



## **USE OF TRADEMARKS IN THE METAVERSE**

**A Partial Summary of *Trademarks in the Metaverse: A Report from INTA***

**New Emerging Issues Sub-Committee of the INTA Emerging Issues Committee**

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## Introduction

The advent of the Internet in the 1990s sparked a revolution that touched on every aspect of modern life and opened doors for all manners of technological progress. At the same time, this revolution also led to new legal challenges across an equally broad spectrum. It gave birth to the phenomenon of “cyber squatters” and created new avenues for counterfeits and other forms of unfair competition, to name just a few issues. These challenges led brand owners to seek and devise new mechanisms to defend their rights and seek redress. Over time, legal practitioners developed new protection and enforcement strategies, and governmental and non-governmental entities responded with national legislation, treaties, and other forms of action to ensure the Internet could provide a stable environment for stakeholders and users alike. These challenges continue even as the Internet continues to evolve, including into new virtual environments and new forms of e-commerce. With the benefit of that experience, brand owners, legal practitioners, and governmental and non-governmental entities now have the opportunity to prepare for what may be the next revolution, or at least a new frontier—the metaverse.

While the metaverse is still in a nascent stage of development, it has the potential to revolutionize how we experience the Internet and interact with brands and each other. With that potential also comes the possibility of the same challenges arising that followed the rise of the Internet, perhaps as well as some new and unforeseen challenges. With that in mind, the International Trademark Association (INTA) published a white paper in April 2023 titled Trademarks in the metaverse to identify at least some of the diverse problems and potential best practices for brand owners who enter the metaverse.

This paper highlights the findings of that publication as they pertain specifically to proper trademark use in the metaverse.

## **The Benchmarks of Traditional Trademark Use May Not Always Apply in the Metaverse**

While the two concepts are not always synonymous, trademark ownership and trademark use typically go hand-in-hand. Even in jurisdictions that do not require trademark use as a prerequisite to ownership, the *lack* of use will in most cases result in trademark abandonment or, in many jurisdictions, the possibility of the mark being canceled by third party action. While what qualifies as “use” may differ between jurisdictions, trademark use can be broken down generally into the following core elements, *i.e.* (1) the fixation of a mark in consistent or substantially similar appearance, (2) in association with certain specified goods or services, (3) within a specified geographic region, (4) regularly and/or consistently over a period of time.

Each of these elements can be highly subjective and evolve over time. For example, the introduction of the internet challenged previous notions of what it meant to “associate” a trademark with a product. This led eventually to the introduction of detailed examples of acceptable specimens of use in the official manual for United States trademark examiners. The introduction of the metaverse raises similar questions regarding trademark use. The answer to what constitutes trademark use—and trademark ownership by extension—will depend in large part on user experience based on technologies that are still under development.

### **Trademark May Not Appear Consistently Across Platforms**

A defining characteristic of the metaverse is interoperability across multiple platforms. As envisioned, the metaverse will permit a user to move between platforms as well as between real and virtual environments, leading some to describe the metaverse as “a 3D internet.” A challenge immediately posed by this vision, however, is that objects need not have a consistent appearance between platforms. For example, how an object appears within Decentraland® may differ from how that same object appears within The Sandbox™. Even if the differences are relatively minor, inconsistencies in appearance may create difficulties for brand owners both in terms of establishing use of a particular mark or logo and in terms of enforcing their rights against others. Brand owners will need to remain informed and vigilant regarding how their trademarks appear in different platforms.

### **Association Between Products and Trademarks May Look Different in the Metaverse**

Because the metaverse will consist in whole or in part within virtual environments, our conventional understanding of what it means for a trademark to be “associated with” or “affixed to” a product may not necessarily apply. For example, it was reported in May 2023 that Amazon is developing an immersive shopping experience titled “Amazon Anywhere” that would allow consumers to tap virtual items within a mobile game in order

to purchase the physical equivalent of those same items in the “real” world. As described, it is possible that the consumer may see a trademark superimposed on the product through the lens of a device or the screen of a mobile phone. In this scenario, however, it is unclear whether the virtual representation of the trademark will suffice to establish use in connection with the physical world object. Brand owners are encouraged to align their trademark use in the metaverse as closely as possible with physical world or internet equivalents. However, it may be some time before trademark offices offer clear guidance for trademark use in the metaverse going forward.

### **The Metaverse Blurs the Lines Between Virtual and Physical Goods and Services**

The scenario described above also raises questions regarding the distinctions between virtual goods and services and their physical world counterparts. In some cases, the difference between the virtual and physical version of products may be insubstantial, such as educational services provided in virtual “classrooms.” In other cases, however, the differences may have a meaningful impact on the scope of rights that the trademark use generates, such as in the case of virtual food or fashion that exists only as software within the metaverse. Brand owners should be mindful that use of trademarks in the metaverse may not always support trademark rights for physical world equivalents.

### **The Non-Jurisdictional Nature of the Metaverse Further Complicates Questions of Use**

The metaverse is non-jurisdictional by nature, existing in virtual (or semi-virtual) environments accessible to anyone with the appropriate devices. As such, the platform, the consumer, and the brand owner may each exist in different physical locations yet interact within the same digital space. This uncertainty has the potential to further complicate what will constitute trademark use in the metaverse. Meeting the requirements to establish trademark ownership in one jurisdiction is no guarantee that the requirements of another jurisdiction have been met. Brand owners are cautioned to keep in mind the use requirements in every jurisdiction of interest and to align their activities in the metaverse as best as possible to meet those requirements.

### **What Does Abandonment Look Like in the Metaverse**

Another defining aspect of the metaverse is its permanence. In other words, the digital spaces created by the metaverse continue to exist even when the consumer has left, resulting in a persistent counterpart to the real world. Thus, it may be that a virtual storefront created by a brand owner in the metaverse may continue to “exist” within that space even after the brand owner has left that platform—akin to an abandoned storefront or an inactive Facebook page. Depending on the level of automation within these virtual storefronts, it is even possible to imagine a business that continues to operate in the metaverse even after the brand owner has dissolved in the physical world. Such possibilities may require reconsideration of traditional notions of trademark abandonment. At a minimum, brand owners seeking to clear new trademarks should expect challenges

when it comes to confirming whether persistent virtual objects within the metaverse reflect real and persistent trademark use, or simply echoes of past activity.

## **Conclusion**

Trademark use in the metaverse may not always resemble trademark use in the physical world. It is unclear at this time how consumers will engage with virtual goods and services, and therefore how brand owners can clearly associate their trademarks with their products. Since proper trademark use is necessary to support trademark rights, brand owners should pay close attention to (a) how their trademarks appear across platforms in the metaverse, and (b) how trademark offices and courts interpret trademark use in the metaverse. Trademark offices likewise should consider how current trademark laws and policies may need to be updated to reflect how consumers typically experience and understand trademarks for virtual goods and services in the metaverse.

In the meantime, brand owners entering the metaverse are encouraged to (a) try their best to emulate acceptable trademark use in the physical world and the Internet, (b) be mindful of the technical differences and different Terms of Services between platforms, and (c) keep in mind that the metaverse is not bound by traditional jurisdictional boundaries or geographical limitations.