

TRADEMARKING VIRTUAL GOODS IN THE METAVERSE: JUST
BECAUSE YOU CAN'T TOUCH THEM DOESN'T MEAN THEY
AREN'T REAL

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INTRODUCTION

The idea of the “metaverse” has been percolating in popular culture for many years. In the 1992 novel “Snow Crash,” author Neal Stephenson first coined the term to describe a three-dimensional virtual world in which people interacted through the use of digital avatars.¹ Thereafter, the concept of the metaverse appeared in numerous books and movies,² including, perhaps most notably, in Ernest Cline’s 2011 novel “Ready Player One,” which Steven Spielberg adapted into a big-budget movie in

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1. Tom Huddleston Jr., *This 29-year-old book predicted the ‘metaverse’ — and some of Facebook’s plans are eerily similar*, CNBC (Nov. 3, 2021), <https://www.cnbc.com/2021/11/03/how-the-1992-sci-fi-novel-snow-crash-predicted-facebooks-metaverse.html> [https://perma.cc/3UAH-7PMC]; WIKIPEDIA, *Metaverse*, <https://en.wikipedia.org/wiki/Metaverse> [https://perma.cc/LB2W-NWC4] (last visited Feb. 3, 2022, 11:11 GMT).

2. Jon Radoff, *Books about the Metaverse*, MEDIUM (June 24, 2021), <https://medium.com/building-the-metaverse/books-about-the-metaverse-b73f033f98f4> [https://perma.cc/D3GW-F2TW]; Jon Radoff, *Movies About the Metaverse*, MEDIUM (July 14, 2021), <https://medium.com/building-the-metaverse/movies-about-the-metaverse-a0797323e7f6> [https://perma.cc/9EQH-2V2Z].

2018.³ Even the 2021 movie “Free Guy” starring Ryan Reynolds invoked the idea of the metaverse, if only to show what it was not but could become.⁴

A lot has changed since 1992. What was once merely an idea fomenting in Neal Stephenson’s mind has not only become a reality of sorts, it has the potential to create a market opportunity worth hundreds of billions of dollars. In December 2021, Bloomberg estimated that revenues from the metaverse could approach \$800 billion by 2024, nearly half of which could be attributed to makers of online game makers and gaming hardware.⁵ Some of the world’s biggest brands are even trying to cash in on the action. In March 2021, it was reported that Facebook had almost 10,000 employees—around a fifth of its total staff—working on augmented and virtual reality devices.⁶ In fact, Facebook’s CEO, Mark Zuckerberg, is so convinced that the metaverse will become the next major internet innovation, that in October 2021 he announced that Facebook was changing its company name to simply “Meta.”⁷

Unsurprisingly, those in the sports industry have also indicated a willingness to exploit the incredible potential of the metaverse. Many of these participants are focused on the ways in which the metaverse may lead to a better or different viewing experience for live sporting events.⁸ Indeed, in January 2022, it was reported that the Brooklyn Nets had filed several federal trademark applications suggesting that the team had a “potential interest in broadcasting—or at least replaying—games in the

3. Charlie Fink, *The Reality Of Virtual Reality In ‘Ready Player One’*, WIRED (Oct. 23, 2017), <https://www.forbes.com/sites/charliefink/2017/10/23/the-reality-of-virtual-reality-in-ready-player-one/?sh=286e134d20d0> [<https://perma.cc/39V5-MG8J>].

4. Angela Watercutter, *Free Guy Sees the Metaverse Through Rose-Colored Glasses*, WIRED (Aug. 13, 2021), <https://www.wired.com/story/free-guy-ai-metaverse-review/> [<https://perma.cc/WM55-Q8BN>].

5. Matthew Kanterman & Nathan Naidu, *Metaverse may be \$800 billion market, next tech platform*, BLOOMBERG INTELLIGENCE (Dec. 1, 2021), <https://www.bloomberg.com/professional/blog/metaverse-may-be-800-billion-market-next-tech-platform/> [<https://perma.cc/YF6X-NY Y6>].

6. Eoin Connolly, *Into the metaverse: What is it and what does it mean for the sport industry?*, SPORTSPRO (Oct. 22, 2021), <https://www.sportspromedia.com/from-the-magazine/metaverse-sports-industry-tech-ar-vr-unity-roblox-facebook-peter-moore/> [<https://perma.cc/T5 YW-SUYG>].

7. Eddie Makuch, *Mark Zuckerberg Outlines His Vision For A Ready Player One-Like Metaverse And It Sounds Wild*, GAMESPOT (July 27, 2021), <https://www.gamespot.com/articles/mark-zuckerberg-outlines-his-visio...r-a-ready-player-one-like-metaverse-and-it-sounds-wild/1100-6494443/> [<https://perma.cc/GKU4-NWFL>]; Salvador Rodriguez, *Facebook changes company name to Meta*, CNBC (Oct. 28, 2021), <https://www.cnbc.com/2021/10/28/facebook-changes-company-name-to-meta.html> [<https://perma.cc/QH2T-R9RT>].

8. Connolly, *supra* note 6; Sponsored Content, *What does the metaverse mean for sport?*, SPORTBUSINESS (Nov. 22, 2021), <https://www.sportbusiness.com/2021/11/what-does-the-metaverse-mean-for-sport/> [<https://perma.cc/Q2HE-JGRE>].

metaverse’s virtual worlds.”⁹ Others, however, are interested in the possibility of selling branded versions of their goods virtually.¹⁰ This leads to the subject of trademarks.

Over the last several months, many of the world’s largest brands—including footwear and apparel companies like Adidas, Nike and New Balance—have filed a series of trademarks suggesting that they will soon offer virtual versions of their goods in the metaverse.¹¹ Not to be outdone, several professional athletes also have followed suit. As more and more brands and athletes seek to ply their wares in the metaverse, it is inevitable that numerous legal issues will arise about protecting and enforcing trademarks for virtual goods.

For example, do one’s trademark rights for tangible goods extend to the use of the same mark on virtual goods? Moreover, what impact, if any, does the first sale doctrine have on one’s ability to advertise or resell goods in the metaverse? What rights, if any, does an artist who wishes to sell digital images incorporating another’s brand in the metaverse possess? Well-known brands such as Nike and Hermès have already initiated lawsuits that could potentially answer some of these questions. But even as some questions are answered, it is likely that more will arise.

The purpose of this Essay is to discuss how brands are venturing into the metaverse particularly through the use of trademarks and to address some of the legal issues such brands may face. Section I of this Essay provides background information about the metaverse and discusses the ways in which brands are currently engaging consumers in the metaverse. Section II then focuses on the various trademarks filed by brands and professional athletes for virtual goods. Having laid the foundation, Section III then seeks to address a number of legal issues that have arisen recently in connection with brands in the metaverse.

I. UNDERSTANDING THE METAVERSE

A. *What is the Metaverse?*

Before one can discuss how to protect and enforce trademarks in the metaverse, it is necessary to understand what the metaverse is and how it operates. Put simply, the metaverse has been described as “a world of endless, interconnected virtual communities where people can meet, work and play, using virtual reality headsets, augmented reality glasses,

9. Randall Williams, *Into the Netaverse*, BOARDROOM (Jan. 24, 2021), <https://boardroom.tv/brooklyn-nets-metaverse-trademark-netaverse/> [https://perma.cc/FJP7-XLW2].

10. Jamie Redman, *New Balance ‘Virtual Goods’ Trademarks Hint of Upcoming Metaverse and NFT Venture*, BITCOIN.COM (Feb. 5, 2022), <https://news.bitcoin.com/new-balance-virtual-goods-trademarks-hint-of-upcoming-metaverse-and-nft-venture/> [https://perma.cc/U7TD-6X2V].

11. *Id.*

smartphone apps or other devices.”¹² It has also been described as “persistent online worlds, where users can have shared experiences, often through virtual or augmented reality interfaces, allowing for richer immersion than existing online services.”¹³

In some ways, the metaverse is like a more immersive version of the two-dimensional interactive worlds currently shared by the millions of people who play online games such as Fortnite.¹⁴ One of the big differences, however, is that whereas people log on to Fortnite or to other popular online platforms like Roblox primarily to play games, the concept of the metaverse is more experiential and communal in nature. In the metaverse, “people can wander around with friends, visit buildings, buy goods and services, and attend events.”¹⁵ The goal is not simply to run around and shoot people for points.

Another difference between online platforms like Fortnite and Roblox, on the one hand, and the metaverse, on the other hand, is that “[m]any of the new [metaverse] platforms are powered by blockchain technology, using cryptocurrency and non-fungible tokens (NFTs), allowing a new kind of decentrali[z]ed digital asset to be built, owned and moneti[z]ed.”¹⁶ This difference is significant because it is these features that allow consumers to actually own and trade virtual goods—and even virtual land—in the metaverse.

Many believe that the advent of blockchain technology is one of the reasons why the metaverse has become so popular recently.¹⁷ Indeed, it is the decentralized nature of blockchain technology that some suggest

12. Associated Press, *EXPLAINER: What Is the Metaverse and How Will It Work?*, U.S. NEWS (Oct. 28, 2021), <https://www.usnews.com/news/business/articles/2021-10-24/explainer-what-the-metaverse-is-and-how-it-will-work> [<https://perma.cc/QM39-Z4JC>].

13. Bernard Marr, *The Important Links Between NFTs, Blockchain, And The Metaverse*, BERNARD MARR & CO. (Nov. 30, 2021), <https://bernardmarr.com/the-important-links-between-nfts-blockchain-and-the-metaverse/> [<https://perma.cc/PD2R-VLUC>].

14. John Herrman and Kellen Browning, *Are We in the Metaverse Yet?*, N.Y. TIMES (July 10, 2021), <https://www.nytimes.com/2021/07/10/style/metaverse-virtual-worlds.html> [<https://perma.cc/FT47-LF28>].

15. Joori Roh, *Factbox: What is the ‘metaverse’ and how does it work?*, REUTERS (Sept. 7, 2021), <https://www.reuters.com/technology/what-is-metaverse-how-does-it-work-2021-09-08/> [<https://perma.cc/U8G6-PSZQ>].

16. *Id.*

17. Marr, *supra* note 13; Meagan Loyst, *The Metaverse: 101* (Jan. 4, 2022), MIRROR.XYZ, https://mirror.xyz/themeaganloyst.eth/kUmuLvRKFs6CimhFGVmlP7kBHPKCswPra_U05Clwnew [<https://perma.cc/ME94-CTBD>]; Fintelics, *IMPORTANCE OF BLOCKCHAIN FOR A METAVERSE TO EXIST*, MEDIUM (Jan. 20, 2022), <https://fintelics.medium.com/importance-of-blockchain-for-a-metaverse-to-exist-61ac669a4e97> [<https://perma.cc/N33Q-VQRW>].

will eventually allow people to move freely between various virtual worlds, “eventually interconnecting to form the metaverse.”¹⁸

To understand the role “blockchain” plays in the metaverse, one must first understand the meaning of “blockchain.” As one commentator put it, “blockchain” is:

[A] digital ledger that contains a growing list of records (or blocks) interconnected using cryptography techniques. Every block on the blockchain will have a cryptographic hash or mathematical algorithm describing the previous block on the chain, a timestamp for when the block was accessed/modified, and any other transaction data. As a result, the blockchain is immutable and is virtually impenetrable to fraud, as there is always an end-to-end record for transparency. The security of blockchain derives from the fact that it is powered by a peer-to-peer network. This means that the computing power for a block is shared across a public network, and every node on the network has a copy of the blockchain.¹⁹

There are several ways in which blockchain technology can be used in the metaverse. The most obvious use, however, is as the basis for cryptocurrencies.²⁰ A “[c]ryptocurrency is a purely digital currency or a digital asset that is traded only via online systems and the transactions are authenticated using a decentralized network on the blockchain.”²¹

One of the appealing aspects about cryptocurrencies is transparency. Indeed, because “[a]ll transactions are visible to anybody on the internet,” it is “exceedingly difficult to deceive or manipulate [the] dispersed recording system.”²² Another appealing aspect of cryptocurrencies is independence. Because cryptocurrencies are “completely untethered from real world fiat currencies, both in terms of value and physical form,” they serve as a “convenient mode for payment and transactions in the virtual world.”²³ The idea is for people to eventually use cryptocurrencies as a common source of currency throughout the metaverse.²⁴

Some of the more popular and ubiquitous cryptocurrencies currently bought and sold by consumers are Bitcoin and Ethereum.²⁵ Some

18. Fintelics, *supra* note 20; *see generally* Anwasha Roy, *What is Blockchain and what does it have to do with the Metaverse?*, XR TODAY (Dec. 3, 2021), <https://www.xrtoday.com/virtual-reality/what-is-blockchain-and-what-does-it-have-to-do-with-the-metaverse/> [https://perma.cc/SM57-8G82].

19. Roy, *supra* note 18.

20. *Id.*

21. *Id.*

22. Fintelics, *supra* note 18.

23. Roy, *supra* note 18.

24. Fintelics, *supra* note 18.

25. Roy, *supra* note 18.

cryptocurrencies, however, are specific to certain virtual worlds. In an online platform called The Sandbox, for example, users can use the SAND cryptocurrency to buy and sell assets—including land—and play games.²⁶ In fact, in November 2021, it was reported that The Sandbox had already sold more than \$144 million in gross merchandise value for its land with over 12,000 virtual land owners, including rapper Snoop Dogg.²⁷ In another online platform called Decentraland, the native cryptocurrency is called MANA.²⁸ As in The Sandbox, users in Decentraland can use Decentraland’s native cryptocurrency to buy and sell virtual land.²⁹ Coincidentally, in the same month the value of land in The Sandbox was reported, it also was reported that a single user had spent 618,000 MANA—which was around \$2.4 million at the time—to buy a single patch of virtual real estate in Decentraland.³⁰

Another perhaps equally important way in which blockchain technology can be used in the metaverse is through non-fungible tokens (NFTs.) “Put as simply as possible, NFTs are tokens that live on a blockchain and can be used to prove ownership of connected digital assets.”³¹ “Nonfungible objects, in contrast to fungible items such as currency, are one of-a-kind and cannot be replaced.”³² Though NFTs have frequently been used in connection with digital art like paintings and music, they can essentially apply to anything, including digital avatars, game assets and real estate.³³ One benefit to NFTs is that they “can be used to prove that someone is the rightful owner of a particular object.”³⁴ Another benefit is that such “[a]ssets would remain completely undamaged even if the user quit the game, the game was deleted, or there is an adverse event in the metaverse.”³⁵

Having explained what the metaverse is and how it operates—including the significant role blockchain has played and can play in the metaverse—the next section will discuss some of the ways in which brands are currently engaging in the metaverse.

26. Felicia Hou, *How to shop in the metaverse: The cryptocurrencies you’ll need to buy, and how to get them*, FORTUNE (Dec. 10, 2021), <https://fortune.com/2021/12/10/metaverse-shopping-cryptocurrency/> [<https://perma.cc/C2AH-PDFK>].

27. Dean Takahashi, *SoftBank invests \$93M in The Sandbox’s ‘metaverse’ game*, VENTUREBEAT (Nov. 2, 2021), <https://venturebeat.com/2021/11/02/softbank-invests-93m-in-the-sandbox-nft-game-platform/> [<https://perma.cc/8HEV-PFFC>].

28. Hou, *supra* note 26.

29. *Id.*

30. Elizabeth Howcroft, *Virtual real estate plot sells for record \$2.4 million*, REUTERS (Nov. 23, 2021), <https://www.reuters.com/markets/currencies/virtual-real-estate-plot-sells-record-24-million-2021-11-23/> [<https://perma.cc/X5GF-YB7E>].

31. Marr, *supra* note 13.

32. Fintelics, *supra* note 18.

33. Marr, *supra* note 13; *See also* Roh, *supra* note 15.

34. Marr, *supra* note 13.

35. Roy, *supra* note 21.

B. *How Are Brands Engaging in the Metaverse?*

Even though the concept of the metaverse as an immersive three-dimensional universe of interlocking worlds is still evolving, this has not stopped a number of brands from trying to exploit its potential. One way brand owners have tried to engage with consumers in the metaverse is by offering unique digital versions of their goods as NFTs through online games and marketplaces. Perhaps the best example of this is Dolce & Gabbana (D&G), which, on September 30, 2021, sold a nine-piece collection of NFTs auctioned alongside some physical couture for approximately \$5.7 million.³⁶ Though the D&G pieces were allegedly purchased by several NFT collectors primarily for investment purposes,³⁷ it was later reported that the person who bought a digital dress from a completely different designer for approximately \$9,500 then gifted the dress to his wife so that she could “wear” it on social media.³⁸

Another way brand owners are trying to engage with consumers in the metaverse is by partnering with existing online ecosystems to open their own virtual storefronts. For example, in September 2021, Vans announced that it had partnered with Roblox to create Vans World, an interactive in-game experience where users could skateboard in virtual skate parks and “buy custom parts for their skateboards including decks and wheels, as well as apparel such as customizable Vans sneakers.”³⁹ In November 2021, Nike announced that it had partnered with Roblox to create a virtual world called Nikeland.⁴⁰ Not only can visitors to Nikeland play “classic games with a fresh twist,” they can also browse the online showroom of virtual Nike shoes, clothes, and accessories and even obtain a “free exclusive Nike cap and backpack” that can be taken anywhere in

36. Cathy Hackl, *Accessorizing The Metaverse With Luxury AR Wearable NFTs*, FORBES (Jan. 2, 2022), <https://www.forbes.com/sites/cathyhackl/2022/01/02/accessorizing-the-metaverse-with-luxury-ar-wearable-nfts/?sh=1e137ef412a6> [https://perma.cc/S759-5E84].

37. Zofia Zwięglinska, *What makes the D&G NFT different from the rest?*, GLOSSY (Oct. 15, 2021), <https://www.glossy.co/fashion/what-makes-the-dg-nft-different-from-the-rest/> [https://perma.cc/4FYP-GLLW].

38. Mark Ellwood, *Luxury Brands Are Already Making Millions in the Metaverse*, BLOOMBERG (Dec. 9, 2021), <https://www.bloomberg.com/news/articles/2021-12-09/luxury-fashion-brands-are-already-making-millions-in-the-metaverse> [https://perma.cc/ND8Q-WM3T].

39. Brett Molina, *Shoe company Vans launching ‘Vans World’ within Roblox as part of metaverse push*, USA TODAY (Sept. 1, 2021), <https://www.usatoday.com/story/tech/gaming/2021/09/01/vans-world-roblox-new-hub-metaverse/5678718001/> [https://perma.cc/Y76F-PMLU].

40. Jessica Golden, *Nike teams up with Roblox to create a virtual world called Nikeland*, CNBC (Nov. 18, 2021), <https://www.cnbc.com/2021/11/18/nike-teams-up-with-roblox-to-create-a-virtual-world-called-nikeland-.html> [https://perma.cc/25CS-9M3D].

Roblox.⁴¹ Brands such as Forever 21,⁴² Ralph Lauren⁴³ and Tommy Hilfiger⁴⁴ have also announced their own partnerships with Roblox.

The number of brands seeking to engage with consumers in the metaverse has become so pervasive that some have even resorted to purchasing virtual land on certain online platforms from which to better offer their goods and services. In February 2022, for example, it was reported that Gucci, almost nine months removed from its two-week popup on Roblox where a digital version of its Dionysus Bag was later resold for almost \$4,100 (thereby exceeding the price of the real world bag),⁴⁵ had purchased an undisclosed amount of land in The Sandbox for a new interactive experience called Gucci Vault.⁴⁶ Though Gucci refused to provide more details at the time, The Sandbox said that “select metaverse fashion items created by Gucci designers will be available for people to buy, own and use in their own Sandbox experience.”⁴⁷ Gucci also joins Adidas—which was reported to have acquired its own plot of virtual land in December 2021—in The Sandbox.⁴⁸

Even brands in the more traditional banking and legal industries are beginning to purchase land in the metaverse from which they can presumably render services virtually. On February 15, 2022, JP Morgan announced that it had “become the first lender to arrive in the metaverse, having opened a lounge in Decentraland”⁴⁹ Two days later on

41. *Nikeland*, Roblox, <https://www.roblox.com/nikeland> [<https://perma.cc/5CHN-XLV7>] (last visited Feb. 10, 2022).

42. Robin Driver, *Forever 21 launches shop management simulator on Roblox*, FASHION NETWORK (Dec. 21, 2021), <https://us.fashionnetwork.com/news/Forever-21-launches-shop-management-simulator-on-roblox,1363431.html> [<https://perma.cc/FBQ7-Q2JC>].

43. Robin Driver, *Ralph Lauren unveils holiday experience and digital fashion collection on Roblox*, FASHION NETWORK (Dec. 9, 2021), <https://www.fashionnetwork.com/news/Ralph-lauren-unveils-holiday-experience-and-digital-fashion-collection-on-roblox,1360193.html> [<https://perma.cc/6W9B-2N5N>].

44. AFP-Relaxnews, *Tommy Hilfiger has created a virtual clothing collection for Roblox*, FASHION NETWORK (Dec. 16, 2021), <https://www.fashionnetwork.com/news/Tommy-hilfiger-has-created-a-virtual-clothing-collection-for-roblox,1362598.html> [<https://perma.cc/X6P8-7ZWG>].

45. Colleen Barry, *Gucci digitally outfits Gen-Z in metaverse foray with Roblox*, USA TODAY (June 9, 2021), <https://www.usatoday.com/story/tech/gaming/2021/06/09/gucci-meets-roblox-designer-rolls-out-digital-only-collection/7616940002/> [<https://perma.cc/FGR6-JAEN>].

46. Maghan McDowell, *Gucci plans virtual world for Gen Z on The Sandbox*, VOGUE BUS. (Feb. 9, 2022), <https://www.voguebusiness.com/technology/gucci-plans-virtual-world-for-gen-z-on-sandbox> [<https://perma.cc/YS3U-RJYM>].

47. *Id.*

48. Dean Takahashi, *Adidas Originals launches NFTs and buys a plot in the Sandbox metaverse*, VENTUREBEAT (Dec. 15, 2021), <https://venturebeat.com/2021/12/15/adidas-originals-launches-nft-drop-and-buys-a-plot-in-the-sandbox-metaverse/> [<https://perma.cc/A7ZR-WHEZ>].

49. Ian Allison, *JPMorgan Is the First Bank Into the Metaverse, Looks at Business Opportunities*, COINDESK (Feb. 15, 2022), <https://www.coindesk.com/business/2022/02/15/jpmorgan-is-the-first-bank-into-the-metaverse-looks-at-business-opportunities/> [<https://perma.cc/S9ZR-Y4G8>].

February 17, 2022, law firm Arent Fox announced that it was “opening a virtual office in the metaverse in the fashion and retail district” of Decentraland, thereby making it “the first major law firm to open in the metaverse.”⁵⁰ One suspects that there will be even more self-proclaimed “firsts” in the coming months.

As the potential for the metaverse continues to grow, it is likely that more and more brands will continue to experiment with new ways to engage consumers in the metaverse. Indeed, considering that there are no raw materials to buy to make digital goods, and labor is minimal, the margins for such goods can be huge.⁵¹ And if this was not enticing enough, “the limitations normally imposed by market practicalities—or even gravity or logic—are gone.”⁵² As one commentator put it, “[a]ny company with decades of archival designs can convert that intellectual property into a new revenue stream, reissuing pieces as metaverse-only.”⁵³ This means that even “[d]efunct brands can have a new virtual life with minimal investment”⁵⁴ Most brands are not going to be able to ignore the possibilities.

As further proof that brands are committed to exploiting the metaverse, one need only consider the number and type of brands that have already filed federal trademark applications with the U.S. Patent & Trademark Office (USPTO) for metaverse-related goods and services. The next section will discuss these trademark filings in more detail.

II. TRADEMARKS IN THE METAVERSE

The number of federal trademark applications filed by brands for metaverse-related goods and services seems to be increasing in frequency every day. Many of these applications have been filed by footwear and apparel companies for “virtual goods,” “non-fungible tokens (NFTs),” or both in connection with their products. For example, among the numerous “metaverse-related” applications currently pending before the USPTO are applications to register the marks NIKE & Design,⁵⁵ NEW BALANCE,⁵⁶ SKECHERS,⁵⁷ FOREVER 21,⁵⁸ POTTERY BARN,⁵⁹

50. Debra Cassens Weiss, *Major law firm buys property in the metaverse and opens virtual office*, ABA J. (Feb. 17, 2022), <https://www.abajournal.com/news/article/major-law-firm-buys-property-in-the-metaverse-and-opens-virtual-office> <https://perma.cc/L982-JA2P>.

51. Ellwood, *supra* note 38.

52. *Id.*

53. *Id.*

54. *Id.*

55. U.S. Trademark Application Serial No. 97096366 (filed Oct. 27, 2021) .

56. U.S. Trademark Application Serial No. 97217308 (filed Jan. 13, 2022) .

57. U.S. Trademark Application Serial No. 97227587 (filed Jan. 19, 2022) .

58. U.S. Trademark Application Serial No. 97242059 (filed Jan. 27, 2022) .

59. U.S. Trademark Application Serial No. 97231081 (filed Jan. 21, 2022) .

CHACO,⁶⁰ VICTORIA'S SECRET,⁶¹ and KIEHL'S.⁶²

Even non-apparel-related brands are attempting to expand into the metaverse. For example, soon after the company behind the MIRACLE-GRO garden products filed an application to register its mark MIRACLE-GRO & Design for “downloadable virtual goods, namely, computer programs featuring grass seed [and] fertilizer . . . for use online and in online virtual worlds,”⁶³ that same company also filed an application for TOMCAT & Design for virtual rodent traps.⁶⁴ And in the event one's digital avatar accidentally injures itself while placing traps, on March 11, 2022, Johnson & Johnson filed a trademark application to register its BAND-AID mark for “virtual wound care and first-aid products,” among other goods and services.⁶⁵

And lest one's digital avatar need something to do after “fertilizing” their virtual land with virtual fertilizer or laying out virtual rodent traps, Spin Master Ltd. filed an application on January 17, 2022 for the mark ETCH A SKETCH for, among other goods, “downloadable virtual goods, namely, computer programs featuring toys and games for use online and in online virtual worlds.”⁶⁶ There is even an abundance of virtual reading material; currently pending before the USPTO are applications for BON APPETIT,⁶⁷ WIRED,⁶⁸ VANITY FAIR,⁶⁹ VOGUE⁷⁰ and GQ, all for various metaverse-related goods.⁷¹

Just as there appears to be a need for virtual fertilizer, virtual mousetraps, virtual bandages, and virtual reading material, it also appears that digital avatars apparently need digital food. Thus, it was reported in February 2022 that McDonald's had filed a series of federal trademark applications suggesting that it, too, intended to expand into the metaverse.⁷² Among these filings is an application dated February 4, 2022

60. U.S. Trademark Application Serial No. 97254456 (filed Feb. 4, 2022).

61. U.S. Trademark Application Serial No. 97257455 (filed Feb. 8, 2022).

62. U.S. Trademark Application Serial No. 97255989 (filed Feb. 7, 2022).

63. U.S. Trademark Application Serial No. 97246062 (filed Jan. 31, 2022).

64. U.S. Trademark Application Serial No. 97255945 (filed Feb. 7, 2022).

65. Cindy Tan, *Metaverse is Coming to Chuck Norris and it Needs a Band-Aid*, NFT GATORS (Mar. 16, 2022), <https://www.nftgators.com/metaverse-is-coming-to-chuck-norris-and-it-needs-a-band-aid/> [<https://perma.cc/56VJ-Y69N>].

66. U.S. Trademark Application Serial No. 97223677 (filed Jan. 17, 2022).

67. U.S. Trademark Application Serial No. 97183973 (filed Dec. 22, 2021).

68. U.S. Trademark Application Serial No. 97183972 (filed Dec. 22, 2021).

69. U.S. Trademark Application Serial No. 97183969 (filed Dec. 22, 2021).

70. U.S. Trademark Application Serial No. 97183966 (filed Dec. 22, 2021).

71. U.S. Trademark Application Serial No. 97183967 (filed Dec. 22, 2021).

72. Mason Bissada, *McDonald's Files Trademark For Metaverse-Based 'Virtual Restaurant'*, FORBES (Feb. 9, 2022), <https://www.forbes.com/sites/masonbissada/2022/02/09/mcdonalds-files-trademark-for-metaverse-based-virtual-restaurant/?sh=516f7fbc6678> [<https://perma.cc/VG97-NF2R>].

to register the mark MCDONALD'S⁷³ that includes "operating a virtual restaurant featuring actual and virtual goods." This, of course, follows Panera's application dated one day earlier, February 3, 2022, to register the mark PANERAVERSE⁷⁴ for a variety of virtual goods and virtual restaurants. Notably, both McDonald's and Panera's trademark filings suggest that users will be able to order food from a virtual restaurant in the metaverse and then have it delivered to them in the real world.⁷⁵ With advantages such as this, it is not hard to imagine that more restaurant chains follow.

Not even professional athletes are immune to the lure of the metaverse. Several months after Shaquille O'Neal (in partnership with Authentic Brands Group) filed applications to register SHAQ⁷⁶ for virtual goods,⁷⁷ it was reported that the estate of Kobe Bryant had filed applications to register KOBE BRYANT,⁷⁸ MAMBA FOREVER⁷⁹ and MAMBACITA⁸⁰ for similar goods.⁸¹ Several active NBA players also have expressed a desire to expand into the metaverse through trademark filings as well. On June 11, 2021, NBA superstar Luka Dončić presciently filed an application to register an eponymous mark⁸² for a variety of virtual goods. Moreover, in the last several months alone, both future NBA Hall of Famer LeBron James⁸³ and reigning NBA Rookie of the Year LaMelo Ball⁸⁴ filed their own applications for various virtual goods related to the metaverse.

In a now-decade-old article about the proliferation of trademark filings among professional athletes, it was said that one of the main reasons professional athletes had been increasingly turning to trademark

73. U.S. Trademark Application Serial No. 97253179 (filed Feb. 4, 2022).

74. U.S. Trademark Application Serial No. 97251535 (filed Feb. 3, 2022).

75. Bissada, *supra* note 72.

76. U.S. Trademark Application Serial No. 97184867 (filed Dec. 22, 2021).

77. Shoshy Ciment, *Virtual Footwear Could Be Up Next for Shaquille O'Neal and Other ABG Brands, Trademark Filings Indicate*, FOOTWEAR NEWS (Jan. 12, 2022), <https://footwearnews.com/2022/business/athletic-outdoor/shaquille-o-neal-trademark-metaverse-abg-1203228454/> [https://perma.cc].

78. U.S. Trademark Application Serial No. 97244916 (filed Jan. 28, 2022).

79. U.S. Trademark Application Serial No. 97244877 (filed Jan. 28, 2022).

80. U.S. Trademark Application Serial No. 97244917 (filed Jan. 28, 2022).

81. Jeff Pratt, *NFT News: Kobe Bryant to Enter the Metaverse*, DRAFTKINGS (Feb. 4, 2022), <https://dknation.draftkings.com/playbook/22918115/nft-news-kobe-bryant-estate-to-enter-the-metaverse-mamba-mambacita-nba-web3-crypto> [https://perma.cc/_].

82. U.S. Trademark Application Serial No. 90768512 (filed June 11, 2021).

83. Jonathan Sherman, *Report: LeBron James files for 4 trademarks indicating plans for the metaverse*, LAKERS DAILY (Mar. 9, 2022), <https://lakersdaily.com/report-lebron-james-indicates-plans-for-the-metaverse-after-filing-for-4-trademarks/> [https://perma.cc/K562-DLQS].

84. Bernadette Doykos, *LaMelo Ball Pulls Up to the Metaverse*, BOARDROOM (Feb. 21, 2022), <https://boardroom.tv/lamelo-ball-trademark-filing-metaverse/> [https://perma.cc/2G2X-PAR5].

protection for those phrases, slogans or nicknames with which they were associated was “for economic reasons.”⁸⁵ Jaia Thomas, an intellectual property (IP) attorney, said at the time:

[Athletes] don’t want other companies, other individuals, making a profit off of [his or her] name or [his or her] logo or [his or her] brand, so it’s extremely important for athletes to rush to secure all the IP rights so others don’t make a profit off of them. It’s also good just in terms of brand building. As athletes start to build their brand it’s good to start to protect their individual property rights as soon as possible.⁸⁶

It appears that not much has changed in the past ten years. Professional athletes continue to be proactive about protecting their intellectual property rights, this time in the metaverse.

Having now discussed which brands have filed for which marks in the metaverse, the next section will address some of the legal issues one might encounter in the course of protecting and enforcing one’s marks in the metaverse.

III. PROTECTING AND ENFORCING TRADEMARKS IN THE METAVERSE

As the above examples make clear, many companies are already seeking to protect their brands in the metaverse by filing federal trademark applications. And if recent history is any guide, it is likely that the number of brands filing federal trademark applications for metaverse-related goods and services will only increase.

Of the 1,792 live marks that include the two-word term “virtual goods” in the goods or services description and that were pending before or registered by the USPTO as of February 13, 2022,⁸⁷ nearly half—i.e., 993 marks—were filed since August 1, 2021,⁸⁸ including 629 since December 1, 2021 alone.⁸⁹ Perhaps more notably, 1,206 of these 1,792

85. Doug Williams, *Athletes trademarking the phrase that pays*, ESPN (July 13, 2012), https://www.espn.com/blog/playbook/fandom/post/_id/6108/athlete-trademarks-becoming-com-monplace [https://perma.cc/HF9N-BGV8].

86. *Id.*

87. These marks were identified using the “Word and/or Design Mark Search (Free Form)” search option in the USPTO’s Trademark Electronic Search System (TESS) at <http://tmsearch.uspto.gov>. The precise search phrase, which was entered on February 13, 2022, was (“virtual goods”) [GS] and (live)[LD].

88. Search for Number of Results. USPTO TESS. <http://tmsearch.uspto.gov>. The precise search phrase for this search, which was entered on February 13, 2022, was (“virtual goods”) [GS] and (live)[LD] and `FD > “20210801”.

89. Search for Number of Results. USPTO TESS. <http://tmsearch.uspto.gov>. The precise search phrase for this search, which was entered on February 13, 2022, was (“virtual goods”) [GS] and (live)[LD] and `FD > “20211201”.

live marks⁹⁰—and 564 of the 629 filed since December 1, 2021⁹¹—currently list Section 1B of the Trademark Act as the filing basis. Considering that Section 1B typically applies only to those marks that are not currently in use but for which one has “a bona fide intention to use” the mark at some point in the future,⁹² this suggests that many brands are still trying to figure out (or at least have yet to implement) their strategy for the metaverse. It also suggests that many brands would rather take a chance and file for marks they might never use than risk missing out on the next big thing. On February 9, 2022, Josh Gerben, a Washington, D.C.-based trademark attorney, said in *Forbes*: “I think you’re going to see every brand that you can think of make these filings within the next 12 months. I don’t think anyone wants to be the next Blockbuster and just completely ignore a new technology that’s coming.”⁹³

Yet another reason for why brands are filing so many applications on an “intent to use” basis may be because of the inherent uncertainties in registering marks for the metaverse. One attorney, for example, believes that because the USPTO has not yet provided any guidance as to “what actual categories of goods or services in its system would match the actual or virtual use that would be provided by the trademark applicant as a specimen of use,” there is a “real possibility” that one’s filings would be rejected as being in the wrong class (i.e., category) or with an incurably inaccurate goods or services description.⁹⁴ Jeff Trexler, associate director of Fordham University’s Fashion Law Institute, even thinks “[r]evisions allowing for a separate class for digital goods is likely”⁹⁵ Though such concerns are well-taken, the reality is that such concerns are likely not affecting one’s trademark filing strategy, at least materially. This is especially the case considering that over a hundred marks for “virtual

90. Search for Number of Results. USPTO TESS. <http://tmsearch.uspto.gov>. The precise search phrase for this search, which was entered on February 13, 2022, was (“virtual goods”) [GS] and (live)[LD] and 1B[CB].

91. Search for Number of Results. USPTO TESS. <http://tmsearch.uspto.gov>. The precise search phrase for this search, which was entered on February 13, 2022, was (“virtual goods”) [GS] and (live)[LD] and `FD > “20211201” and 1B[CB].

92. *Basis*, U.S. PATENT & TRADEMARK OFFICE, <https://www.uspto.gov/trademarks/apply/basis> [<https://perma.cc/2GCS-U8Z9>].

93. Bissada, *supra* note 72.

94. Marc Reiner, *PROTECTING TRADEMARKS IN THE METAVERSE – WHAT CAN BE DONE?*, Hand Baldachin & Associates LLP (Jan. 14, 2022), <https://hballp.com/protecting-trademarks-in-the-metaverse---what-can-be-done> [<https://perma.cc/C5SS-NMMX>].

95. Maghan McDowell, *How to trademark the metaverse*, *VOGUE BUS.* (Jan.11, 2022), <https://www.voguebusiness.com/technology/how-to-trademark-the-metaverse> [<https://perma.cc/R5DF-4749>].

goods” have already been registered by the USPTO since January 1, 2020 alone.⁹⁶

The greater concern among brands that are looking to venture into the metaverse is likely the scope of one’s rights to his or her marks, especially as they relate to the first sale doctrine and the First Amendment. To date, many of the intellectual property disputes related to the metaverse have been NFT controversies involving copyright infringement allegations.⁹⁷ For example, in November 2021, film studio Miramax sued director Quentin Tarantino (primarily) for copyright infringement in connection with the latter’s “announced plans to auction off seven ‘exclusive scenes’ from the 1994 motion picture *Pulp Fiction* in the form of NFTs.”⁹⁸ But two more recent actions involving trademark law are the ones most brands are watching.

One of the most closely-watched cases—and “the first major example of a brand taking action against the unauthorized use of its trademarks in the virtual world”—involves fashion designer Hermès and digital artist Mason Rothschild.⁹⁹ Hermès has accused Mr. Rothschild of violating the former’s rights to its BIRKIN mark, which Hermès uses in connection with a well-known tote bag.¹⁰⁰ It is important to note that Mr. Rothschild is not making counterfeit BIRKIN bags or any tangible items for that matter.¹⁰¹ Instead, Mr. Rothschild created a viral line of digital images depicting tote bags—which he conspicuously titled “MetaBirkins”—and then sold as NFTs.¹⁰² Clearly unhappy with this, Hermès filed a lawsuit against Mr. Rothschild in the Southern District of New York for trademark infringement and trademark dilution.¹⁰³ Mr. Rothschild

96. Search for Number of Results. USPTO TESS. <http://tmsearch.uspto.gov>. According to a search conducted on February 14, 2022, there were 123 marks with the words “virtual goods” in the goods or services description registered by the USPTO. These marks were identified using the “Word and/or Design Mark Search (Free Form)” search option in the USPTO’s Trademark Electronic Search System (TESS) at <http://tmsearch.uspto.gov>. The precise search phrase was (“virtual goods”)[GS] and (live)[LD] and `RD > “20200101”.

97. Adi Robertson, *Nike is testing NFT trademark law by suing a sneaker reseller*, THE VERGE (Feb. 10, 2022), <https://www.theverge.com/2022/2/10/22925252/nike-stockx-shoe-lawsuit-vault-nft-trademark-infringement> [<https://perma.cc/U47E-Q2C9>].

98. *Miramax v. Tarantino Joins a Growing List of NFT Lawsuits*, THE FASHION L. (Nov. 17, 2021), <https://www.thefashionlaw.com/miramax-v-tarantino-joins-a-growing-list-of-nft-lawsuits/> [<https://perma.cc/4L6T-2HBQ>].

99. *What Do Brands Stand to Gain in Fights Over Their Marks in the Metaverse?*, THE FASHION L. (Jan. 20, 2022), <https://www.thefashionlaw.com/hermes-names-metabirkins-creator-in-trademark-lawsuit/> [hereinafter *Brands*] [<https://perma.cc/T9QN-DRGM>].

100. *Explained: Why Hermès is suing American digital artist over MetaBirkins NFTs*, THE INDIAN EXPRESS (Jan. 24, 2022), <https://indianexpress.com/article/explained/hermes-lawsuit-metabirkins-mason-rothschild-nft-7736973/> [<https://perma.cc/TVM3-UJ9P>].

101. *Id.*

102. *Id.*

103. *Id.*

responded to the lawsuit by seeking dismissal of all of Hermès' claims based primarily on the First Amendment.¹⁰⁴

The dispute between Hermès and Mr. Rothschild raises a number of interesting issues concerning trademarks in the metaverse. For example, it is worth noting that at least as of January 2022, Hermès was neither operating in the metaverse nor, unlike many of the brands discussed above, indicated an intent to do so by filing a federal trademark application for the BIRKIN mark for any metaverse-related goods or services.¹⁰⁵ This begs the question: Should Hermès be able to rely on its trademark rights to BIRKIN for tangible goods against the maker of virtual goods? Assuming that it can—which is likely the case—this leads to the next question: Are consumers likely to confuse Hermès' use of its BIRKIN mark for tangible goods in the real world with the use of the same or a similar mark for virtual goods in the metaverse?

In some cases—such as when Nike offers virtual goods in the form of a “free exclusive Nike cap and backpack” that can be taken anywhere in Roblox¹⁰⁶—it is likely that consumers would believe that certain goods or services in the metaverse are associated with their real-world analogue. This is especially true given the increasing rate by which real world brands are indicating their plans for the metaverse either through press releases, news reporting or even the mere filing of trademark applications. In other cases, however, consumers might justifiably assume that a particular brand does not intend to offer goods or services in the metaverse perhaps because of its silence on its plans or because of other factors, such as non-overlapping consumer demographics. If this occurs, consumers are less likely to believe that the provider of the virtual goods is associated or affiliated with the owner of the tangible goods.

Further complicating an analysis of the dispute between Hermès and Mr. Rothschild is the fact that the latter is offering “artistic renderings” of Hermès tote bags called “MetaBirkins” as NFTs, not literal depictions of the goods themselves using the mark BIRKIN. This is akin to one offering artistic renderings of Nike's shoes in Roblox under the name “MetaNike” instead of literal depictions of footwear using the mark NIKE. While the latter are likely to be associated with Nike, the link between Nike and the former arguably becomes more tenuous.

Putting aside the issue of likelihood of confusion, there also is the question as to whether Mr. Rothschild's alleged use of the BIRKIN mark in NFTs is protected by the First Amendment. Where, as in the case of Mr. Rothschild, one invokes the First Amendment as a defense to a claim

104. *MetaBirkins Creator Aims to Get Hermès Lawsuit Tossed Out*, THE FASHION L. (Feb. 10, 2022), <https://www.thefashionlaw.com/metabirkins-creator-aims-to-get-hermes-lawsuit-tossed-out/> [<https://perma.cc/WA83-4CVF>].

105. *Brands*, *supra* note 99.

106. *See supra* Section II.B.

for trademark infringement, most courts apply the test set forth by the Second Circuit in *Rogers v. Grimaldi*.¹⁰⁷ In that case, the Second Circuit held that an artistic work's use of a trademark that otherwise would violate the Lanham Act is not actionable "unless the [use of the mark] has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless [it] explicitly misleads as to the source or the content of the work."¹⁰⁸ In this situation, the key will be whether Mr. Rothschild will be able to show the second element—namely, that consumers are not explicitly misled—which could be a close question in light of Hermès current relationship to the metaverse (or lack thereof).

Mr. Rothschild has already indicated that he intends to rely on the test in *Rogers v. Grimaldi* as one of the primary bases for his First Amendment defense.¹⁰⁹ Though it is too soon to predict whether he will be successful, needless to say, a result in favor of either party could have major ramifications about the scope of one's trademark rights in the metaverse.

Another closely-watched case regarding trademarks in the metaverse involves Nike and StockX, "a reseller for streetwear, bags, and sneakers, among other items."¹¹⁰ On February 3, 2022, Nike sued StockX in the Southern District of New York (which also is where the dispute between Hermès and Mr. Rothschild is pending) alleging trademark infringement and related claims based on StockX's sale of NFTs containing digital images of Nike's products.¹¹¹ One distinguishing feature between this dispute and the preceding dispute is that, in this case, StockX claims to be using images of Nike's products as NFTs merely as "digital receipts" for goods it has already acquired and intends to resell, not as "digital or virtual sneakers."¹¹² Because of this, StockX alleges that its conduct is protected under the first sale doctrine,¹¹³ which essentially allows one to resell a trademarked item after it has been sold by the trademark owner

107. *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989); see also *E.S.S. Entertainment 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095, 1101 (9th Cir. 2008) (depicting plaintiff's logo in a video game featuring real locations did not infringe the plaintiff's trademark rights); *University of Alabama Board of Trustees v. New Life Art, Inc.*, 683 F.3d 1266, 1278–79 (11th Cir. 2012) (depicting University and athletic trademark logos in documentary-style paintings of famous plays did not infringe the University's trademarks).

108. *Rogers v. Grimaldi*, 875 F.2d 994,999 (2d Cir. 1989).

109. *Brands*, *supra* note 99.

110. Robertson, *supra* note 97.

111. *Nike Names StockX in New LawsUIT Over Unauthorized Sneaker NFTs*, THE FASHION L. (Feb. 3, 2022), <https://www.thefashionlaw.com/nike-names-stockx-in-lawsuit-over-sale-of-unauthorized-sneaker-centric-nfts/> [hereinafter *Nike Lawsuit*] [<https://perma.cc/2CU6-3RM9>].

112. Robertson, *supra* note 97.

113. *Id.*

in an authorized sale, even if the resale is without the trademark owner's consent.¹¹⁴

For its part, Nike has alleged that StockX's NFTs are actually separate and distinct products as noted by the fact that one cannot yet redeem the NFTs for actual shoes.¹¹⁵ Nike even goes so far as to accuse StockX of "minting" NFTs that make "prominent use [of] Nike's trademarks, marketing those NFTs using Nike's goodwill, and selling those NFTs at heavily inflated prices to unsuspecting consumers who believe or are likely to believe that those 'investible digital assets' (as StockX calls them) are, in fact, authorized by Nike."¹¹⁶ Nike claims that StockX is doing so in order to "garner attention, drive sales, and confuse consumers into believing that Nike collaborated with StockX on [StockX's] NFTs."¹¹⁷

As with the dispute between Hermès and Mr. Rothschild, the dispute between Nike and StockX is still in its infant stages. However, as also is the case with the dispute between Hermès and Mr. Rothschild, a result in favor of either Nike or StockX could have major ramifications about the scope of one's trademark rights in the metaverse.

CONCLUSION

Based on the foregoing, it is clear that the concept of the metaverse as envisioned in popular culture is still many years away. At the same time, numerous brands are moving forward expeditiously in pursuit of its potential. As more and more brands venture into the metaverse, more and more ancillary companies will likely look to ways to capitalize on this phenomena. This will, in turn, lead to a number of interesting legal disputes for which existing law may prove to be inadequate.

Hopefully, the current lawsuits involving Hermès and Nike will provide at least some guidance to brands going forward. In the meantime, however, any person or entity with a brand worth protecting in the real world would be well-served by filing a corresponding trademark application for that brand in the metaverse. Not only is the financial cost of doing so likely eclipsed by the potential of the metaverse, the real question is whether one can afford not to take a chance and thus risk missing out.

114. *The First Sale Doctrine: A Potential Defense to Lanham Act Claims*, THE FASHION L. (July 7, 2019), <https://www.thefashionlaw.com/the-first-sale-doctrine-a-potential-defense-to-lanham-act-claims/> [<https://perma.cc/34FJ-8B3B>].

115. Robertson, *supra* note 97.

116. *Nike Lawsuit*, *supra* note 111.

117. Robertson, *supra* note 97.