

THE DEVIL IN DILUTION: THE DISSONANT JURISPRUDENCE
WITHIN NIKE V. MSCHF

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Abstract

Multinational sportswear giant Nike earned a restraining order in its favour in a lawsuit against a Brooklyn based design studio, MSCHF, on the 2nd of April, 2021. The suit was settled a week later, with MSCHF accepting the conditions proposed by Nike. Essentially, Nike had claimed trademark infringement as well as trademark dilution stating that the design house had not approached them for any prior permission or authorization concerning the release of their ‘Satan Shoes’. In addition, Nike also claimed unfair competition from the sale of the ‘Satan Shoes’, amounting to loss of revenue and customers, as a result of MSCHF’s actions. Although this appears a simple case of trademark violation, the controversy surrounding the same has the scope for dissection and exploration. The author attempts to analyze the social environment of the lawsuit and its nascent ripples across various markets, as well as navigating the paradigm shift between preliminary schools of thought around intellectual property rights and modern jurisprudential decisions. The arguments analysis portrays early foundational case laws, as well as recent relevant decisions, in order to contextualize the legal quandry. The concluding section contains prospective measures to improve the current framework. The article will focus on the basis of the lawsuit and the background surrounding it, while also providing a comparative analysis with respect to various other cases in the same legal realm. The paper also features suggestions based on original research as to the future of trademark violations in tandem with entertainment, celebrity rights, and intellectual property.

Keywords: Trademark dilution, Satan Shoes, Nike, MSCHF, trademark infringement.

INTRODUCTION

On the morning of March 29th, 2021, six hundred and sixty-five pairs of modified Nike Air Max 97 shoes, priced at \$1018 each, were sold out within a minute from the website of a small

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VOLUME 1 ISSUE 2

Brooklyn-based art-collective named MSCHF.¹ The shoes featured a black and red pattern with the iconic Nike swoosh, pentagram sigils and inverted crosses on the laces, as well as the words “Luke 10:18” on the side, referring to the biblical verse “I saw Satan fall like lightning from heaven.” More unsettlingly, each of the soles contained 60 cc of red ink, along with one drop of real human blood.

The company had originally released the 666-run series of altered shoes, nicknamed “Satan Shoes”, in collaboration with American rapper Lil Nas X, who had intended them to be promotional material for the music video of his new record “Montero (Call Me By Your Name)”. The video itself contain numerous biblical references, including scenes heavily featuring the character of Satan.² However controversial the music video was, the shoes took most of the spotlight due to the outrage at its sacrilegious nature. Unsurprisingly, MSCHF was served with a temporary restraining order shortly after from Nike, in a legal saga that explored the annals of trademark law, and finally ended in an out-of-court settlement. This article will discuss the issues surrounding the case, the arguments from the parties, as well as the rationale of the court. Furthermore, it will also attempt to critically analyze the legal quandary relating to trademark infringement, confusion, and dilution by comparing decisions of the court in previous instances of similar breach of intellectual property rights. Lastly, the author will attempt to provide suggestions on how likewise cases may be approached in the future.

BACKGROUND AND ISSUES

The design studio, MSCHF, has been involved in such satirical antics for quite some time. It has described itself as “a conceptual art collective known for interventions that engage fashion, art, technology, and capitalism in various, often unexpected, mediums.”³ Known as ‘Banksy of the Internet’,⁴ the company garnered major attention in 2018 with the release of their first work titled, ‘The Persistence of Chaos’. The exhibit featured a 2008 Windows laptop loaded with six of the most harmful computer viruses in the world – malware which had cost the global

¹ Oscar Holland & Jacqui Palumbo, *Lil Nas X's unofficial 'Satan' Nikes containing human blood sell out in under a minute*, CNN STYLE (MAR. 29, 2021), <https://edition.cnn.com/style/article/lil-nas-x-msCHF-satan-nike-shoes/index.html>.

² Heather White, *Lil Nas X's 'Satan Shoes' trolled some Christians. But 'Montero' is about more than that.*, NBC NEWS (MAR. 31, 2021, 2:17 AM), <https://www.nbcnews.com/think/opinion/lil-nas-x-s-satan-shoes-trolled-some-christians-montero-ncna1262495>.

³ *Statement April 1 Final – MSCHF*, MSCHF (APR. 1, 2021) (available at <https://msCHF.xyz/statement.pdf>).

⁴ Sanam Yar, *The Story of MSCHF, a Very Modern ... Business?*, THE NEW YORK TIMES (JAN. 30, 2020), <https://www.nytimes.com/2020/01/30/style/MSCHF-sneakers-culture.html>.

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VOLUME 1 ISSUE 2

economy at least \$95 billion dollars in damages. The laptop was eventually auctioned off as a work of art for \$1.5 million dollars.⁵

Over the past two year, the studio has also been involved in the release of some ridiculous products such as ‘Puff the Squeaky Chicken’ (a rubber chicken that turned into a device for the ingestion of marijuana) and the ‘Cuss Collar’ (a dog collar that turned barks into swear words).⁶

In late 2019, the company had released a series of modified Nike Air Max 97s, nicknamed “Jesus Shoes”, featuring a clean blue and white theme with a golden crucifix on the laces, and holy water sourced from the river Jordan in the soles. MSCHF explained that the shoes were the ‘holiest collab ever’ - their response to the absurdity of collaborations between commercial giants from various industries.⁷

Therefore, it may come as a surprise to purchasers of the MSCHF brand that Nike had taken offense at the sale of the ‘Satan Shoes’, especially when its earlier cousin was virtually unscathed. However, Nike put out a statement soon after the release, clarifying its stance and distancing itself from the project, and immediately filing for a lawsuit on the grounds of trademark infringement and trademark dilution.⁸ It cited the prominent display of the Nike swoosh alongside satanic imagery, which may confuse and dilute the company’s goodwill among members of the public, as well as disapproval over the use of blood due to health hazards, as reasons for filing the injunction.

According to Nike, the shoes were unauthorized and likely to cause confusion among consumers as to the association between Nike and MSCHF. Furthermore, the unapproved incorporation of the iconic white ‘swoosh’ logo amounted to trademark infringement. Nike’s attorneys also argued that the brand has suffered massive and irreparable harm to its goodwill, in the short time the shoes were in circulation.⁹ To illustrate this point, Nike included screenshots of tweets from confused consumers, who seemed to be disillusioned as to the nature

⁵ Christine Fisher, *Auction for a laptop full of malware closes at \$1.3 million (updated)*, ENGADGET (MAY 27, 2019), <https://www.engadget.com/2019-05-27-persistence-of-chaos-malware-laptop-auction.html>.

⁶ Luke Dormehl, *We’ve hit peak millennial internet culture. Want proof? Meet MSCHF*, DIGITAL TRENDS (MAR. 17, 2020), <https://www.digitaltrends.com/cool-tech/inside-the-world-of-mschf>.

⁷ Caitlin O’Kane, *“Jesus shoes” with holy water in the soles are selling for \$4,000*, CBS NEWS (OCT. 11, 2019, 7:26 PM), <https://www.cbsnews.com/news/nike-air-max-97-jesus-shoes-filled-with-holy-water-selling-for-4000-2019-10-11>; see also Letter from MSCHF Counsel (Mar. 31, 2021) (available at https://www.documentcloud.org/documents/20536836-nike_v_mschf_defendant_letter).

⁸ Bryan Pietsch, *Nike Sues Over Unauthorized ‘Satan Shoes’*, THE NEW YORK TIMES (MAR. 28, 2021), <https://www.nytimes.com/2021/03/28/style/nike-satan-shoes-lil-Nas-x.html>.

⁹ Complaint at 10, Nike, Inc. v. MSCHF Product Studio, Inc., No. 21 Civ. 1679, (E.D.N.Y. MAR. 29, 2021) (available at <https://www.abc4.com/wp-content/uploads/sites/4/2021/03/NIKE-vs-MSCHF.pdf>).

of the association, if any. Lastly, Nike also raised a point on the health and safety risks to the purchasers, arising from the drop of human blood included in the midsoles.¹⁰

In response to the complaint, MSCHF asserted that the suit should be dismissed as all but one pair of the entire limited-edition series had already been sold and shipped, with the 666th pair remaining in the rapper's possession. The company stated that the inclusion of the Nike swoosh was integral to the nature and commentary of the art it undertook.¹¹ It underlined the absurdist products and ideas related to it, as persuasive evidence for the very spirit of its artwork, i.e., a satirical critique of systems. Furthermore, it also pointed out that the studio was a regular creator of unconventional artwork using consumer products, and thereby sought artistic exemption from infringement. On a related note, it also mentioned that the shoes were not produced for commercial purpose, but rather as a limited run targeted towards 'sophisticated purchasers'.¹² It must also be noted that the incredibly short time taken to sell out the entire series suggested a dedicated group of consumers who were actively waiting on the website for the drop, thereby eliminating any questions of point-of-sale confusion. Lastly, MSCHF asserted that the "Jesus Shoes" were not contended by Nike during its release, and given that the same level of artistic integrity has gone into the production of the "Satan Shoes", an exemption on the basis of First Amendment rights must be granted.

Judge Eric Komitee of the United States Eastern District Court of New York, in his decision, granted a temporary restraining order (TRO) against MSCHF, citing that Nike had shown some likelihood of success in at least some of their claims.¹³ Furthermore, the court held that that plaintiffs had shown sufficient evidence for likelihood of irreparable harm to reputation and goodwill, sans granting of the TRO. However, with that said, the court held that "First Amendment rights of artistic expression are paramount" and was of the opinion that the defendant MSCHF did possess the right to pursue this defense at a preliminary stage, if they so chose.¹⁴ The First Amendment of the United States bars the government from formulating legislations which may, in any way, regulate religion, free speech, freedom of the press, right to assembly, etc.¹⁵ Although left open as an option for MSCHF, the studio decidedly chose not to pursue with the same.

¹⁰ *Id.* at 8.

¹¹ *See* Defendant Letter, *supra* note 7, at 3.

¹² *Id.* at 2.

¹³ Nike v. MSCHF, No. 21 Civ. 1679, (E.D.N.Y. MAR. 29, 2021) (order granting preliminary injunction).

¹⁴ *Id.* at 3.

¹⁵ *See* U.S. CONST. amend. I.

ARGUMENTS ANALYZED

In essence, the *Nike v. MSCHF* case remains a matter of breach of trademarks. Trademark legislations are designed to protect the consumer public from confusion and fraudulent seller behavior. According to United States legislation, trademark is generally dealt with via the Lanham Act, in which it is defined as a mark used in commerce, or registered with a bona fide intent to use it in commerce.¹⁶ Further, the Act provides for federal protection for distinctive marks and trademark registration under the same serves as a nationwide recognition of ownership.¹⁷ The following serves as the primary requirements for a product to qualify for trademark protection:

- “distinctive” quality of the source of the goods or services to which it is affiliated,
- must not be disqualified by any statutory bars to protection, and
- trademark must be used in commerce.

For a suit of trademark infringement to prevail in court, the plaintiff must prove that:

- they own the particular trademark,
- the defendant used the trademark in commerce without consent, and
- that there was a likelihood of confusion created by the defendant’s actions, as a result of which the plaintiff has suffered harm or damage to reputation.

A. INFRINGEMENT

In the present case, Nike not only argues the likelihood, but goes onto assert that “significant” confusion has already taken place due to MSCHF’s actions. This was supported by providing screenshots of social media posts from consumers, who were furious at the “Satan Shoes”. Furthermore, Nike has also cited the billions of dollars invested into maintaining the goodwill and reputation of the brand and a need to “set the record straight” as reasons for filing the suit.¹⁸ However, the case is exceptional, in the sense that it is no ordinary type of trademark infringement. Firstly, MSCHF had bought all the pairs legally and from authorized Nike stores.

¹⁶ See THE TRADEMARK ACT OF 1946, 15 U.S.C § 1051 (2013).

¹⁷ See THE TRADEMARK ACT OF 1946, 15 U.S.C. § 1116 (2013).

¹⁸ Complaint, *supra* note 9, at 2.

Secondly, the modification and alterations had been made after the purchase, thereby activating the first sale doctrine as defence.¹⁹

The first sale doctrine states, “when a retailer merely resells a genuine, unaltered good under the trademark of the producer, the use of the producer’s trademark by the reseller will not deceive or confuse the public as to the nature, qualities, and origin of the good.”²⁰ Essentially, the doctrine allows for an individual to resell a trademarked item after it has been sold by the authorized owner. Trademark law is so designed to protect the public from deception. As an authentic resale would not generally cause confusion in the minds of the buyers, the point of the first sale doctrine remains to protect the seller from unwarranted lawsuits. However, it does not apply when the resale has taken place after material alteration of the product, i.e., modification in such a way that it is likely to affect the consumer’s decision to purchase the product.²¹

According to *Maui Jim v. Smartbuy Guru Enters*, “an alteration is material if it changes something about the product that is relevant to the consumer’s decision to purchase the product.”²² In this particular case, the defendant were accused of reselling Maui Jim sunglasses, albeit with cheaper lens attached. However, Maui Jim’s patent for the lenses mentioned its *material* ability to protect the eyes from UV rays and glare. Furthermore, Skin Cancer Foundation had officially recommended the brand owing to its effective protection of the eyes and surrounding areas.²³ For these reasons, Maui Jim stands at risk of harm to reputation as the resellers had not mentioned the replacement of the lenses, thereby forming a likelihood of confusion. The factor of material alteration of the lenses was found relevant to the purchaser’s decision to buy, and thus the case was ruled in favour of the plaintiff.

In the present case, Nike argued that the shoes were materially altered to prominently feature satanic imagery, as is paramount in rejecting any first sale defense. Furthermore, adding blood (albeit taken voluntarily from employees of MSCHF) to the midsoles could pose a safety risk. The Air Max 97s typically contain an air pocket, for better cushioning in high pressure situations, but the replacement of the same with any liquid for that matter, qualifies as ‘material

¹⁹ Sarah Reis, *Toward a "Digital Transfer Doctrine"? The First Sale Doctrine in the Digital Era*, 109 Nw. U. L. Rev. 175 (2015) (available at <https://scholarlycommons.law.northwestern.edu/nulr/vol109/iss1/4/>).

²⁰ *Maui Jim, Inc. v. Smartbuy Guru Enters.*, 459 F. Supp. 3d 1058 (N.D. Ill. 2020).

²¹ *Sebastian International, Inc. v. Longs Drug Stores Corp.*, 53 F.3d 1073, 1074 (9th Cir. 1995).

²² *Maui Jim, Inc. v. Smartbuy Guru Enters.*, 459 F. Supp. 3d 1058 (N.D. Ill. 2020).

²³ *Recommended Products*, The Skin Cancer Foundation, <https://www.skincancer.org/recommended-products> (last visited June 5, 2021).

DROIT PENALE: INDIAN LAW JOURNAL ON IPR

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VOLUME 1 ISSUE 2

alteration'.²⁴ In addition, the satanic detailing, affixation of pentagrams, and a new sock liner have all been made examples of material changes, thereby distancing the “Satan Shoes” from the original and authentic version as intended by Nike.

For years, American courts of law have struggled with clearly defining the line of separation between expressive freedom granted by the First Amendment and prevention of infringement as governed by the Lanham Act. This conflict was somewhat brought to rest by the formulation of the Rogers test, according to which the use of a trademark in a creative work would not be actionable unless no artistic relevance to the original work exists, or if it does exist, it is explicitly misleading as to the source of the work.²⁵ Thus, the aim of enforcing the Lanham test was to ensure that the public interest against confusion is not overshadowed by the public interest for creative expression. The first element of the test – ‘artistic relevance’ – depended on a case-by-case basis, as according to the circumstances of each situation. The bar for proving relevance, however, has been demonstratively low, suggesting that judges have been far more lenient than not, in granting the criterion of relevance.²⁶ The second element – “explicit misleading” – deals with the plaintiff proving that the use of the trademark expressly and obviously deceives the public as to the source of the original work. According to the Rogers test, the proof of confusion is required to be compelling enough to outweigh the claim of creative expression. The plaintiff would be required to prove that the packaging, content, or marketing of the counterfeit product clearly invokes a presence of originality and affiliation.²⁷ In the current case, even though Nike’s claim of consumer confusion due to the prominent white swoosh logo appearing on the ‘Satan Shoes’ is valid, it must be noted that Nike has previously collaborated with various artists and designers to alter their shoes in a manner similar to MSCHF’s additions.²⁸ Furthermore, some courts have also asserted the requirement of explicit statements from the defendant to prove misleading, and not simply use of the

²⁴ Memorandum from Nike, Inc. in support of its motion for a temporary restraining order & preliminary injunction at 17, Nike, Inc. v. MSCHF Product Studio, Inc., No. 21 Civ. 1679, (E.D.N.Y. MAR. 29, 2021) (available at <https://www.courthousenews.com/wp-content/uploads/2021/04/Nike-motion-for-TRO.pdf>).

²⁵ Daniel J. Wright, *Explicitly Explicit: The Rogers Test and the Ninth Circuit*, 21 J. Intell. Prop. L. 193, 200-203 (2013) (available at <https://digitalcommons.law.uga.edu/jipl/vol21/iss1/8>).

²⁶ See THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION 31 (5th ed. 2019); see also Lynn M. Jordan & David M. Kelly, “Another Decade of *Rogers v. Grimaldi*: Continuing to Balance the Lanham Act with the First Amendment Rights of Creators of Artistic Works,” 109 TMR 833, 837 (October 2019).

²⁷ Jordan, *supra* note 26, at 863.

²⁸ See Nike News – Collaborations (last accessed on Apr. 7, 2021) (<https://news.nike.com/collaborations>).

trademark.²⁹ In this particular situation, MSCHF has not expressly claimed in any way, shape, or form that it is associated with Nike.

B. CONSUMER CONFUSION

The footwear and apparel giant has also claimed ‘false designation of origin’, i.e., consumer confusion. The prominent display of the white Nike swoosh over the satanic imagery is admittedly likely to cause confusion among the public. According to the claim, the use of the swoosh is “likely to cause confusion and dilution and create an erroneous association between MSCHF’s products and Nike.”³⁰ A widely recognized mechanism for proving the same would be the claim of point-of-sale confusion, usually invoked when a consumer believes a product to be from a certain company when it is not.³¹ In this particular case, point-of-sale confusion is unlikely to have taken place due to the limited number of shoes sold, as well as the absurd \$1018 price tag (original pairs were available for retail at \$180). However, Nike has also contended the case on the concept of post-sale confusion.

The theory of post-sale confusion suggests a likelihood of confusion caused to a person other than the buyer due to the sale.³² The harm envisaged in this case would not be consumers wrongly buying the counterfeit products, but rather consumers being discouraged from buying original products due to misinformation, or association with blasphemous content, as is the case here. Skewing the perspectives of the consumers count as unfair competition,³³ and therefore the “Satan Shoes” could have caused massive harm to the reputation and goodwill to Nike, perhaps leading to a loss in revenue as well. This can be further illustrated in the example of the 2006 World Cup match between the Netherlands and Ivory Coast. The Dutch fans had turned up by the thousands, wearing bright orange pants distributed as part of a promotional campaign by Dutch brewer, Bavaria. However, since Bavaria was not the official beverages partner of FIFA, they objected and successfully argued the case by stating that the campaign was a tactic of “ambush marketing” and that the beer company had infringed upon the FIFA’s

²⁹ Jordan, *supra* note 26, at 868.

³⁰ Memorandum, *supra* note 24, at 2.

³¹ See Ferrari S.P.A. *Esercizio Fabriche Automobili E Corse v. Roberts*, 944 F.2d 1235 (6th Cir. 1991).

³² See Peter O’Byrne & Ben Allgrove, *Post-Sale Confusion*, 2 J. INTELL. PROP. L. & PRACT. 315 (2007) (available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=934728); see also Shaina Hourizadeh, *Post-Sale Confusion*, JIPEL Blog (March 6, 2019) (available at <https://blog.jipel.law.nyu.edu/2019/03/post-sale-confusion>).

³³ Sarah Lux, *Evaluating Trade Mark Dilution from the Perspective of the Consumer*, 34 UNSW Law Journal 1053, 1056 (2011) (available at <https://ssrn.com/abstract=1965852>).

trademark rights on the match kits, by giving out similar pants by which were likely to confuse consumers into believing they had sponsored the Dutch team.³⁴

It must also be noted that this doctrine applies across products sold in different markets as well.³⁵ This is pertinent to be mentioned in the likelihood that MSCHF had argued a non-commercial use of the shoes, instead of insisting on a strictly artistic system of consumption. The same is inferred from the landmark case of *Borden Ice Cream Co. v. Borden's Condensed Milk Co.*, in which the court held that though the use of the name 'Borden' in the packaging and marketing of both products was likely to cause confusion, the plaintiff did not satisfy the burden of proof to show that the non-competitive use of the name would divert potential customers.³⁶ After all, consumers looking for ice cream would not buy a packet of milk by mistake. However, it must be noted that in future cases, a strict insistence on the plaintiff to demonstrate the confusion would be beneficial, for the sake of efficient jurisprudence.

C. DILUTION

The third major claim contended by Nike is that of trademark dilution. This is the concept of trademark law in which an owner can forbid others from using their trademark in such a way that it would 'blur' or 'tarnish' the mark.³⁷ In 1996, the United States Congress enacted the Federal Trademark Dilution Act (FTDA), according to which it became possible for trademark owners to invoke proceedings against unlawful use of their property, even in the absence of per se infringement.³⁸ The Act provides a right for owners to sue third party users of their trademark, in order to curb a negative consumer perception of a famous mark. The FTDA protects against two types of dilution:

- 'Blurring' is when the **uniqueness** of a famous mark is compromised because of association with a similar mark or trade name.

³⁴ See Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413 (2010) (available at <https://www.jstor.org/stable/40649630?seq=1>).

³⁵ See *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 904–05 (9th Cir. 2002) ("A dilution injunction . . . will generally sweep across broad vistas of the economy.").

³⁶ See *Borden Ice Cream Co. v. Borden's Condensed Milk Co.*, 201 F. 510 (7th Cir. 1912).

³⁷ See Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 493- 94 (2005) (available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=636872).

³⁸ See David E. Missirian, *The Death of Moral Freedom: How the Trademark Dilution Act Has Allowed Federal Courts to Punish Subjectively-Defined Immoral Secondary Use of Trademarks*, 18 CHI.-KENT J. INTELL. PROP. 396 (2019) (available at <https://scholarship.kentlaw.iit.edu/ckjip/vol18/iss3/5>).

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VOLUME 1 ISSUE 2

- ‘Tarnishing’ is the **harm to reputation** of the trademark due to association with a similar mark or trade name.

Some examples of the above situations can be seen in the case of *Mattel, Inc. v. Internet Dimensions Inc* (2000), in which the court upheld the plaintiff’s claim and denied the use of the term ‘Barbie’ in a URL by the defendant.³⁹ Similarly, a pornographic website owned by Internet Entertainment Group was not allowed to use the URL of ‘candyland.com’ due to its similarity to the Candyland series of board games, produced by Hasbro.⁴⁰ However, these were arguably easy decisions to grant as the tarnishment in question, involved pornography or obscenity. The courts have been noticeably inconsistent on deciding cases lacking the involvement of any indecent element.

The indecisive nature of the judicial system in interpreting the law in this area can be highlighted by reviewing the recent cases on the subject. In *VIP Prods. LLC v. Jack Daniel’s Properties, Inc.* (2020), the court held that parodical imitation of the Jack Daniel’s bottle design as a squeaky toy for dogs was protected under the First Amendment rights, as an expressive work and thereby not infringing on any trademarks.⁴¹ The case was inspired by the decision in *Louis Vuitton Malletier v. Haute Diggity Dog, LLC* (2006), in which the court dismissed the plaintiff’s claim of trademark dilution due to the defendant’s line of Chewy Vuitton squeaky toys.⁴² It was held that the product was simply ‘a joking and amusing parody’ seeking to poke fun at the elegance and luxury of Louis Vuitton products. However, varying decisions has also been made in such cases like *Dr. Seuss Enterprises, LP v. Penguin Books USA, Inc.* (1997).⁴³ Herein, the defendant had published a book titled ‘The Cat NOT in the Hat!’ by Dr. Juice, containing a parodical version of events as they happened during the infamous O.J. Simpson trial. In this case, Dr. Seuss’s estate was successful in ceasing publication of the book as the court accepted the plaintiff’s claim, on the basis of violation of both copyright and trademarks.⁴⁴

³⁹ Kiran Nasir Gore, *Trademark Battles in a Barbie-Cyber World: Trademark Protection of Website Domain Names and the Anticybersquatting Consumer Protection Act*, 31 HASTINGS COMM. & ENT. L.J. 193, 214-215 (2009) (available at https://repository.uchastings.edu/hastings_comm_ent_law_journal/vol31/iss2/1).

⁴⁰ See *Hasbro, Inc. v. Internet Entertainment Group, Ltd. et al.*, 1996 WL 84853 (W.D. Wash. 1996).

⁴¹ See *VIP Prods. LLC v. Jack Daniel's Properties, Inc.*, 953 F.3d 1170 (9th Cir. 2020).

⁴² See *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC.* - 507 F.3d 252 (4th Cir. 2007).

⁴³ See *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.* - 109 F.3d 1394 (9th Cir. 1997).

⁴⁴ See Mary L. Shapiro, *An Analysis of the Fair Use Defense in Dr. Seuss Enterprises v. Penguin*, 28 GOLDEN GATE U. L. REV. (1998) (available at <http://digitalcommons.law.ggu.edu/ggulrev/vol28/iss1/5>).

Contrastingly however, in the same year, a Ninth Circuit court dismissed the petition filed by Mattel against the song ‘Barbie Girl’ by Aqua.⁴⁵ In this particular case, the plaintiff had claimed that the song violated the copyrights and trademarks related to their Barbie character, and had essentially turned her into a sex symbol. This was asserted by interpretation of the lyrics of the song in which she was referred to as ‘Blonde Bimbo’. Further, Mattel also claimed trademark infringement of the iconic colour theme, ‘Barbie Pink’, which was used in the packaging and promotion of the song. These claims were, however, dismissed in the lower courts, with further appeals upholding the dismissal. Judge Alex Kozinski, in 2002, ruled that the song was protected under the defence of parodical production and nominative use, arising from First Amendment rights.⁴⁶

In *Nike, Inc., v. MSCHF Product Studio, Inc.*, as mentioned earlier, Nike was successful in securing a temporary restraining order against MSCHF. Under the Trademark Dilution Revision Act (2006), owners of unique and distinctive trademarks are entitled to obtain TROs against unauthorized production and recreation in cases where the mark has caused dilution, regardless of any actual confusion.⁴⁷ Furthermore, previous legal decisions show that Nike has been successful in proving the prominence and fame of its swoosh,⁴⁸ and therefore the only element to be decided becomes whether or not the risk of blurring or tarnishment of the Nike tick is greater than MSCHF’s right to creative expression. This contradictory jumble of either legislations may seem difficult to untangle, at first glance, but recent decisions have shown the possibility of overturning dilution laws, and even perhaps finding them unconstitutional.⁴⁹ For instance, the constitutional validity of the disparagement clause in the Lanham Act was called into question in *Matal v. Tam*,⁵⁰ wherein the court denied registration of trademark to an Asian-American musical group named “The Slants”. This was done as the name was derogatory and disparaging to those of Asian heritage. The bench, in this case, had unanimously concluded

⁴⁵ See *Mattel, Inc. v. MCA Records*, 296 F.3d 894 (9th Cir. 2002).

⁴⁶ Tamar Buchakjian, *Mattel, Inc. v. MCA Records, Inc.: Let's Party in Barbie's World - Expanding the First Amendment Right to Musical Parody of Cultural Icons*, 36 LOY. L.A. L. REV. 1321, 1325 (2003) (available at <https://digitalcommons.lmu.edu/llr/vol36/iss3/7>).

⁴⁷ Trademark Dilution Revision Act of 2006, PUB. L. NO. 109-312, H.R. 683, 109th Cong. (available at <https://www.govinfo.gov/content/pkg/PLAW-109publ312/pdf/PLAW-109publ312.pdf>).

⁴⁸ See *Nike, Inc. v. Nikepal Intern., Inc.*, 2007 WL 2782030 (E.D. Ca. Sept. 18, 2007); see also *Nike Inc. v. Variety Wholesalers, Inc.*, 274 F.Supp. 2d 1352 (S.D. Ga. 2003).

⁴⁹ Lisa P. Ramsey, *Free Speech Challenges to Trademark Law After Matal v. Tam*, 56 HOUS. L. REV. 401, 423-424 (2018); see also Sara Gold, *Does Dilution ‘Dilute’ the First Amendment?: Trademark Dilution and the Right to Free Speech after Tam and Brunetti*, 59 IDEA: L. REV. FRANKLIN PIERCE CENTER FOR INTELL. PROP. 483, 489 (2019).

⁵⁰ See generally *Matal v. Tam*, 137 S.Ct. 1744, 1765 (2017); see also 15 U.S.C. § 1052 2(a).

that the judgment would actively prevent the use of offensive terms as trademarks, thereby discouraging the usage of the terms as well. While earlier judgments had avoided engaging with the First Amendment aspect of intellectual property rights, focussing more their commercial conduct instead, the *Tam* case was the first to tackle this hesitation and recognize that modern trademark use transcends commercial boundaries and into social systems. Ironically for the band, however, they had chosen the name in an act of reclamation of the racist term, suggesting that the courts had in fact opposed the creative expression rights of the musical group in this particular case, in favour of expressive power of the trademark itself.⁵¹ Similarly, in *Nike v. MSCHF*, the court has considered the social implications of Nike's trademark being associated with satanic and blasphemous imagery. Since a trademark may be the most frequent association of a product with its owner, a holistic and encompassing view must be adopted by the courts to ensure effective recognition of proprietary rights.⁵²

THE WAY AHEAD

Although the two parties in this case eventually agreed on an out-of-court settlement, it would be pertinent to keep an eye out for similar issues that may arise in the future. A trial litigation on the subject would allow the judiciary to explore further into the relationship between First Amendment rights and modern trademark use. However, in the absence of the same, a few suggestions may be provided in favour of consistent and efficient application of intellectual property rights in likewise cases.

Firstly, there is a need to bridge the gap in consistency when it comes to jurisprudential decisions as well as statutory legislations. Herein, the author argues in favour of allowing expressive trademark usage under a non-commercial application. The 'fair use' clause, for instance, excludes trademarks used as 'a designation of source' but non-commercial application is not afforded the same limitation in legislative text.⁵³ Furthermore, unlike claims for trademark infringement, those for dilution contain within themselves a self-check mechanism – the consumer-confusion requirement. Not only does this provision limit the

⁵¹ Giulio Ernesto Yaquinto, *The Social Significance of Modern Trademarks: Authorizing the Appropriation of Marks as Source Identifiers for Expressive Works*, 95 TEX. L. REV. 739, 740-741 (2017).

⁵² Robert C. Denicola, *Trademarks as Speech: Constitutional Implications of the Emerging Rationales for the Protection of Trade Symbols*, 1982 WIS. L. REV. 158, 195-197.

⁵³ See 15 U.S.C. §§ 1125(c)(3)(A)(ii), (C) (2012) (“The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection: (A) Any fair use . . . other than as a designation of source . . . in connection with . . . (ii) identifying and parodying, criticizing, or commenting upon the famous mark owner. . . . (C) Any noncommercial use of a mark.”)

trademark owner's power to cease expressive applications, it reduces the burden of proof borne by the trademark owner as well, allowing the application of the mark to reach across varying fields. Furthermore, the requirements to secure injunctions on the claims of trademark infringement and trademark dilution differ in the sense that the former is premised on preventing confusion among consumer public, whereas the latter is predominantly for the protection of a trademark's value.⁵⁴ Therefore, it is only natural to relax the reaches of trademark dilution, owing to its decreased importance in the eyes of the public.

Secondly, there needs to be a clear and consistent implementation of trademark law in consonance with the First Amendment and its intentions. An express attempt should be made to allow the exclusion of trademark appropriation only when it directly affects the owner functionally, thereby ensuring the protection of the appropriation under the right to creative expression. An example of this can be seen in *Smith v. Wal-Mart Stores* in which expressive application of the Wal-Mart trademark was excluded as the words "Wal-qaeda" and "Walocaust" displayed a strong and negative sentiment against Wal-Mart's business practices.⁵⁵ Furthermore, in keeping with the trend, courts have been increasingly likely to apply the exclusion in cases where the appropriation was focused and directed against rightful owners of the trademark. The idea behind it is that the more decisions of a similar nature would result in merging the narrative and interests of the public with the legislative protection that can be afforded.⁵⁶

Thirdly, a solid framework of protection must be conceptualized to act in tandem with dilution laws. It will seek to facilitate proper implementation as well as guidance of the application. One suggested standard that may be considered is that of artistic relevance. Not only is it one of the pivotal principles in proving a trademark infringement claim, it also encapsulates the spirit behind the Rogers test, which has now been widely adopted.⁵⁷ As mentioned earlier, according to the Rogers rule, if the appropriation has the least amount of artistic relevance, it

⁵⁴ See *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 904–05 (9th Cir. 2002) at 905.

⁵⁵ See *Smith v. Wal-Mart Stores, Inc.* 537 F. Supp. 2d 1302 (N.D. Ga. 2008) at 1340.

⁵⁶ See Neil Weinstock Netanel, *Copyright and A Democratic Civil Society*, 106 YALE L.J. 283, 350–51 (1996) ("Even seemingly innocuous cartoon characters, like Bart Simpson and Mickey Mouse, may be used to subvert (or reinforce) prevailing cultural values and assumptions—and with greater social impact than the most carefully considered Habermasian dialogue.").

⁵⁷ *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989); see generally David M. Kelly & Lynn M. Jordan, *Twenty Years of Rogers v. Grimaldi: Balancing the Lanham Act with the First Amendment Rights of Creators of Artistic Works*, 99 TRADEMARK REP. 1360 (2009).

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ILJIPR, ISSN: 2582-8762

VOLUME 1 ISSUE 2

will be allowed provided it does not expressly mislead or cause intentional confusion.⁵⁸ According to the Ninth circuit, the minimum threshold bar to pass in order to satisfy artistic relevance “merely must be above zero.”⁵⁹ Admittedly, in order to apply the concept of artistic relevance in a manner suiting the proper implementation of expressive trademark use, the court must examine and enlarge the expressive activity under question, thereby contributing to the jurisprudence on the subject as well. Together, artistic relevance and its subsequent evolution would offer a suitable framework for validating and authorizing the registration and application of expressive trademark use under the federal statute.

CONCLUSION

On the 8th of April, 2021, Nike and MSCHF settled out of court for an undisclosed amount and thereby, agreed to drop the case. Ultimately, however, Nike stood little to gain with most of the publicity invigorating the MSCHF brand as well as boosting the resale value of the ‘Satan Shoes’ by hundred of dollars.⁶⁰ The situation was also capitalized on by the design studio via a tongue-in-cheek sales drop of T-shirts with the opening page of Nike’s complaint on the front, along with the words ‘Legal Fees’.⁶¹ Unsurprisingly, the news of the merchandise was met with disdain from Nike’s end, who accused MSCHF of attempting to incite controversy.

The case at hand, however, admittedly possessed the potential to become a landmark in First Amendment rights. The case stood testament to the evolution of modern trademarks, from conflicts involving trademark owners’ interests to now representing and upholding creative expression rights in the interest of the consumer public. The legislative structure surrounding trademarks have gradually begun to shift while simultaneously attempting to strike a balance between prevention of consumer confusion, infringement, dilution, etc., and the rights of the trademark owner. Trademark law has demonstratively developed into an efficient structure for the facilitation of intellectual property rights via culture, society, and politics. This sentiment can be perfectly summed up in the final statement released by MSCHF, in which they declared

⁵⁸ See Rogers, 875 F.2d at 1000 (“Where a title with at least some artistic relevance to the work is not explicitly misleading as to the content of the work, it is not false advertising...”)

⁵⁹ E.S.S. Ent. 2000, Inc. v. Rock Star Videos, Inc., 547 F.3d 1095, 1096, 1101 (9th Cir. 2008) at 1100.

⁶⁰ Matthew Impelli, *Lil Nas X’s ‘Satan Shoes’ See 146% Markup on eBay After Selling Out in Minutes*, Newsweek (Mar. 29, 2021, 2:08 PM), <https://www.newsweek.com/lil-nas-xs-satan-shoes-see-146-markup-ebay-after-selling-out-minutes-1579555>

⁶¹ Tim Lince & Trevor Little, *MSCHF teases Nike with trademark lawsuit shirt; VW rebrand backfires; ICANN meeting update – news digest*, World Trademark Review (Apr. 2, 2021) <https://www.worldtrademarkreview.com/brand-management/mschf-teases-nike-trademark-lawsuit-shirt-vw-rebrand-backfires-icann-meeting-update-news-digest>

DROIT PENALE: INDIAN LAW JOURNAL ON IPR

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VOLUME 1 ISSUE 2

that the ‘Satan Shoes’ were intended to comment on the absurdity of market politics and ‘collab culture’ in the era of globalization and capitalism and “*having already achieved its artistic purpose, MSCHF recognized that settlement was the best way to allow it to put this lawsuit behind it*”.⁶² As for the simmering professional animosity between the two parties, there exists no legal dispute between the two, and therefore it would be wise to follow the words uttered by Judge Alex Kozinski in his concluding remark to *Mattel v. Aqua* (2002) – “The parties are advised to chill.”⁶³

⁶² Neil Vigdor, *Company Will Offer Refunds to Buyers of ‘Satan Shoes’ to Settle Lawsuit by Nike*, THE NEW YORK TIMES (APR. 21, 2021), <https://www.nytimes.com/2021/04/08/style/satan-shoe-settlement-nike.html>.

⁶³ *Mattel, Inc. V. MCA Records, Inc.*, 296 F.3d 894 (9th Cir. 2002) at 908.