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Swiss IP News

We provide you with updates on new decisions, the relevant legislative process and other trends in the fields of intellectual property and unfair competition law from a Swiss perspective.

walderwyss attorneys at law

First Statements of Swiss Trademark Office and the EUIPO regarding the Classification of Digital Items Authenticated by Non-Fungible Tokens (NFTs)

By Roger Staub
Dr. iur., Attorney at Law
Partner
Phone +41 58 658 52 89
roger.staub@walderwyss.com

and Dennis Tobler
MLaw
Trainee Lawyer
Phone: +41 58 658 59 15
dennis.tobler@walderwyss.com

The Metaverse and NFTs may not yet be a household word to many, but they are increasingly moving into the public's consciousness. Also, the Swiss and the European Intellectual Property Offices have already spoken out on the subject, as they are confronted with various trademark applications in this area.

Background

Trademark Offices are increasingly approached by users of the trademark system asking for guidance regarding the classification of digital items authenticated by NFTs. Both the Swiss IPI (Swiss Federal Institute of Intellectual Property) and the EUIPO (European Intellectual Property Office) have recently issued short statements about this issue.

NFTs are digital certificates that refer to a virtual, specific object (see here). This can be for example an original, digital work of art. The reference is entered on a blockchain. These tokens play an elementary role in the Metaverse. The idea of the Metaverse is that people shall be able to meet digitally with the help of avatars, exchange information, shop in virtual stores and even view art galleries and buy paintings (see here). The unique digital products in the Metaverse can be sold and purchased as NFTs.

Various Companies are already using the Metaverse today. It is no wonder that more and more players are entering this market and seek for protection of their intellectual assets (including trademarks) in the Metaverse. Thus, the IPI, like other trademark offices, is experiencing an increasing number of trademark applications in this area (see here). Most of the applicants try to register their trademarks in class 9 for virtual goods. However, these are not necessarily classifiable as such, as both the IPI and the EUIPO have expressed.

Statements of the IPI and EUIPO

The IPI highlights that there is a need for differentiation and refers to the expert meeting on the Nice Classification. There, it was suggested that digital goods linked by NFTs can be classified in class 9, whereas "marketing by product placement in online games or in virtual environments" should be classified as a service in class 35. However, the IPI has expressed contradictory views on this topic in its June Newsletter. Despite the outcome of the expert meeting, the IPI holds that NFTs are not to be classified as goods in class 9. This seems to be in contradiction to the intended addition of the expert meeting. It remains to be seen whether this is just a matter of the IPI having used an unclear wording or whether the IPI, in fact, has chosen to take a more restrictive approach than the expert meeting.

The EUIPO's statement is clearer (see here): It says that the term "virtual good" must be specified in class 9 and points out that in the 12th edition of the Nice Classification the "downloadable digital files authenticated by NFTs" are to be classified in class 9. However, the

EUIPO also highlights that the wording "non fungible token" alone is not specific enough. The proposed wording is to be included as part of the "draft guidelines 2023". The stakeholders will then have the opportunity to comment on these until 3 October 2023.

Comment

It may be fair to assume that these discussions about the specification of virtual goods is just the kick-off for a bunch of trademark law issues that will emerge in the future around the Metaverse. By way of example, trademark owners from the analogue universe who fail to register their marks for virtual goods may face the question, whether they can enforce their "analogue trademarks" against a third party using their brand for their goods virtually in the Metaverse. It may well be that the answer will not always be the same depending on the concerned goods. Whereas one might well qualify a classic wristwatch as being similar to a virtual watch (since both serve the purpose of indicating the time) the answer might not be the same when it comes to compare a classic car with a virtual car in the Metaverse. On the other hand, a watchmaker who does not want to rely on its class 14 registration and therefore files a class 9 application for virtual watches, may well face non-use issues after five years with its class 9 registration, if the mark is not used for virtual watches but only for wristwatches. These are just examples for the questions we will face. There will certainly be more to report in the future around NFTs and the Metaverse in this newsletter.