



NFTs, metaverse and crypto:

Trademark registrations

TMT newsflash

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Executive summary

Effective this year (1 January 2023), the International Classification of Goods and Services (also known as the Nice Classification) for trademark registrations covers non-fungible tokens (NFTs) and the metaverse. The Nice Classification is administered by the World Intellectual

Property Organisation and is used globally, including by China, Singapore, Europe and the US. This development is important for established brands as well as NFT, metaverse and crypto entrepreneurs.

Litigation and uncertainties

Litigation relating to NFTs, cryptocurrency and the metaverse is becoming more commonplace, particularly in relation to trademark disputes.

There is considerable uncertainty as to whether existing trademarks relating to goods and services in the real world offer any protection to those same goods and services when virtually represented in the metaverse. Products that exist in the metaverse, such as clothing or other objects, are just the virtual appearance of real products, represented by means of NFTs.

Taking clothing as an example, established clothing brands typically register their trademarks covering clothing in Class 25 of the International Classification of Goods and Services. Would these clothing brands be able to rely on the Class 25 trademark registrations when expanding into the realm of NFTs and metaverse and can they claim trademark infringement against NFTs of their clothing?

According to guidance from certain intellectual property regulators including the European Union Intellectual Property Office and the United States Patent and Trademark Office, NFTs should be considered as computer software (i.e. in Class 9).

More light should be shed following the outcome of current litigation by certain well-known brands. In one such case, a leading global sports brand case claiming for trademark infringement against an online marketplace and clothing reseller which issues NFTs in the image of the brand's sports shoes. While the brand may also seek other legal remedies, such as claims for unfair competition, these other remedies generally involve lengthier proceedings and higher legal costs.

In order to avoid uncertainty and costly litigation, many companies, including established brands and new technology start-ups, are staying ahead of the game by registering trademarks in Class 9 for the purposes of protecting their rights in NFT, cryptocurrency and the metaverse, as well as other relevant Classes.



The International Classification of Goods and Services allows the registration of trademarks to cover the following goods and services in respect of NFTs, cryptocurrency and the metaverse:

In respect of NFTs:

- Downloadable digital files authenticated by non-fungible tokens in Class 9
- Downloadable computer software for managing crypto asset transactions using blockchain technology in Class 9
- Downloadable cryptographic keys for receiving and spending crypto assets in Class 9

In respect of cryptocurrency:

- Downloadable computer software for managing crypto asset transactions using blockchain technology in Class 9
- Downloadable cryptographic keys for receiving and spending crypto assets in Class 9
- Electronic transfer of crypto assets in Class 36
- Financial exchange of crypto assets in Class 36
- Mining of crypto assets / cryptomining in Class 42

In respect of the metaverse:

- Devices for the projection of virtual keyboards in Class 9
- Virtual reality headsets in Class 9
- Providing online virtual guided tours in Class 41
- Providing virtual computer systems through cloud computing in Class 42

The European Union Intellectual Property Office has been taking the following approaches in respect of NFTs and virtual goods:

- Filing trademarks on virtual goods should specify the virtual goods by stating the content to which the virtual goods relate (e.g. the goods should be described as “downloadable virtual goods, namely, virtual clothing” rather than just “virtual goods”)
- Filing trademarks for NFTs should specify the types of digital items authenticated by the NFTs



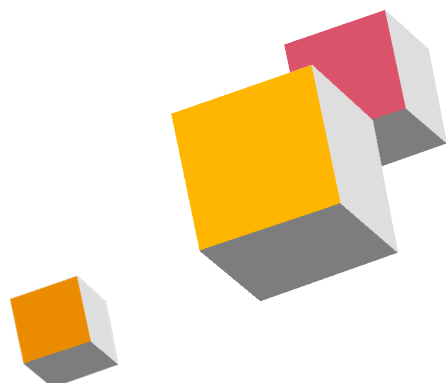
The United States Patent and Trademark Office has been taking the following approaches in respect of NFTs, blockchains, cryptocurrency and virtual goods and online retail store services featuring virtual goods:

<p>NFTs:</p> <ul style="list-style-type: none"> The nature of the goods being authenticated by the NFTs or the services involving NFTs must be specified, e.g. “downloadable image files containing trading cards authenticated by NFTs” in Class 9 	<p>Blockchains:</p> <ul style="list-style-type: none"> Blockchain can be mentioned in the field or subject matter of otherwise definite services, e.g. “maintaining patient medical records using blockchain technology” in Class 35 Blockchain can be mentioned when describing the function of software goods or services, i.e., the action that the software performs, e.g. “providing user authentication services using blockchain-based software technology for cryptocurrency transactions” in Class 42
<p>Cryptocurrency:</p> <ul style="list-style-type: none"> Cryptocurrency can be mentioned as part of the field or subject matter of otherwise definite services, e.g. “rental of computer hardware for cryptocurrency mining” in Class 42 Cryptocurrency can be mentioned when describing the function of software goods or services, i.e., the action that the software performs, e.g. “electronic storage of cryptocurrency for others” in Class 42 Financial services involving cryptocurrency must be definite and limited to Class 36, e.g. “cryptocurrency exchange services” in Class 36 	<p>Virtual goods and online retail store services featuring virtual goods:</p> <ul style="list-style-type: none"> Virtual goods may be specified, for example, as downloadable image files in Class 9, or provision of online non-downloadable virtual goods in Class 41, if accurate, for classification purposes Descriptions of virtual goods must indicate the type of goods, e.g. “downloadable virtual goods in the nature of image files of sunglasses, jewellery, and handbags for use in online virtual worlds” in Class 9 In describing any good or service involving virtual goods, be careful to avoid the common indefinite term “accessories” Likelihood-of-confusion refusals for real versus virtual goods are based on evidence of commercial relatedness between the real and virtual goods, along with similarity of the marks

Next steps

Both established companies and entrepreneurs in the new digital environment need to ensure adequate intellectual property protection. In most jurisdictions, trademark registration is based on a first-to-file rule. Hence, it is important that companies protect the priority of their brand names and house marks in the digital environment in a timely manner.

In addition, entrepreneurs in the new digital environment should also ensure that they have adequate protection over the goods and services in the real world if they envisage expanding into such goods and services subsequently or concomitantly. For example, if the company intends to sell actual T-shirts that people can wear as well as virtual T-shirts for avatars, trademark registrations in Class 25 should be obtained together with trademark registrations in Class 9.





If you would like to have a deeper understanding of how this impacts your business, please contact us:

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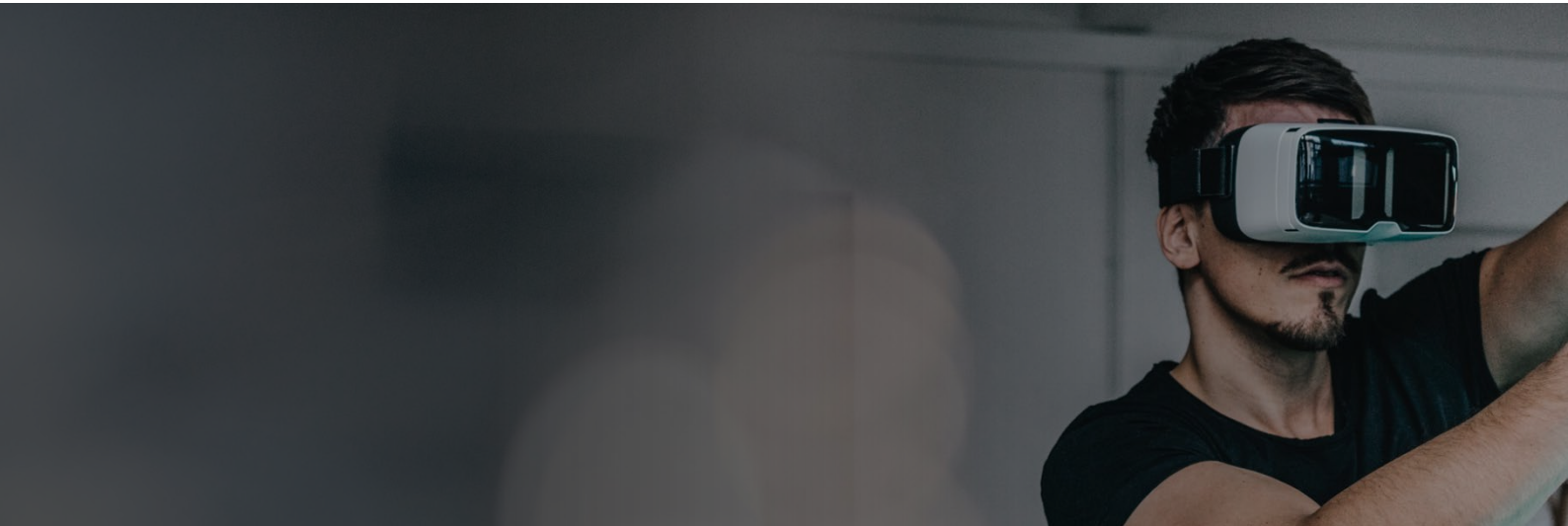
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