CLIENT NOTE

SINGAPORE - TRADEMARK PROTECTION FOR NFTs AND GOODS IN THE METAVERSE

01 March 2023
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INTRODUCTION

1. You may recognise the distinctive outline of a Birkin handbag. You may also further recognise that a "Birkin" originates from the luxury design house Hermès. However, would you conclude that a "MetaBirkin", *i.e.*, a non-fungible token ("**NFT**") associated with a digital image of a fur-covered Birkin bag, as a good originating from or endorsed by Hermès? This was one of the issues considered in the United States in the recent case of *Hermes Int'l v. Rothschild*, (S.D.N.Y. Feb. 2, 2023) ("**MetaBirkins case**").

2. This client note highlights:

   (a) the key takeaways of the *MetaBirkins case*; and

   (b) a recent circular published by the Intellectual Property Office of Singapore ("**IPOS**") that provided timely guidance on the topic of registering trademarks for NFTs and metaverse-related goods and services.

THE METABIRKINS CASE

3. In the *MetaBirkins case*, Hermès International and Hermès of Paris, Inc. (collectively, "**Hermès**") alleged that its trademark (the "Birkin" name) and trade dress rights (i.e., the get-up) in its signature bag, the Birkin, had been infringed by Mr. Mason Rothschild ("**Rothschild**"). The alleged infringement was in digital artworks created by Rothschild for a NFT collection. Each NFT-linked artwork depicted a unique image of a blurry faux-fur-covered Birkin handbag. The case was heard by jury trial, and Hermès emerged victorious.

4. A point of interest in the *MetaBirkins case* was that Rothschild was not using the allegedly infringing signs in direct competition, i.e., on fashion goods. Trademark infringement in the US requires the unauthorized use of the plaintiff's trademark on or in connection with goods and/or services in a manner that is likely to cause confusion, deception, or mistake about the source of the goods and/or services. Whether the MetaBirkins NFTs and Hermès' products compete for the same consumers was relevant to the likelihood of confusion analysis.

5. On the face of it, the relevant consumers ought to be actual or potential purchasers of leather goods and handbags. After all, Hermès had only registered its "BIRKIN" word mark in relation to "*Leather or imitation leather goods, namely, [bags, namely,] handbags, [travel bags, rucksacks; wallets; card holders in the*

nature of wallets; leather purses; leather cases for keys; briefcases; trunks and suitcases]", and its trade dress in relation to "*Handbags*". The two marks' registrations did not cover NFT-authenticated goods.

6. Perhaps to overcome this limitation, Hermès had argued that it had concrete and realistic plans to produce and sell its own NFTs using the Birkin mark, such that potential consumers could mistakenly believe that the MetaBirkins NFT project represented Hermès' entry into the NFT market.

7. It appears that this argument worked and disaster was averted for Hermès. The jury ultimately ruled Rothschild liable in trademark infringement and awarded Hermès an account of profits of USD $110,000 for the same.

IPOS CIRCULAR ON CLASSIFICATION OF NFTs AND METAVERSE-RELATED GOODS

8. In Singapore, the registration of your business's marks is the most straightforward and cost-effective route to protecting your trademark rights. The scope of protection of a trademark registration is determined by the goods or services in relation to which the trademark is registered. To be successful in trademark infringement, the plaintiff must establish that the goods and services are identical or similar.

9. If you are a rights owner, you would certainly want to avoid a nail-biting finish like the *MetaBirkins case.* Hermès case would be much stronger if it had a prior registration of its mark in relation to NFT-authenticated art works. That would have made the suit against the NFT creator easier and more cost-effective.

10. This is because in assessing whether goods/services are similar, the comparison is between the alleged infringing goods and the products in respect of which the trademark is registered for. Among other advantages, registration in the appropriate goods/services from the outset reduces the following:

    (a) the need to prove, through testimony or industry practice, that the NFT-linked goods are seen by the average consumer as similar to the physical goods; and/or

    (b) relying on other branches of trademark law such as passing off where the action will require more legal arguments (which implies more time and costs).

11. The next question is: ***how*** should marks be registered in relation to NFT-authenticated goods? Typically, goods and services of interest would fall within one or more of the 45 classes in the International Classification of Goods and Services established by the Nice Agreement ("*Nice Classification*"). As the Nice Classification pre-dated the meta-verse, there was some uncertainty as to how trademark applications for NFTs and metaverse-related goods and services should be filed.

12. Thankfully, IPOS issued a circular on 10 February 2023 to clarify the Singapore Registry's practice on the classification of NFTs and metaverse-related goods and services in an application for registration of a trademark ("**Circular**").

NFT-authenticated goods

13. The Circular clarifies that, when registering marks in relation to NFTs, the description "NFTs" is not acceptable because it does not adequately describe a good or service. IPOS observed that NFTs are typically unique tokens on a blockchain, which link or point to underlying digital assets, such as images, films and music, or physical items. As such, trade mark applicants are advised to indicate the underlying subject matter and classify the same according to the established principles of classification.

14. The Circular points out (non-exhaustively) that NFTs may be acceptably registered under:

    (a) Class 9 for "Downloadable music files authenticated by non-fungible tokens (NFTs)", or "Digital collectibles in the nature of downloadable multimedia files containing artwork authenticated by non-fungible tokens (NFTs)";

    (b) Class 16 for "Paintings [pictures] authenticated by non-fungible tokens (NFTs)";

    (c) Class 25 for "Sports shoes authenticated by non-fungible tokens (NFTs)"; and/or

    (d) Class 35 for "Provision of an online marketplace for buyers and sellers of downloadable image files authenticated by non-fungible tokens (NFTs)"

Metaverse and downloadable virtual goods

15. The Circular also contains guidance on the appropriate classifications when registering marks for the purposes of metaverse or downloadable digital objects or content for use in online virtual environments.

16. *Goods* offered for sale within the metaverse (e.g., virtual avatars, virtual clothing) should generally be filed in Class 9; whereas *services* relating to the metaverse (e.g., the hosting platform, programming services, data storage services) may be appropriately filed under Class 42. The exact goods and services specification to use would depend on the subject matter being offered.

Commentary

17. Given that the NFT and/or Metaverse space is becoming increasingly mainstream, businesses should seriously consider whether they wish to establish a foothold before third parties steal the march on them. If so, we would recommend rights holders to expand the scope of their trademark rights to include such goods and services as soon as possible.

18. A strong trade mark portfolio will not only guarantee the monopoly of your mark in relation to designated goods and/or services, it will also provide certainty that the mark would not be infringing third parties.

19. Feel free to contact us if you have any queries relating to this client note, or require any advice in relation to trade mark matters.

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