

# TM Litigation Lessons From Nike-Lil Nas X 'Satan Shoes' Fight

By **James Major** (May 28, 2021, 3:57 PM EDT)

It is a truth universally acknowledged that large trademark owners often have no sense of humor.[1]

Examples are legion. The NCAA, owner of the service mark "March Madness" in connection with basketball tournaments, thought poorly of an attempt to register the service mark "Vasectomy Mayhem" in connection with an urological procedure.[2]

Apple Inc., owner of a trademark of a bitten but otherwise solid apple with a solid leaf but without a stalk in connection with computing disapproved of an attempt to register a service mark of an intact, hollow pear with a hollow leaf and a stalk in connection with a food blog.[3]



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And Monster Inc. has brought enforcement activities against a wide variety of "monster"-branded goods and services.[4]

To quote the Joker from "The Dark Knight," "why so serious?"[5] Trademarks are indicia of source, [6] and any weakening of the link between source and products or services is potentially problematic. But where to draw the line?

## The "Satan Shoes"

MSCHF Product Studio Inc. is an art collective that "creates some cynical and viral projects and products that have spread across the internet." [7] On Friday, March 26, in collaboration with the rapper Lil Nas X, MSCHF announced the "Satan Shoes." [8] MSCHF based these devilish creations on pairs of Nike Air Max 97 sneakers, [9] adding a bronze pentagram attached to the laces, an inverted crucifix on a tab on the tongue, [10] and a drop of human blood in the sole. [11]

The shoes also bore a citation to the New Testament regarding the fall of Satan [12] and were 666 in number. [13] Nike was not impressed, commenting that "[w]e do not have a relationship with Lil Nas or [MSCHF]" and that "Nike did not design or release these shoes and we do not endorse them." [14]

The following Monday, Nike filed a complaint in the U.S. District Court for the Eastern District of New York asserting trademark infringement, false designation of origin and trademark dilution, as well as common law trademark infringement and unfair competition. [15]

In particular, Nike sought a temporary restraining order against MSCHF, [16] seemingly in such haste that blanks in the complaint went unfilled. [17] Later that day, the Satan Shoes sold out in less than a minute [18] although MSCHF held back one pair for a planned giveaway. [19]

In a hearing held on April 1, U.S. District Judge Eric Komitee granted Nike's motion for a TRO. [20] A week later, the parties settled. Under the settlement, MSCHF agreed to a voluntary recall to buy back the Satan Shoes for their original retail prices. [21] All's well that ends well, one supposes. But what lessons are there here?

## **What Was Nike's Game Plan?**

Was there ever a hope for effective relief in this case? Seeking a TRO was certainly the way to go, but MSCHF was mischievous in announcing the Satan Shoes on a Friday with the sales occurring the following Monday. One wonders whether counsel advised MSCHF to do so.

Additionally, Nike's complaint sets forth the tweet announcing the sale, and that tweet was memorialized at 12:38 p.m. on Friday, March 26, albeit without an indication of time zone.[22] Furthermore, one of the social media posts in Nike's complaint is dated the following day.[23] Therefore, it may have taken a bit of time to prepare the evidence.

In addition, the complaint is well-written when a bare-bones complaint filed on Friday might have been better. That way, the court could possibly have held the hearing on Monday and before the sales occurred. As it happens, a hearing before Judge Komitee was held on Thursday, after the sale. Is this the best Nike could have hoped for, or did MSCHF intentionally deal the company a hopeless hand of cards?

Furthermore, the reported terms of the settlement are strange in that MSCHF will buy back the Satan Shoes at the original price of \$1,018.[24] Why would a purchaser part with his or her limited-edition sneakers at that price when purportedly authentic pairs are currently available on eBay for significantly more?[25]

Also, having brought suit against an apparently well-heeled opponent[26] and having requested a court-ordered recall,[27] why did Nike stop so early in the proceedings and settle for a voluntary recall? Perhaps the seeming failure of the TRO to issue before the sale rendered the dispute all but moot in Nike's eyes. Maybe. But perhaps the real damage was in announcing that the Satan Shoes had been made even if none were to be sold.

In any event, it would be interesting to know if MSCHF agreed in the settlement not to use Nike's products as the basis for future projects.

There is also the issue of unintentionally bringing attention to the whole mess. This is known as the Streisand effect, named after Barbra Streisand's suit in connection with an image of her mansion of which she did not approve. At the time of a tentative decision in Streisand's case, there had been six downloads of the image with two by Streisand's own counsel.[28] Now the Streisand effect has its own Wikipedia page that displays the complained-of image.[29]

In Nike's case, perhaps another way forward might have been to ignore MSCHF's activities, actively address problems on social media, and mark the whole sorry tale down to experience. Today's news wraps tomorrow's fish and chips, as they say.

## **Whither Trademark's First-Sale Doctrine?**

The doctrine of patent exhaustion has the full-throated support of the U.S. Supreme Court,[30] while copyright's first-sale doctrine is statutory.[31] However, the proposition that the resale of branded goods without change is not trademark infringement only arises by inference from Supreme Court jurisprudence.[32]

That said, there is significant support for a trademark-related first-sale doctrine in the circuit courts.[33] As with most legal rules, there is an exception to the first-sale doctrine. This is when "the unauthorized resale of a materially different product constitutes infringement." [34] For example, ablation of batch codes on perfume bottles was held to be a material difference because the ablation degraded the appearance of the bottles.[35]

Applying this principle to the Satan Shoes, it is not immediately clear that the addition of the tab or the pentagram degrades the appearance of the sneakers. The drop of human blood in the sole may be a different matter, and Nike's complaint alleged that these changes posed safety risks. [36] As such, the veracity of that allegation would seemingly require an evidentiary hearing, conceivably delaying the requested relief.[37] Oddly, MSCHF did not address the first-sale doctrine

in its letter to the court.[38]

### **But Is It Art?**

Almost any form of creative expression implicates the First Amendment. In a letter to the court, MSCHF asserted that the Satan Shoes were works of art.[39] Nike made a quintessential lawyer's response: Labels don't control.[40] MSCHF also asserted that the Satan Shoes "are intended to criticize the ever-popular 'collab culture,' where brands like Nike collaborate with anyone willing, to make a splash." [41] This is an intriguing position.

For example, an artist wishing to critique collab culture could conceivably use a product of a trademark owner as a canvas for his or her work: In MSCHF's case, a generic sneaker simply wouldn't have the same impact. Therefore, the artist would likely invite a lawsuit from the trademark owner. This would take suffering for one's art to a whole new level.

But if critiquing corporate activity is a valid exercise in creative expression, does not some trademark owner or other have to take a blow on the chin? Perhaps it will be Adidas AG next time.

One also wonders whether MSCHF missed a trick. Nike's complaint sounds in trademark and unfair competition.[42] What if MSCHF had released the Satan Shoes after carefully removing all of Nike's trademarks? Such cases of so-called implied reverse passing off are rare but require a false representation to be actionable under the Lanham Act.[43]

But there was no such representation in connection with the Satan Shoes: MSCHF was quite clear that the sneakers at issue began life as Nike products.[44] It may have been worth a slight weakening of the message in return for the schadenfreude in knowing that there was little Nike could do in response.

### **Conclusion**

Given MSCHF's cunning strategy of announcing the sale of the Satan Shoes on a Friday for sale the following Monday, counsel for trademark owners must be nimble.

Having a predrafted complaint that can be rapidly tailored for the facts is a good idea, as is its early, even if imperfect, submission. Because Nike derived much of the evidence of alleged damage to the company's rights from social media, a defense strategy there is invaluable.

Moreover, trademark owners should recall that many posts on social media are ill-informed, knee-jerk, illogical, and mere snapshots of ephemeral opinion.

Additionally, it's possible to ignore negative publicity unless absolutely necessary and still maintain a strong brand: The U.K.'s royal family have done so successfully for decades.[45] It's also possible to fully address the interests at stake while maintaining a sense of humor.[46] Perhaps large trademark owners should give it a try.

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[1] But see <https://www.npr.org/2018/07/09/627403187/snooki-and-the-handbag> ("Nicole 'Snooki' Polizzi [from MTV's Jersey Shore] was sent a Gucci handbag – allegedly by one of the luxury brand's competitors.").

[2] <https://www.nytimes.com/2021/03/12/sports/ncaabasketball/march-madness-ncaa-vasectomy-mayhem.html>.

[3] <https://www.bbc.com/news/business-53740820>.

[4] <https://www.wsj.com/articles/SB123869022704882969> ("Over the years, [Monster Cable] has gone after purveyors of monster-branded auto transmissions, slot machines, glue, carpet-cleaning machines and an energy drink, as well as a woman who sells 'Junk Food Monster' kids' T-shirts that promote good eating habits.").

[5] <https://www.youtube.com/watch?v=JKq5zIVR8p4>.

[6] 15 U.S.C. §1127, eleventh para. (2018) ("The term 'trademark' includes any word, name, symbol, or device, or any combination thereof...used by a person...to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown."); see id. §1127, twelfth para. (providing a somewhat similar definition for "service mark").

[7] <https://www.crunchbase.com/organization/mschf-0d1c>. On a related note, Jeff Bezos will be delighted to see the logo MSCHF has adopted.

[8] Complaint in Nike, Inc. v. MSCHF Product Studio, Inc., No. 1:21-cv-01679 (E.D.N.Y., filed Mar. 29, 2021) ¶21 (hereinafter, "MSCHF").

[9] Id. ¶35.

[10] Id. ¶¶37-38.

[11] Id. ¶33.

[12] Luke 10:18 (NRSV) ("[Jesus] said to them, 'I watched Satan fall from heaven like a flash of lightning.'").

[13] Revelation 13:18 (NRSV) ("[L]et anyone with understanding calculate the number of the beast, for it is the number of a person. Its number is six hundred sixty-six."). However, "[o]ther ancient authorities read six hundred sixteen." Id. at fn.e.

[14] <https://www.cnn.com/style/article/lil-nas-x-mschf-satan-nike-shoes/index.html>.

[15] Complaint in MSCHF at 1.

[16] Id. at pp. 21-22, ¶2.

[17] See, e.g., id. ¶75.

[18] <https://www.cnn.com/style/article/lil-nas-x-mschf-satan-nike-shoes/index.html>.

[19] MSCHF, Dkt. 15 at 2.

[20] MSCHF, Dkt. 17.

[21] <https://www.law360.com/articles/1373601/nike-resolves-bad-blood-with-lil-nas-x-satan-shoes-seller>.

[22] Complaint in MSCHF ¶31.


[23] Id. at 11, second post.

[24] <https://www.law360.com/articles/1373601/nike-resolves-bad-blood-with-lil-nas-x-satan-shoes-seller>; see <https://www.cnn.com/style/article/lil-nas-x-mschf-satan-nike-shoes/index.html> (citing \$1,018 as the original sales price).

[25] <https://www.ebay.com/sch/i.html?>

[\\_from=R40&\\_trksid=p2510209.m570.l1313&\\_nkw=satan+shoes&\\_sacat=0](#) (last visited May 27, 2021).


[26] <https://www.crunchbase.com/organization/mschf-0d1c> (stating that MSCHF has received total funding of \$3.5 million).

[27] See, e.g., [Adecco USA, Inc. v. Staffworks, Inc.](#) , No. 6:20-CV-744, 2020 WL 4040341 at \*1 (N.D.N.Y. 2020) ("[T]he Court finds that the significant material facts in dispute preclude the Court from granting injunctive relief without first conducting an evidentiary hearing.").


[28] MSCHF, Dkt. 15 at 1.


[29] <https://www.californiacoastline.org/streisand/slapp-ruling-tentative.pdf> at 6.

[30] [https://en.wikipedia.org/wiki/Streisand\\_effect](https://en.wikipedia.org/wiki/Streisand_effect).

[31] [Bowman v. Monsanto Co.](#) , 569 U.S. 278, 280 (2013) ("Under the doctrine of patent exhaustion, the authorized sale of a patented article gives the purchaser, or any subsequent owner, a right to use or resell that article.").

[32] 17 U.S.C. §109(a) (2018) ("[T]he owner of a particular copy or phonorecord lawfully made...is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.").

[33] J. Thomas McCarthy, 4 McCarthy on Trademarks and Unfair Competition § 25:41, 5th ed. (2021) ("The logical inference to draw from the Supreme Court's COTY [[Prestonettes, Inc., v. Coty](#) , 264 U.S. 359 (1924)] and CHAMPION [[Champion Spark Plugs Co. v. Sanders](#), 331 U.S. 125 (1947)] cases...is the general rule that a distributor who resells branded goods without change is not an 'infringer' and thus needs no 'license.'").

[34] See, e.g., [Davidoff & CIE, S.A. v. PLD Intern. Corp.](#) , 263 F.3d 1297, 1298-99 ("We recognize the general rule that a trademark owner's authorized initial sale of its product exhausts the trademark owner's right to maintain control over who thereafter resells the product....").


[35] *Id.* at 1299.

[36] *Id.* at 1303.

[37] Complaint in MSCHF ¶33.

[38] MSCHF, Dkt. 14.

[39] *Id.*, Dkt. 14 at 1.

[40] *Id.*, Dkt. 15 at 4 (citing [Harley Davidson, Inc. v. Grottanelli](#) , 164 F.3d 806, 812 (2d Cir. 1999) ("We have accorded considerable leeway to parodists whose expressive works aim their parodic commentary at a trademark or a trademarked product....but have not hesitated to prevent a manufacturer from using an alleged parody of a competitor's mark to sell a competing product.")).

[41] *Id.*, Dkt. 14 at 2.

[42] Complaint in MSCHF at 1.

[43] J. Thomas McCarthy, 4 McCarthy on Trademarks and Unfair Competition § 25:8, 5th ed. (2021) ("But 'injury' alone does not trigger a violation of the Lanham Act: there must be some confusing use of plaintiff's mark or some false representation. Since the customer sees no one's trademark on or in connection with the product or service, how could the ordinary buyer be

confused?") (paragraph break omitted).

[44] See, e.g., Complaint in MSCHF ¶¶33-34.

[45] <https://www.vanityfair.com/style/2021/04/the-queen-true-royalty-tv-documentary> ("The research also argues that [HM Queen Elizabeth II] has grown the royal family into the world's fifth biggest 'corporate brand,' ahead of multinationals including Coca-Cola, Nike, and Microsoft.").

[46] See, e.g., <https://abovethelaw.com/2013/09/this-may-be-an-even-greater-response-to-a-cease-and-desist-letter/2/>.