

Should I File Trademark Applications to Cover My Brands in the NFT/Metaverse/Virtual Worlds Space?

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Trademark filings in the metaverse and non-fungible tokens (NFTs) space are a hot topic these days in the media and IP Bar, and many brand owners are asking themselves whether it's time to join in or risk being left behind. As more consumers turn to online activities during the pandemic and technology continues to advance — allowing for more online collaboration and engagement in virtual reality meeting places — the question of whether and how a business can affirmatively protect its marks in the virtual marketplace is a good one.

As the metaverse and NFT concepts are often conflated with each other or misunderstood, it's important to distinguish between the two concepts.

Non-Fungible Tokens (NFTs)

NFTs are unique digital assets which are stored on a blockchain (a blockchain is a digital record of information that is shared through a decentralized network). NFTs are often associated with items such as digital images, photos, videos, or audio. While many types of digital files can be easily copied and reproduced with no one version of the file being identifiable the "original," the owner of an NFT owns a unique asset with its authenticity validated in the blockchain. The first NFT was created in 2014, and popularity and demand steadily increased over the following years before rapidly expanding in 2021. While NFTs were once the domain of fairly niche online communities and artists, brands such as Coca-Cola, McDonald's, the NFL, and Gucci have since jumped on the bandwagon.

Metaverse

The term "metaverse" has been around for longer but has likewise seen an explosion of interest in the last year, particularly with Facebook's pivot to the brand META (a reference to the metaverse) in 2021. Broadly speaking, the term identifies a virtual world or a network of virtual worlds enabling social connection online. The metaverse received a lot of attention in the early 2000s with the creation of virtual worlds such as Second Life as well as the advent of massively multiplayer online role-playing games (MMORPGs), and

some brands embraced the metaverse. For example, in 2007 Coca-Cola conducted a contest to create a COKE® beverage vending machine to be placed within the virtual world of Second Life. At the time, these ventures were criticized by some as a pointless experiment given the small numbers of consumers participating. However, the metaverse has continued to steadily expand since then, and interest on the part of brands spiked in 2021 and 2022. In recent months, significant attention has been given to the launch of brands such as JPMorgan and Samsung in virtual worlds, and the acquisition of existing digital goods startups by larger companies such as Nike.

Top Considerations in Deciding Whether to File for Expanded Protection for Virtual Goods and Services

When deciding whether to move forward with new filings to protect a brand with virtual goods and services, we recommend first considering your budget and current trademark coverage. If you have not fully protected your core brands yet with the goods and services you are already selling in all of the jurisdictions where you sell or plan to expand, doing so might be a higher priority than dedicating funds to the virtual space.

Next, consider what your business is, how your brands interact with the public, and how they might fit into the NFT and/or metaverse spaces. Are there marketing opportunities you foresee? Would you be upset if someone else tried to use your brand in those spaces? If your business heavily advertises and sells goods or services to the general consuming public, it is not a huge leap to imagine your marketing team may want to eventually pursue opportunities to sell or advertise in new virtual markets. Your business team may take an interest as well, as recent trademark applications from McDonald's demonstrate that the company may offer delivery of actual goods ordered from virtual world marketplaces. On the other hand, if you are, for example, a manufacturer of raw goods, or in a niche market, or otherwise are not a brand that general consumers readily recognize, focusing on protection for virtual applications may be less important.

Ultimately, a new application to add coverage for the offering of virtual goods and services is not overly expensive and will likely be less costly than taking enforcement actions without an application, so if you have an inkling that this space could be important, filing an application is a good idea. However, U.S. companies filing domestically will need to have a legitimate intent to eventually use the mark with the goods and services for which they apply and a likelihood of active use within the next 3-4 years for the application to wind up being perfected. In the meantime, there is still legal value in defensive filings, even if ultimately you are unable to show use within the allowable period and/or simply decide not to pursue the NFTs or metaverse goods and services after all. Moreover, clever marketing teams may be able to drum up some publicity value in making the filings or announcing participation in these spaces, as we have seen from the media coverage as of late.

If you decide to pursue protection, another thing to discuss with your marketing and branding teams is whether you would use your regular branding or whether you would modify it for the virtual spaces. For



example, Panera Bread recently filed an application for the mark PANEREVERSE for virtual food and beverage items for use in virtual restaurants and cafes. Of interest, the application also included use of PANEREVERSE with NFTs "for facilitating commercial transactions," indicating that it may plan to allow payments in its virtual world space via NFTs.

If you have questions about how to offer NFTs or goods and services in the metaverse and protect your brands when doing the same, please reach out. Lathrop GPM has a team of experts counseling clients in these and other related spaces such as cryptocurrency, and we would be happy to discuss with you.