

# Writing NFT Trademark Applications That Protect Brands

By **Thomas Brooke and Rodrigo Javier Velasco** (May 12, 2022)

Nonfungible tokens continue to gain popularity and the protection of the underlying intellectual property, ranging from patent protection for unique methods, copyright protection for the artwork and trademark protection for the brands are essential to building and sustaining value.

The market for NFTs grows daily. Some of these electronic creations are valued with a market price that even surpasses a tangible equivalent product in the physical world.

This innovative form of blockchain-backed asset is found in a wide range of industries and its use is likely to keep expanding. Entrepreneurs have created NFTs to include digital artwork, music, virtual real estate and fashion goods.

In order to protect any brand name as a trademark, it is essential to identify the goods and services that the applicant plans to protect under the mark with precision.

The U.S. Patent and Trademark Office constantly issues a wide range of office actions in relation to trademark applications stating that the applicant's description of its goods and/or services are too broad or indefinite. Applications for NFT brands are no different.

Examining attorneys at the USPTO require the use of words used regularly to describe a product or service; the common commercial name.

For example, an office action issued in relation to one of the first trademark applications for the well-known collection of NFTs sold under the Bored Ape Yacht name and mark (Serial No. 90739977) states that "if the goods have no common commercial or generic name, applicant must describe the product, its main purpose, and its intended uses."

The applicant's original wording in this application includes "digital collectibles" (Class 09) and "providing a website featuring an online marketplace for exchanging digital collectibles" (Class 35). This was interpreted by the USPTO as too broad or indefinite as the language "does not sufficiently indicate the nature of the goods and/or services."

Some applicants have made the challenging jump to include more direct wording in their goods/services description such as nonfungible tokens.

Even use of this now commonly used expression has been interpreted as too broad. An acceptable description requires the complete expression "nonfungible tokens (NFTs)" or "nonfungible token used with blockchain technology" or even "nonfungible tokens but with a very definite complementary description of the goods/services."

Each application will have its own particularities and the applicant's commercial activity should be understood fully for describing the products/services subject to registration.

Below are some office action examples from applications in relation to the Bored Ape Yacht



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Club collection, along with language from office actions issued in relation to other well-known companies and celebrities who have encountered similar issues on their trademark applications.

Highlighted in bold text is what the USPTO examining attorney recommends to clear up — either in the same class and or other — the broad scope of the wording. The words or phrases that are not in bold are the original wording that the applicant pursued on the applications:

**Bored Ape Yacht Club (Serial No. 90739977)**

**Class 9:** *Digital collectibles in the nature of downloadable multimedia file containing artwork relating to {indicate field or subject matter of file} authenticated by non-fungible tokens (NFTs); Digital collectibles in the nature of downloadable image files containing {indicate subject matter or field, e.g., trading cards, artwork, memes, sneakers, etc.} authenticated by non-fungible tokens (NFTs)*

**Bored Ape Yacht Club (Serial No. 90739977)**

**Class 35:** *Maintaining and recording ownership of art prints comprised of digital illustrations originating from photographs; maintaining and recording ownership of downloadable image files featuring digital illustrations authenticated by non-fungible tokens; Provision of an online marketplace for buyers and sellers of downloadable digital collectibles in the nature of {indicate type of downloadable digital goods, e.g., art images, music, video clips, etc.} authenticated by non-fungible tokens (NFTs).*

**Saks (Serial No. 90789965)[1]**

**Class 09:** *Digital media, namely, downloadable digital collectibles in the nature of {specify, e.g., images featuring beauty and fashion}, downloadable electronic data files featuring digital tokens, downloadable electronic data files featuring non-fungible tokens (NFTs) and downloadable digital art; downloadable electronic data files featuring non-fungible tokens (NFTs) and other application tokens; downloadable electronic data files featuring non-fungible tokens used with blockchain technology; downloadable digital collectibles in the nature of {specify, e.g., art, images featuring beauty and fashion} provided with non-fungible tokens based on blockchain technology; downloadable images and videos featuring {specify, e.g., fashion, beauty} provided with non-fungible tokens based on blockchain technology; downloadable digital art provided with non-fungible tokens based on blockchain technology; downloadable collectible items, namely {specify, e.g., art} provided with digital tokens based on blockchain technology.*

**Hot Wheels NFT Garage (Serial No. 90767267)**

**Class 09:** *non-fungible tokens, namely downloadable multimedia files containing artwork, text, audio, and video relating to collectible toy cars authenticated by non-fungible tokens (NFTs)*

***Class 035: provision of an online marketplace for buyers and sellers of downloadable digital multimedia files featuring artwork, text, audio, and video relating to collectible toy cars authenticated by non-fungible tokens***

***Andy Warhol (Serial No. 90602664)***

***Class 42: "Providing temporary use of online non-downloadable simulation software for trading non-fungible tokens used with blockchain technology; Providing temporary use of online non-downloadable simulation software for trading non-fungible tokens used with blockchain technology to represent a collectible item; Providing customized on-line web pages featuring user-defined information, which includes search engines and on-line web links to other web sites in the field of art, and collectables, and Non-Fungible Tokens"***

There are many other similar examples to the aforementioned in the same or other trademark classes. The good news is that some of trademark applications covering NFTs are now being published and have overcome the rejections for indefinite and broad language describing goods and services related to this new type of virtual asset.

The USPTO has now established and will keep establishing precedent. On a parallel track, U.S. courts are also grappling with whether and how to protect the ideas, methods and brands associated with NFTs. Famous brand owners are plaintiffs in the February Nike Inc. v. Stockx LLC and Hermes International v. Rothschild cases in the U.S. District Court for the Southern District of New York — cases that could provide a more in-depth legal understanding of the true legal status and nature of NFTs.

The answer may be: it depends. Some NFTs may function merely as instruments to prove and certify ownership of a physical good or object. Other NFTs take the next step beyond proving ownership of a physical object and actually represent, if not become a unique product per se, containing an underlying virtual asset by itself.

The nature of NFTs can get even more complex when considering how an entity known as a decentralized autonomous organization, or DAO, leverages the functionality of NFTs.

DAOs are member-owned communities without centralized leadership for crypto enthusiasts. They typically operate without centralized leadership, yet share a goal and give each member equal say in making decisions. Because of their investments in cryptocurrency, they often have plenty of money and need a place to put it.

Yuga Labs LLC, the creator of the Bored Ape Yacht Club NFTs collection and applicant for various trademark applications, is a community member of ApeCoin DAO, a cryptocurrency created and derived from the Bored Ape Yacht Club NFT collections.

Comprehending and defining the legal nature of NFTs will be a challenge to the legal system. The nature and use of NFTs will likely become more complex and basic trademark law principles, such as the fair use doctrine and/or the first sale doctrine applicability, will require analysis and structure.

Over the last 30 years, the courts have had to determine what was being sold — a product or a service — and how broadly should a trademark owner's rights be to something that cannot be physically held in one's hands.

Court decisions that define the law around protection for NFT brands will certainly affect how applications for protection of these trademarks are handled at the USPTO.

Precedent from the USPTO relating to trademarks applications for NFT brands combined with what courts decide on these ongoing disputes regarding the nature of NFTs will presumably give more clarity to future applicants for trademark protection for NFTs and NFT-related goods and services.

This precedent is likely to define what is considered to be trademark infringement and what will be permitted as noninfringing use, if not fair use, of names, logos, images and other intellectual property.

Ongoing and future applicants need to be cautious on their chosen wording for trademark applications, as both vagueness and too narrow a definition could sidetrack the mark's progress or even lead to refusals to register.

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[1] Not full description. Only intended display