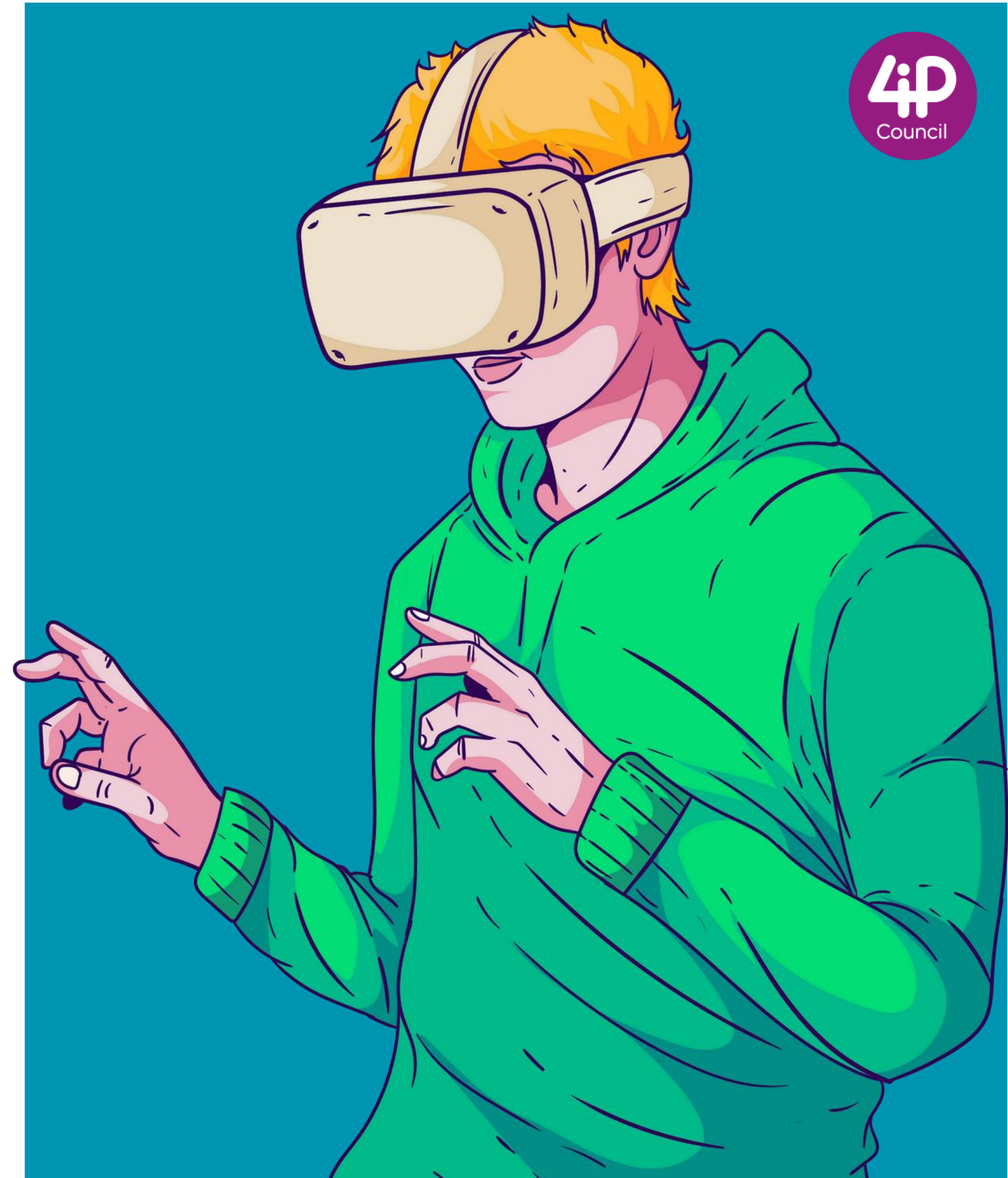


Digitised IP Content in the Metaverse: Fair Use or Infringement?

Speakers: Dr Ioanna Lapatoura

Host: Axel Ferrazzini



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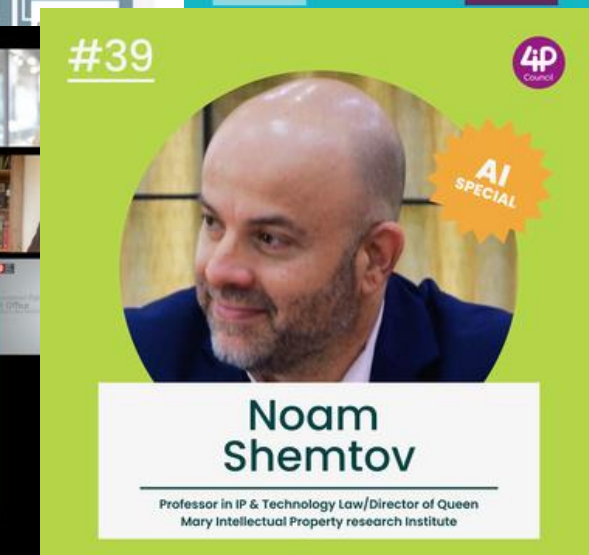
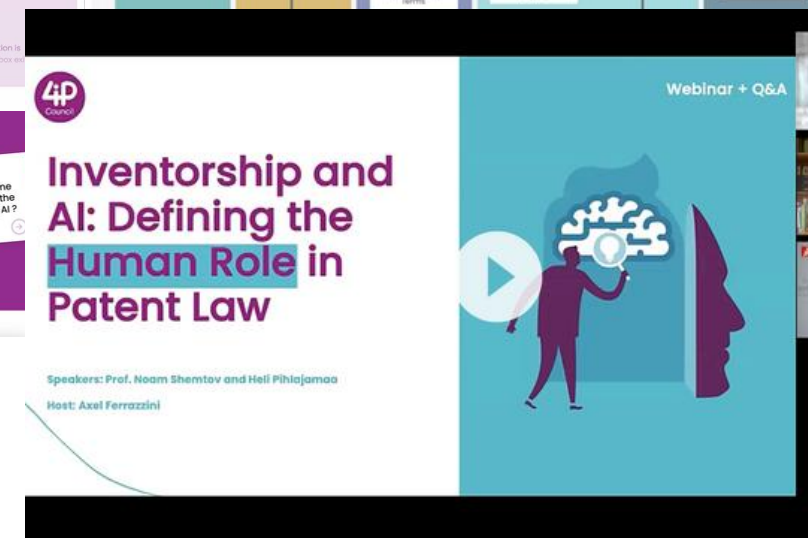
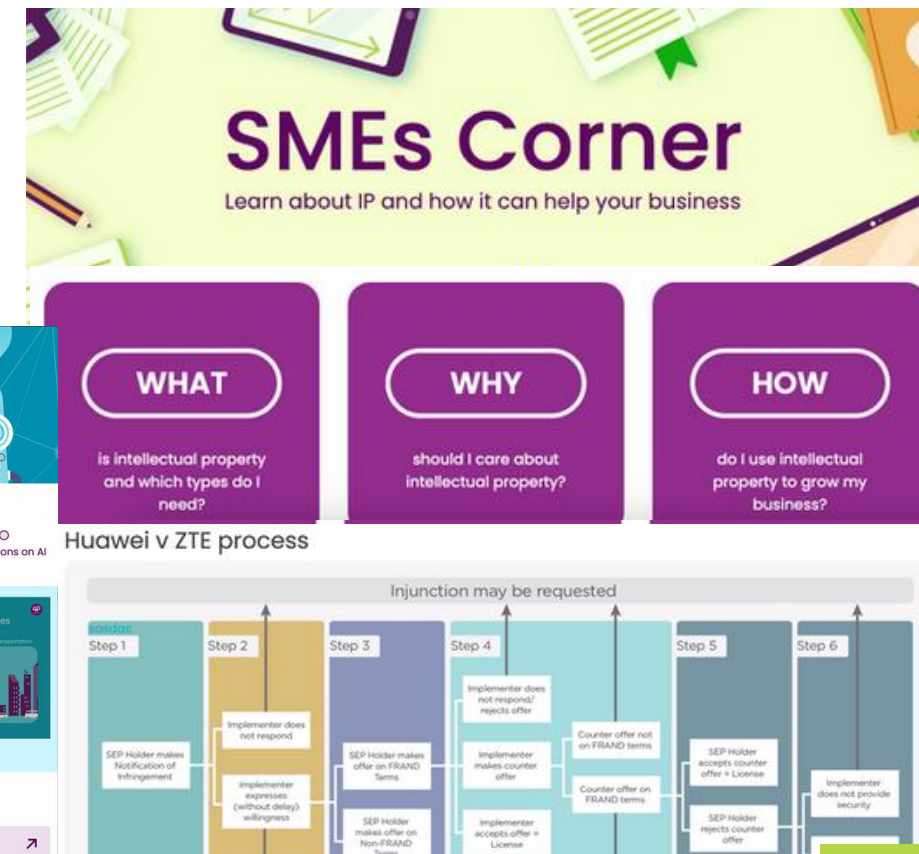
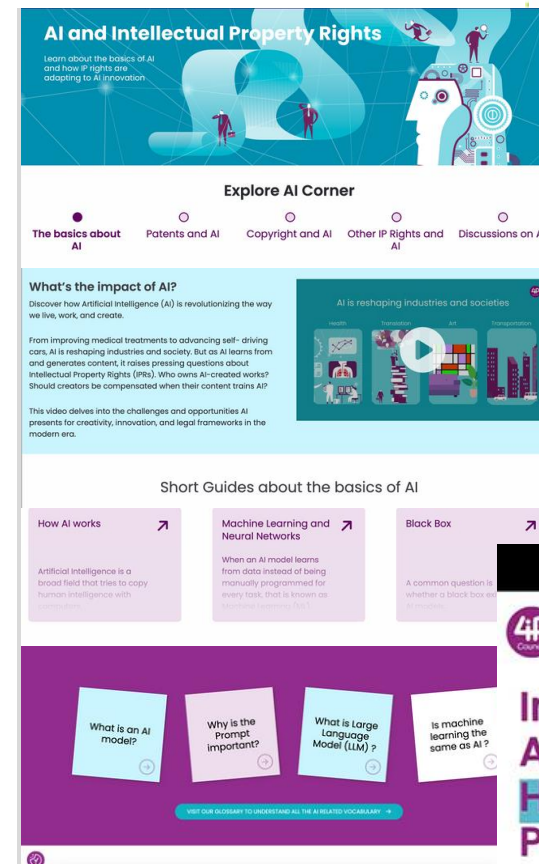
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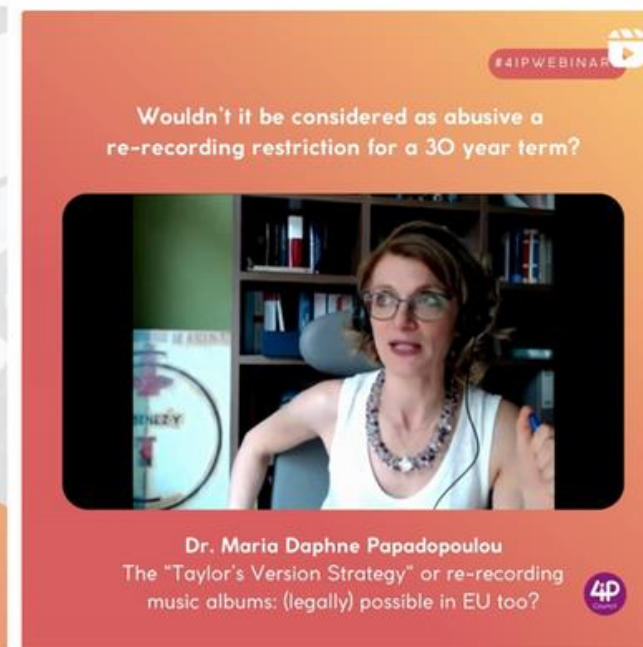


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Digitised IP Content in the Metaverse: Fair Use or Infringement?



Dr Ioanna Lapatoura
University of Leeds



Andy Warhol. *Campbell's Soup Cans*. 1962



Nadia Plesner. DARFURNICA, 2010 and SIMPLE LIVING.





Overview

DIGITISATION → *3D subject-matter to 2D*

TOKENIZATION → *2D digitised version to NFT*

‘USE’ → *in the metaverse without consent by the IP owner*

1. Could the digitization, tokenization and use of IP content in the metaverse be regarded as infringement by an artist under **TM** or **copyright** law?

2. Can any ‘artistic use’ **defences** apply and if so, under what conditions?

Infringement under TM law

Case study: *Hermès v Rothschild*

Hermès Int'l v. Mason Rothschild, No. 22-CV-384 (JSR), 2023 WL 1458126 (S.D.N.Y. Feb. 2, 2023)

“Birkin” trade marks – word mark & 3D shape mark for handbags

VS

“MetaBirkin” sign for NFT digital handbags/ digital wearables



‘use’ = digitisation, tokenization, sale

Under EU TM law →

Claim i: Consumer confusion? Art. 10(2)(b) of Directive 2015/2436; Art. 9(2)(b) of Regulation 2017/1001

1. Identical or similar signs → ✓ *“Birkin” vs “MetaBirkin” – similarity, if not identity*
2. Identical or similar goods → ✗ *physical handbags vs virtual NFT handbags – Classes of goods?*



Physical handbags
(Class 18)

Digital NFT handbags
(Class 9)

Class 9: ‘downloadable image files’ or ‘downloadable digital image files authenticated by non-fungible tokens [NFTs]’

3. Likelihood of confusion or association → ✓

‘use’ = digitisation, tokenization, sale

- **Claim ii: Dilution & unfair advantage?** Art. 10(2)(c) of Directive 2015/2436; Art. 9(2)(c) of Regulation 2017/1001
 1. identical or similar signs → ✓ *“Birkin” vs “MetaBirkin” – similarity, if not identity*
 2. Identical, similar or dissimilar goods → ✓ *physical handbags vs virtual NFT handbags – satisfied, even if dissimilar*
 3. Taking of unfair advantage or detriment to the TM’s distinctive character or repute → ✓

US Judgment of February 2023 - Hermès won

‘Artistic use’ defence?

Rothschild’s arguments: Artistic commentary on consumerism in the digital age & on fur-free movement in fashion

- Rec. 27 of Directive 2015/2436 and Rec. 21 of Regulation 2017/1001:

‘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’

- Art. 14(1)(c) of Directive 2015/2436 and Regulation 2017/1001:

Referential use - of elements of the earlier TM for identifying or referring to goods as those covered under the TM

→ Post-reform may now cover parodies – strongest case in EU on that basis

- Senftleben (2022), et al.: *‘using a trademark to symbolize and criticize policies of the trademark proprietor may fall within the scope of [the] referential use concept’*

Here: artist’s aim to divert the ‘Birkin’ marks from their original meaning and to communicate a message relating to the fur-free movement in fashion

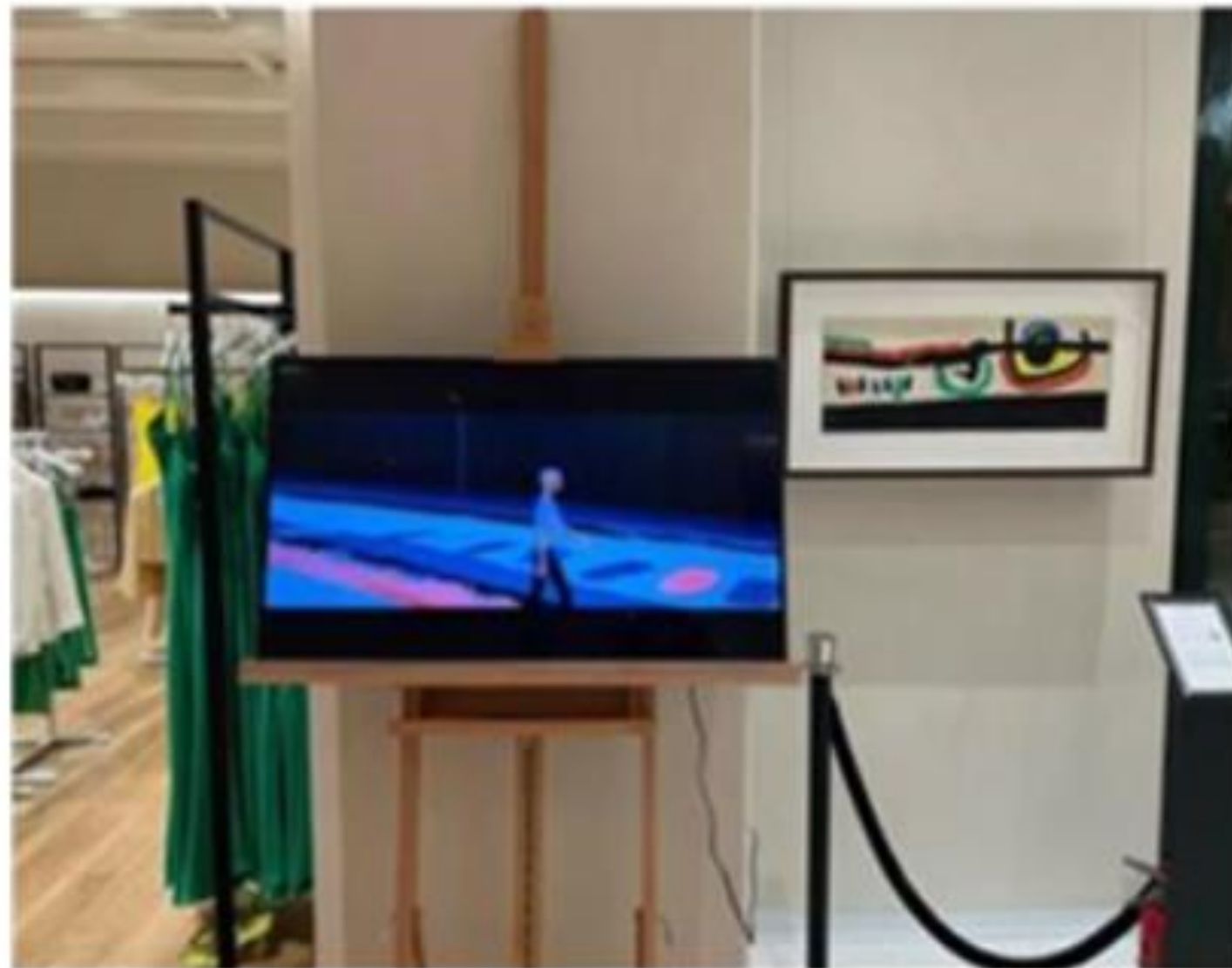
However... in accordance with honest practices?

C-228/03, *Gillette v LA Laboratories* – the following uses cannot be honest:

- **uses** that give the impression that there are commercial links with a TM ✓
- that affect a TM's value by taking an unfair advantage from its reputation or distinctiveness ✓
dilution and economic activity involved in 'use' (high profits in sales of 'Metabirkins')
- that are discrediting or denigrating a TM's reputation ✗
- that present goods as imitations or replicas of the goods covered by the TM ✗

Infringement under copyright law

Case study: *Vegap v Mango*



“Oiseau volant vers le soleil” by Joan Miró displayed in Mango stores, together with the NFT “The rainbow wears Mango” based on such painting.

Source: Kluwer Copyright Blog



Visual Entidad de Gestión de Artistas Plásticos (Vegap) v Punto SA (Mango) (2024) (9th Commercial Law Court of Barcelona), ECLI:ES:JMB:2024:1

Mango collaborated with crypto-artists and minted NFTs based on original artworks by renowned Spanish painters, including Miró, Tàpies and Barceló, and showcased them in Decentraland's metaverse

Does the digitisation, tokenization and use of original artworks in the metaverse amount to

=

unauthorised adaptation?

Test: Originality (*Infopaq*, C-5/08)

Incl. altered copying/ adaptations

'Artistic use' defence?

3-step test (Berne Convention)

Here, the Spanish Ct borrowed US 'fair use' principles:

- purpose and character of the use
- nature of the work protected by copyright
- amount and substantiality of the copied portion
- effect of the use on the value of the copied work or its potential markets

The Barcelona Ct ruled:

- Use/ exhibiting of works **non-commercial** – merely for purpose of commemorating Mango's new store opening – no compensation for such exhibition
- No evidence of increase in sales as a result from use of the artworks
- While physical artworks created for commercial purposes, digitised versions created for secondary reasons
- New works not marketed or offered for sale – no interference with value of original artworks

Ct ruled in favour of Mango – the **defence** of 'harmless use' succeeded (2024)

A large, solid orange circle occupies the left side of the slide, partially cut off by the edge.

Recap

Thank you for your attention!

i.lapatoura@leeds.ac.uk

LinkedIn: Ioanna Lapatoura

See: I. Lapatoura, 'From Hermès v Rothschild to Vegap v Mango: An EU analysis on fair metaverse uses of digitised IP content', 8 Interactive and Entertainment Law Review 2 (due in December 2025)

Q&A

Open floor for questions and discussion.

THANK YOU!

Upcoming webinar “The Big Steal: Ideology, Interest, and the Undoing of Intellectual Property” with Prof. Jonathan M. Barnett.

Date: 28th May, at 16:00 CEST

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