News From There

The Web3 brand protection newsletter

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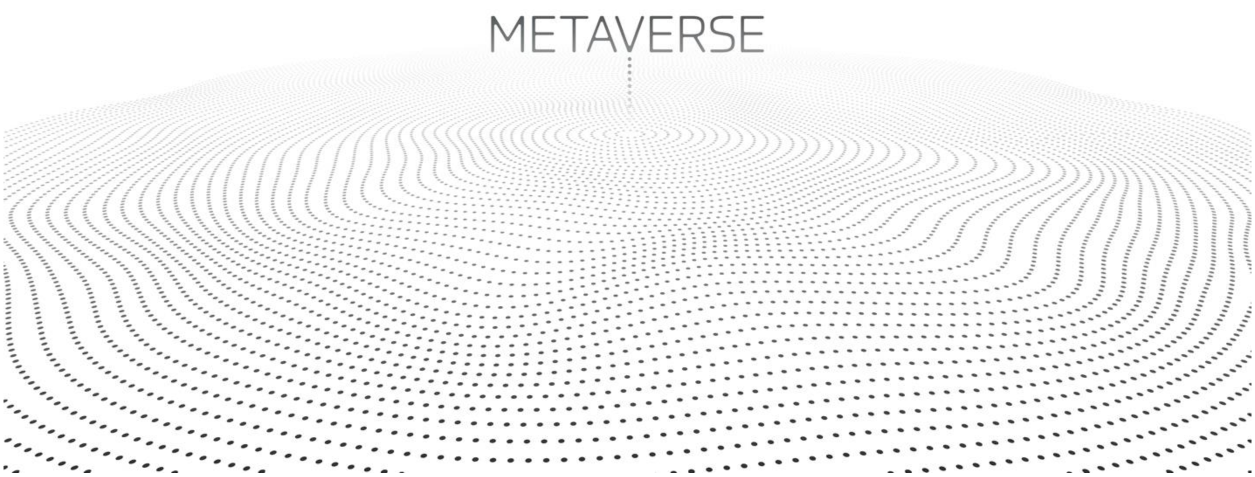

IP TWINS

Content

Editorial

Leonardo Maria Seri, of counsel at BMlex, Italy, did us the honor of accepting our invitation to contribute to this second issue of *News From There*. Leonardo is a specialist in the questions raised by the encounter between intellectual property and the metaverse. In his article entitled "NFTs and the protection of trademarks in the metaverse: a first overview after the *Juventus* case" (pp. 5-9), he guides us through the maze of the metaverse from the perspective of trademark protection by commenting on one of the very first global decisions on the matter.

Another decision was awaited: *Hermès International v. Rothschild* (S.D.N.Y. 2022, 1:22-cv-00384), February 2, 2023. Its media impact seems as big as *A&M Records, Inc. v. Napster, Inc.*, and *LICRA v. Yahoo!* Admittedly, *Hermès International v. Rothschild* has all the ingredients to make history in Internet law: a provocative artist, a well-crafted marketing strategy, one of the most prestigious brand, one of the most iconic luxury product, NFTs sold in Ethers and purchased at high prices, arguments relating to freedom of expression and creation, and suspense until the verdict of the jury. What guided Mason Rothschild: the allegedly sociological and philosophical nature of the message of his work or, more prosaically, money? This question was the heart of the debates. The jury considered that Mason Rothschild was more interested in Ethers. Hermès can tap dance like Ginger & Fred! Still, the French luxury company was lucky to have been put in the position of a claimant facing a correctly identified defendant (pp. 17-31).

Distributed ledger technologies (DLT) facilitate anonymity for honest and honorable reasons. However, no freedom is absolute in the physical world, as in virtual worlds. It would not be surprising for States to reflect on ways to obtain personally identifiable information (PII). In this regard, British judges have issued bankers trust orders in the hope of identifying the perpetrators of misdeeds committed in the cryptosphere (see the table of judicial decisions, p. 37).

The tree structure of DLTs also challenges us when it comes to determining the competent judge, which, together with the identification of minters and hackers, is the other question that constrains lawyers. However, faced with the risk of denial of justice, there will always be a court to declare itself competent (pp. 13 to 16).

Finally, the definition we have chosen for this number is that of blockchain arbitration. Arbitration has existed since Roman times. Arbitration continues to stand the test of time and adapt to changes in trade. It remains to be determined how arbitration should be conducted so that it is as effective in the metaverse as in the physical world (pp. 32-34).

E. G.

News

NFTs and the protection of trademarks in the metaverse: a first overview after the Juventus case

By Leonardo Maria Seri

Leonardo Maria Seri, of Counsel BMlex, is an Italian qualified lawyer in the field intellectual property law and honorary fellow in Industrial Property Law at the University of Macerata. He provides legal assistance in judicial, arbitration and administrative litigation, he deals with legal advice on the protection and enforcement of IP rights and in the field of unfair competition, and he supports clients in drafting and negotiating licenses, settlement agreements and other IP related agreements. He regularly performs lectures and teaching activities in his areas of expertise. He is the author of several articles and publications on the protection and enhancement of intangible assets, among which "NFT - The other side of art. Non-fungible tokens: taking rules further beyond the edges of art", in A. Conso and F. Annunziata (eds.), *NFT. The other side of art. Non-fungible tokens: taking rules further, beyond the edges of art*, Montabone Editore, 2021, Milano, ISBN 978-88-32-27557-5 and "NFT in musica", in F. Annunziata and A. Conso (eds.), *NFT in musica*, Le Lucerne, 2022, ISBN 9791280147226.

The spread of NFTs in the art and music sectors and in the world of collectibles, has paved the way for new questions, such as what the most appropriate strategies for trademark protection in the metaverse are or whether the use of third-parties' trademarks within digital contents associated with NFTs may constitute trademark infringement. Although there are a number of disputes pending overseas (such as, among the best known, the Hermes vs. Mason Rotschild case in relation to the latter's NFT-launched metabirkin and the case between Nike and Stock-X in relation to the so-called NFT vaults launched by the latter), few answers are currently offered.

Some interesting directions can be learned from the recent decision of the Court of Rome of July 20, 2022, which appears to be one of the first rulings on the matter in the Old Continent, by which the Court granted Juventus an injunction against the production and marketing of NFTs and related contents created by a third party. In particular, the Italian Court ordered the defendant "*to cease within ten days as of communication of the order any further production, marketing, promotion and offering for sale, directly and/or indirectly, in any manner or form whatsoever, of the NFTs (non-fungible tokens) and digital content referred to in the motion for preliminary injunction, as well as of any other NFTs (non-fungible tokens), digital content or product in general bearing the image referred to in the* *motion for preliminary injunction, even if modified, and/or the Juventus trademarks in suit, as well as the use of such trademarks in any manner or form whatsoever*" and "*to withdraw from the market and remove from every website and/or from every page of a website directly and/or indirectly controlled by it on which such products are offered for sale and/or advertised, the NFTs (non-fungible tokens) and the digital content associated therewith or products in general covered by the injunction*", also setting a penalty, in case of any delay in complying with this order or any breach of the injunction.

1. Non fungible token: what is it?

An NFT (non-fungible token) is actually a set of metadata including a hash, i.e., a unique identifier of a digital asset associated thereof, which can be exchanged by means of smart contracts. Such metadata may also include a link to the relevant digital asset available online in other media or storage (such as the Inter-Planetary File System, also known as "IPFS").

We all heard about the use of NFTs in connection with "digital objects": they may be a variety, such as images and photos, videos, music, tweets, source code extracts, texts, domain names, digital artworks, collectibles, but also digital versions of physical assets, and there are many examples also of who has associated NFTs to "physical objects".

Many think that these technologies offer useful tools for an automated and efficient management of IP rights, both registered and unregistered, as they can provide reliable information about the creation of a right, its management and circulation, thanks to the secure storage of information, which is transparent and inalterable.

However, like all innovations, it also leaves room for doubts and uncertainties in the qualification of the legal cases, which challenge and stimulate the professionals of the various sectors involved.

2. NFTs and IP rights: a multi-layered scenario

A first clarification is needed in that an NFT does not include the associated contents.
That is, the transfer of an NFT (i.e., rights related thereto, to be identified from time to time) is connected to a specific asset (univocally identified and in its content and address of storage) and its circulation is constantly traced in a "decentralized" manner, while the NFT does not include in principle the artwork (or other associated asset) itself. Nevertheless, the latter may be made available to the purchaser.

In other words, the fruition of the associated content is usually present but is merely eventual. It seems therefore possible to identify more layers:

- the creation (minting) of an NFT and its circulation (that in principle does not include the artwork, but identifies it and the rights included in the transfer);
- the availability of a sample of the artwork and/or faculty to access it, in addition to the mere NFT, which is usual but merely eventual.

This has raised many questions concerning, first of all, the possible existence or absence of violations related thereto and their qualification.

That said, waiting for professionals of different jurisdictions to give some more directions on the above, it seems the case to note that a first direction seems to be derived from the above-cited order of the Court of Rome.

3. Court of Rome case in brief

The case concerned the creation, marketing, promotion and offering for sale of NFT linked digital collectible cards relating to football players of the past: it can be read in the cited decision that the authorization granted by the football player for the use of his own image was not sufficient for the purposes of the use of the pictures at issue also bearing third parties' trademarks and therefore did not exempt the defendant from having to obtain, from the teams whose shirts and marks were reproduced, the authorization to use their respective trademarks, since "*... also the reputation of the various teams in which the player played also contributes to the value of the digital image offered for sale*".

4. Court of Rome findings at first glance

The ruling might at first sight raise some perplexity as it seems not to really tackle the structure and characteristics of web 3.0 and NFTs: as a matter of fact, the word blockchain appears only within a sentence and, in qualifying the case as unauthorized use of trademarks, the Court focused on "*the creation of said Cards and their marketing*", apparently confining the use of NFTs to a very secondary role, referred to as "*...regardless of the telematic characteristics of the Cards in question...*".

In other words, the case seems to be observed as a web 2.0 case (that of the creation and marketing of digital Cards in association with third party trademarks, in the absence of the relevant authorization), relegating instead NFTs and blockchain (i.e. the web 3.0 related phenomena) to mere telematic characteristics that could be disregarded.

5. Court of Rome case: a closer look

Nevertheless, on a closer look, it seems possible to derive some initial indications for the interpretation of the phenomenon in question and, more generally, for the qualification of increasingly frequent cases relating to the use of NFTs and blockchain.
As noted above, the use of NFTs in relation to digital goods appears to be a unitary phenomenon at first glance, but it works "on several levels", in which different facts overlap, while remaining independently appreciable. Hence, the ruling at issue, while focusing on Cards and digital contents, seems to correctly consider this stratification:
- on the one hand, in distinguishing the creation and marketing of the cards from the "telematic characteristics" thereof;
- on the other hand, in ordering an injunction against the creation and marketing of NFTs and of the digital content associated with them as well as the withdrawal from the market of such NFTs and of such associated contents.

Yet, at the same time, it should be noted that the measure seems to bypass issues related to the peculiar characteristics of Web 3.0, such as that of the substantial immodifiability of blockchain and NFTs: in fact, it merely orders the removal (of NFTs and associated digital contents) from every website and/or page of websites – only - directly and/or indirectly controlled by the defendant on which such products are offered for sale and/or advertised. Thus, the doubts of the industry concerning the difficulties of enforcing measures that address Web 3.0 dynamics remain open.

6. The mere creation of an NFT

It is interesting to observe, nonetheless, that the decision of the Court of Rome seems to give interesting indications on the (controversial) qualification of the very creation of an NFT with respect to possible infringements: in fact, since the early applications of NFTs to the world of art and collectibles, the question has been raised as to whether the mere creation of a NFT (so said "minting") relating to certain digital content could itself constitute trademark infringement or copyright infringement[1] (i.e. even in the absence of the possible further conducts of reproduction, promotion, marketing, etc. of the contents bearing the contested trademarks).

The decision in comment not only - correctly - distinguishes NFTs from the digital contents associated with them, but also enjoins the production of NFTs themselves.

Thus, on a closer look, it appears possible to deduce the interesting conclusion that even the mere creation of a NFT can constitute trademark infringement, even if the token does not include the contents associated with it (which are only uniquely identified by the NFT and located in an external storage).

Moreover, such an interpretation may facilitate the protection of intellectual property rights in favour of the owners, facing infringements in Web 3.0.

Finally, the commercial purposes of the creation and marketing of the digital Cards at issue are considered, emphasising that such Cards may be resold on the secondary market (resales on which the creators of the Cards — i.e. the mintor — would be entitled to a fee), as is often the case in the use of NFTs in relation to collectibles and/or artworks. Although this remark addressed the so-said *periculum in mora* (which is one of the requirements under Italian laws for initiating a precautionary proceeding), this seems however to raise some questions on the configurability of a private use, or a use outside of the economic activity, of such NFTs that circulate on exchange platforms and often provide for a fee in favour of the mintor for each subsequent sale on the secondary market.

7. Web 3.0 and enforcement

Having said that, there still seem to be difficulties in implementing this kind of decisions. While we are still in the early days of the battle for the protection of IP rights in new environments and new technologies, it seems sufficient to search platforms, such as the Opensea, to see that the Cards in question appear to be still visible, with the possibility to send an offer to the relevant NFT owner, who may accept or reject the offer.
And even considering technical solutions such as so-called burning, consisting in the transfer of the NFT to a null address (i.e. to a wallet that does not exist), the issue would still persist: in fact, it would not be a true and proper destruction of the NFT, given that like the blockchain, the NFT is also immodifiable and therefore, once 'minted', the token cannot be removed. In other words, in any case, the NFT and the information minted with it will remain stored on the blockchain (even if such NFTs were to be removed from sites and web pages, and even if the NFT were to be burnt).
It also has to be said that burning can only be carried out by the owner of the NFT, since he is the only one in control of his walletID. Therefore, once the NFT (to which is associated a digital content hypothetically infringing third parties' rights) is sold, the promoter of the project will no longer be able to carry out this action.

8. The importance of filing strategies

In light of the above and awaiting new answers to the issues that are still open, it will be important to adopt appropriate preventive strategies to safeguard possible prior rights.

For instance, EUIPO has recently tried to provide some guidance in light of the high number of trademark filings related to NFTs and digital goods for the metaverse received during the past year. In particular, EUIPO has clarified that:

[1] See LAPATOURA I., "Copyright & NFTs of Digital Artworks", *The IPKat*, 23 marzo 2021 (ipkitten.blogspot.com); see also JANSSENS M.C. - VANHERPE J., "Non-Fungible Tokens and Copyright: crypto-buyer beware", KU EUVEN CiTiP Blog, 29 giugno 2021 (law.kuleuven.be); and L M. Seri, A. Conso and F. Annunziata (eds.), *NFT. The other side of art. Non-fungible tokens: taking rules further, beyond the edges of art*, Montabone Editore, 2021, Milano, ISBN 978-88-32-27557-5 (kobo.com).

"*Virtual goods are proper to Class 9 because they are treated as digital content or images. However, the term virtual goods on its own lacks clarity and precision so must be further specified by stating the content to which the virtual goods relate (e.g. downloadable virtual goods, namely, virtual clothing)*", adding also that: "*The 12th Edition of the Nice Classification will incorporate the term downloadable digital files authenticated by non-fungible tokens in Class 9*", while the type of digital item associated to the NFT must be specified, being the term "*non fungible tokens*" on its own not acceptable. As for services relating to virtual goods and NFTs, they will be classified in line with the established principles of classification for services[2]. For further information see EUIPO; Virtual goods, non-fungible tokens and the metaverse, euipo.eu, June 23, 2022 (euipo.europa.eu).

This becomes even more relevant in the absence of clarifications regarding the assessment of similarity between physical goods and corresponding digital goods associated with NTFs. In particular, in the case at hand, the decision of the Court of Rome found the similarity between the goods claimed *inter alia* in class 9 by the earlier marks invoked, also concerning downloadable electronic publications (as well as services related thereto), and the contested digital cards associated with NFT and related conducts.
However, bearing in mind case-law on the assessment of similarity between goods and/or services and related principles, it seems possible to doubt, at present, that there is similarity - theoretically and in the absence of appropriate trademark filings such the above one - between claimed physical goods and corresponding digital goods or services in connection to which an unauthorized third party may be using identical or confusingly similar marks, at least where such uses relate to pure digital goods/services, with no relation to the physical world.

This seems to be likely to affect, under certain conditions, also domain names. A lot may be said on that, we would like just to recall art. 22 of Italian Code of Industrial Property, according to which it is not allowed to adopt a third party's trademark or a confusingly similar sign as domain name and/or as any other distinctive sign, when this may give rise to a likelihood of confusion or association among the signs, due to similarity among the business of such undertaking and the products/services claimed by the prior trademark.
In conclusion, awaiting developments, it seems appropriate, at least at this stage, to consider an update of IP rights protection strategies, taking into account also web 3.0, in order to prevent the risk of being powerless against possible digital 3.0 misappropriators.

[2] For further information, see EUIPO, "Virtual goods, non-fungible tokens and the metaverse", June 23, 2022: euipo.eu.

BMLEX is an Italian boutique law firm with its headquarters in Milan and an international client-base, providing legal services both in judicial and extrajudicial matters in the field of Industrial and Intellectual Property Law, Corporate Law, Regulatory Affairs and Compliance, Pharmaceutical and Biotechnology Law.

Our philosophy is to be close to clients in order to address their issues and find proper solutions with care, clarity, responsibility and efficiency.

Our mission is to serve clients with the highest degree of professionalism and efficiency, we focus on obtaining concrete and pragmatic solutions of legal issues with a quick turn-around time. To this aim, we are used to deal with each case in close cooperation with patent and trademark attorneys, as well as legal specialists from other fields of law in order to provide fully integrated services both from a legal and technical perspective and a wealth of experience and expertise, both in Italy and abroad.

We are active in the national and international IP community and regularly participate to the most important conferences and conventions at national and international level.

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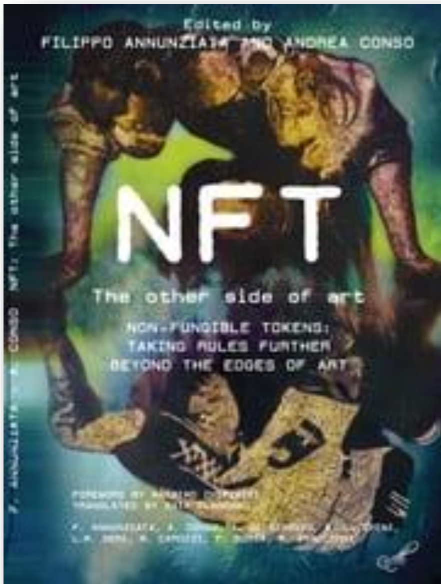

Andrea Conso and Filippo Annunziata (eds.), *NFT. The other side of art. Non-fungible tokens: taking rules further, beyond the edges of art*, Montabone Editore, Milano, 2021, ISBN 978-88-32-27557-5

Leonardo Maria Seri participated in the writing of this book

Rakuten Kobo

<u>This book is also available in Italian</u>: Andrea Conso and Filippo Annunziata, *NFT. L'arte e il suo doppio. Non fungible token: l'importanza delle regole, oltre i confini dell'arte*, Montabone editore, Milano, 2021

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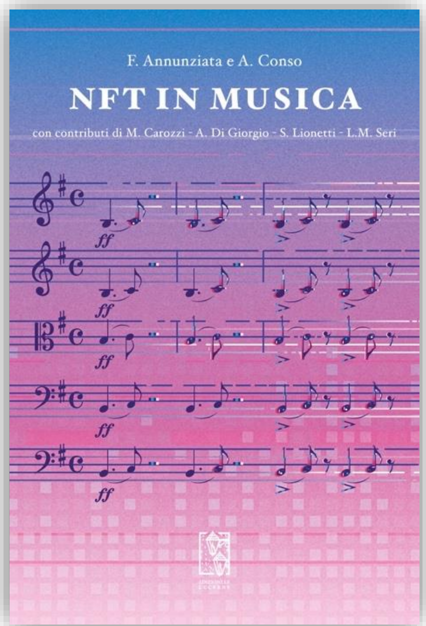


Filippo Annunziata, Andrea Conso, *NFT in musica*, Edizioni Le Lucerne, Coll. Diritto e Musica, Milano, 2022, ISBN 1280147229

Leonardo Maria Seri participated in the writing of this book.

Lelucerne.com

La musica è storicamente il settore più esposto al progresso tecnologico. Oggi è quello che più di recente ha scoperto le potenzialità "creative" della tecnologia blockchain e l'"universo cripto", dove si affacciano sempre più protagonisti e collezionisti, ben disposti a creare, comprare, vendere e scambiare opere in ambiente digitale tramite NFT.

Questo nuovo strumento, oltre a presentarsi come una nuova possibile migliore garanzia e capitalizzazione del lavoro degli artisti, pare avere anche la capacità di riavvicinare i musicisti ai loro fan, che in una certa misura possono "riappropriarsi" dei dei brani preferiti – per quanto non più in un raccoglitore fisico di vinili, ma in un wallet digitale – oppure essere messi nella condizione di vivere esperienze immersive a distanza o esperienze privilegiate. Basterà allora entrare in possesso dell'NFT giusto? Sarebbe un'insidiosa semplificazione crederlo.

Per i semplici curiosi, ma anche a beneficio di chi intenderà operare sul campo in sicurezza e conformità alle regole, questo libro affronta l'affascinante argomento degli NFT in musica, muovendo da una panoramica sulla storia che dal Bitcoin porta ai non-fungible token, sulla tecnologia che ne sta alla base, sul fenomeno dal punto di vista economico e sull'analisi del mercato musicale "tokenizzato", approfondendo la sostanza degli NFT in relazione al diritto nazionale e nella prospettiva UE, le loro modalità di sfruttamento, le questioni legate al diritto d'autore e la tutela degli utenti.

Con contributi di Mariano Carozzi, Antonio Di Giorgio, Stefania Lionetti e Leonardo Maria Seri.

"Cryptoassets" and intellectual property infringement: in search of the competent judge

By Emmanuel Gillet, IP Twins

Introduction

For thirty years, comparative private international law specialists have been trying to find a uniform solution to the questions of jurisdiction and applicable law in the presence of a contractual or tort situation generated in a digital environment. Most States have adopted a solution in line with their legal culture, which means that disparities persist. Nevertheless, there is no *terra nullius*: the state authorities (legislators and judges) have thwarted the inclinations of libertarian beliefs defending an a-national Internet but also obliterating institutions.

Issues of jurisdiction and applicable law rebirth in digital environments developed using protocols specific to distributed ledger technologies (DLT), including blockchain. Hence the following question: how to determine the competent court in the event of an infringement of an intellectual property right perpetrated within the framework of a DLT? The difficulty arises from the distributed or decentralized nature of the intangible asset constituting the infringement since, given its nature, the latter is endowed with ubiquity. In other words, the infringing crypto-asset is everywhere at once, which is equivalent to nowhere in private international law. The traditional rules of conflict of jurisdictions offer several solutions.

1. Dispute resolution clauses

Thus, the choice of court clause, when it complies with the applicable law, must be respected by the judge called upon to implement it. However, it is unlikely that the owner of the intellectual property right and the infringer will agree on a competent court. At the very least, one could imagine clauses conferring jurisdiction in contracts between, on the one hand, the infringer and, on the other hand, an intermediary platform (for example, a platform linking sellers and buyers of NFT or decentralized domain names such as Opensea, Rarible or Polygon). However, the clause would be unenforceable against the plaintiff in such a case.

2. *Forum rei* and the question of the identification of the defendant

In the absence of a dispute settlement clause, the solution in principle common to many legal systems consecrates the court of the defendant's domicile or usual place of residence. However, within a DLT-based architecture, the localization of the *forum rei* is problematized by two obstacles. First, by definition, decentralization leads to a plurality of possible forums. One solution could be to focus on the public key (or a resulting address) used to commit the wrongful act. However, in the current state of technology and the legislation in force, it seems that the localization of the public key would not necessarily help to identify the infringer infallibly. Furthermore and secondly, the location and the identification of the defendant are interdependent. Within an architecture based on a DLT, the guarantee of anonymity seems to be set up as a dogma. Web2 facilitates anonymity and creates a feeling of impunity, but justice has the power to order intermediaries to disclose necessary information allowing the identification and conviction of perpetrators of cyber crimes or cyber torts. In contrast, the cryptosphere is built on a peer-to-peer system, meaning users can do without intermediaries. In addition, in the cryptosphere, anonymity and impunity seem guaranteed, at least in the current state of technology and legislation. In other words, everything is done to limit the possibilities of identifying and locating actors, including the perpetrators of cyber crimes and cyber torts. However, the cryptosphere is not devoid of intermediaries. Indeed, some companies provide decentralized domain name creation services, while others facilitate the creation and exchange of "crypto assets" such as NFTs and decentralized domain names. In the presence of such an intermediary, assuming that the latter can be prosecuted in this capacity – which is not excluded – the competent court could therefore be that of the intermediary's registered office.

3. The court in whose jurisdiction the causal event occurred

In some legal systems, particularly in the European Union, the judge in whose jurisdiction the causal event occurred is competent to rule on all of the damage suffered, constituting a substantial advantage in multi-location damage cases. Indeed, this solution allows the victim of infringement to seize a single judge who, within the framework of a single legal procedure, will rule on the entirety of the damage suffered, that is to say, wherever the intellectual property right is effectively and validly protected. In the hypothesis of a cryptoasset infringing an intellectual property right, the causal event refers to the creation (minting) of the concerned intangible good, which coincides with the registration of the data, most often on the interplanetary file system (InterPlanetary File System or IPFS). IPFS is a peer-to-peer protocol that has the principle of simultaneously distributing copies of a file in several nodes located in machines probably located in different states. Such circumstances do not make it possible to locate the triggering event with certainty. The identification of the court of the place of the causal event, therefore, seems compromised.

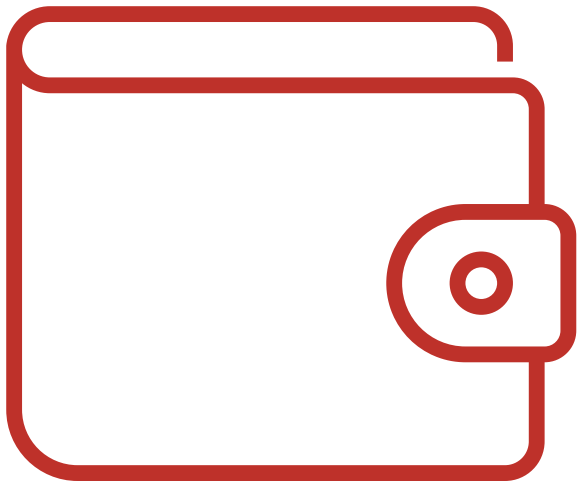
Nevertheless, one can wonder whether, in certain cases, the IP address could not be used to identify/geolocate the author of the infringing content. This hypothesis is possible when the disputed cryptoasset was created using a platform (for example, Opensea provides this service). However, it should be borne in mind that the IP address in question could have been rented, making things even more complex.

4. The court in whose jurisdiction the damage was suffered

In several legal systems, two theories are opposed. First, the theory of accessibility allows the court to consider itself competent simply because the disputed content is accessible within its jurisdiction. Conversely, the "focus theory" designates the court whose jurisdiction the author of the disputed content intentionally targets the public. The method of determining the target audience is that of a set of indications such as the domain name, the currency, or the language of the disputed content. For example, the Court of Justice of the European Union has ruled in favor of the theory of accessibility. Similarly, the French draft code of private international law enshrines the theory of accessibility (Article 105, specific to intellectual property issues, refers to the general principle consecrated in article 93: justice.gouv.fr). However, there is a corollary to this principle: the competent court can only hear the portion of the damage caused within the scope of its jurisdiction. To obtain total compensation for the damage suffered in all the territories in which the concerned intellectual property right is protected, the victim of the infringement has two options. The first would be to sue the defendant before the court of the place of the causal event. However, as we have mentioned earlier, the localization of the causal event seems, if not illusory, at the very least, complex. For lack of anything better, the second option would be tantamount to sue the infringer before each court in whose jurisdiction the infringement of the intellectual property right is found, which would raise a serious problem of access to justice. The holder of the intellectual property right would have no choice but to engage in forum shopping to assess his chances of compensation and to seize only the court which would grant him the most significant compensation.

Conclusion

DLTs exacerbate the complexity of jurisdictional issues in the digital environment. The key seems to be in identifying the perpetrators of wrongful acts committed in the cryptosphere. Admittedly, the right to anonymity is a pillar of distributed ledger technologies. However, as fundamental as it is, the right to anonymity is not absolute. Of course, the question goes far beyond issues related to intellectual property. Web1 and Web2 actors have been forced to identify the perpetrators of cyber torts and cyber crimes. It is argued here and there that the cryptosphere would be devoid of intermediaries. This is not entirely true, especially considering the already large ecosystem on which the crypto economy is based. In the absence of being able to identify the author of an infringement and in the impossibility of locating his domicile or his usual place of residence, it could be envisaged to involve these intermediaries.



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Hermès v. Rothschild: how to fight trademark infringement committed by NFT minters

By Emmanuel Gillet, IP Twins

Trademark law is doing well, endowed with a strong capacity for execution and an ability to adapt to any new situation. The already prominent *Hermès v. Rothschild* provides a further illustration. Founded in 1837 by Mr. Thierry Hermès, Hermès has acquired prestige and a reputation for excellence, in particular for its leather goods, including the iconic "Birkin" handbag, made initially for Mrs. Jane Birkin, an icon and muse of fashion and arts and, then, a young mother. The "Birkin" rare and prized handbags are often estimated at several tens of thousands of dollars (Annex 1).

Mr. Mason Rothschild defines himself as an entrepreneur from the fashion industry. In May 2021, Mr. Rothschild created a digital image of a fetus inside a transparent "Birkin" handbag. Mr. Rothschild sold the non-fungible token (NFT) associated with this image for $23,500. Subsequently, this NFT was resold for the sum of 47,000 USD. Exalted by this success, Mr. Rothschild made a collection representing "Birkin" bags covered with fur. In December 2021, he put the NFTs associated with these images up for sale as part of a "MetaBirkins" project (Annex 2). On November 7, 2021, to carry out his new business, Mr. Rothschild registered the domain name <metabirkins.com> (Annex 3), used to designate a site promoting the "MetaBirkins" collection (Annex 4). In a marketing logic, Mr. Rothschild also created @metabirkins accounts on Twitter (Annex 5), Instagram, and Discord, as well as the hashtag #metabirkins, to catapult the eponymous collection. The virtual bags were auctioned on platforms specializing in selling NFTs, including LooksRare (Annex 6), OpenSea, Rarible, and Zora. NFTs representing Mr. Rothschild's "MetaBirkins" handbags sold at prices comparable to physical Hermès' Birkin handbags (Annexes 7 and 8). Finally, it is established that users, consumers, and fashion journalists believed that the "MetaBirkins" collection emanated from Hermès.

1. Summary of the procedure

2022-01-14	Hermès's initial complaint
2022-01-18	Electronic summons issued as to M. Rothschild
2022-01-20	Summons and complaint served to M. Rothschild
2022-02-09	M. Rothschild's motion to dismiss Hermès' complaint
2022-03-02	Hermès's amended complaint
2022-03-21	Memorandum of law in support of defendant Mason Rothschild's motion to dismiss the amended complaint
2022-05-18	Order by which the court denies M. Rothschild's motion to dismiss the complaint
2022-08-26	Hermès's trademark application for « Birkin » in classes 9, 35 and 41 (USPTO application No. 97566629)
2023-02-02	Opinion and order denying the parties' cross-motions for summary judgment
2023-02-07	Instructions of law to the jury
2023-02-08	Jury verdict

The table above refers to a selection of documents from the case. Complete documentation is available at courtlistener.com.

On December 16, 2021, Hermès sent Mr. Rothschild a letter of formal notice to end the "MetaBirkins" project. However, faced with the obstinacy of Mr. Rothschild, Hermès sued him for trademark infringement, on January 14, 2022, before the United States District Court for the Southern District of New York (District Court, S.D. New York). Pseudonyms seem to constitute a harsh and alarming obstacle for the holders of intellectual property rights confronted with NFTs. However, fortunately, the defendant had not acted under anonymity, so there was no argument as to the effectiveness and validity of the summons.

Regarding territorial jurisdiction, beyond the federal nature of the infringement of intellectual property rights, Hermès has provided several arguments to justify the territorial jurisdiction of the New York court. The defendant, nor *ex officio* by the judge, did not raise the question of territorial jurisdiction. Nevertheless, looking briefly at Hermès' arguments does not seem superfluous. First, the site <metabirkins.com> was accessible in New York. Second, the claimant asserted that "the defendant [had] targeted New York consumers by operating the MetaBirkins website and creating storefronts to advertise, sell and offer for sale the MetaBirkins collection of NFTs using 'smart' contracts on four NFT marketplaces" (Amended complaint, para. 18). Third, the claimant provided a connecting factor based on the location of the main establishment of the company managing one of the platforms through which the defendant sold the virtual bags (*ibid.*). Fourth, the claimant claimed that at least one virtual bag was purchased from New York (Amended complaint, para. 19).

2. Proactive brand protection

Concomitantly with the formal notice sent by Hermès to Mr. Rothschild, the claimant urged the marketplaces OpenSea, Rarible, and Zora to withdraw the "MetaBirkins" project from their platforms. The latter, young companies concerned about legal risks and their reputation, accepted Hermès' requests. However, the auction of virtual bags was reborn on a competing platform, namely LooksRare. The intangible nature of digital objects makes intellectual property infringement volatile, which requires vigilant and rigorous tracking.

It should be noted that Hermès did not initiate extrajudicial adjudicatory proceedings to obtain the transfer of the domain name <metabirkins.com>. The UDRP procedure (Uniform Domain Name Dispute Resolution Policy) was available. However, the UDRP procedure was not necessarily appropriate for several reasons. First, the content of the disputed site could simply have been moved to another domain name for a handful of dollars and in a few clicks. Secondly, in any case, the heart of the operation took place on the NFTs market platforms, so the hypothetical immediacy of the transfer of the domain name would have had the effect of a sword blow in the water. Third, "hypothetical transfer" because, in the presence of parallel proceedings, it is not uncommon for the panel to declare itself incompetent because it does not have the powers conferred on the state judge, particularly regarding the administration of evidence. Fourth, the UDRP procedure does not give the power to the panel to award monetary compensation, whereas the state judge can order the opposing party to pay damages. That said, the constraints of the UDRP in *Hermès v. Mason Rothschild* cannot be systematically transposed to the countless cases relating to domain names reproducing a trademark associated with terms belonging to the lexical field of Web3 (NFT, meta, crypto, etc.). Therefore, rigorous monitoring of domain names remains appropriate, with the defense strategy to be determined on a case-by-case basis.

3. Trademark rights v. artistic freedom

Trademark law is two-sided. On the one hand, trademark law is "proprietary" in that it aims to guarantee the owner of a trademark exclusive use of the latter for the relevant products or services. On the other hand, trademark law is "consumerist" in that it aims to protect the consumers by allowing the latter to identify the source of a product or service. In his decision of February 2, 2023, short of 26 pages, Judge Rakoff used the word "consumer" 23 times, strongly emphasizing the central place of the consumer in this case:

> "*Given the centrality of consumer confusion to trademark law generally, it is best to view this issue from the perspective of the prospective consumer. Individuals do not purchase NFTs to own a "digital*

> *deed" divorced from any other asset: they buy them precisely so that they can exclusively own the content associated with the NFT*" (*Hermès International v. Rothschild* (1:22-cv-00384), Order, February 2, 2023, p. 14).
> (...)
> *Thus, the title "MetaBirkins" should be understood to refer to both the NFT and the digital image with which it is associated. Indeed, a reasonable inference from the admissible evidence presented on these motions is that the relevant consumers did not distinguish the NFTs offered by Mr. Rothschild from the underlying MetaBirkins images associated with the NFTs and, instead, tended to use the term "MetaBirkins NFTs" to refer to both*". (*Hermès International v. Rothschild* (1:22-cv-00384), Order, February 2, 2023, p. 15).

Further on, Judge Rakoff insisted that the consumer flank of trademark law should be placed at the heart of the debates, including in a situation opposing trademark law and freedom of expression:

> "*In certain instances, the public's interest in avoiding competitive exploitation or consumer confusion as to the source of a good outweighs whatever First Amendment concerns may be at stake.*" (1:22-cv-00384), Order, February 2, 2023, p. 19).

On March 21, 2022, Mr. Rothschild submitted a motion seeking to dismiss Hermès' claim based on freedom of expression (First Amendment to the Constitution of the United States of America) and, more precisely, artistic freedom by relying on *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989). The defendant had produced and distributed *Ginger & Fred*, directed by Fellini. Comedian Ginger Rogers sued Grimaldi, and the following question was raised: can the use of a celebrity's first name in a film create the confusing impression that this celebrity has endorsed the film in violation of the Lanham Act? The court considered that, even if there was a risk that the title of the work did mislead some spectators, the contentious title *Ginger & Fred* presented no explicit indication of such a nature as to suggest that Ms. Rogers had approved the film or played a role in its production. In addition, the court concluded that the risk of misunderstanding was so outweighed by the interests in artistic expression as to preclude the application of the Lanham Act.

Here, Mr. Rothschild relied on *Rogers v. Grimaldi* to argue that he was using "MetaBirkins", admittedly for pecuniary purposes, but above all as an artistic expression protected by the creative freedom, not as a business sign aimed at identifying the source of the products in an explicit way.

First, in his decision of May 18, 2022, Judge Rakoff dismissed Mr. Rothschild's request to have Hermès' claim rejected on the basis of freedom of expression for the following reasons, presented here in a succinct manner:

- the complaint contains sufficiently convincing allegations to consider that, more than the search for a simple artistic association, Rothschild intended to associate the sign "MetaBirkins" with the notoriety of the "Birkin" trademark of Hermès (*Hermès International v. Rothschild* (1:22-cv-00384), Order of May 18, 2022, p. 14);
- the complaint contains sufficiently substantiated factual allegations to conclude that there was explicit deception, in particular concerning the notoriety of the "Birkin" trademark, proof of actual confusion and bad faith on the part of the defendant in the choice of the trademark (*Hermès International v. Rothschild* (1:22-cv-00384), order of May 18, 2022, p. 16).

Secondly, in his decision of February 2, 2023, Judge Rakoff recalled the conditions, born or drawn from *Rogers v. Grimaldi*, which allow the author of an artistic work to benefit from the protection of the First Amendment. Thus, the author of a work cannot benefit from this protection if the owner of the trademark demonstrates, on the one hand, that the use of the concerned trademark in the said work is not artistically relevant or, on the other hand, if the trademark is used, explicitly, to mislead the public (*Hermès International v. Rothschild* (1:22-cv-00384), Order of February 2, 2023, p. 19). However, the implementation of the rule, which is delicate and embarrassingly complex, can fuel hesitation.

Thus, concerning the first ground, on the issue of knowing whether the use of the "Birkin" trademark in "MetaBirkins" was artistically relevant, judge Rakoff preferred to kick into touch, that is, to put the fate of the parties in the hands of a jury: "*Because reasonable individuals could reach different conclusions on the "artistic relevance" factor, the Court denies both parties' summary judgment motions on it*" (*Hermès International v. Rothschild* (1:22- cv-00384), Order of February 2, 2023, p. 22).

As for the second alternative, it is recalled, on the one hand, that "*A work is "explicitly misleading" if it "induces members of the public to believe" that it was created or otherwise authorized by the plaintiff. Id. "This determination must be made, in the first instance, by application of the venerable Polaroid factors," with the important qualification that the "likelihood of confusion" assessed under these factors "must be particularly compelling to outweigh the First Amendment interest recognized in Rogers.*" (1:22-cv-00384), Order of February 2, 2023, p. 22). The test is based on *Polaroid Corp. v. Polarad Elecs. Corp.* (287 F.2d 492 (2d Cir. 1961), from which Rakoff drew eight relevant considerations:

> *"(1) the strength of Hermès' mark, with a stronger mark being entitled to more protection;*
> *(2) the similarity between Hermès' "Birkin" mark and the "MetaBirkins" mark;*
> *(3) whether the public exhibited actual confusion about Hermès' affiliation with Rothschild's MetaBirkins collection;*
> *(4) the likelihood that Hermès will "bridge the gap" by moving into the NFT space;*
> *(5) the competitive proximity of the products in the marketplace;*
> *(6) whether Rothschild exhibited bad faith in using Hermès' mark;*
> *(7) the respective quality of the MetaBirkin and Birkin marks; and, finally,*
> *(8) the sophistication of the relevant consumers.*" (*Hermès International v. Rothschild* (1:22-cv-00384), Order of February 2, 2023, p. 23).

Given the complexity of the necessary analyses and the degree of disagreement between the parties, the court considered the implementation of *Polaroid Corp. v. Polarad Elecs. Corp.* not appropriate. Accordingly, the court declined to grant summary judgment on this issue and left it to the jury.

Similarly, the questions relating to cybersquatting and dilution, being closely related to the previous ones, were also posed to the jury.

4. Jury Verdict

After receiving instructions from Judge Rakoff, the jury returned its verdict on February 8, 2023, in favor of Hermès. The jury found Mr. Rothschild guilty of trademark infringement, dilution, and cybersquatting. The jury members were, therefore, not convinced by the defendant's arguments relating to artistic freedom. On the contrary, they considered that Mr. Rothschild had explicitly sought to mislead the consumers. Indeed, several indications make it possible to deduce that the "MetaBirkins" project was, in fact, part of an operation oriented by a purely financial purpose (*Hermès International v. Rothschild* (1:22-cv-00384), Order of February 2, 2023, pp. 15 to 18).

The letter of instructions to the jury also gave the latter the power to set the compensation awarded to Hermès. For trademark infringement and dilution, the jury evaluated the award at $110,000 based on the profits made by the defendant. As for cybersquatting, it was specified in the letter of instructions that the amount should be fixed, by law, between 1,000 and 100,000 USD (according to the law). The jury estimated it at USD 23,000 (the claimant had requested the maximum: Amended complaint, p. 58).

5. Injunctions

In the presence of a proven trademark infringement, the judicial authority pronounces obligations to do and not to do. The obligation to do is most often translated into a commitment to undoing consisting in removing from public access the content constituting the trademark infringement. However, many observers claim that, given the technique used, deleting an NFT would be inconceivable. The method would therefore obstruct the law. Following these technical restrictions, it would be impossible to delete hateful, terrorist, or paedo-criminal content. That said, sovereign states have the monopoly of coercion, and the judge, its representative, must have the power to order appropriate measures or technical means to ensure compliance with the law. Theoretically, a judge can therefore order the destruction of illicit NFTs. It remains to be seen whether this is technically possible or whether it will be in the future. In the event that the destruction of an illicit NFT would indeed be impossible, alternative solutions seem likely. Thus, Hermès' complaint includes solutions specific to NFTs which, insofar as the defendant is identified, appear capable of being implemented, including the prohibition on transferring, selling, and promoting NFTs using Hermès' trademarks (Amended complaint, p. 56) and the following measures:

> "*3. Directing Defendant to transfer control of the smart contract which minted the METABIRKINS NFTs to Hermès or to a non-functional address on the Ethereum blockchain.*
> *4. Directing Defendant to modify the smart contract which minted the METABIRKINS NFTs to no longer point to the images currently associated with the METABIRKINS NFTs;*
> *5. Directing Defendant and all those in active concert or participation with him to burn the METABIRKINS NFTs in their possession custody or control.*" (Amended complaint, p. 57).

It is, therefore, of course, on the smart contracts that the intellectual property owner must act since everything is determined or predetermined there. For example, it is very likely that the smart contracts used in transactions relating to the sale of "MetaBirkins" include a right resale clause (*droit de suite*), giving Mr. Rothschild a percentage of the resale price of the NFTs. However, these NFTs have been declared against the law. Therefore, every percentage collected by Mr. Rothschild should be deemed undue. Hence the need to obtain control of the smart contract. Nevertheless, in the current state of the art, such a measure seems to be able to be implemented only on the condition of having identified the creator of the disputed NFTs.

6. The liability of the NFT platforms

Finally, what about the liability of intermediaries, namely marketplaces allowing the organization, promotion, and implementation of NFT auctions? The companies operating these platforms deliver a discourse often centered on the absence of censorship and the immutability of NFTs. Nevertheless, when confronted with a legal reality likely to have an impact on their economic reality, intermediaries comply with the requirements of the legislation. Similarly, NFT service providers will be incentivized to compromise. Thus, in the present case, the companies operating OpenSea, Rarible, and Zora responded favorably to Hermès' request to delist the "MetaBirkins" collection on their respective platforms. Otherwise, that is to say, in the event of obstruction of the removal of access to infringing or, more generally, illicit content, the recalcitrant platform would likely incur liability, at least in the States which provide legislation for this possibility.

Annex 1: Birkin handbags at auction on the Sotheby's website (February 10, 2023)

Hermès

White Matte Niloticus Crocodile Himalaya Birkin 30 Palladium Hardware, 2014

190000 USD

Buy now

Hermès

Matte White Himalaya Niloticus Crocodile Retourne Kelly 32 Palladium Hardware, 2014

175000 USD

Buy now

Hermès

Black Matte Crocodile HAC Haut à Courroies Birkin 40 Palladium Hardware, 2020

140000 USD

Buy now

Hermès

So Black Matte Alligator Mississippiensis Birkin 35, 2011

110000 USD

Hermès

Bordeaux Shiny Alligator HAC Haut à Courroies Birkin 40 Palladium Hardware,...

105000 USD

Hermès

Chai Matte Alligator Birkin 25 Palladium Hardware, 2022

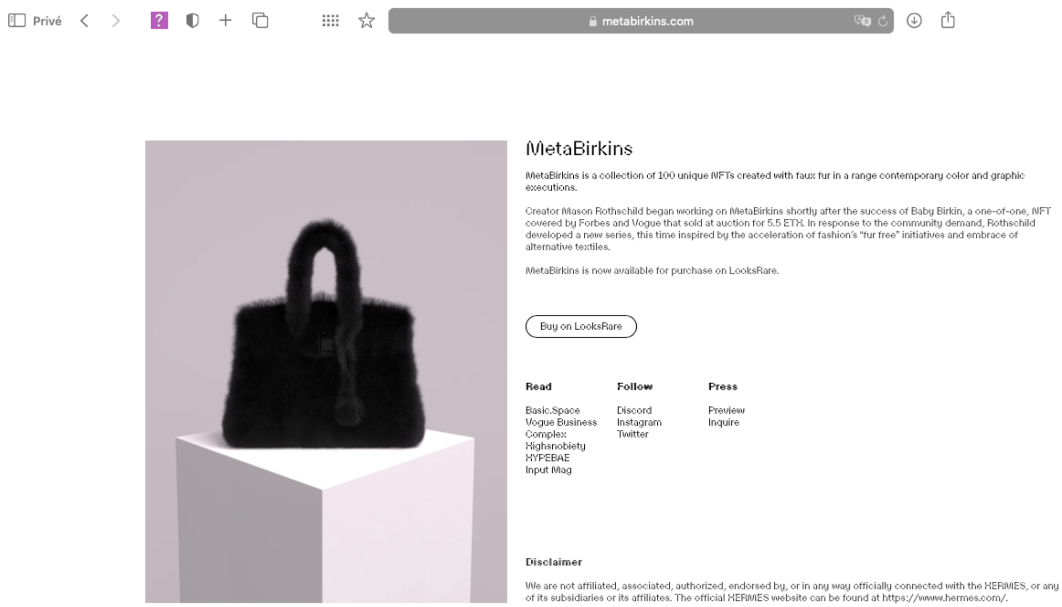
88750 USD

Annex 2: A copy of a “MetaBirkin”

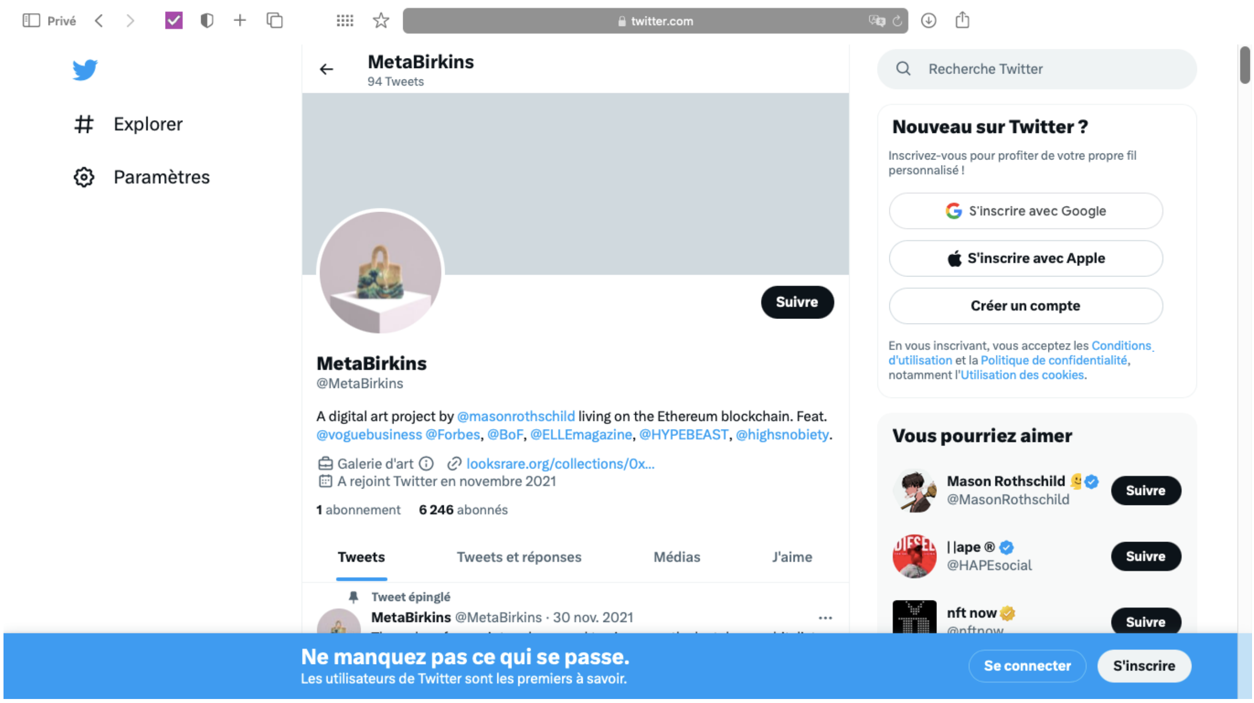
Annex 3: Result of a Whois query for MetaBirkins.com on the Verisign site (February 10, 2023).

```
Domain Name: METABIRKINS.COM
Registry Domain ID: 2653200806_DOMAIN_COM-VRSN
Registrar WHOIS Server: whois.google.com
Registrar URL: http://domains.google.com
Updated Date: 2022-11-07T21:12:56Z
Creation Date: 2021-11-07T18:25:01Z
Registry Expiry Date: 2023-11-07T18:25:01Z
Registrar: Google LLC
Registrar IANA ID: 895
Registrar Abuse Contact Email: registrar-abuse@google.com
Registrar Abuse Contact Phone: +1.8772376466
Domain Status: clientTransferProhibited https://icann.org/epp#clientTransferProhibited
Name Server: NS-CLOUD-A1.GOOGLEDOMAINS.COM
Name Server: NS-CLOUD-A2.GOOGLEDOMAINS.COM
Name Server: NS-CLOUD-A3.GOOGLEDOMAINS.COM
Name Server: NS-CLOUD-A4.GOOGLEDOMAINS.COM
DNSSEC: signedDelegation
DNSSEC DS Data: 5432 8 2 BFBA8CD7B0A477BE0898DDE2CBA489F9CC55783EA2840E0A76EFCC031F5C62BE
URL of the ICANN Whois Inaccuracy Complaint Form: https://www.icann.org/wicf/
>>> Last update of whois database: 2023-02-10T01:15:22Z <<<
```

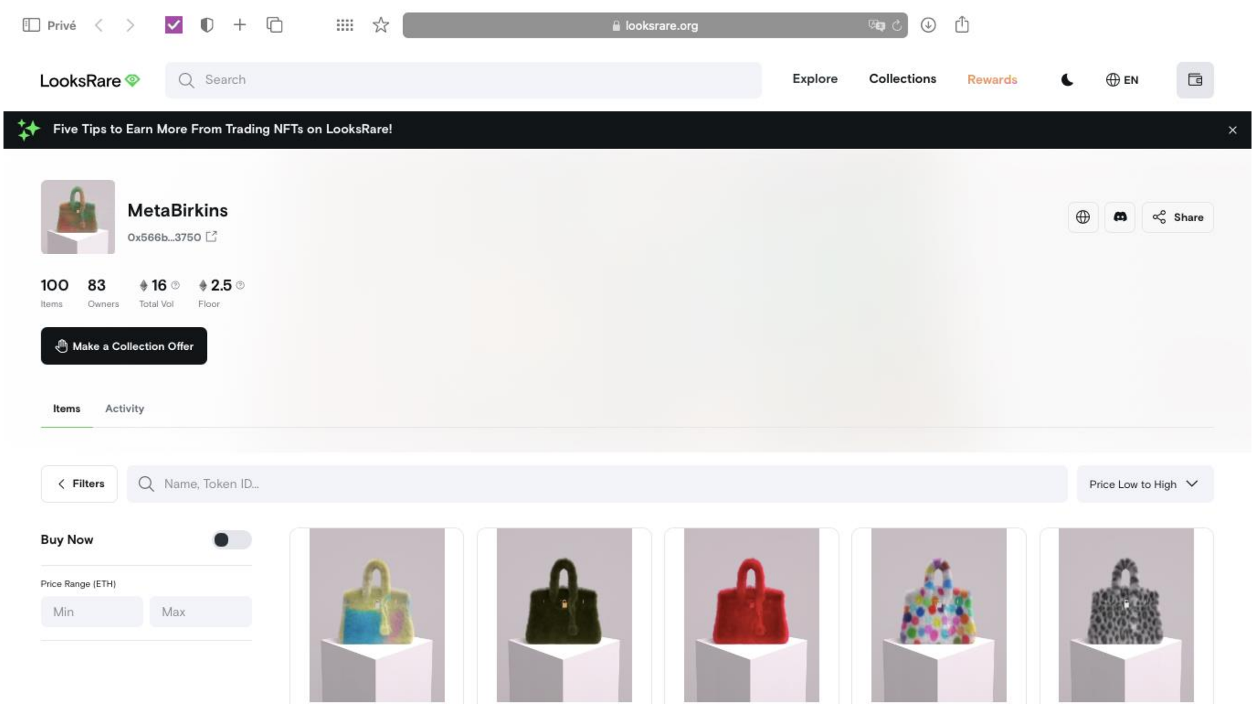
Annex 4: Screenshot of the website metabirkins.com



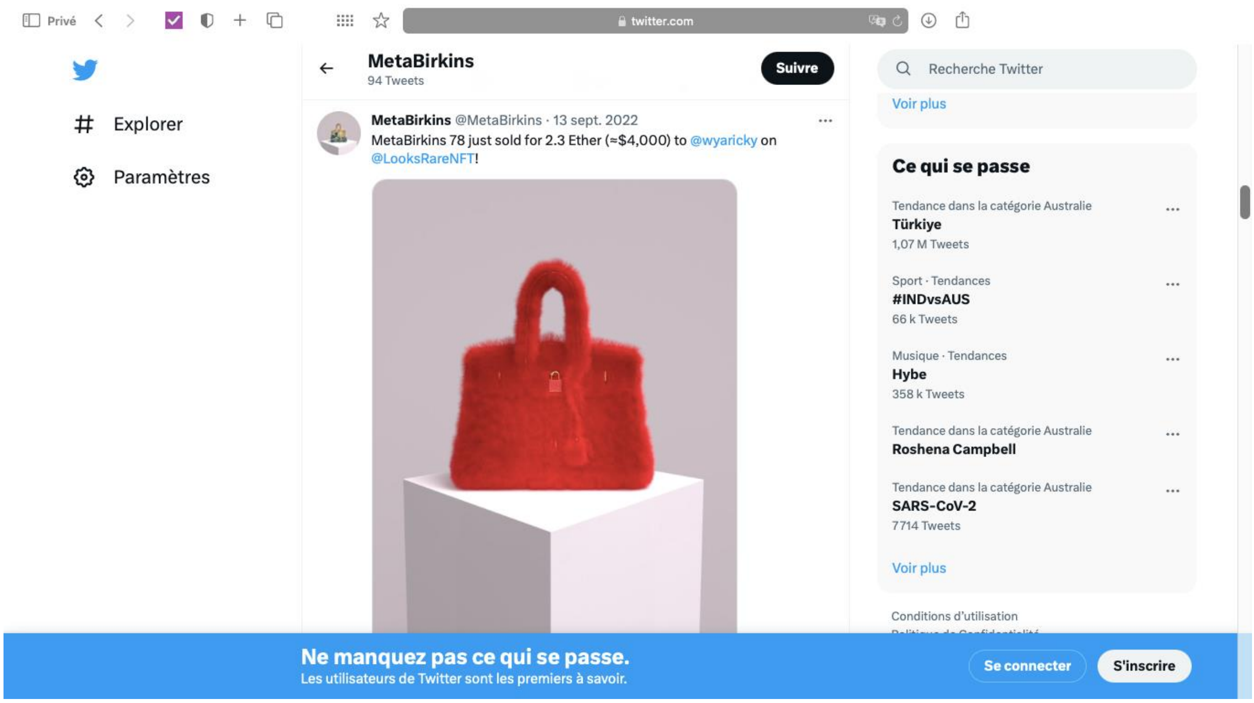
Annex 5: Screenshot of @metabirkins Twitter account



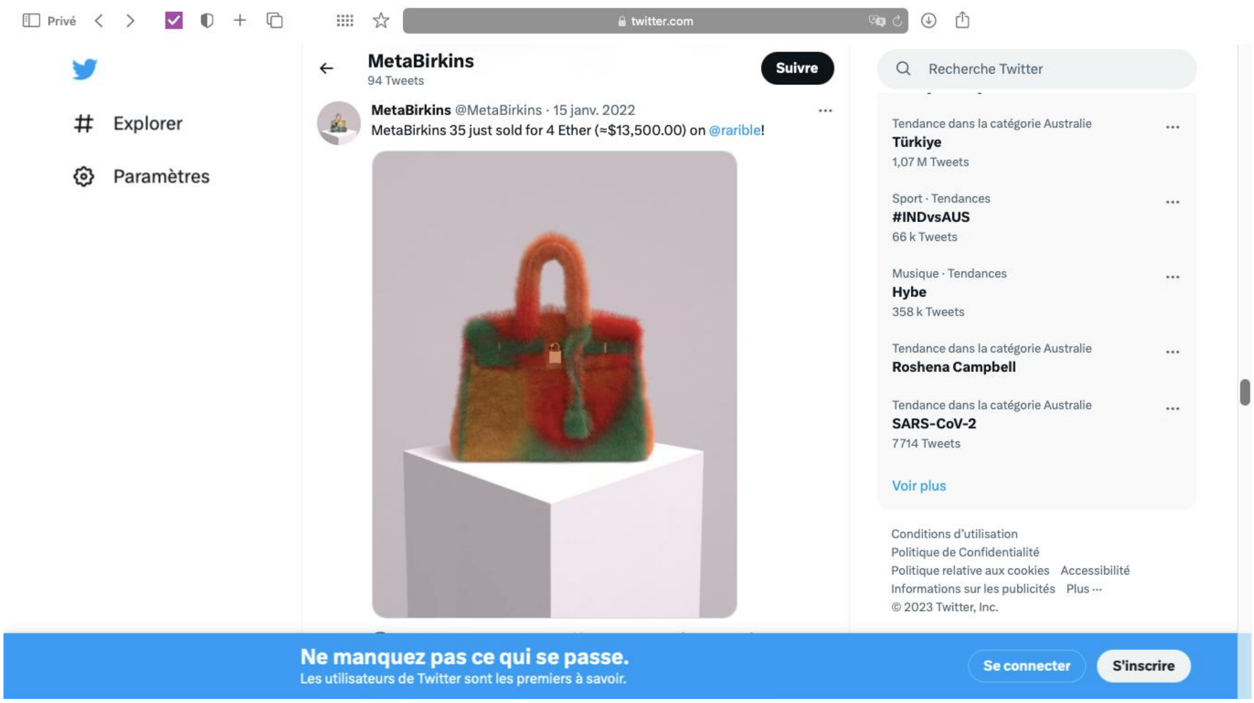
<u>Annex 6: Screenshot of the LooksRare page dedicated to the MetaBirkins collection</u>



Annex 7: Screenshot of the @metabirkins Twitter account announcing the sale of a virtual bag for 2.3 Ether (about 4000 USD)



Annex 8: Screenshot of the @metabirkins Twitter account announcing the sale of a virtual bag for 4 Ether (about 13500 USD)



Monitor decentralized domains with IP TWINS*

* IP Twins offer monitoring services on most blockchain top-level domains.

Glossary

New world, new words

Blockchain arbitration

Arbitration refers to an adjudicatory form of alternative dispute resolution (ADR) method where the parties agree to have their case heard by an arbitral tribunal composed of one or more arbitrators (usually three) who make a binding decision. The parties are free to choose the arbitration rules that govern the procedure, the law that governs the procedure, the law applicable to the merits, and how the arbitration procedure will be conducted. The parties can also choose arbitrators. The arbitral tribunal has almost the same powers as a state court. Generally, the arbitration proceedings and the arbitration award are confidential. At the end of the procedure, the arbitral tribunal renders an arbitral award. In an international framework such as the cryptosphere, the incomparable advantage of arbitration is that the arbitral award can be enforced in all signatory countries of the New York Convention of June 10, 1958, for the recognition and enforcement of arbitral awards, i.e., 172 States. A national court can refuse to recognize or enforce an arbitral award on specific grounds.

Many blockchain service providers include arbitration clauses in their terms of service, including marketplaces specializing in NFTs such as OpenSea, Rarible, Zora, and Nifty Gateway include arbitration clauses. Similarly, the legal terms of the decentralized domain name provider Unstoppable Domains also include an arbitration clause. Thus, if a dispute arises between a platform and a user, this dispute must, in principle, be settled by arbitration.
However, there are many criticisms regarding the consent to such clauses since these are included in contracts of adhesion, which means under the aegis of consumer law. The parties must bear in mind that, in certain States, disputes relating to consumer law cannot be submitted to arbitration.

In its attempt to develop a *lex cryptographia*, the cryptosphere is redefining the notion of arbitration.

Off-chain arbitration

This expression refers to arbitration, as it was known before the advent of distributed ledger technologies. An "off-chain arbitration" clause most often directs to the arbitration rules of an institution whose role is to organize the arbitration. The clauses found in terms of service of the providers mentioned above fall under off-chain arbitration.

On-chain arbitration

Arbitration clauses can be integrated into smart contracts. The arbitration procedure is then predetermined with a certain degree of anticipation, including the request for arbitration, the appointment of arbitrators, and the automatic enforcement of the arbitral award. Given the rapid development of the metaverse, this type of on-chain arbitration could be successful, provided that it takes place under conditions conducive to gaining users' trust. Moreover, for arbitration to be fully compelling, smart contract creators must also ensure that arbitral awards are valid under the New York Convention.

Crowdsourced "arbitration"

Based on smart contracts, crowdsourced "arbitration" is fully decentralized and automated. This form of dispute resolution has several particularities, such as the following ones:

1. The decision rests with a panel of jurors.
2. This panel of jurors can be made up of several dozen people.

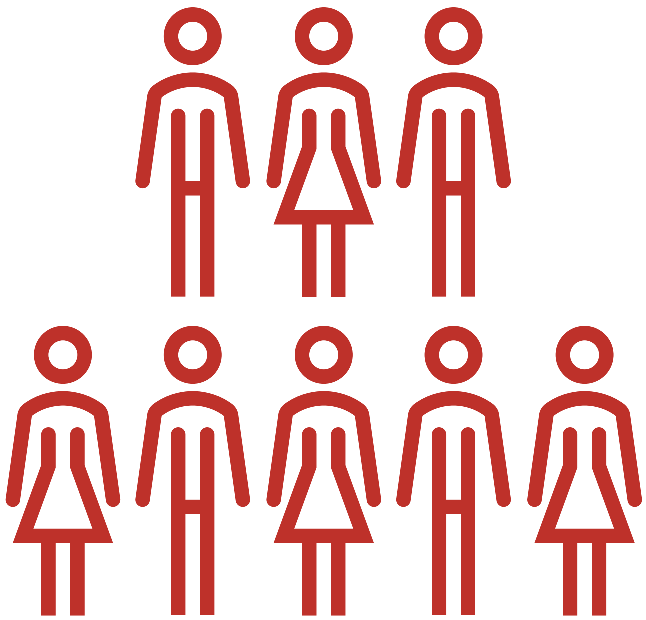
3. Jurors are anonymous.
4. A juror is paid only if he/she has voted in the same direction as the majority of the other jurors.

To date, this crowdsourced arbitration is mainly used for disputes concerning cryptocurrencies. It is not sure that the decisions resulting from this dispute resolution mechanism can be qualified as arbitral awards. Therefore, their recognition or enforcement may be challenged.

Uniform Domain Name Dispute Resolution Policy (UDRP)

With rare exceptions, out-of-court domain name proceedings do not qualify as arbitration, in particular, because they are not exclusive, which means that the parties can initiate parallel proceedings before a state court. The question arises whether these procedures can serve as a model for resolving disputes relating to non-fungible tokens and cryptodomains that may infringe on third parties intellectual property rights.

Previous definition	
Decentralized Autonomous Organization (DAO)	News From There, Issue 1



.DAO

Register .DAO domains with IP TWINS*

* Please read our disclaimer, p. 35

Blockchain domains

.888

.BITCOIN

.BLOCKCHAIN

.DAO

.WALLET (Unstoppable Domains)

.X

DISCLAIMER. – Traditional domain names have been around for decades. The technicality of traditional domain names and the Domain Name System (DNS) has been considerably simplified over time to facilitate the manipulations necessary for the life of a domain name. IP Twins draws your attention to the fact that blockchain domain names significantly differ from a technical point of view. You should be aware that blockchain domain names and Web3 are in their babyhood, and at this stage, the manipulation of these new domain names and their implementation in projects involving websites and emails remain challenging. Despite these technical considerations and given the lack of dispute resolution methods similar to the UDRP, we advise companies at risk of being victims of cybersquatting to reserve blockchain domain names identical to their brands.

IP Twins helps brand owners defining tailored proactive defense strategies and registering cryptodomains

.CRYPTO

.ETH

.NFT

.ZIL

Resources

A selection of legal resources in relation with or that may be of interest for the protection of intellectual property rights in the cryptosphere.

Judicial cases

China	*Shenzhen QiCeDieChu Cultural and Creativity Co. v. Hangzhou Bigverse Technology Co.* (2022), Hangzhou Internet Court Civil First Judgement No. 1008, 20 April 2022	NFT, ownership (yes), digital property right (yes), copyright infringement (yes), liability of the intermediary (yes), contributory infringement (yes).
European Union	EUIPO, 8 February 2023, 018647205	Rejecting Burberry's application for European Union trademark No 018647205.
France	Cour d'appel de Montpellier, 21 octobre 2021, n° 21/00224 *J. c/ Spectro Finance LTD et Spectro Finance UAB*	Cryptocurrency, jurisdiction clause, conflict of jurisdiction, Regulation n°1215/2012 of 12 December 2012 (Brussels 1 bis), consumer law, pro-consumer approach (yes).
Italy	Tribunale ordinario di Roma, Diciassettesima sezione imprese civile, 19 Luglio 2022, RG n. 32072/2022	NFT, trademark infringement (yes), interim measures (yes).
Singapore	*Rajkumar v Unknown Person ("Chefpierre")* [2022] SGHC 264	NFT, ownership (yes).

Turkey	Istanbul 3rd Civil Intellectual Property Court, June 21, 2022 (the *Cem Karaca* case)	NFT, OpenSea, copyright infringement, preliminary injunction,
United Kingdom	*Amir Soleymani v Nifty Gateway LLC* [2022] EWHC 773 (Comm)	Auction, digital art, cryptoasset transaction, arbitration, consumer rights, pro-consumer approach (yes).
United Kingdom	*Danisz v Persons Unknown & Huobi Global Ltd* [2022] EWHC 280 (QB)	Fraud, interim proprietary injunction (yes, worldwide freezing order (yes), bankers trust disclosure order (yes)
United Kingdom	*Fetch.ai Ltd and another v Persons Unknown Category A and others*	DeFi, cryptocurrency, private international law, jurisdiction, applicable law, proprietary injunction (yes), bankers trust orders and/or Norwich Pharmacal orders (yes), permission to serve out of the jurisdiction and alternative service (yes)
United Kingdom	*Wang v. Darby* [2022] EWHC 835 (Comm), [2022] 3 WLUK 592	Cryptocurrencies, freezing injunctions (yes)
United Kingdom	*Ion Science Ltd v Persons Unknown*	DeFi, cryptocurrency, private international law, governing law, governing jurisdiction, cryptoasset as property, fraud, freezing order
United Kingdom	*Lavinia Deborah Osbourne v. (1) Persons Unknown and (2) Ozone Networks Inc.* EWHC 1021 (Comm)	NFT, ownership (yes).
United Kingdom	*LMN v Bitflyer & Ors* [2022] EWHC 2954 (Comm)	Hacking, cryptocurrencies, bankers trust order (yes), permission to

		serve by alternative means (yes)
United Kingdom	*Osbourne v Persons Unknown Category A* [2023] EWHC 39 (KB) [2023] 1 WLUK 76	Theft of NFT, jurisdiction, interim injunction, service out of jurisdiction, service by alternative means.
United Kingdom	*Tulip Trading Limited v Bitcoin Association for BSV*, [2022] EWHC 667 (Ch)	DeFi, cryptocurrency, private international law, applicable law
United States	*Armijo v. Ozone Networks, Inc.* U.S.D.C., D. Nevada, 2023 WL 319577, January 19, 2023	Theft of Bored Ape Yacht Club NFTs, unknown cyberthief, Yuga Labs, OpenSea, LooksRare, jurisdiction, liability of an intermediary, Economic loss doctrine,
United States	*Hermès International and Hermès of Paris, Inc. v. Mason Rothschild* 22-CV-384 (S.D.N.Y. May. 18, 2022)	Trademark infringement (Lanham Act, and New York Law), First Amendment. NB: no decision on the merits to date.
United States	*YUGA LABS, INC., Plaintiff, v. Ryder RIPPS, Jeremy Cahen, and Does 1-10, Defendants.* 2022 WL 2482268 (C.D.Cal.)	False Designation of Origin, False Advertising, Cybersquatting, Trademark Infringement Unfair Competition, Unjust Enrichment, Conversion, and Tortious Interference NB: no decision on the merits to date.
United States	*U.S. v. Chastain*, No. 22-cr-305 (S.D.N.Y. Oct. 21, 2022	NFT, OpenSea, insider, wire fraud, property (yes)

United States	*Nike Inc. v Stockx LLC* 1:22-cv-00983-VEC (S.D.N.Y.)	Jurisdiction, trademark infringement, false designation of origin/unfair competition, trademark dilution, injury to business reputation/dilution, common law trademark infringement and unfair competition. NB: no decision on the merits to date.
United States	*Miramax, LLC v. Tarantino*, No. 2:21-cv-08979 2021 (C.D. Cal. filed Nov. 16, 2021)	NFT, copyright, copyright infringement, trademark infringement. NB: no decision on the merits to date.

Arbitral awards

X v. Bamboo Defi (Arbitral Award), BAS Abbreviated Procedure No. 1/2021, 10 November 2021	Arbitration, DeFi

Decisions from intellectual property offices

EUIPO, 8 February 2023, Burberry, 018647205

Burberry's application for trademark No 018647205

Excerpt from the decision:

> The objection was based on the following main findings:
>
> For a trade mark to possess distinctive character for the purposes of Article 7(1)(b) EUTMR, it must serve to identify the product in respect of which registration has been applied for as originating from a particular undertaking, and thus to distinguish that product from those of other undertakings (21/04/2015, T-359/12, Device of a checked pattern (maroon & beige), EU:T:2015:215, § 18 and the case-law cited).
>
> In the present case, the objected goods in Class 9 are non-fungible tokens and digital tokens, downloadable goods such as downloadable digital graphics and virtual goods and other virtual material. Class 35 contains retail and wholesale services of goods and presentation of goods on communication media for retail purposes. Class 41 contains services that provide online non-downloadable digital collectibles, online information and entertainment. The Office notes that the goods and services for which protection is sought are aimed at public at large and the professional and specialised public. As the mark does not contain any verbal elements, the relevant public consists of the public at large and the professional public in the entire
> European Union.
>
> In the present case, the figurative mark applied for shows a combination of elements that form a check pattern design. The horizontal and vertical lines of red, white and black colour are placed in a base of beige colour. The Office notes that case-law, which was developed in relation to three-dimensional trade marks consisting of the appearance of the product itself, also applies where the contested mark is a figurative mark consisting of the two-dimensional representation of that product. In such a case, the mark likewise does not consist of a sign unrelated to the appearance of the products it covers (21/04/2015, T-359/12, Device of a checked pattern (maroon & beige), EU:T:2015:215, § 24 and case-law cited). In general, a mark consisting of a decorative pattern that is simple and commonplace is considered devoid of any element that could attract the consumers' attention, and insufficient to indicate the source or origin of goods or services.
>
> Having regard to the goods in question, which include downloadable and virtual versions of real life clothing, footwear and decoration related goods, the Office notes that the figurative mark is presented in the form of a pattern intended either to be placed on part of the goods or to cover the whole of their surface area and thus corresponds to the outward appearance of the goods. Therefore, the assessment of the distinctive character of the contested mark shall be based on the principles applicable to three-dimensional marks (21/04/2015, T-359/12, Device of a checked pattern (maroon & beige), EU:T:2015:215, § 28-31 and the case-law cited). The Office states that a combination of elements forming a check pattern is obvious and typical for the goods and not essentially different from other check patterns commonly found in the trade. The Office notes that the consumer's

perceptions for real-world goods can be applied to equivalent virtual goods as a key aspect of virtual goods is to emulate core concepts of real-world goods.

The pattern depicted by the mark is not markedly different from various basic patterns commonly used in the trade for the goods and services for which an objection has been raised. This fact is supported by the following internet searches:

(...)

Therefore, the sign is devoid of any distinctive character within the meaning of Article 7(1)(b) EUTMR for the objected goods and services.

II. Summary of the applicant's arguments

The applicant failed to submit observations within the time limit.

III. Reasons

Pursuant to Article 94 EUTMR, it is up to the Office to take a decision based on reasons or evidence on which the applicant has had an opportunity to present its comments.

Having received no observations from the applicant, the Office has decided to maintain the objection set out in the notice of absolute grounds for refusal.

IV. Conclusion

For the abovementioned reasons, and pursuant to Article 7(1)(b) EUTMR, the application for European Union trade mark No 018647205 is hereby rejected in part, namely for:

Class 9	Non-fungible tokens (NFTs) or other digital tokens based on blockchain technology; Downloadable digital graphics; Downloadable digital collectibles; Downloadable clothing and accessories; Downloadable virtual goods; Virtual bags, textile goods, clothing, headgear, footwear, eyewear all displayed or used online and/or in virtual environments; Downloadable digital materials, namely, audio-visual content, videos, films, multimedia files, and animation, all delivered via global computer networks and wireless networks.
Class 35	Retail and wholesale services for clothing, footwear, headgear, bags, purses, wallets, umbrellas, watches, jewellery, eyewear and sunglasses, cases and covers holders for portable electronic devices, printed matter, homeware, toys, perfume, toiletries and cosmetics, textile goods, pet accessories; Online retail services related to fashion, clothing and related accessories; Retail store services and/or online retail store services in relation to virtual merchandise namely clothing, footwear, headgear, bags, purses, wallets, umbrellas, watches, jewellery, eyewear and sunglasses, cases and covers holders for portable electronic devices, printed matter, homeware, toys, perfume, toiletries and cosmetics, textile goods, pet accessories; Presentation of goods on communication media, for retail purposes.

Class 41	Providing online non-downloadable digital collectibles namely art, photographs, clothing and accessories, images, animation, and videos; Providing on-line information about fashion shows, and sustainability; Entertainment services, namely providing on-line, non-downloadable virtual content featuring clothing, footwear, headwear, bags, purses, wallets, umbrellas, jewellery, eyewear and sunglasses, cases and covers holders for portable electronic devices, printed matter, homeware, toys, perfume, toiletries and cosmetics, textile goods, pet accessories, for use online and/or in virtual environments; Entertainment services, namely, computer interface themes, enhancements, audio-visual content in the nature of music, films, videos, and other multimedia materials.

The application may proceed for the remaining goods and services, namely:

Class 9	Downloadable interactive characters, avatars and skins; Video games and downloadable video game software.
Class 41	Providing on-line information about digital games; Providing online video games; Provision of online information in the field of computer games entertainment; Entertainment services, namely, providing online electronic games, providing a website with non-downloadable computer games and video games.

(...)

Studies

Australia	Rennie, E., Holcombe-James, I., Kushnir, A., Webster, T., and Morgan, B. A. *Developments in Web3 for the creative industries: A research report for the Australia Council for the Arts* (pp. 49-63). Melbourne: RMIT. DOI: 10.25916/nnqs-eb26.
European Union	Dr. Katharina Garbers-von Boehm, Helena Haag and Katharina Gruber for the European Parliament Committee on Legal Affairs, *Intellectual Property Rights and Distributed Ledger Technology with a focus on art NFTs and tokenized art,* October 2022, PE 737.709.
European Union	European Commission, *Legal and regulatory framework of blockchains and smart contracts*, a thematic report prepared by the European Union Blockchain Observatory & Forum Blockchain for Government and Public Services, 27 September 2019.

European Union	European Parliament, Briefing, *Metaverse Opportunities*, risks and policy implications, June 2022
France	Adrien Basdevant, Camille François et Rémi Ronfard, *Mission exploratoire sur les métavers*, Étude réalisée à la demande du gouvernement français, Octobre 2022
France	Rapport d'information en application de l'article 145 du Règlement de l'Assemblée nationale par la mission d'information commune sur les chaînes de blocs (blockchains) et présenté par Mme Laure de la Raudière et M. Jean-Michel Mis.
Japan	Liberal Democratic Party Headquarters for the Promotion of a Digital Society Project Team regarding NFT Policies, *NFT White Paper. Japan's NFT Strategy for the Web 3.0 Era*, April 2022.
United Kingdom	Decentralised autonomous organisations (DAOs) Call for evidence
United Kingdom	Digital assets: which law, which court? Call for evidence
United Kingdom	Digital assets. Call for evidence
United Kingdom	Electronic trade documents. Call for evidence
United Kingdom	Smart contracts. Call for evidence.
United States	Study on Non-Fungible Tokens and Related Intellectual Property Law Issues. Call for submissions.

Para-legislative works and legislative acts

European Union	Proposal for a Regulation of the European Parliament and of the Council on a pilot regime for market infrastructures based on distributed ledger technology, 2020/0267 (COD)
European Union	Proposal for a Regulation of the European Union Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937, COM/2020/593 final

Guidance

European Union	EUIPO's guidance on classification of virtual goods and NFTs
WIPO	The 12th edition of the Nice Classification incorporates the term "downloadable digital files authenticated by non-fungible tokens" in Class 9.

About IP Twins

IP Twins is a domain name registrar managing corporate portfolios. We have been protecting trademark owners against cybersquatting and online counterfeiting since 2002.

For 20 years, our team has adapted to technological and legal changes. Today, IP Twins supports intellectual property rights owners to face the new challenges generated by blockchain technology, including NFTs and decentralized domain names.

IP Twins works with selected blockchain service providers in the interest of intellectual property rights owners to efficiently detect infringement cases and remove the infringing NFTs and blockchain domains.

IP Twins also helps brand owners define tailored proactive defense strategies and register cryptodomains.

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