creating confusion among the consumers as to the origin and also that the Trademark of the plaintiff is valid, registered, therefore entitled to protection and the defendant is using the same or deceptively similar mark for commercial purposes without the owner's consent.

- Trademark Dilution

Trademark Dilution gives protection to the well-known trademarks. Trademark Dilution is a concept whereby the owner of a well-known or a famous trademark is given the right to stop or forbid others from using their trademark and it is based on the ground that the use of their trademark would bring about an injury to the reputation or goodwill of their famous brand. The test which is used with respect to checking the infringement of trademark of established companies is the test of "likelihood of confusion as to the source or origin of the goods."

- Cybersquatting

Cybersquatting is done by individuals with a bad motive to earn profits from a well-known enterprise by making unauthorized use of their goods and services which results as an infringement of their Intellectual Property Rights.

The term means any unauthorized registration or using such domain names on the internet which are similar or identical to some brand already using the same. For example, in the above case Birkin bag was substituted by MetaBirkins by Rothschild which created confusion in the minds of the consumers as to the origin and source of the goods.

7) Conclusion

The case of Hermès v Rothschild has brought about a precedent as to the control of Trademark Laws and their applicability in the virtual world as well. It stipulates that no one, especially entrepreneurs are free from the reigns of the Law and would not be given a carte blanche in

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using any similar trademarks of well-known enterprises.



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