IN THE MATTER OF:  
UNITED STATES PATENT  
AND TRADEMARK OFFICE  
NON-FUNGIBLE TOKENS STUDY  

Tuesday,  
January 24, 2023  
The parties met remotely, pursuant to notice, at  
10:00 a.m.  

PARTICIPANTS:  
KATHI VIDAL, Undersecretary of Commerce for Intellectual property  
and Director of the U.S. Patent and Trademark Office  
BRANDEN RITCHIE, U.S. Patent and Trademark Office  
HOLLY LANCE, U.S. Patent and Trademark Office  
ANNA MANVILLE, U.S. Patent and Trademark Office  

Panelists, Session 1:  
DAVID A. CALLNER, M9 Solutions  
DOROTHY HARAMINAC, GreenVets, LLC and Kiribex  
SVETLANA ILNITSKAYA, Corsearch  
KARY OBERBRUNNER, Igniting Souls & Blockchain Life  
ELIZABETH GRABOWSKI, Unstoppable Domains, Inc.  
MORGAN REED, ACT | The App Association  
THOMAS BARRETT, EnCirca, Inc.  

Panelists, Session 2:  
BRIAN L. FRYE, University of Kentucky College of Law  
THAD CHALOEMTIARANA, American Bar Association (ABA) Section of  
Intellectual Property Law  
REBECCA TUSHNET, Harvard Law School  
JOSHUA FAIRFIELD, Washington and Lee University School of Law  
MARIA A. SCUNGIO, International Association for the Protection of  
Intellectual Property (AIPPI)  
VICTORIA SHECKLER, Recording Industry Association of America (RIAA)  
THOMAS BROOKE, International Trademark Association (INTA)  
SUSAN STEARNS, International Trademark Association (INTA)  

Panelists, Session 3:  
JESSICA NEER MCDONald, Neer McD PLLC / Blockish IP
SESSION 1: TECHNOLOGIST PANEL

<KATHI VIDAL> Hi, I want to welcome everybody here today. I am Kathi Vidal, the Undersecretary of Commerce for Intellectual Property and the Director of the United States Patent and Trademark Office. Thank you for being here for this important discussion. The subject matter of NFTs is an important subject matter and has implications both nationally and internationally. Recently, when I traveled to Southeast Asia, it was one of the topics that came up in numerous countries.

The work that you're doing here today to provide your thoughts and comments and the work that you do in providing written comments are going to be used in a number of ways. In the first instance, we will use it at the USPTO when we think about the policy implications of NFTs and what policy we should be supporting.

It also will influence our work across other countries in terms of our discussions with them about NFTs. And lastly, it will be used as we develop a report in response to the Senate IP Subcommittee’s request for a study on these important issues.

Today we're going to be focused on trademarks. I wanted to let you know that on Thursday we have another session, and that roundtable will be focused on patents. And if you want to join us on January 31, the Copyright Office will be hosting a roundtable on the impact on copyright holders.

We have almost three dozen presenters today, and I invite all of you to provide comments on the major issues you see in the space, the major opportunities you see. I also invite you to submit more detailed written comments through www.regulations.gov website by Friday, February 3.
Your remarks here today come at a very critical time. NFTs are seemingly everywhere. They are now being used in connection with products and services in such industries as music, fine arts, sports, finance, medicine, and so many others.

We here at the USPTO have already received more than 10,000 trademark applications for NFT-related goods and services, and we expect that number to grow.

And I wanted to let you know that our work here that we're doing on NFTs is part of a broader umbrella where we're exploring AI and emerging technology. So I would invite you not only to get more involved in our discussions on NFTs, including the two upcoming sessions, but also to check out our AI/ET Partnership. The work that we're doing there will not only influence our policies around AI and all kinds of emerging technologies, they also influence our implementation of the same in terms of better servicing our customers.

I wanted to also let you know that we have an upcoming session for the AI/ET Partnership. It is going to be in Dallas and remote on February 8, and the topic will be innovation driven by AI.

Lastly, I wanted to share that we are doing everything we can here at the USPTO to make sure we're incentivizing more innovation from more people throughout the country, especially in key technology and emerging technology areas, and then making sure that we have the laws, the policies that help protect that innovation and help Americans get that innovation to impact.

In addition to the great work that our team is doing here, we are working on the Council for Inclusive Innovation and have a lot of initiatives under that umbrella that you can find on our website.

And we recently launched the Women's Entrepreneurship Initiative and are having a lot of content around that to help
drive innovation. We welcome your participation in all of that. Everybody is invited and welcome to WE.

With that, we look forward to your conversations and your input today and reading your written submissions, and I will turn things over to the team and thank them for the great work. Thank you.

<BRANDEN RITCHIE> Director Vidal, your remarks are great, and we really appreciate your remarks. I'd like to welcome the panelists and audience members as well. I'm Branden Ritchie, Senior Attorney for domestic trademark policy at the PTO's Office of Policy and International Affairs, and I'll be moderating the first panel of today's three panels of the roundtable.

During this panel, we'll hear from panelists who have knowledge and experience regarding the technological aspects of NFTs, NFT platforms, and NFT's relationships to both the underlying assets they define and intellectual property rights in those assets.

As the Director shared, your input is critically important to help ensure we have a full understanding from all perspectives of these emerging technologies, including any challenges and opportunities they present for IP holders and new entrepreneurs to obtain, protect, and enforce the rights.

During your remarks today, you may address any issues you believe relevant to the study that's being conducted by the USPTO and the Copyright Office. You may also address the questions posed in the joint Federal Register Notice published on November 23, 2022, or you may raise any additional issues you believe are important for the Offices to consider as we conduct the study.

Before we begin, I'd like to remind everybody of an important ground rule for today's panels. We're very fortunate to have a
large number of speaking requests for today's roundtable. We'll hear from a number of perspectives, and that's great.

But to ensure that all the panelists have a sufficient opportunity to share their perspectives, we've asked that speakers limit their remarks to five minutes each and to prioritize the issues they believe should be raised.

And we'll strictly enforce that timeline. So when you get to the five minute mark, please forgive me for jumping in and reminding you to wrap up, or hopefully you will be wrapping up at that point. And of course with the time limit, we also welcome panelists to expand upon their remarks by submitting written comments in response to the FRN that we published. The deadline for submitting comments is February 3, 2023.

With that, let's begin our first panel.

Our first panelist is David Callner with M9 Solutions. And we're not going to have any further ado. We're going to David. You're recognized for five minutes, so please begin.

<DAVID CALLNER> Thank you for conducting this panel discussion today. I am delighted to have the opportunity to discuss our experience with you.

My name is David Callner. I currently serve as the Chief Growth Officer for M9 Solutions, a small business which currently supports over 27 federal agencies, providing digital transformation and modernization to some of the most critical systems in the government today, to include TSA Secure Flight, hundreds of applications at the IRS, Farmers.gov, and HealthCare.gov, and the Department of Energy's critical infrastructure, just to name a few.

I have served as a government contractor for the past 20 years in multiple capacities. From a software developer modernizing one of the FAA's largest legacy mainframe system, to a modern - at the time - Ada 95 Solution, to now recently deploying AI solutions that
provide insider threat through anomaly detection for NIH and I also
provided biometric SATCOM solutions for Department of State to
check individuals entering embassies. And pertinent to today's
discussions are lessons learned and opportunities that we uncovered
from M9's investment to build a prototype for a trademark NFT
marketplace.

Here at M9 Solutions, we're a system integrator services
provider for the government, specializing in DevSecOps, cloud,
cybersecurity, data science, and analytics.

At M9, we look at ourselves more than just a contractor trying
to provide services for a particular requirement that's already
been identified. We leverage our expertise from our specialists in
our practice areas to help support the mission of our customers.

USPTO has been undergoing several digital transformation
advancements over the past few years to include the transformation
from project to product Agile management, leveraging DevSecOps, CX
best practices, and AI/ML augmented-assisted tools to transform the
USPTO landscape into a modern software factory.

With the recent advancements in Web 3.0 and blockchain
technology, our data science and analytics practice wanted to flush
out the idea of building a trademark NFT marketplace. Given the
accountability, security, transparency, and immutability nature of
blockchain, this can have a significant impact in the field of
intellectual property.

We prototyped a trademark NFT marketplace to demonstrate how
the community can create, license, and buy trademarks in the Web
3.0 metaverse. Our prototype, inspired by numerous trademark
exchanges that exist today. We built the NFT trademark marketplace
as the next evolution of these trademark exchanges. We hope to find
a way for small businesses and owners of trademarks that currently
do not have the money to afford the lawyer fees it costs to
transfer a trademark, or license a trademark, to give them a new revenue stream.

We quickly learned that Ethereum does not support the licensing. Although we did find a way to do it, it would require users to only use our marketplace, or similar ones that would implement the capabilities needed to license an NFT, which is against the Web 3.0 principles, as we want the ability to mint a trademark as an NFT and let any marketplace sell, license, or buy these trademarks to support the democratization at the edge.

The technical process of minting a trademark as an NFT is no different than minting any digital artwork as an NFT. But there's some potential legal and technological constraints around minting a trademark as an NFT.

Today, nothing is stopping a bad actor from writing a script to mint every single trademark that exists today in the USPTO database into NFTs and selling them on every single marketplace that supports the blockchain that they decide to use.

This obviously has potential legal aspects for the bad actor, marketplace owners who end up supporting, without knowing, the illegal sale of a trademark, and potentially USPTO for not securing these digital assets.

We recognize the process today, for legal sale of a trademark, requires both the seller and buyer to provide legal documents of that sale to USPTO for registration purposes. But does the public know that? And is that enough to stop the potential of millions or billions of dollars of illegal trademark sales on blockchains? The potential impacts of implementing trademarks of NFTs will accelerate industry’s adoption of Web 3.0, a decentralized and fair internet where users control their own data, identity, and destiny.

Control of content and the monetization of that content should be an inherent right to consumers and producers of the internet.
The increasing risk of cybercrime, global cyberwarfare, corporation monopolization of the monetization of content, and the illegal services offered on the internet is forcing this adoption and change. It's time for the government to lead the technology advancement for the betterment of citizenry. Thank you.

<BRANDEN RITCHIE> Thank you, Mr. Callner. Thank you very much. Our next panelist is Dorothy Haraminac from GreenVets, LLC. Ms. Haraminac, you may begin.

<DORTHY HARAMINAC> Thank you. I am Dorothy Haraminac, Master Analyst in Financial Forensics, Certified Fraud Examiner, and a licensed private investigator. I provide economic damage calculations, asset tracing and valuation in complex disputes, and am one of the first civil court qualified experts on cryptocurrency tracing, which is now becoming known as blockchain forensics.

I served on the Advisory Board for Houston Christian University, on the Editorial Board for The Value Examiner, and was chair of the Litigation Forensics Board for NACVA, where I spearheaded the direct acknowledgement of military experience in lieu of a degree for the MAFF Credential, making it one of the first NASBA-accredited financial credentials to do so.

I'm also a professor of cyber engineering, like to garden in my spare time, and have been involved in several blockchain startups. The most recent uses a cryptocurrency and an NFT issuance process to establish and maintain provenance for carbon removal efforts.

I'm here today because I want the USPTO to recognize the industry boundaries within a specific metaverse and want to avoid granting blanket applications that list the metaverse as a singular industry.

This wouldn't require additional regulations, but would require a narrow enforcement of existing policy. The general theme
I've noticed is that NFT creators and trademark holders are somehow presented as being at odds.

That theme is a myth. NFT creators need a way to protect, use, and transfer their creations. They have a mechanism already through the Trademark Office, so I'd like to see additional guidance from the USPTO directly targeted to NFT creators, resellers, and collectors. That's it. It's a short one.

<BRANDEN RITCHIE> Thank you. Thank you, Ms. Haraminac. Thank you very much. Our next speaker is Ram Shanmugam from Heera Digital. Mr. Shanmugam, you may begin. Perhaps Mr. Shanmugam is not ready to speak yet, so perhaps what we'll do is we'll go to our next panelist and then come back.

Let's go to our next panelist. Svetlana Ilnitskaya from Corsearch. Ms. Ilnitskaya, you may present.

<SVETLANA ILNITSKAYA> Thank you, Branden. I'm Director of Customer Strategy at Corsearch, and today I represent a tech sector that provides solutions for managing and protecting intellectual property rights across a wide range of online channels.

At Corsearch, we have developed a solution that specifically addresses the IP challenges IP owners face on NFT marketplaces. This means that IP owners detect, analyze, enforce, and report instances of IP infringement using our platform.

The platform currently covers five major NFT marketplaces, with the most problematic being OpenSea, followed by Rarible and Mintable. We also cooperate with these NFT marketplaces and platforms on reactive as well as proactive solutions for IP infringement.

My comments today are based on the data that we observed for hundreds of IP assets from wide range of industries, including fashion, consumer goods, sports, entertainment, and others. I will
now address the IP-related challenges observed on NFT marketplaces and enforcement practices.

The most common type of IP infringement is the unauthorized use of trademarks. In these cases, the trademark appears within the underlying digital asset itself or is used to advertise the digital asset for sale.

Counterfeit NFTs are often considered the most damaging for the IP owner and the buyer. Counterfeit NFTs are digital assets that are falsely represented as authentic and unique, but are copies or replicas of their original NFT. These counterfeit NFTs are often created and sold by fraudsters with the intent to deceive buyers into paying for a fake or duplicate NFT.

NFTs are commonly treated as unique digital assets that could be verified on a blockchain. They are used to document the authenticity of an asset by providing a tamper-proof record of its ownership and provenance. However, NFTs only provide a record of ownership and provenance, not necessarily a guarantee of authenticity.

While an NFT can verify that a particular item is an original item, it does not prove that the item is genuine and not a counterfeit. NFTs are relatively new technology, and many people are still not familiar with how they work or how to identify legitimate NFTs from a counterfeit one and this can make it difficult for buyers to know what they are purchasing. In practice, it can be difficult for a regular user to authenticate the minted ownership of NFT.

Infringers employ impersonating techniques to deceive buyers. These include the use of IP owners’ trademarks in NFT description, collection, or user account names.

Finally, we observe the sale of NFT domains that feature IP owners’ trademarks without authorization. NFT domains can be used
to create digital identities linked to a crypto wallet, create a
website, or build decentralized applications. Therefore, infringing
NFT domains cause a higher risk of potential scams.

The IP infringement associated with NFTs leads to brand
delusion, revenue loss, consumer trust issues, and undermine
business strategy and IP value. The level of IP infringement we
observed in NFT marketplaces is often higher than what we observed
on other online channels such as marketplaces, for example.

For one of the IP owners that we work with in the footwear
and apparel sector, over 100,000 infringing NFTs are reported per
month to the NFT marketplaces. So when IP infringement is detected,
it's commonly reported to the NFT platform through established IP
reporting channels.

Ninety percent of takedown requests sent by the IP owners that
we work with are targeting trademark-infringing content and are
based on trademark rights. The remaining number of IP owners
initiate enforcement action using other IPRs, such as copyrights.

Eighty-six percent of the notices of trademark infringement
used trademarks registered in classes 9 or 35. Only a few IP
owners, again that we work with, used well-known trademarks
registered in other classes.

The NFT marketplaces that we cover operate within the United
States. Therefore, trademarks registered in the United States, with
a few exceptions, have been used in enforcement. The takedown
success rate against properly-enforced trademark infringement is
close to 100% on the NFT platforms that we work with. A very small
percentage of infringing NFTs reported by the IP owners have not
been removed due to the issues raised around fair or artistic
views.

It's important, however, to note that the decision to remove
an NFT from an NFT marketplace does not remove the NFT from the
blockchain or any other platform. Deleting NFT from a blockchain can only be done by a party possessing the NFT in their crypto wallet. And this concludes my comments. Thank you very much.

<BRANDEN RITCHIE> Thank you very much. Let's go back to Mr. Shanmugam. Are you in the panel now? If so, you are now recognized to speak.

Okay, we will come back to him. And our next panelist will be Dr. Kary Oberbrunner. Dr. Oberbrunner, you have the floor.

<KARY OBERBRUNNER> All right. Folks it's great to be here, and I'm going to be sharing my screen, so if you can see that, if you could give me a confirmation, USPTO, that would be fantastic.

<BRANDEN RITCHIE> Yes. Thank you.

<KARY OBERBRUNNER> Fantastic. All right. It's a pleasure to be here. I want to give a big shout out to Kathy Vidal, Branden Ritchie, and the entire USPTO.

If you look at the screen here, these technologies have caused a major disruption: Bitcoin, Uber, Netflix, Alibaba, Airbnb, Amazon, and Facebook. It's interesting to note that all of these have caused disruption because friction has emerged. And friction always costs time and money. And that's why I believe that we're here today.

It's my deep privilege to thank the USPTO for recognizing this friction and wanting to solve it. So why are we here? I believe we're here because disruption and decentralization is upon us.

I run two companies. One is Igniting Souls. We are a book publisher, and I love my authors. They are all over the world, and we essentially do IP publication. We have reached many different people, and they are all excited about this message today because it affects them.
We also focus on IP promotion. We take a book and turn it into 18 streams of income. As you look at these 18 streams of income, you can see that NFTs play a role. I believe the world is changing, and the question is, are we going to be ready or are we going to be left behind?

In my recent book, Blockchain Life, I talk about the three different types of internet: Web1, Web2, and Web3. We are now in Web3, where it's a creator economy, where essentially people are creating, and they themselves own the creation. This is a divergence from Web2 and Web1, and big tech. That therefore, many creators are excited about this new internet.

Specifically today, we're talking about intellectual property and an evolution of what that means. If you look at this chart, the S&P 500 in 1975 was represented by 17% of intangible assets. These are patents. These are trademarks. These are copyrights. We've shifted. In 2020, it is now 90%. Ninety percent of the S&P 500 is essentially intangible assets, trademarks being one of them.

We moved as a company because we saw this trend. We moved into IP protection, and therefore, I started another company called Blockchain Life. Therefore, we are now taking all of our authors, and we are trying to protect their IP upon publication. We believe it's part of the formula.

Consumers today, they feel this pressure. They feel like there's too much friction. I've chatted with people and they say, "look, to get my trademark approved costs too much time, it costs too much money." And so some bad actors are just literally saying, "look, I'm not going to go to the Trademark Office. I'm going to just use my Mac or my PC and create unregistered trademarks."

I don't think anybody wins in this situation. I think it creates brand confusion. And of course, we can do this with a couple keystrokes. I think we need a different type of process.
I believe we're at a wet signature moment. What I mean by that is that when wet signatures were replaced by digital signatures, it opened up entire progress. And I believe that with the USPTO focusing on NFTs, we can also open up incredible progress by removing this friction.

In conclusion, I believe that intellectual property can be better, cheaper, faster, and easier and NFTs are the vehicle. NFTs will reduce this friction and propel new growth and progress by creating smart contracts that are timestamped. And so blockchain technology is the railway, NFTs are the assets, smart contracts are essentially the code, and IP protection can now be better, cheaper, easier, and faster. Blockchain, I don't have time to go into it, but it obviously is superior for many different reasons.

Smart contracts are on the rise. They have incredible benefits, and that's why we're here today. Mobile wallets are what we will be carrying in the future to prove our NFTs. Mobile wallets are where we are going to be carrying our IP of the future. It's where we carry medical records, health tracking, document storage. It's very difficult to carry a paper or a filing cabinet that proves our trademark. Digital wallets and smartphones are what allows us to carry our NFTs of the future.

In conclusion, the world is changing, and I believe that we all want to be ready. The incredible panelists here with me, I believe, echo this, and it was an honor to speak with you today.

<BRANDEN RITCHIE> Thank you, Dr. Oberbrunner. Thank you very much. Our next speaker is Elizabeth Grabowski with Unstoppable Domains Inc. Ms. Grabowski, you have the floor.

<ELIZABETH GRABOWSKI> Thank you. Good morning, and thank you for giving Unstoppable Domains the opportunity to participate today. Unstoppable Domains highly respects the work of the USPTO, and we regard the USPTO as essential to enabling the modern tech
industry by upholding the intellectual property rights of contributors to this economy.

Unstoppable Domains sits in an emerging space within the broader crypto, blockchain and NFT industry. We create Web3 domains which are minted as NFTs. Web3 domains are much different from domains used in the traditional ICANN-regulated Web2 space.

Web3 domains function as a unique identifier on the blockchain. They can serve as an identifier for a decentralized web address and to identify crypto wallets, simplifying cryptocurrency payment routing by replacing long, unintelligible crypto wallet addresses with a simple human-readable address.

There are a number of additional current and future use cases for these unique Web3 domains. Currently, our customers can use their domain as a base-level digital identity using the Web3 domain to verify social media accounts and display an NFT profile picture. They can also use their Web3 domain as a universal login ID for a number of crypto applications that have integrated with Unstoppable Domains.

Web3 domains have the potential to expand to many more use cases. Unstoppable Domains predicts that digital identity use cases will continue to expand and give people a central identity for the digital world and a repository for their identity data. Web3 domains will become key markers of digital identity on the blockchain, and we have recently launched an industry group called the Web3 Domain Alliance to foster development and interoperability in the Web3 domain industry.

Given the potential and continued growth of the Web3 domain industry, we believe that it's important for governmental bodies, industry players, and the public to be aware of IP-related challenges and opportunities associated with the Web3 domains.
We've identified two key trademark challenges for the Web3 domain industry. First, it has been a challenge for IP rights holders in the Web3 domain industry to obtain federal recognition of their rights. The USPTO has an opportunity to support this new field and foster innovation by extending trademark protection to Web3 domains.

Each company offering Web3 domains uses different top-level domains to distinguish it from other sources of these goods, and consumers in this industry closely associate top-level domains with specific sources. For example, they widely know that .ETH domains are offered by the Ethereum naming service, and .CRYPTO domains are offered by Unstoppable Domains.

Distinguishing source matters to the consumer for several reasons, including that the utility of the Web3 domains is not uniform across providers. For example, Web3 domains from some providers are only usable as a Web domain, whereas Web3 domains from other sources are also usable as a payment alias and more.

Top-level Web3 domain extensions also need to remain exclusive to a single source for the purpose of consumer protection. If multiple companies are permitted to create and sell Web3 domains utilizing the same top-level domain, it will inevitably lead to duplicate domains being released to the market. For example, if there are two Elizabeth.crypto domains in the market, one by Unstoppable Domains and one created by another company, it would create a functional collision in which consumer cryptocurrency transactions might be irreversibly routed to the wrong Elizabeth.crypto address.

Thus, Web3 domains function in a delicate ecosystem that currently relies on voluntary avoidance of namespace collisions. If the uniqueness of the source from which the Web3 domain originates is not protected, it will allow bad actors to pass off as their own
the goods of companies that have worked hard to build their brands
and deeply harm consumers.

We hope that the USPTO will choose to play a meaningful role
in protecting the development of this industry and the IP rights of
innovators in it.

The second key challenge is that trademark holders face unique
hurdles to brand protection in Web3 domains. Due to the technical
features of a blockchain, an NFT currently cannot be recalled by a
third party, and therefore blockchain domain systems are
technologically unable to offer centralized brand ownership dispute
resolution services.

We are endeavoring to protect the interests of trademark
holders by making domains associated with a trademarked term
unavailable for purchase on our website. We release these domains
only to verified trademark holders.

However, the nature of blockchain architecture depends heavily
on correctly identifying and protecting branded terms before
opening a domain registry. Unstoppable has joined the International
Trademark Association in an effort to better understand the
challenges that trademark holders face in protecting their marks in
the Web3 domain space and to work together with other stakeholders
to find solutions, especially as the industry continues to develop.

Thank you for your time today. We feel privileged to be able
to bring attention to the needs of our consumers and stakeholders
who care greatly about the integrity of our systems and the ability
to protect their IP rights and contributions. We look forward to
more direction, guidance, and engagement from the USPTO.

<BRANDEN RITCHIE> Thank you very much, Ms. Grabowski. Next up
is Morgan Reed from the App Association. Mr. Reed, you may begin.

<MORGAN REED> Good morning everyone. Hopefully I can be heard.
I think we've had some really great panelists here at the
beginning. I'm going to try to take a step back from the earlier
points, and I'm sure that some of my analogies will cause some of
my fellow panelists to cringe, but hopefully we can get through
this in a way that moves us forward.

As Branden said, my name is Morgan Reed. I'm the president of
The App Association. I am a recovering software developer and have
the pleasure of leading an organization that represents thousands
of small and medium-sized companies throughout out the world.

We are also heavily engaged, as Elizabeth is hinting at, on
issues around domain names, and we spend a lot of our time
traveling the world on the circus that is known as ICANN and IGF. I
thought her points were great about how we're going to deal with
these as domain names, but I want to bubble up some of the great
points that were raised by earlier panelists at a conceptual level.

In some ways, the world of NFTs kind of got wrapped around the
ape image and this idea of, wait a minute, why is there value to
something that I could screenshot and stick on my desktop if the
image itself is what's so valuable?

And what I think we have to understand, and a lot of our
fellow panelists get this, is that an NFT is really a container for
rights or experiences or other assets. And so when we're talking
about NFTs and we're hearing from David earlier and others about
NFT exchanges, what they're really talking about is the NFT as a
vehicle to contain experiences, rights, products, or other services
that are inside of this container that we use under NFT.

And at its base level, most of you understand that blockchain
is essentially a distributed ledger, a way to mark one thing
against another and see does it match up? Is it what I expected it
to be? And a way for us to verify some of that baseline
information.
Really, at its core, NFT is a container, and what it contains often is smart contracts. The ability of a contract to basically provide access to licenses or assets in a more granular and disintermediated way. I can use a smart contract to create a pricing cascade for rights where I don't have to go back and spend money on lawyers and faxing contracts back and forth for each layer. In the music space, an example would be, with one of our members, to use NFTs to distribute rights to producers that then have a long trail of what every right is.

If I want to do a song using an asset that's in the song that you've created and the beats were written by Branden Ritchie - who's a great DJ - I can pull that out, use that asset, ensure that Branden is properly compensated, that the producer is compensated and it doesn't matter if there was a basement fire at the producer's shop or they went out of business or they were acquired. I can keep track of those rights. I can keep track of who was in the chain for that.

Now, I want to be careful here because one of the things that all the panelists have brought up and will be a critical area for the Patent and Trademark Office is this concept of ownership versus possession. That's something that we're going to have to deal with, and we do look for the Copyright and Trademark Office to spend time thinking about ways to help us with that.

On the limited time, I want to give two other examples that I think are ways in which the ability for an NFT to distribute rights in a disintermediated or low-cost way is really interesting around the trademark concept.

In a previous life, I used to spend a lot of time with franchisees in Taco Bell land. And one of the things that's very interesting is the difference between a Taco Bell owner of a store
and the corporate entity that grants their license and the right to become a franchisee.

There's a giant, thick book that you get when you become a franchisee, and in it contains rules about what rights you have, how you can use the logo, etc., etc., etc. But an NFT will be a much better way to communicate that.

Now, imagine you're a Taco Bell franchisee and you want to run an ad in your local area, or you have some creative marketing ways that you want to do it. I can now distribute or allow access to the information on that NFT to my ad agency, or the local shop in my small business in America, to know that, one, I have the right to use the trademarked logo that Taco Bell has and to allow them to seamlessly check out those digital assets from Taco Bell headquarters, place it in my ad and move it forward.

But it also provides some restrictions because, for example, let's say the local high school uses puce as its color. I don't know why they ever would, but maybe they do. Now, all of a sudden, when that digital asset is checked out and checked against my NFT smart contract internally, it will say, "no, you can't change the color for the Taco Bell logo, but you can use it in the following ways."

And so I want to just make sure that we all understand at its core, the NFT operates as a container. That container can have rights, it can have experiences, it can have other functions, and the trademark capabilities that are within it are great, and on top of it, the way to protect brands, identities, and experiences is incredibly valuable. And I look forward to any other questions about how we can kind of get the baseline understanding of what goes into these NFTs and why are they so fascinating to those of us in the IP space. Thanks, Branden.
Thank you very much, Mr. Reed. We may have some time for some extra comments by the panelists. I just wanted to give a heads up of that, that we may have time for a minute or two of additional remarks.

I may pose a few questions that could be addressed, but the floor is yours if we have extra time. So, just as a heads up, there might be a little more time after our last speaker.

And with that, I will recognize our next speaker, Thomas Barrett from EnCirca, Inc. Mr. Barrett, you have the floor.

Thank you, Branden. Let me share my screen as well. Thank you for the opportunity to talk today. Let me know if you can see my screen. There you go.

I am the founder and president of EnCirca. We're an ICANN-accredited domain name registrar. I'm also the founder of Altroots.com, which is a Web3 domain trademark search engine. And also I'm the chair of the INTA Blockchain Subcommittee.

We actually, the next panel, have two of our members representing INTA and will lay out INTA's position on many of your questions. I'm also coordinating the written response for your 13 questions from the INTA.

The INTA, by the way, we spent 2022 working on an NFT white paper, and many of our recommendations foretell collaboration with the USPTO, the EUIPO, etc. And so we're looking forward to continuing a dialogue with the USPTO.

I just want to make three points today, and I should have put this into slideshow. Do that right now. There you go.

So I have a feeling of déjà vu, and my first comment is, let's have history be our guide. Back in the 90s when the web took off, there was a Wild West sort of chaos in terms of cybersquatting and trademark infringement. And eventually the industry figured it out
and implemented rights protection mechanisms to combat trademark abuse.

In fact, 25 years ago this month, January 30th, I believe, the NTIA issued a proposal that became known as the Green Paper. If you recall, exactly nine months after that call, the group called ICANN was formed and has become a beacon of internet governance, especially when it comes to building consumer confidence and protecting trademark rights.

And so my message here is really for those folks in Congress that are under pressure to do something about the meltdown of various cryptocurrency platforms such as FTX and Genesis is, by all means, pass legislation to regulate cryptocurrency, but give NFTs a chance to self-regulate itself to protect trademark rights.

I believe NFTs will soon have its own Green Paper moment. We're very convinced that NFTs and metaverse are not a new ecosystem where existing trademark rights don't exist, and they should be recognized, and trademark owners should be able to enforce their rights in these ecosystems. And so the NFT industry will soon start to self-regulate and address trademark infringement. There will be the emergence of trademark dispute policies for both virtual goods on metaverse as well as Web3 domain names that several other people have talked about. I believe that the INTA and WIPO will gladly participate with the NFT industry to come up with a mutually agreeable dispute process to stop trademark cybersquatting with NFTs.

My second comment has to do with Web3 domain names in particular. This is a quote from the USPTO back in 2012. If you recall, ICANN was launching a new round of TLDs, and many of the applicants for generic strings attempted to register trademark applications to give them additional leverage during the ICANN process.
This is actually a response to a .BANK application that had slipped through, that the USPTO decided to revoke. They said “The imminent expansion of available generic TLDs underscores the consumer perception that TLDs used in connection with domain name registration services should be perceived as TLDs rather than as source indicators.”

Fast forward to 2023, and we see the blockchain has spawned millions of alternative routes, all unregulated by ICANN. ICANN, for example, has 1300 extensions today. There's nearly 10 million on the blockchain. Now, not everyone agrees these are domain names, even though they look like domain names, and you can put them into your browser, and they resolve like domain names, so they go under other terms. They might be called usernames, wallet handles, avatars, digital identifiers.

So many of these you'll start to see, I believe, a flood of new registrations into the USPTO, but not necessarily to gain a leverage as applicants in the next ICANN round, but to perhaps to stop colliding TLDs from applying for ICANN TLDs. The USPTO needs to consider carefully whether and how these might be treated differently than domain names and domain name registries.

Those are my comments for today. Again, thank you for your attention and I look forward to continuing our discussions.

<BRANDEN RITCHIE> Thank you, Mr. Barrett. I am going to see if Mr. Shanmugam is with us today. If not, we can move on to some additional remarks. Okay, so a lot of great discussion today. We have some extra time, so I thought that we would give the panelists a little more time to expand upon their remarks if they would like to do so.

Some questions that arose, some issues that arose during the discussion, and some of the questions that were in the FRN that we had might be worth additional comment. Again, comments that are
delivered are at the discretion of the panelists, but some of the
issues that we've asked about are - what is the definition of an
NFT? What is included in that container or that bundle? What are
they currently used for? What are the potential future uses and
applications of NFTs?

Another question is, how are smart contracts used with respect
to NFTs? We got an interesting discussion about that from Mr. Reed.
How can they be used to protect intellectual property rights? And
then, maybe the concern by some of-- what are the risks to IP rights
with the expansion of this?

A lot of these topics were raised. Because we have such a
technologist panel on the line, we would be remiss if we didn't
give folks a little extra time to expand upon their remarks on
these and any other issues they would like to address.

Perhaps the best way to do this is to--okay, I see that Mr.
Reed has his hand up, and if you would like to turn on your video,
if you have a comment to make. I don't know if it's possible to
allow the gallery settings so that we can see the tech experts
here, so that we can see the folks who raise their hand to be
identified, but let's start with Mr. Reed. Let's say we have about
two minutes for each panelist to give additional thoughts.

<MORGAN REED> No problem Brendan, and I was actually signaling
that we should probably just use the hand raised thing as a
function, but I'll go first.

For those of you who are looking at the chat or are aware of
it, one of the things we've all danced around and talked about,
Dorothy raised this in her points, Elizabeth in hers and others, is
this whole ownership versus possession question, and it's central
to how do we handle the benefits of NFTs, with its ability to
provide this container for smart contracts, with the risks.
I think the other thing that we kind of touched on, and since this is the trademark session, I think we have to look at the way that NFTs can both help, but also create some areas where we're going to have to really think about it in terms of helping to authenticate physical things.

The Gucci purse example, right? So if I have a real Gucci purse and it has an NFT attached to it, or I attach something with an NFT to it, the one advantage that it provides is--can somebody still counterfeit? Sure. Crime is going to crime.

But the question is the value of that counterfeit Gucci purse is less on a resale market. Many years ago, when I used to live in Hong Kong, one of the things that would happen is watch manufacturers would take a Rolex, buy one at full retail, cut it in half, and then make twoRolexes, half with faked parts, half with faked parts, and basically double their profit margin.

With an NFT and your ability to attach it to a one-way hash that's a number or encoded on the back of the watch, it's a little easier in the sense that you can authenticate that. It's a little hard for somebody to double their value in the way.

I don't think that NFTs will eliminate counterfeiting for Gucci purses. Won't happen, right? There's just too much money for too little cost. But there are ways for it to reduce what I'd call the high-end counterfeiting and really the brand dilution that happens where you have the ability to kind of attach something to it and provide additional experiences that will be valued by the person who wants to buy something at a price tag like Gucci.

But overall, Branden, to you, I think the right questions were asked and the panel's really been hitting on this -- ownership, possession, NFTs. Where does it sit? Who's going to provide that registration or other authority to get us through it? Thanks, and I'll let my fellow panelists talk.
Okay. Thank you. Mr. Reed. I noticed it seemed like Dr. Oberbrunner and Ms. Haraminac and then Mr. Barrett wanted to be recognized. I'm going to recognize them in that order. And if there are others, please enable your video and we will have you speak too. So, Dr. Oberbrunner?

Yes. I think the beauty of this panel is the diversity of the industries. I think it's fantastic. We have academy, we have health, we have all kinds. I like to focus on the speed. Right now, there's a lot of friction, as I mentioned. Friction with paperwork, friction with professionals.

I'm not a lawyer, however, to take something and mint it to the blockchain literally could take seconds, if not minutes, or vice versa, depending on your technology capabilities. So we have the ability to timestamp something.

In my studies, all intellectual property is based on first to use, and now with a new ruling, first to file. You have the ability of first to file, first to use, that gives you the rights. Now you have a technology that eradicates all the friction of the time and money.

I truly believe that it's like Tom mentioned, it's the Wild Wild West, where governance needs to happen and needs to happen quickly. Otherwise, we're essentially becoming a decentralized Wild Wild West where anyone who just rushes to file first could essentially circumvent the processes in place.

So that's what I focus on. As a book publisher, we're putting out IP daily, and my authors have paradigms and business models within their books, some of which need to be trademarked. And we really need to solve that time sensitive issue in this conversation.

There's so much here. The first to file idea has been the way to do it since, what, the 20s or so? First to
file means you win. As far as patents and trademarks and that kind of thing go. If we want to try to change that, that's a much bigger conversation.

On ownership versus possession, the question I asked in the chat was, how do you protect against the theft or loss of an NFT that represents ownership? Let's say we move into the system where you're presuming that everybody's got the capability to maintain the security of that asset, and they don't.

I see that every day in lots of different cases - people who, to kind of touch on what Ms. Gabrowski said, there are people that come to me who have lost their life savings because they've fallen for a scam, a scam smart contract that masquerades as the real thing. They send all of their money to that thing, thinking it's the thing they've heard about in the news, because there's not any protection for that, and they have no understanding for how to verify that protection either. So some kind of guidance for the end user there would be really useful.

The other question is, how do you then protect against the false claim of theft for a legitimate transfer? That's a bit different, but it's also a really hard problem to solve. You've got mechanisms in place that do that. But it's something like the fine arts experts industry. They maintain that 50% of all art is a forgery. So what happens if I take that fabricated provenance and put it on the blockchain? What happens then? How do I remove it? How do I change something that was made in error? Those are the real loopholes that you've got to solve before you can move into that system. I think that's everything.

<BRANDEN RITCHIE> Thank you. Mr. Barrett?

<THOMAS BARRETT> Thanks, Brendan. Thanks for the opportunity to say a few more comments. I'd like to focus on trademark abuse. On NFTs, the Metaverse, there are new applications for virtual
goods and services that have still yet to emerge. It's pretty difficult to put a boundary on this. I do think that the industry will have to agree on a uniform trademark dispute process similar to the ICANN URS.

Because the blockchain is immutable you can't force ownership, transfer the ownership. Certainly you can do a rapid takedown on a marketplace, a Web3 domain name provider, but most importantly, once you have that takedown by a trademark panel, the ecosystem needs to agree to blacklist the use of that abuse so that it doesn't spread to other metaverses or other Web3 domain name platforms.

So again, if you're a member of the blockchain industry out there, you need to step up. It needs to be a community-driven initiative, as I say here, in my role of the Blockchain Subcommittee at INTA. We can certainly claim some resources to help develop this trademark dispute process. And I believe other organizations like WIPO would be interested as well. But we need the associations and the industry to step up and agree to work with us.

<BRANDEN RITCHIE> Thank you. Are there any other panelists that would like to provide additional remarks? Making sure the invitation is open to all. While we see, one of the questions in the FRN, and we have quite an expert panel here, but not everybody is an expert. One of the things that we wanted to explore as well was some practical examples of what are the current applications of NFTs, and what are seen as the future or prospective applications? You hear a lot of talk, you see a lot of articles about the different applications of NFTs. Some are speculative, and that's okay. But we were wondering if anyone would like to speak on some of those types of topics, maybe at the basic level, but invite your expertise on all of them, of course, to expand.

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So, again, anyone who would like to speak further, please enable your video so that we can see it. Looks like Mr. Reed has some thoughts. And also Ms. Haraminac.

<MORGAN REED> I know that she'll have some good comments to follow, but Branden, earlier for the audience, that's why I was trying to use the example of a Taco Bell franchisee, the ultimate in the bricks and mortar part of our life. And if you need that morning gordita, it's a great place to go. You hate it midday, but way to go. But a Taco Bell franchisee is a small business, right? And back to Kary’s point about friction. Small businesses want reduced friction.

So NFTs, if we have a mechanism to prevent the fraud that we're all discussing, are a way for that container to properly dole out or make certain rights accessible, and they can be cascading. A store that has 20 outlets has a different rights profile in that NFT than a brand new franchisee who's in his first year and the franchisor wants to restrict or have it limited, they can charge for it. They can have all of that in that container. That's an obvious one. Something that small businesses can put their fingers on.

Music is the other. If you've ever heard Britney Spears' song Toxic, there's a chunk of that song that's actually borrowed from an Indian Bollywood song that's at the core of that song. But tracing down the right holder for that beat or that underlying underpinning set of notes is hard to do.

With NFTs, if I have a smart contract that has that kind of granular who did what in the song, then it's a lot easier if somebody down the road wants to utilize another piece, add it to their song, make new music, and make sure that on the copyright side - I know that's later in the month - all of the correct artists and the correct rights holders can get paid.
But we still have to solve the problem Dorothy has brought up, which is ownership and possession. If it's done right, if we have those solutions Branden, those are some of the functionalities, lowering friction empowering small business, making sure that the right parts of an ecosystem get paid when they should get paid. It can all be done with less friction, less fax machines, and fewer lawyers. I mean, God bless them, but it will mean that.

And now over to Dorothy to tell us how, if we don't fix the fraud problem, it'll be terrible.

<DOROTHY HARAMINAC> That's not quite what I was going to say, but it's really close, for sure, right? Of course you can do that. You can have where all of the raw components of a song are stored on the blockchain, and everybody gets their fair share of a piece.

That's very difficult to do. But it also doesn't solve the loophole of the right-click save problem. I can just copy that and then now my creation, now I'm the original creator. So how do you prove that? You could use some encryption algorithms to prove that this really is the same, but then being the same doesn't mean that the two original creators weren't actually original creators. So you run into a whole lot of, I think maybe a whole lot more issues doing something like that too fast.

There's another example where how we're using an NFT. It's a nonfungible token, but it's also not something we're planning to sell or transfer at all. The fact that I mentioned the startup that I have, what we're doing is we're we've applied for a patent for the process of how we get to issuing an NFT.

The NFT itself is something that gets issued and it represents all of the data that we've gathered. That is the proof of the thing, all the provenance of something in this one NFT. It serves as a public checking mechanism that the data we've gathered hasn't been altered. Nobody's gone in and backdated anything. That's
another use case of that. You could do like a glorified database
where you just make that public and have it timestamped and then
anybody could see changes made. But the NFT space and the
blockchain space offer a way to do that for much lower resource
usage. I know I put those words together and probably people don't
believe me, but it does.

There's a lot of things that an NFT can solve. What it is is
just code. That's all it is. And it's just software that does what
you tell it to do. Maybe it creates something that displays as an
image, maybe it puts parts of things together to make a new thing.
But it's just software code. We have mechanisms for protecting that
kind of thing. I don't think we need anything new, I'll reiterate
that. But it's also code if it's stored on a public blockchain that
is public. So now I've eliminated my claim that it's some kind of
trade secret. I've eliminated a reasonable royalty claim and all of
that kind of stuff.

Now you've got to get into something more complicated. And I'm
sorry, I'm going to use these words in a simple explanation, but
you've got to look at stuff like homographic encryption. Can I
store something there and use it and manipulate it without actually
exposing what it is?

And I think that's a way to get there, that's going to use a
lot more resources also. There's a lot of balances there. How much
fraud, waste, and abuse are you willing to accept to foster
innovation? And just in the same way that security and convenience
are tradeoffs, those things are tradeoffs. And you've got to figure
out a way to both incentivize innovation and not stifle the rights
that people already have. That's it. That's all I got.

<BRANDEN RITCHIE> Thank you. I've posed a few questions, but I
want to make sure that if there's anything on the panelists' minds
that they had to abbreviate because of the time with the remarks,
that they have an opportunity. As you think about that, we can take
a minute. I appreciate the expanding on the remarks that was done
by the panelists, and we definitely take advantage of your
expertise on these.

We also want to encourage everyone to file written comments if
they'd like to, through the FRN process. The deadline for that,
again, is February 3, 2023, and we will take that information and
the expertise that we collect through this roundtable discussion
and the written comments, and that will inform our product as a
result of our study with the Copyright Office.

So any other panelists that had additional thoughts that they
would like to share? Give it a minute here...Okay, so we had a couple
of panelists that didn't make it or that had to be rescheduled to a
different time today. So we are going to end this panel a little
early today. We would encourage you to take advantage of this time.

We'll reconvene for the next panel. The panelists themselves
are asked to log on approximately 20 to 30 minutes before, but the
next time for the next panel will be 12:15. If everyone wants to
take a break, get a coffee, maybe get an early lunch, and then we
will reconvene the panel at 12:15. That will be our panel of
academic and association panelists. So with that and hearing no
others speakers wanting to provide additional comments, we will
temporarily adjourn until 12:15. Thank you very much to all of the
panelists and the audience, and we'll see you shortly.

< END OF SESSION 1>
SESSION 2: ACADEMIC AND ASSOCIATIONS PANEL

<HOLLY LANCE> Welcome panelists and audience members. My name is Holly Lance and I'm an attorney advisor on the Enforcement team in the U.S. Patent and Trademark Office's Office of Policy and International Affairs.

I am so pleased to be here with you today to moderate our next panel, which is focused on academics and associations. During this panel, we will hear from professors working on cutting-edge research in the intersection of blockchain technology, specifically nonfungible tokens, and IP law, as well as representatives from the nation's leading associations, who will be representing - who are representing - an array of stakeholders with interests in NFT-related issues.

We look forward to the diversity of perspectives. I want to thank you all in advance for your valuable input, which will help to inform our upcoming joint report with the U.S. Copyright Office. During your remarks, you may address any issues you believe are relevant to our joint study. This can include the questions posed in the USPTO's and the US. Copyright Office's joint Federal Register Notice published on November 23, 2022, or you may raise additional issues that you believe are important for the Offices to consider as we conduct this study.

Before we begin, I would like to remind everyone of an important ground rule for today's panel. To ensure that all panelists have a sufficient opportunity to provide their perspectives, we have asked that the speakers limit their remarks to five minutes each and to prioritize the issues that you believe should be raised. We will strictly enforce this time limit throughout today's panel, so I apologize in advance for interrupting you.
Of course, we welcome panelists and our viewers listening in to submit written comments to expand upon or to respond to what you've heard. As a reminder, this deadline for written comments is February 3, 2023.

Finally, please do keep your cameras off if you're not speaking. Okay with that, we're just going to be sort of going through, down the line, so let's begin.

Our first panelist today is Professor Brian Frye. So, Professor Frye, the floor is yours. Thank you.

<BRIAN FRYE> Great, thanks Holly. I'm glad to be here and especially glad to be speaking on this panel in relation to NFTs and trademarks, because that really is the way I want to structure the remarks that I make today.

As I see at the NFT market, in its current incarnation, like the art market, depends primarily on trademarks rather than copyrights. It's fundamentally a market in brands. What artists are selling, both in the conventional art market and in the NFT market, is their brand, or rather, an investment in their brand. And that's always been true of the art market. But for various historic reasons, it was harder to see in the art market, and the NFT market made it a lot clearer. And I think that that's a really helpful way of kind of framing what's taking place in the NFT market, has helped kind of, I think, start to open our eyes to the fundamental structure of the market itself.

Let me briefly explain. I think a lot of people assume that when you buy a work of art, in the conventional art market, what you're buying is an object. And that's really not true. What you're really buying is an entry on an artist's catalog resumé. You're buying a ledger entry. You're buying a recognition that you are a legitimate owner of an investment in that artist's career. That ledger entry, that entry in the catalog resumé comes along with a
physical token, usually in the form of a dirty canvas or a lumpy rock.

That ownership of the physical token signifies ownership of the ledger entry. But it's a ledger entry that really matters. And without the connection between the two, the physical token is worthless, right? Unless you can establish a connection between that object and the artist's catalog resumé, the artist's ledger of legitimate works, the object you own isn't worth anything at all. The object is just a way of redeeming that ledger entry, as it were.

The NFT market works in exactly the same way. It just gets rid of the physical token, right? You can transact in the ledger entry directly. You no longer need to own an object in order to signify ownership of the entry on the catalog resumé, or in order to signify the investment in an artist's brand.

All you have to own is the NFT, which is in effect, the ledger entry itself. Eliminating that physical token, I think, helps us see what's really taking place. So, as I wrote recently in an article for CoinDesk, the NFT market and the art market are both effectively securities markets and have always been securities markets, at least in the kind of abstract sense.

What you're really doing when you invest in either market is you're buying a fractional interest in the brand that a particular artist is selling [unintelligible]. In effect, investing in their future commercial goodwill, if we want to put it in more conventional trademark terms.

And that ability to speculate in the commercial goodwill associated with a particular producer of content is, I think, really important because it opens up new potential ways of funding creative economies, right?
We developed copyright in order to solve the problem of scarcity. We live in a world of abundance now, right? The internet, the digital world, the Web3 world – these are worlds of abundance where we don't have the scarcity that copyright was designed to address and to hopefully at least partially solve.

I think what we're seeing with the NFT market is the transition to a new mode or new modality of doing innovation or creativity policy. And I think the Trademark Office would do well to think about how trademark law can adapt, can and should adapt itself, to better manage that market and better address the needs of the participants in that new market. Thanks.

<HOLLY LANCE> Thank you so much, Professor Frye. Appreciate your comments. We'll go ahead and move on to our next panelist. Mr. Thad Chaloemtiarana. Thad, the floor is yours. Thank you.

<THAD CHALOEMTIARANA> Thank you so much, Holly. Good afternoon. I'm Thad Chaloemtiarana, and I'm a partner at Pattishall McAuliffe in Chicago, and I also serve as chair of the American Bar Association section of Intellectual Property Law. As you may know, the ABA is comprised of a number of sections, divisions, and forums, and the views that I'm expressing today are on behalf of the Section of Intellectual Property Law, which is the oldest section within the ABA. My comments I should preface have not been reviewed by the House of Delegates or Board of Governors of the ABA and shouldn't be construed as representing the policy of the ABA.

First, I'd like to express our appreciation for the ongoing efforts of the USPTO to educate and engage our stakeholders in this emerging technology. We commend in particular the commitment of the USPTO and the Copyright Office to staying at the forefront of developments in this field and to providing the necessary resources forces to ensure that stakeholders are informed and are able to participate in the shaping of future IP law.
By way of background, our section convened an interdisciplinary Task Force to study these issues, and we're pleased that we had a really enormous interest in the topic and a number of subject matter experts among our ranks. At this time, I'd like to recognize the contributions, in particular of Matthew Asbell, the Task Force Chair, as well as Brian King and Eliana Torres, our Vice Chairs, along with all the other members of the Task Force who worked to develop these comments.

On January 20, this last Friday, the Section submitted a letter to the USPTO and U.S. Copyright Office in response to its request for public comments in November regarding IP and NFT-related issues. I'm highlighting today only a few of our Section's comments. I do encourage you to read our letter, which has a number of other responses to several of the questions that were raised.

The first point I'd like to mention is that the Section would like to suggest that the USPTO study and consider offering registrants the option to have the office mint a nonfungible token upon the issuance of a certificate of registration. The use of NFTs in this context could alleviate some of the concerns about provenance and fraud, and also could provide several benefits that would enhance the services of the USPTO and facilitate the use of smart contracts by stakeholders.

First, NFTs could allow the Office to provide applicants with greater transparency and provenance of their trademark registrations. The use of NFTs could enable the Office to create a tamper-proof and immutable record of the registration and make it difficult for anyone to falsify certificates or to claim ownership of trademarks that aren't theirs.

In addition, NFTs could make it easier to perform due diligence by automating the tracing of the original owner and chain of title of a trademark, as the ownership information would be
recorded, not only on the USPTO's registration and assignment records, but also on the blockchain, which would make it much more easily accessible.

Similarly, NFTs associated with registrations and timely updates to the blockchain by the USPTO could facilitate real-time confirmation of the status of the registration as active, which would make it easier for trademark information to be used in smart contracts.

Moreover, the implementation of NFTs associated with certificates of registration could increase security and efficiency by eliminating, or at least reducing first, the need for physical certificates to be sent by mail. Secondly, it could help reduce any doubt about the authenticity of electronic certificates or the proper maintenance and renewal deadlines, and certainly solicitations that are related to them, which could reduce the risk of fraud and lost certificates.

In the future, if and when trademark offices in other countries adopt NFT technologies, the USPTO's use of NFTs in connection with registration certificates could facilitate the secure exchange of information between offices and enable users to present to foreign trademark offices, a link to their NFT in place of a certified copy of the registration.

Having information accessible through open APIs and an accessible blockchain on which the actual certificate of registration is available on chain would be a significant step forward for the Trademark Office. It could provide greater transparency and security for the trademark registration and would increase efficiency.

Given as well the difficulties in enforcing trademark rights, the use of NFTs and open APIs by the USPTO, as we explained further in our letter, also could help in the protection and enforcement of
trademark rights, especially in the context of blockchain domains that currently don't have any centralized authority for enforcement.

So with that, I just like again to take the opportunity to express our gratitude to the USPTO's efforts to engage stakeholders in discussions about NFTs and emerging technologies as it relates to trademarks, in particular. The ability of stakeholders to provide feedback and to participate in shaping the future of trademark law and practice is essential to ensuring fairness, efficiency, responsiveness to the needs of all parties. And we encourage the joint Offices to continue educating the public about NFTs and other emerging technologies and to continue providing opportunities for stakeholders to provide feedback.

As this technology continues to evolve, it's important for the USPTO to remain at the forefront of these developments in order to ensure that trademarks are protected in the digital age. And we hope that the ABA in particular, can continue to be a resource for the joint Offices and to Congress as they work on these issues in the New Year.

We do encourage, finally, everyone, to read the entirety of our comment letter, which is fairly extensive, and those recommendations are currently posted online. Thanks again for your commitment to providing a transparent and inclusive process to the stakeholders.

Thank you, Mr. Chaloemtiarana. And with that, we are going to turn to our next panelist. It's Professor Rebecca Tushnet. The floor is yours. Thank you.

Great. Thank you so much. I teach copyright, trademark, and advertising law at Harvard, and I apologize, it's relevant because I have to leave the panel early to teach. I also help represent Mason Rothschild with his NFT art project
MetaBirkins, and this has confirmed for me some basic caution, which is historically, courts and regulators have been slow to recognize new art forms.

They've denied free speech protection when they thought the new medium was too different from what they knew, and too powerful. It happened initially with print, then with radio and movies, then with video games. Ultimately, courts realized that the message is more important than the medium, but it would be good to speed up that realization.

But more generally, there is nothing new under the sun. I'm old enough to remember the claims - similar, if not identical to the ones that we're hearing today - being made for Second Life. There were entire conferences, there were entire INTA panels on Second Life. I've seen courts not understand the internet in a variety of exciting ways. I've seen consumer expectations change as the new technology becomes integrated into life. I've worked on the ICANN's review of rights protection measures for TLDs.

Despite serious policy differences, I'm in general agreement with Tom Barrett on the top line, which is, these are challenges we've seen before and relatedly, I really want to endorse Dorothy Haraminac's caution. A lot of these uses have problems that exist off the blockchain, and it is often not obvious how the blockchain can address them.

Freeze cannot be encoded on the blockchain. Your Gucci bag NFT proof of ownership will not save the associated bag from being damaged in a flood, stolen, or replaced with a counterfeit. As tech support sometimes says, "the problem exists between chair and keyboard." That is, it's people.

This leads me to have some cautions about some of the proposals. For example, if you mint an NFT and you also issue a registration that exists in the non-NFT legal system, inherently
you create the potential for a gap opening up between the NFT and
the non-NFT system, and you need a priority rule.

So what do you do with good-faith purchasers without notice or
bankruptcy or inheritance or really any regime that operates by
operation of law? Some questions that I would want to talk about
is, what is the problem we're really trying to solve?

Are there serious problems with fake certificates of
registration, or is it more that international systems haven't yet
been standardized in a way that would benefit from standardization,
but doesn't necessarily need a regime that is partially privatized?

Because the appeal of the NFT is that there's a public
blockchain, but of course we have public records that can take care
of that. Why isn't checking public records sufficient to deal with
existing problems? Can you make systems interoperate in a way
that's a little easier than building a whole new system of
registration? Are the people who have problems with proving
registration or with fake certificates of registration likely to
know about or be able to take advantage of NFTs as authenticators?

Before we have answers to those questions, I think we should
not rush forward to say that NFTs are going to solve that problem.
The experience of the past 20 or so years cautioned some regulatory
care in finding the right analogies and then seeing if there is a
need for change.

When you act fast and create a new rights regime, you're
likely to freeze technology in ways that quickly become obsolete.
In copyright, sui generis vessel hull protection, circuit design,
mask work protection, 1201 and its many hassles, including the need
for a right to repair and response. In trademark, we had some
initial conceptions about how metatags were used, leading to
precedent that leads to essentially automatic liability for someone
who has a metatag that's identical to a trademark, even though we
know that's not how consumers or search engines have worked for 20 years.

Even ACPA has its age, given that it turns out second level domain names might not be where most of the action is. Mostly I just want to say maybe slow down, right? We've already heard a bunch of different possibilities for the uses that deserve different regulatory regimes.

Tickets are different from certificates of authenticity, are different from historical records, are different from droit de suite for resales, are different from advertising. We might not want to follow the path of the law of the horse in developing the law of the NFT. Thank you.

<HOLLY LANCE> Thank you so much, Professor Tushnet. Appreciate your enthusiasm as well on these issues. Okay, we're going to be moving on. Our next panelist is Professor Joshua Fairfield.

Professor Fairfield, the floor is yours. Thank you.

<JOSHUA FAIRFIELD> All right, well, thank you so much to the USPTO and to everyone here for addressing these incredibly important questions. I'm going to situate what I'm going to say among some of the prior comments.

I have studied virtual property and intangible property at Washington and Lee and other places for 20 years, since the days of those Second Life conferences and more. I have written several books on the topic, including Cambridge University Press’ “Owned: Property, Privacy, and the New Digital Serfdom,” which addresses how it is that we've come to the present state of affairs where people do not own the movies, books, and music that they have fully bought and paid for online.

It's that conundrum that I'm going to bring to NFTs about which I've published repeatedly and which I want to address a set of legal issues that stand in quiet abeyance, that are often
encroached upon by the intellectual property interests that we're discussing today.

This pertains to trademark in particular for this panel, but also pertains to others as well. With respect to these then, what I'm talking about is personal property interests. Personal property interests in general are those that permit someone to buy an asset - an NFT - and invest in it. Now, I understand that not all NFTs are, for example, the prior speaker who mentioned NFTs as record of provenance - that's a method of keeping things identified on the record - that's quite different from a digital object itself, a digital piece of art itself.

The objectness of these assets is invaluable. My work over 20 years has demonstrated an ongoing demand, for people, for investors who wish to buy and sell digital objects from assets in video games, on, through crypto tokens, and NFTs. And in each place, the objectness is the point. The point is that these things are packaged and sold to consumers and to investors as if they were personal property.

Personal property requires a set of basic intuitions. Property is an intuition that I may use something in a set of ways, that I may sell it to someone else and capture the value of my investment as the rise of the market follows and so on, that I may - in the traditional Hohfeldian property framework - destroy, may exclude others from using, so on and so forth, the object.

There has always been an uneasy relationship between the objectness of virtual property and, of course, intellectual property. We're online. The tangibility of a physical object is not there to make it clear to courts that what is happening is that there is a personal property interest that the owner of the copy has, as opposed to the copyright holder or the trademark holder or the patent holder.
And yet we've traditionally had doctrines like exhaustion that have acted to limit the intellectual property holder's interest for purposes of protecting the investment of the end user. To be clear, that is what has driven all of the interest here.

All of the interest in NFTs has been around owning, has been around investing in, and growing. There is no excitement about following the licensing regime that governs our Kindle ebooks for example, or our Google movies.

None of those are truly owned. People do not invest in them and none of the excitement around investment or ownership will obtain, not from the games that are now saying "play to earn," or the art markets that are saying, “Buy this. We have generated something that you can invest in.”

I must say that I disagree with - very respectfully - prior comments that all one is investing in is an entry in a ledger, that in fact these objects themselves are collected regardless of their provenance. Often they have their own value, whether they're kept artificially rare in the case of things like digital baseball cards, or whether they're naturally rare in the case of very rare mathematical combinations for cryptotokens themselves and so on and so forth.

There are a range of reasons why humans value these assets, but the fact that they do and the fact that they want to have personal property interests in them has governed the entire construction of the NFT market from start to finish. We buy them, we sell them, we invest in them, we do not license them.

Now, this is going to come into conflict with the system, the 20-year system of intellectual property licensing that has largely denuded American consumers of their ownership rights in digital property. We do not own our Kindle movies, we do not own our Kindle ebooks, and so on and so forth.
Should that become the governing regime where trailing intellectual property interests overshadow personal property interests in NFTs, then we will not have a successful market in NFTs. We will have successfully killed the goose that laid the golden egg.

I'll give you a very brief example and then close my remarks. For example, there is presently almost no state in the union that recognizes a right of replevin in digital assets. That's right. It's free and clear to steal multimillion dollar digital artworks. Why? Because presently we are developing the common law right to make people give it back. Digital rights of conversion, however, have preceded that and have been growing quickly. There are a number of cases now that recognize digital property rights in things - everything from domain names, NFTs - they do pass to the decedent’s estate after death and so on and so forth. They're treated as basic property rights.

Those cases extend to conversion. Steal my valuable NFT and I have to pay the price. The question is whether or not we will avoid or ignore the treatment of NFTs as personal property to the detriment of the demand that has, for now, well over a quarter century typified and driven the market for intangible digital assets.

With that, I'll close my remarks. Thank you so much to the USPTO for inviting me and the rest of these speakers, and I hope that you have a very successful study on the rest of this. Thank you so much.

<HOLLY LANCE> Thank you so much, Professor Fairfield. Appreciate your remarks. We'll be turning now to our next panelist, and this is going to be Ms. Maria Scungio. You now have the floor. Thank you.
<MARIA SCUNGIO> Thank you very much and our thanks on behalf of AIPPI to the USPTO and the Copyright Office for engaging in this study and dialogue. We appreciate the opportunity for collaboration.

A quick note about AIPPI. It is an 8,000 member international organization with IP attorneys, in house and in private practice and in government service, in more than 131 countries. The mission of our organization for 125 years has been to focus on the development and improvement of IP laws and to engage in a pretty rigorous process and study of legal questions focused on aspects of IP laws. That process includes study questions. Each year there are four.

This year, we're actually working on the question of proving trademark use and Web3 in the metaverse, and trademark use is part of that study. We're in the process now of surveying, through our national groups, responses to detailed questions. And so this part of my presentation is really an answer to question two in the survey.

The process includes national groups providing reports. Those reports become available to the public in July and August of 2023. We also have a summary report which gives the helicopter view, and we're happy to share that work product with the USPTO and the Copyright Office as it comes available.

At the end of that process, we have an open debate with - much like a Model UN proceeding - a Congress that will occur in Istanbul, Turkey. That Congress invites participants with voting rights to have open dialogue about proposed resolutions for setting frameworks where areas of the law need that kind of support.

The proving trademark use issue is going to be a very interesting and evolving dialogue. As far as the specific questions that AIPPI is focused on and which we think are germane to this
roundtable study - one of the questions very practical, the consistency and trademark classification. As many members on this call likely know, the EUIPO has convened a separate dialogue and taken a provisional position on class 9 as being sort of the home room for classifying protection from a trademark perspective on NFTs.

But as we have seen in the U.S. practice market, there are other opportunities in the service classes - class 35, 36, 41, and 43 - to seek protection for such activities as virtual fashion shows, virtual hotels and restaurants, financial exchanges, and marketplaces for digital goods.

As a part of our study of the proving trademark use issue, there will be dialogue on that point, but we expect that point to extend and encourage more discussion. Another characteristic question is whether the use of trademarks in the Web3 metaverse for virtual goods constitutes trademark use in the real world for actual goods. That is definitely going to generate a lot of discussion. And also, is it possible that a single use of a trademark in the Web3 metaverse for virtual goods, is it capable of attribution to only a single class, or may there be coverage in multiple classes?

Turning attention to question six in the roundtable study, which invites a note about to what extent NFTs are used to obtain IP rights, AIPPI members have seen a very broad range of activities, including in the beauty and skincare and fragrance industry where virtual worlds are established in order for brand-loyal consumers to try on cosmetics virtually. There are music and sporting events - Coachella, Formula One, NASCAR, Draft Kings. There are food and beverage activities, restaurants and cafés. Retailers - the Macy’s Parade last year had an NFT event for their floats. In the spring, there was a Metaverse Fashion Week supported
by Decentraland, which created boutique or zone areas for designers and artists in Tokyo, in greater Asia, NFTs linked to actual luxury products, Web3-first brands. So the robust activity continues and invites us and pushes us to be quite thoughtful about the analyses for appropriate trademark protection.

The last point, and I'll finish. Just monitoring what's going on in the rest of the world with NFTs and foreign jurisdictions. AIPPI has been following the Juventus case out of Rome, Italy. That decision issued in July 2022 concerning a tech startup’s online soccer manager game with soccer stars and 60 NFT player cards that depicted former and current players.

The court held that digital content and the digital certificate, separately, were instances of trademark infringement and misappropriation. And AIPPI continues to follow the Bored Ape decision that issued in December 2022 in the U.S., as well as the pending cases for the Hermes v. Rothschild and Nike v. StockX cases. Thank you for the opportunity to speak. These views are on behalf of the international association.

<HOLLY LANCE> Thank you so much, Ms. Scungio. Next, we will be hearing from Ms. Victoria Sheckler. The floor is yours.

<VICTORIA SHECKLER> The RIAA is the trade association that supports and promotes the creative and commercial vitality of the music labels in the United States. The music industry invests in, uses, and drives emerging technologies, such as NFT-enabled projects, that help fans discover, experience, and engage with music and the artists behind the music.

As you've heard, NFTs present new opportunities that can benefit everyone in the music ecosystem, including songwriters, recording artists, musical publishers, record labels, and music fans.
They provide new revenue streams for creators, they provide fan-driven digital collectibles, fan loyalty experiences and a variety of other things. They can be used in the music space to authenticate and provide some rights or licenses to images, audio files, audiovisual files, and virtual and visual experience.

Some specific examples include access to virtual fan communities, access to physical fan communities, access to virtual worlds, to live events, whether online or physical live events, and other fan experiences.

It includes digital collectibles, such as artist trading cards, virtual vinyl, and artist-branded digital of wearables that can be used in various metaverse experiences. It can include participation in an artist’s streaming royalties. It can include some rights for decision making in virtual labels. Sometimes it even includes a transfer of copyright ownership.

Ultimately, band demand and band preferences will drive the adoption of these type of NFTs and any new types of NFTs in the music space. Notwithstanding these benefits, just like with other emerging technologies, NFTs pose IP challenges, just as Dorothy was telling us earlier.

These challenges, in our view, fall into three broad categories. First is education. NFT sellers and marketplaces must ensure that they and their buyers have adequate information about the scope of IP rights that are being conveyed with an NFT that's associated with an underlying digital asset, and what rights are reserved. As we've heard, some people assume that when they purchase the NFT, they are purchasing all the rights underlying the digital object that associated with that NFT. May or may not be true. We need to make sure that the buyer knows what they're getting and what's being reserved.
Second has to do with rights acquisition. In the music space, there are separate rights for the sound recording, for the musical composition, for the artwork, as well as rights in trademarks or rights of publicity associated with the artist or band with that particular song. Someone that wants to engage in an NFT that uses any of these assets has to think about all of those and what rights they need in order to offer the NFT that they're offering.

Of course, we also have an enforcement challenges. As I'm sure you're aware, there are several unauthorized NFTs out there that infringe on intellectual property rights, including copyrights, trademarks, and names and likenesses of our members, their recording artists, or their music.

We've seen infringement of album cover art, of band logos, of artist names, for example. These challenges also arise from the decentralized and multi-jurisdictional nature of NFT ecosystems and the frequent separation of the actual NFT token and wherever the underlying digital option may be located, as well as challenges with identifying the true seller of the NFT. There are also inadequate tools right now to identify and notice infringements to NFT platforms at scale. We only know one NFT platform right now that's in the music space that is using proactive content recognition tools to try to deter infringing music NFTs on their platform.

We also see challenges with using NFTs as the sole source to authenticate or manage IP rights. As you've heard about, blockchain technology will permit anyone to inspect the NFT token's transaction history. Proof of ownership of the token doesn't tell you if the minter is a trusted source of the underlying asset, whether the underlying asset is authentic, and whether the minter has the rights to grant the IP licenses or rights in the underlying asset.
Neither does mere ownership of the NFT token establish any transfer of ownership of rights in the copyrights, trademarks, or other intellectual property rights associated with the underlying digital asset. To address these issues, legitimate minters in the music industry often use separate legal agreements and provide related information on their websites to clearly state who minted the NFT, what IP rights are being conveyed to the buyer, and what limitations and conditions apply to those rights. We think that the inclusion of this additional information is important for transparency and accountability purposes.

As we understand it right now, there is not a fulsome way within NFT smart contracts to describe all the varieties of licensing models that could apply, which is why we think there is this need for additional documentation and legal agreements.

But even if smart contracts get to the point where they can deal with the territorial issues, the temporal issues, and the variety of ways that people may want to license assets, we still think it's important for buyers to understand and for the information to be clearly and consciously conveyed to them about what rights they're getting and what rights are being preserved.

In order to address some of these issues, we would recommend that NFT marketplaces and NFT minters implement practices, including: engaging in practical know your business customer, know who's selling that asset, and some diligence on whether the person has the rights to do what they're doing; where appropriate, using effective content recognition solutions to mitigate against infringement; ensure that the digital asset is securely stored; and adopt practical notice-and-takedown programs so that we can have an effective mechanism to police these marketplaces to ensure that we can get rid of infringing activity.
Thank you for your time and I appreciate your listening to my comments.

<HOLLY LANCE> Thank you, Ms. Sheckler. Now we'll be moving onto. This is going to be our last two presenters, who are going to be presenting together. We have Mr. Tom Brooke and Ms. Susan Stearns. The floor is yours. Thank you.

<TOM BROOKE> All right. I'm Tom Brooke. Susan, let me get my camera here. There we go. I'm Tom Brooke with Holland & Knight in Washington, DC and a member of the INTA Internet Committee.

<SUSAN STEARNS> First of all, I want to thank everybody for their comments. Our colleagues at AIPPI and RIAA have definitely conveyed a lot of the information that the INTA also supports, just kind of illustrating the opportunities in NFTs, the complexity of the technology and the marketplaces, and the issues that brand owners are facing.

We are here, Tom and I, on behalf of the International Trademark Association, which is a global association of brand owners and professionals dedicated to supporting trademarks and complementary IP to foster economic growth, innovation, and those beneficial society benefits that come with it.

We are here not to convey any formal INTA policy, but to discuss issues that several of the committees are grappling with and reviewing, including our Emerging Technologies Committee and our Internet Committee. We are in the process of finalizing a couple of white papers on NFTs and the metaverse and IP issues and they will be published hopefully shortly later this year.

Specifically, what we'd like to raise before the PTO today at this roundtable, and we'll supplement with our survey answers, is use and enforcement.

IP rights owners are struggling with issues with ownership of their brands within the technology of NFTs. We'd like to see the
USPTO work with the international communities to have harmonization in registration classifications.

As a prior speaker noted, there seems to be some discrepancy right now on recently issued Nice recommendations versus the USPTO. And so one of the things that would be very helpful to brand owners is to have some clarity on if they're going to be filing to protect their rights in this technology, how those applications should be structured.

Further use issues also arise. What is the required use that would need to be shown in these applications for a rights owner? ITU applications is one of the issues. There's a lot of discussion on defensive filings that brand owners feel that they're compelled to do now because of the uncertainty in this space. Will a standard fashion application, for example, for 25 in apparel, be enforceable in a digital format, whether it's an NFT or other digital format seen in the “metaverse”? Those are issues that our practitioners are grappling with on a day-to-day basis that we really feel needs to have some clarity.

Again, if defensive ITU filings need to be done and are recommended, how do you show use if you're a brand owner that really does not want to go into that space, but has a brand that they feel can be infringed in that space?

<THOMAS BROOKE> Following up what Susan said, we've seen there are a number of pending applications. I don't know if any have issued, but it's been a few weeks since the last time I checked. But the guidance has been and the general feeling has been that class 9 and class 35 seem to be the right places, but we're not sure.

As Maria Scungio mentioned, there's all kinds of other virtual - virtual fashion show, virtual this, virtual that. Maybe we need to be talking about other classes, which just adds expense and
confusion for not only brand owners, but the professionals that represent them, and ultimately the consumer. Because of course, at the end of the day, trademark law is consumer protection law, and if nobody knows exactly how to protect anything, it becomes difficult and frustrating. So I think as Susan said, what we're really looking for is harmonization so that our clients can do the same thing in the United States as they would do in Europe or Asia.

The question on classes is for class 9. Is the digital token, obviously you can't hold one in your hand, but you can't hold most software in your hand these days either. Is that an appropriate place for an NFT, a digital token?

Then you get into the whole issue of titles, because, as with books, you can't register a single book or a piece of music as a trademark. There has to be a series and there has to be more to it than that. So if you've got a single NFT, you've got to register the name of that. But if you've got a platform, maybe class 35 is the way to go. That comports with what's you're saying, right, Susan?

<SUSAN STEARNS> That's exactly right. And I think, again, it also translates into enforcement, which kind of leverages off of some of what we've talked about. Brand owners are struggling with trying to enforce their brands in this space.

Even the marketplaces that are trying to comply with DMCA and other treaties and takedowns are also at a disadvantage because of trying to find who owns that NFT, who minted it, who is really the true infringer.

None of these are easy answers, but we do feel as part of the INTA, that within the framework of existing laws, we should look to see where those solutions are already there, as opposed to rushing, as a prior panelist spoke about, creating a rush to new things.
But let's look at the existing law, identify where there are gaps. As we mentioned, there's gaps in the classification system, there's probably gaps in what is use required in this space, and scope of rights in existing registrations. And then try to come up with guidelines and policies and supplemental regulations as necessary to address those gaps.

<THOMAS BROOKE> Right. As Professor Tushnet said, we've seen this before, and I'm a big believer in the law of unintended consequences. That things happen that we don't predict and don't anticipate. And we've seen it before and we'll see it again after this.

I do think that one of the issues is the zone of expansion. Specifically, we're talking about trademark law. If we're just talking straight up filing a trademark application and trying to get it registered, how much should prior registrants, how much of a zone of expansion should the examining core grant to prior registrants? What's going to happen in oppositions? Where is the zone of expansion? If I've got a registration for a mark for clothing or a fashion show and somebody tries to do the same thing on the metaverse with an NFT, is that going to be considered? Will my prior registration for an everyday, ordinary, plain old fashion show going to be considered?

I do also think that as I wrote this down, Thad Chaloemtiarana, on behalf of the ABA, spoke about authentication. I think at the end of the day, the authentication of physical goods may be the most important aspect of NFTs, even more to the art. And so if it's a service that provides authentication, how do you protect that? The use question really becomes a real can of worms, in my view.

<SUSAN STERNS> Yeah, and I think just another point too that we have talked about too at the INTA, is using NFTs as specimens.
Is that something that the PTO is looking at? Again, that would be something that we would be interested in, seeing how that is overlaid with the existing regulations. Trade dress is another issue that we feel is an emerging issue that will be coming up too in this space. NFTs, especially with digital things like the Bored Apes - what would rise to a recognized trade dress that would have IP rights associated with it?

<THOMAS BROOKE> And that goes back to the issue of single title, single work protection, because again, you can't protect a book, a single book, or a single piece of music as a trademark, the name of that. Each NFT, as we all know, is unique. It is on its own blockchain domain name, and it is a non-fungible token. It may be very similar, but it is unique. So how much protection?

Again, the zone of expansion - flipping around the other way - how much protection does an individual NFT get? The title of an NFT? If they all have a consistent look, and the Bored Apes, I would say that they do have a consistent look. The artwork is similar across the universe of Bored Apes. Not that I've studied Bored Apes carefully, but they all look pretty much the same to me, the art. Could somebody claim trade dress for that? And how?

Is there a product configuration for something that's purely virtual? This is an issue that I think does need to be grappled with, but I wanted to expand upon my authentication point and the fact that an NFT is really a tool, and we've used it here and other people have used it in Europe for service of process, dropping an NFT on an anonymous website.

I'll let Susan conclude, because she'll wrap it up better than me, is there's a lot of issues here that need to be considered. But I'd say if we want to leave you with anything, it's harmonization, harmonization and harmonization. And simplicity.
<SUSAN STERNS> I would agree. And then just recognizing that there are obviously different laws here that apply in the space, copyright is a significant one, as well as the trademark law. We propose that rights owners should be allowed to use all of the legislation at their disposal to be able to protect their rights.

<HOLLY LANCE> Fantastic. Thank you so much. You can see we do have some time left, so what we'd like to do is to invite everyone to the floor. Certainly optional, if anyone has any additional remarks, some things that came up that might be food for thought or things that you might want to talk about. But of course we're going to let you all talk about whatever you'd like relevant to the subject.

We haven't really talked a lot about definitions. I know we got some of that on the first panel, but to the extent there's anything that you all would like to add to that discussion. Also, speaking of legislation, current laws. I would be curious if anyone has any thoughts on whether the current laws, particularly with notice and takedown, do those provide a sufficient framework to address some of these enforcement issues, unauthorized use of assets? Certainly if anyone would like to speak about examples of current or future applications of NFTs as it relates to trademarks that might be relevant, I would welcome that. In terms of procedure here, if anyone is interested, go ahead. You can raise your hand or just turn your camera on and we'll recognize you. Again, I'm sort of casual here, where everyone can sort of have a few minutes to speak. I know Professor Tushnet, you were on first, so if you want to go ahead, the floor is yours.

<REBECCA TUSHNET> Great, thank you. I will say this is probably not the space to relitigate the great takedown wars, but my position on that I think is pretty constant, which is it's pretty much the least - it's like democracy, it's the worst
possible system except for everything else everybody has proposed. I'm happy to talk more about that, but I think I want to suggest that in some of the suggestions that we've heard, you're not writing on a blank slate when it comes to issues like transparency of terms and notice, which I think are very important to focus on.

But this would mean, I think, partnering with the FTC, which has deep knowledge about the kinds of disclosures that are important. Also, interestingly enough, the USDA did a study, commissioned a study, about disclosures in grocery stores and how many consumers have access to mobile phones to look up additional information when they're shopping. It's actually not that many. Most consumers are different from the people at this conference.

Again, it's probably wise to keep some modesty in mind that we are talking about a segment of the economy, not something that presently has the capability to give you more information about your candy bar. Maybe someday, but that's going to be dependent on internet access and basically wealth, not on developments in this space.

I also want to reinforce Professor Fairfield's caution in the context of transparency and notice. There are some things that consumers really want and things that they expect with things they think they own. No amount of disclosure is likely to be enough if you're doing something counterintuitive enough. That is a wicked problem. But there is research on it. Chris Hoofnagle and Aaron Perzanowski have done some, and I think being attentive to what the rules we write can and can't do is going to help keep this from getting further away from what consumers expect. Thanks.

<HOLLY LANCE> Thank you so much. Ms. Stearns, go ahead please.

<SUSAN STEARNS> I’d like to talk to that. I do think some of the discussion on notice and takedown probably will be more
appropriate at the Copyright Roundtable, but I can speak from
personal experience.

Notice and takedown right now for NFTs is extremely difficult.
It's difficult for the marketplaces to comply with DMCA and it's
difficult for brand owners and copyright owners to get
satisfaction. The reason is because you cannot find the single
source of the NFT. Because of the way the technology is structured
and, quite frankly, the consumers that are posting and the
consumers that are buying, is this whole idea of decentralization.

Until that is grappled with, which I think is an extremely
difficult discussion, it's going to be very difficult, and one that
I think the Copyright Office is probably going to have to address
in some ways because in order to comply with DMCA, you have to give
notice to the person that is the alleged infringer. It is very
difficult to find them because it's usually a pseudonymous wallet
address. In that sense I think it's extremely difficult and it's
not going to be an easy answer.

<THOMAS BROOKE> To supplement that, what's interesting is
because I think the DMCA is difficult and finding the defendant is
difficult, that is why I think the authentication issue is
important and why I do think the law of unintended consequences is
going to kick in.

It's interesting to me that the main lawsuits that I've seen
involving NFTs have all been filed under trademark law, rather than
copyright. I think that may be because some of the things that
Susan observed here, because I think that the issue, the whole the
Skywalker case and transformative use, scares some people.

That's why plaintiffs have brought the MetaBirkins case and
the Yuga Labs case vs. Ripps and the Nike vs. StockX case. They're
all trademark cases. So that's my outside--I've certainly not
talked to any of the attorneys in those cases to get their
understanding as to why they didn't bother to file a copyright 
claim. But I do think that has factored into this, that they see 
trademark as a better cudgel at this point.

<HOLLY LANCE> I'm curious-- as sort of a follow up there. I 
know you mentioned the DMCA, and sure, that's for copyright, but I 
haven't seen any cases to date on pure counterfeit NFTs, but I 
wasn't sure if you all had any further thoughts on that. And that 
can be certainly open to the group in terms of availability to 
contact the platforms or to locate the counterfeit minter, etc.

<SUSAN STEARNS> I think there is a challenge there because 
there is this whole concept the original drop, if you will, of the 
NFTs. I mean, usually it's not a single NFT. If you're looking at 
the Bored Apes, for example, and things like that, they're a drop 
of a number of different NFTs, and then there's these impersonation 
drops that tend to shortly follow. That's a difficult situation for 
the marketplaces to identify-- what is a transformative, similar 
but not an infringing, versus an infringing impersonation? That’s 
maybe where trade… [audio cut out] would help to address some of 
that as the law matures.

<VICTORIA SHECKLER> Holly, in response to your initial 
question about does the law need to be changed, I think we would 
urge caution at this point with respect to straight up copyright 
and trademark law. This is an emerging technology, just as other 
emerging technologies, and we need to wait to see how things 
develop.

That being said, as I'm sure you know, there have been 
criticisms of existing law and how it is implemented online, both 
on the copyright and the trademark side. All of those deficiencies, 
whatever your point of view of what those deficiencies are, 
continue to exist in the NFT space. So we should keep those things 
in mind as well.
We should also keep in mind that in other contexts, for example, in the ecommerce context, we are seeing a lot more bills and laws that are suggesting transparency and diligence in those areas. I wouldn't be surprised to see something like that bleed over into other ecommerce-like spaces, such as an NFT space, should the market move in that direction. Don't know if it will, but I could see things like that happening here as well.

Then last, in terms of practical enforcement efforts, yes, the DMCA is a safe harbor under copyright law, but over the years, platforms have built a practice of dealing with similar approaches to trademark infringement claims. So we're hopeful, that from a practical perspective, we will see NFT marketplaces build on those practices that their ecommerce brethren had used.

<HOLLY LANCE> Wonderful. Well, I think we'll probably wrap things up here. I just wanted to - of course - thank you all again - to all of our panelists, as well as all of our viewers, for your participation today. Just really great, thoughtful, comments from all of our panelists. I really appreciate your time and all the effort you put in to preparing for today.

As I mentioned at the beginning, certainly if you have anything else that you would like to share, we would very much welcome your written comments, which we would ask for by February 3, and those can be submitted through regulations.gov. I also want to tease we have our final panel coming up at 2:00 p.m today. That's going to be our Brand Owners and Practitioners panel. If we do have any of our panelists listening on the line, if you could please plan on logging on 30 minutes early for a final tech sound check, that would be great. And with that, I want to thank everyone and hopefully we'll see some of you back in 45 minutes. Thank you so much.

<EOD>
SESSION 3: BRAND OWNERS AND PRACTITIONERS PANEL

<ANNA MANVILLE> Good afternoon everyone. I'm Anna Manville, an attorney advisor in the USPTO's Office of Policy and International Affairs, and I'll be moderating this final panel of today's roundtable.

During this panel, we will be hearing from brand owners and IP practitioners about IP considerations as they relate to trademarks and NFTs. As mentioned during the panels this morning, your input is critical in helping to ensure we have a full understanding of this emerging technology, including any challenges and opportunities NFTs present for IP owners in obtaining, protecting and enforcing their rights.

During your remarks, you may address any issues you believe are relevant to the joint study being conducted by the USPTO and U.S. Copyright Office, and you may address either the specific questions posed in the Federal Register Notice or you may raise additional issues if you believe they are important for the Offices to consider as we conduct the study.

Before we begin, I'd like to review a few ground rules so that we can ensure all panelists have a sufficient opportunity to provide their comments. We will ask speakers to limit their remarks to five minutes each and to prioritize the issues they would like to highlight. If time remains at the end of this panel, each panelist may have an opportunity to provide a few additional observations. We will need to strictly enforce this time limit, but we welcome panelists to submit written comments in response to the joint Federal Register Notice. The deadline for submitting those written comments is February 3, 2023.

So with that, we will begin. Our first panelist is Jessica Neer McDonald from Neer McD PLLC and Blockish IP. Jessica?
Thank you, Anna. It's a pleasure to be here. Thank you so much for taking a serious look at these issues. I'm really excited to be here with you this afternoon.

My name is Jessica Neer McDonald. I am a trademark and copyright attorney at Neer McD PLLC, based here in Miami, Florida. I come from the perspective of representing brand owners, native Web3 companies, artists, and those interested in blockchain and emerging technologies.

I'm going to do a short presentation. I know we have a short amount of time. On each of the slides, I'm going to include some media that are tied to some NFTs, so we can actually see what we're working with. This one is specifically by amazing photographer Cass Simmer.

I'll address the Federal Register Notice, question number two about trademark opportunities and challenges with NFTs. So as far as opportunities go, the ability to have timestamped evidence of actual use and frequency of use is extremely helpful from the perspective of a brand owner and those that may be considering “did I come after this person?” By being able to trace things back to a public blockchain, it can be extremely valuable. Not just for showing dates of first use, but also things like acquired distinctiveness, secondary meaning. You can see how long it's been used. Maybe it all depends on the goods and services. But if there's several owners of the NFTs, that can certainly be helpful evidence. As well as an abandonment defense. If you're able to see there's been some trademark use here and there, we're able to timestamp it back and look to see when that happened.

Trademark owners’ best friend--one of our best friends-- is the Internet Archives’ Wayback Machine, which saves in time what a website looked like at a certain date. Extremely valuable. To be
able to have opportunities like that through NFTs, through 
blockchain technology generally is extremely helpful. 

On the screen is an NFT, and all this text is actually on 
chain - it's through the Polygon blockchain - and it actually 
refers to NFT histories. You can see among the first NFTs was 
Namecoin, which was a Bitcoin fork back in 2011. The use of names 
and logos, it's helpful to see here - this is Etherscan, the 
ability to look at some things going on in the Ethereum blockchain 
and you can see logos being used, you can see trademarks being 
used. There are links where you can actually look at the smart 
contract and try to be able to discern who the owner is, what it's 
doing. But it is very nice. You can look here at the bottom and see 
when this NFT was minted or created. This one in particular - 
November 29, 2021. 

You can also see some transfers of ownership. This long number 
here - 0x39 etc. - refers to a wallet address, and [unintelligible] 
in the whole - these are all blockchain domains that are really 
shortcuts for the address, the wallet address. But you'll see, it 
really does have broader implications than just being a shortcut 
for a wallet address. It can also be used to refer to an IP 
address, what we're used to domain names functioning as, it can be 
used to refer to your digital identity and such. 

One of the points that I also wanted to mention here is that 
that name in particular, that can function as an NFT. Like through 
ENS, the Ethereum Name Service, like through Unstoppable Domains. 
There's others like Handshake, but this one in particular, I can 
put this name - or NFT if I'm searching for one - in any kind of 
marketplace and it can actually call it up. 

That's really important in identifying NFTs as coming from a 
single wallet. It can also be helpful as brand owners usually have 
to play a game of whack-a-mole, have to go to different service
providers like YouTube, Facebook, Amazon, etc., to ask them to take
down certain things.

<ANNA MANVILLE> Can I just you a quick reminder that we don't see your slides? I think we have about one minute left if you can share the screen.

<JESSICA NEER MCDONALD> Oh, I thought I was. Hold on. Oh, that's so strange. Well, since we're getting towards the end...

<ANNA MANVILLE> We have one more minute, if that works for you.

<JESSICA NEER MCDONALD> Yeah. Oh, that's so strange. Sorry. It was coming up as sharing. I thought it was sharing on my end. I wanted to also, in referring to that single wallet, be able to show you that that single wallet, you can retrieve different cryptocurrencies, you can associate it with an email keyword, all these things that we look to in addition to trademarks, like blue checks, etc., to try to verify source.

Some challenges - we did talk about a lot of challenges, so I'll be fairly quickly with this. But there is some concerns about difficulty in removing infringing uses. While I've personally had a good amount of success in removing things from traditional NFT marketplaces, that still doesn't quite remove the token.

So in addressing the opportunities and challenges, I'm really excited that the PTO and Copyright Office is looking at stakeholder meetings. I also definitely encourage website developers to be involved. There's a saying, “devs do something.” I think devs can do a lot of something here. Having conversations with brand owners and also including marketplaces and continuing education. Thank you so, so much.

<ANNA MANVILLE> Great. Thank you very much, Ms. McDonald. We'll move on to our next speaker. That is Nedeen Nasser. Nedeen?
Hi. Thank you, USPTO, for holding this roundtable study. It's really important to anticipate the hurdles in the NFT climate and to try to find solutions proactively rather than waiting until later.

My name is Nedeen Nasser. I have a small practice focusing on trademark, taxation, and transactional contract issues. In my practice, I've seen much counterfeiting of products and unauthorized use of trademarks.

My fear is that with NFTs being such a new technology, we'll have a type of NFT trademark cybersquatting going on, similar to trademark squatting, similar to the cybersquatting that was going on in the dot-com era, where we had people registering marks just so that they can profiteer from it later.

Currently, much of NFTs are registered under classes 9 and 35 as a separate class of goods and services. But my hope is that when granting those trademark registrations, that the USPTO will conduct their searches and examine that looking at a broader range of classes.

For instance, a luxury brand may not currently be in class 9 - downloadable media - but if someone applies for it using that luxury brand name, there's really nothing stopping them from getting an NFT under that name. We just have to do a better job - or we'll have to do a good job of - making sure that those NFTs don't get granted ownership in the wrong hands.

When talking about NFTs and trademarks, I kind of see it being used in two ways. The first is registering the mark with a class of goods that covers the NFTs in its description of goods and services, similar to what I was talking about in that last example. Secondly, it's actually using NFTs' blockchain technology as a method by which we register the trademarks and validate ownership,
and potentially also licensing. So where each trademark
registration would theoretically have its own NFT.

With respect to that, I have the concern of the USPTO's
ability right now to be able to protect the integrity of the
Register in using NFTs to validate ownership. The way I see it, the
USPTO will have to figure out a way to exercise control over an
exchange itself that it creates. Currently, we've got certificates
being issued for registrations with the USPTO and the TTAB will
monitor the validity of marks or cancel marks, respectively. But if
down the line it cancels a mark, but that mark is an existing NFT,
then there needs to be a way to actually cancel that NFT token, to
remove it from the marketplace. That can only happen if the USPTO
has its own exchange.

The next topic that I want to get to is maybe interagency
cooperation. What I'm curious about is, if we can get trademarks on
NFT blockchain technology, then will the USPTO and its exchange
work in conjunction with other agencies, like Customs and Border
Protection, to help thwart counterfeited goods entering the border?
I think that's something that we should look at, and the technology
behind that.

Right now, Customs, you can register with CBP to get
counterfeit goods removed from the border. But it would be better
if there was a way for CBP to verify the authenticity of goods
through NFT technology. That's all I have today.

<ANNA MANVILLE> Thank you. Thanks very much. Our next speaker
will be Michael Geller from DLA Piper. Mr. Geller?

<MICHAEL GELLER> I'll also try to be pretty brief. I wanted to
address question number three, which is “describe how NFT markets
affect production of materials associated with IP production.”

What was just said kind of covers what I wanted to say in
general. Just what I wanted to touch on is what are brand owners
looking at in terms of how their current services and goods are changing in view of NFTs and the proliferation of NFTs.

As the previous presenter said, from the brand owner side, I think brand owners are thinking about, how do I expand to cover my IP assets? If I have a physical good, how do I expand into the digital world? And whether as a secondary-- whether that's even necessary to do so.

When NFTs started to explode around this time last year, we saw a flood of new filings in class 9, some in other classes, but mostly 9, associated with NFTs. So the question at that point becomes, as the previous presenter noted, how do you protect a brand asset when class 9 is being flooded, but the brand owner may provide particularly goods in class 18, class 25, any other goods class?

We're seeing an influx in class 9. For brand owners, I think the key is pushing the legal landscape such that the key is not registering in class 9. And a registration in class 9 is not essential for protecting IP assets in NFTs that merely reference or are derived from a physical good, a good in the physical world.

On the other side is how can NFTs be used to basically justify a good or identify a good for counterfeit purposes or for provenance purposes or certificates of authenticity? I think brand owners are continually looking at that and whether they can manufacture their goods or change their means of production such that their goods can be certified by NFTs and the brand owner themselves is doing that, as opposed to a third party doing that. Because if a third party is doing it, the question at that point becomes whether that certification is valid and genuine, and whether it's actually the good that it stands behind.

That's largely what I wanted to say, and I wanted to give some time back.
Great. Thank you very much. We'll keep moving along. Our next speaker will be Moish Peltz from Falcon Rappaport & Berkman.

Hello. Good afternoon, everyone. Thanks for having me. And thank you to the USPTO for hosting this forum. I'm a partner at Falcon Rappaport & Berkman, where I wear two hats - one of which is leading our Intellectual Property practice, but then also our Emerging Tech and Blockchain practice group, leading me here today.

Many of the panelists throughout the day have raised some excellent points, and so I'll just highlight some of my own personal ones that I think deserve some consideration.

The first two are on the policy, which is, I believe this technology is at least, at its most optimistic point of view, extremely innovative. If the USPTO, all the way from the Constitution through the President's Executive Order and so on, is seeking to foster innovation and allow the United States to harness this innovation for the benefit of the country and for the world, then I think it's really important that we get it right on the policy and creating the right economic incentives for this technology to flourish and for it to be able to be protected and monetized appropriately.

I think there's that dual goal of, one, fostering innovation, and two, protecting consumers. That second one, I think, is—you see in the crypto sphere, it's very volatile, right? So there's some days where it looks like this is the most ridiculous technology in the world and it shouldn't be allowed to exist. And there's some days where you see something you've never seen before and it happens again and again.

So the second policy point I would advocate here is patience, that it's not going to be a straight line upwards. There's going to
be, I would say, trying times. We've already seen some in the past year or two in the broader cryptocurrency markets. I think that's going to flow through to the intellectual property aspect of it too.

There are, as we've heard from many brand owners today, significant challenges with enforcement in decentralized marketplaces on the blockchain. I think it's very important that as part of what the USPTO does and what practitioners and brand owners do is exercise patience, understand that things are evolving quickly and they will continue to evolve quickly. The best thing we can do is - what we're doing here - is study, understand what's happening, talk to other informed practitioners and business owners and brand owners in the marketplace, and be patient and develop policies that support the innovation that is happening here.

I think, as we've already seen, there's so many use cases from authentication, anti-counterfeiting, and so forth that really provides such potential for brands. There will be a time, I think, like we saw with the DMCA or the ACPA, where there is a need to tweak or modernize the laws. That time may come. I don't think we're close to that time yet. I think the whole industry should continue to think about what when it would be the right time to further those discussions.

In terms of what can the USPTO do now, today, I think it's really fostering that innovation and adopting that mindset of flexibility, continuing to be patient. Keep doing what you're doing. Listen to practitioners, to brand owners, industry groups.

But also, I think, let's make it easy for small and medium-sized businesses to start businesses around blockchain concepts using native NFT intellectual property and to be able to protect those as a small business and to be able to differentiate themselves from the existing world of intellectual property that
already is out there and perhaps has a registered trademark. Let's make it possible for some of the new idea that is genuinely differentiated, that isn't getting stuck with a class 9 application, that is now getting opposed by 10 other brands that are genuinely different, but feel that they have to enforce this upstart.

Let's allow for innovation. Let's allow for new businesses. Let's make sure that we have proper flexibility. That the way that classes, for example, are described, because the services description-- there's a lot of pushing towards Class 9, towards X that is authenticated by NFTs. Let's allow for flexibility. I would like to see perhaps some specialized examination procedures, like cannabis and CBD applications have examiners that are focusing just on that segment. Perhaps there's some possibility here to have examiners that are super familiar with blockchain technologies so they can examine these applications diligently and then be able to interface with brand owners and their council in a way that gets it right and does the best rules on the register. I will yield the rest of my time and thank you again for having me.

<ANNA MANVILLE> Great, thanks so much. Our next speaker will be Frederic Rocafort. Mr. Rocafort?

<FREDERIC ROCAFORT> Thank you and good afternoon to everyone again. My name is Fred Rocafort and I am an attorney at Harris Bricken.

I would like to focus on some of the practical issues regarding trademarks and NFTs that we are encountering in our practice. The first concerns the issue of relatedness between goods as it is addressed in the NFT context. The question is really to what extent should an analysis of relatedness consider or ignore the barrier that exists between physical goods and virtual goods?
I have over the years represented many global brands, helping them combat counterfeiting in China and other markets. Because of that experience, I am well aware of their concerns and understand the view that they have, in some cases, that the metaverse should be a natural area for expansion based on their activities in the physical world and in earlier iterations of the web, just as there has been an expansion from perhaps a core group of fiscal goods to others.

However, there are other considerations that have to be taken into account, not least of which is the potential for a distortion of fundamental trademark principles. Another roundtable participant noted some of the potential issues regarding the establishment of a date of first use. If trademark rights connected to a physical good can end up establishing rights in virtual goods, will the opposite happen?

These are questions for which I'm afraid I don't have the answer. But nonetheless, I think these are questions that need to be carefully considered at the policy level, as has been said in this panel. You know, getting it right from the start.

Also, on this issue of relatedness. Ironically, I think that we run the risk of playing into simplistic notions of what NFTs are if the overriding view is that anything you create in the virtual world will be governed by what protection is afforded to the physical good.

A second issue that I would like to bring up concerns the availability of trademarks for new entrants into the marketplace. Clearly, the opportunities that have been created by the development of Web3 and NFTs specifically are fueling an era of creativity, which is expanding the economic pie. There's new economic activity that in turn leads to more trademark
applications. Director Vidal was sharing some numbers to this effect during her opening remarks.

Yet brands that are entering this space, in some cases companies that are starting out period in the marketplace, they run into the reality of a crowded registry. In particular, as we've seen and we've heard in this very panel, certain classes are getting very crowded. This of course, ties into the broader issue of trademark deadwood. But there is also the unescapable reality that the universe of goods and services is expanding as it has been doing since time immemorial.

Looking specifically at the growth in intangible assets earlier during the roundtable, someone mentioned basically how we had gone from 17% of intangible assets back into the 70s to 90% of all assets being intangible nowadays. So there's been a fundamental shift.

The creation of additional trademark classes might not be the solution, might not be part of the solution, but it could help, right? We just have to accept that there have been fundamental changes in the way the economy is operating.

The important thing, ultimately, is to make sure that there is space for new entrants to receive trademark protection and to be able to distinguish between the different functions and the different spaces that are occupied within the NFT space.

Finally, as we think of these issues, it is important to keep in mind that the U.S. trademark system does not reside in a vacuum. Director Vidal addressed this square directly during her opening remarks. What we do here in the United States has implications at the international level. So as we come up with solutions, as we discuss ways to proceed, we need to make sure that what we are doing here in the U.S. can be accepted, in general terms, at the international level to make sure that there is at least some
measure of agreement internationally and that brands can avoid issues as they venture abroad and seek trademark protection internationally. Thank you so much.

<ANNA MANVILLE> Thank you very much. Very helpful. Our next speaker on our list here is Alfred Steiner from Meister & Steiner. Mr. Steiner?

<ALFRED STEINER> Hello everyone. My name is Alfred Steiner of Meister & Steiner. I don't normally like to do this, but to get in all of my comments, I'm going to read my statement. So here goes.

I'm going to talk about three things - identifications of goods and services for NFTs, whether and how continued use can be shown for an NFT collection after it sells out, and whether NFT collection titles should be treated like single creative works or a series of creative works for trademark registration purposes.

My comments apply to NFTs associated with digital resources of the kind that predominate on marketplaces like OpenSea. The USPTO's Trademark ID Manual characterizes these things in class 9, as downloadable files authenticated by NFTs, but I don't think that accurately describes what an NFT buyer is buying. To see why, ask yourself what NFT buyers receive beyond what's available to the public. The digital resource associated with an NFT is typically available to the public for download in the same form as it is to the NFT buyer, so the good or service in question is not really a downloadable file. If you have doubts about that, ask yourself about an NFT collection like Crypto Punks that was launched without a license. Would the NFT buyer necessarily have the right to download the associated image? If so, would that right be broader than the rights afforded by fair use?

What an NFT buyer really gets is a ledger entry maintained by software deployed to a blockchain that associates their blockchain address with the NFT through the owner of or similar function. So
it would be more accurate to put the identification of goods and services for a typical NFT project in class 42 in two parts, as follows: Part one, for creating NFTs, would go like this, “Providing online non-downloadable software deployed to a blockchain for creating nonfungible tokens that store links to metadata associated with digital files.” Part two, for maintaining the chain of possession, would go like this, “Providing online non-downloadable software deployed to a blockchain for associating NFTs with blockchain addresses through an owner function.” Notice that I didn’t say associating NFTs with blockchain addresses of owners, because who the blockchain identifies as the owner may not have title to the NFT despite having possession of it.

NFT buyers may also receive a license or grant of rights in the resource associated with the NFT, and so NFT creators should consider filing in class 45, “copyright licensing of digital files associated with nonfungible tokens” or simply “copyright licensing.”

SuperRare appears to be the first to have done this back in October. And because the license is ongoing, these services continue to be provided after the collection sells out, which provides one potential solution to my next question - whether and how an NFT creator can show continued use for an NFT collection after it sells out.

Popular NFT collections may sell out in hours or even minutes. Once that happens, is the NFT creator still offering goods or services for sale in commerce? You may recall that I divided my proposed class 42 identification of services into two parts - one for creating the NFT and one for maintaining chain of possession.

Even after the collection sells out, the software continues to perform the chain of possession service. But is the NFT creator performing the service? Arguably yes, if the NFT creator maintains
control of the smart contract. But what if the NFT creator disowns
the smart contract by transferring control to a burn address, which
some projects have done to establish that their NFT collection
cannot be altered?

In that case, to maintain rights in an associated mark, the
NFT creator may need to create and offer more NFTs for sale under
the same mark through a different smart contract, which may raise
problems with express or implied covenants regarding the maximum
supply of NFTs in the collection.

This takes me to my third and final topic, whether NFT
collection titles should immediately qualify for trademark
registration or instead be treated like book and film titles, which
require a series to merit registration. On the surface, the answer
may seem clear because NFT collections involve a series of images.
But the elements of a typical NFT collection are all produced and
available for sale at the same time, unlike most book and film
series, which tend to be released over a period of years. NFT
collections can also be created in a matter of hours or even
minutes. Because of this, there's a risk, as the previous speaker
noted, that it will become nearly impossible to drop an NFT
collection without infringing the rights of another collection
unless NFT collections are treated as single creative works.

Anecdotally, examining attorneys do not appear to be raising
this issue either as an advisory for intent to use applications or
as a refusal for in-use applications. The USPTO should consider
amending TMEP section 1202.08 to provide guidance on when an NFT
collection will be considered a single creative work or a series of
works. That's it for me. Thank you everybody.

<ANNA MANVILLE> Thanks very much. A lot of ideas there that we
will definitely be looking into. Our next speaker, I believe, may
not have been able to join us, but I will see. Raj Abhyanker? I
don't see the name on the list. So we'll move on to Peter Jackson
if he was able to join us. Peter? Okay, then we will move on to
Natalia Aranovich at Aranovich Law Firm.

<NATALIA ARANOVICH> Hi, good morning or good afternoon
everyone, wherever you are at. My name is Natalie Aranovich. I'm an
attorney. I practiced 15 years in Brazil - trademark law - before
moving to the U.S. Here, I've been working for six years, and as a
California attorney. It's an honor for me to be here today because
my whole history as an attorney began with the conflict between
domain names and trademarks. That's how I got my visa and my green
card here in U.S. So it's an honor to be here today and thank you
very much to the USPTO for accepting my application.

And here I'm going to talk today about two topics that I think
that are important in the Federal Register Notice. The first one is
domain name registration on the Web 3.0 and cybersquatting. And the
second one is the concept of wearable and potential conflict
between class 25 and class 9.

So domain name in the Web 3.0 and cybersquatting-- in the 90s,
in the late 90s, we saw a lot of conflicts between domain names and
trademarks. One of the first cases with McDonald. So people are
purchasing domain names to sell to the real owner of the trademark.

What happened is a new domain system has been developed for
the Web 3.0. What happens right now is that each wallet, instead of
having a number, could have a name associated with the wallet. So
we have decentralized organizations working with that.

And as same has happened in the late 90s regarding domain
names and internet, we are seeing now. For example, Ethereum Name
Service is one of the decentralized organizations where you can
register a domain name.

Here is some data. So a record of registration of domain names
in 2022. So now we have more than one organization register domain
names, could be in with .ETH. We saw Unstoppable Domains also early morning.

Here is some data from Dune Analytics showing that 630,000 unique wallets created 2.82 million new domain names. Four hundred and fifty-nine thousand of those domain names are primary names like first-level domain names as we have with the internet that we use now. September 2022 had a record of registrations and the data also shows that the majority of registrations were done for investment purpose.

What does that mean? People register domain names to sell to the real owner of the trademark. We already saw that the wheel was invented, so we had a whole system created by ICANN to register domain names of one conflict. And also in foreign countries we also saw that entities was responsible for creating registered domain names.

And now we are having a déjà vu. Why? Because this whole thing is happening again. So I think we should think about not, regarding domain names, not creating the wheel, but not reinventing the wheel actually, but adapting the wheel to the new technology that we have.

Another thing that I would like to point is the misclassification and likelihood of confusion between classes 9 and 25. Let's say, for example, clothes are defined according to the Oxford Dictionary. The definition is “items worn to cover the body.” The two recent cases, most important cases we’ve had involved in NFTs and trademarks, was the Hermes vs. Rothschild selling the MetaBirkins, and also the case between Nike and StockX also using trademark.

So what we saw there is that there is the concept of the artwork, which I'm not going to get into here right now because I
don't have enough time, but also if it is artwork or not protected
by free speech.

But I think also we are seeing change in the definition of
wearables. Why? Because where it was something that I wear in my
body, but now I can purchase a digital image that is clothes. We
had a whole fashion event in the metaverse displaying digital
clothes so people can wear on the avatar.

So that is a conflict that we have to pay attention. I think a
digital asset was never confused before with clothes or a tennis
shoe. But now we're going to see more of that. So I think we need
to adapt and think of adapting those concepts that we have, old
ones, to the new reality.

And those are my remarks. Thank you very much. That's it.

<ANNA MANVILLE> Thank you. Thank you very much. Next we have
Jacquelyn Knapp, Asics America Corporation.

<JACQUELYN KNAPP> Hello, my name is Jackie Knapp and I'm
counsel for Asics America Corporation. Thank you to the USPTO for
hosting this panel. I'm excited to be here with all of these other
excellent panelists.

I wanted to provide an example of the company's current use of
NFTs. We released our first NFT collection in 2021, which was an
NFT as a digital artwork asset. After our first NFT release, we
wanted to create NFTs that would provide additional value to a
consumer apart from simply being a collectible that lives in your
digital wallet. We think life in the metaverse should complement
your life offline instead of replacing it and we were able to build
on our experience from our first NFT collection.

Our second release was with a move-to-earn platform that
encourages and inspires consumers to move. We were able to build--
as I mentioned before, we were able to build on our experience from
our first NFT collection and find a good partner which lined up
with our brand values.

Our third NFT release was coupled with a physical shoe that
could only be purchased with cryptocurrency. This was both a
marketing tactic and it had a practical element to it as well - to
associate this release exclusively with customers who are active in
the metaverse.

We're facing a number of challenges as it relates to NFTs and
most of the challenges relate to uncertainty. One issue is proving
use with the USPTO. Asics is in a spot where we are minting NFTs
and would potentially be able to submit one of our NFTs as a
specimen of use. But that is a different story for brands that
haven't yet entered the space, but may want to defensively file an
application. It's also not clear that we would be able to use the
same NFTs that were minted with our maintenance and renewal
applications if the company decided to discontinue releasing new
collections.

One of our biggest challenges is enforcement on NFT
marketplaces. We don't know if our trademarks in standard classes
will always be accepted by platforms to take down unauthorized or
counterfeit NFTs. Will platforms require a trademark registration
that specifically covers NFTs or other digital goods? Will the
registration from any country be sufficient, or will it be
something else entirely?

For best practices for brands, we have recognized that this is
a new and developing area and no one has all of the answers right
now. That includes vendors, service providers and other partners.
You have to be comfortable being uncomfortable and understanding
that this area is continuously developing.

We are monitoring a number of cases, including the Hermes case
and Nike v. StockX. We are also monitoring trends in smart
contracts and how the smart contracts are being applied. I would also suggest getting your hands dirty and walking through the minting process, or at least opening a crypto wallet and going through the process of purchasing an NFT. It is great to understand how NFTs and crypto wallets work in theory, as well as what aspects are important in smart contracts, but it's important to actually experience this as well.

Thank you to the USPTO for having me. That's all that I have. Have a good one.

<ANNA MANVILLE> Thank you so much for providing a brand owner perspective. It's all very helpful for us. Our next speaker will be Angela Kalsi from Greensfelder, Hemker & Gale.

<ANGELA KALSI> Hi everyone. My name is Angela Kalsi. I'm a partner in the IP group at the law firm Greensfelder, Hemker & Gale. For the last ten years, I've focused my career on trademark law. Thank you to the USPTO for holding this panel today to discuss this really important topic.

As an IP practitioner, I am really excited about the potential nonfungible tokens bring to our field. For instance, the use of smart contracts to seamlessly transfer IP rights, which we're already starting to see as some NFT sellers are transferring licenses and the underlying IP to purchasers of an NFT, but also the ability of security tokens to represent ownership, and the possibility that one day trademark registration certificates could be issued as NFTs.

But that aside, I am here today on behalf of my clients, who comprise companies in a variety of mostly traditional industries, as well as artists and creators. So, on the whole, my clients are excited or at least curious about the potential NFTs bring to their businesses, whether it's the ability to exercise better control over their products, to fight counterfeits and authenticate goods,
or to tokenize their wares in the digital world, or to create
communities. But at the end of the day, they want to ensure their
IP will be protected. And for clients who are not so interested in
the NFT world, they want to ensure their IP will be protected too.

So, like all of us here, I'm watching with interest the Hermes
case of the MetaBirkins and the Nike v. StockX case addressing the
first sale doctrine. And it will be important to get clarity on
these legal issues going forward. As companies are increasingly
tokenizing their physical products, they will need to know how and
if their NFTs would be distinct from the physical assets to which
they correspond.

But for the here and now, while we await decisions in some of
these big cases, the USPTO can take steps to provide better clarity
on some important and practical issues. For instance, brand owners
who are not interested in minting NFTs should still be entitled to
protection against trademark infringement in the NFT space.

So how then will the USPTO treat applications in NFT classes
for identical or confusingly similar marks that are registered in
different classes that, under a traditional relatedness of goods
analysis, may not lead to a 2(d) refusal, but in reality it could
mean granting registration to someone trying to free ride on a
brand's goodwill in the NFT space.

To the extent the USPTO has ability to affect policy, it can
put pressure on NFT marketplaces to better protect IP. For
instance, a client contact of mine who is an art collector was in a
situation recently where the NFT he purchased in good faith was
discovered to be using artwork stolen from someone else. The NFT
was delisted from that marketplace and will bear a flag of being
fraudulent if it's listed anywhere else. In that instance, the
marketplace had put the onus on the rights holder in question to
report the infringement, and that's just a significant burden on
rights holders. It creates risk and uncertainty for both innocent
buyers and brand owners. Therefore, whether it's something akin to
the Amazon Brand Registry or to YouTube's use of AI to police the
content on its site, or just having better takedown mechanisms, I
think these solutions need to be explored.

Finally, on the question of the evolution of IP law, I'm
particularly interested in the way IP is being treated in the NFT
space and how traditional legal principles will apply.

For instance, as we all know, one of the most successful NFT
collections, the Bored Apes, famously give away all rights in the
IP of the NFT you purchase. You can monetize that artwork, turn it
into a logo, and use it as a brand to promote your own business.
It's been a successful model for Bored Ape, even though it's kind
of counter to traditional business practices.

But ultimately, when your customers have free rein over your
brand, how can you claim to be exercising control, such that the
brand is not diluted over time? I wonder if traditional principles
around naked trademark licenses will catch up to them eventually or
if that will evolve.

So anyway, those are just some of the topics that I hope the
USPTO is considering. I've really enjoyed hearing from my fellow
panelists who've raised some really thought-provoking issues that
I'm excited to discuss further. But that's all from me. Thank you
again.

<ANNA MANVILLE> Thank you. All very helpful. We're seeing some
prevailing themes, I think, and some common concerns and issues,
which is all very valuable for us to know. Our next speaker will be
Joe. I'm going to pronounce this, I hope, correctly. Guagliardo.
Thank you.

<JOE GUAGLIARDO> Thank you very much to the USPTO for the
opportunity. I'm Joe Guagliardo. I'm a partner at Dentons in the
Venture Technology group where I lead our global blockchain and
crypto practice. Dentons is the world's largest law firm, with a
presence in over 80 countries, to enable us to support a very
active blockchain and crypto practice for clients worldwide. I've
been practicing in this space for more than seven years, and work
now exclusively in blockchain and crypto.

We're on the cusp of what I consider to be another major
digital transformation that includes blockchain digital assets as a
foundational technology, along with AI, including generative AI,
and for all types of content that we're starting to see, and of
course, other emerging technology.

NFTs - nonfungible tokens - will be a part of it. I think
someday very soon, we will stop calling them NFTs, and it will just
be a background technology. But it's not going to have much to do
about digital collectibles or art selling for millions that we have
seen in the recent past.

It's really more about enabling immersive peer-to-peer,
consumer-to-consumer, business-to-consumer, and business-to-
business engagement. And naturally, when you enable that immersive
experience, there's going to be a conflict between this active
engagement with content and IP protection, particularly trademark
and copyright.

We saw these same challenges in the early days of the
internet, and we still have them today. Let me dispel a myth, a
little bit about NFTs in the IP context. They're not very different
or frankly, much more complicated, than the challenges we've seen
in the past with the early days of the internet, and frankly, the
internet today. It's complicated in some ways, but in many ways,
it's not very complicated.

NFTs, if you view them as really a digital wrapper-- at a
fundamental level, it's a digital wrapper for digital goods, for
physical goods, and/or for services. And obviously those goods, services, digital assets can be branded. You put a wrapper around anything and allow it to move freely in commerce and naturally you're going to have trademark issues like we're starting to see and of course we've seen in the past.

But it's important to understand we should be analyzing these issues under the same lenses we have in the past under trademark law. Is it confusingly similar? Is there a false affiliation? Is there a nominative fair use? Regardless of what kind of wrapper content or products are in, we still need to be looking through the same lenses.

Similar to the views that our financial regulators have in this space, who say this - the rules still apply regardless of how risk in the financial perspective is packaged. The same applies to trademarks, and we'll come back to that in just a minute.

So the opportunities -- this is a new way to package and track anything and everything. Tracking wallet to wallet, these digital assets, or what I'm calling the digital wrapper. It allows creators and brands to track this wrapper when it moved wallet to wallet. That includes things like provenance for products and services, where the NFT serves as a certificate of authenticity, obviously important for brand owners, and something that really we’ll start to see become more common, where they're finding new ways and using digital assets and wrappers to package content, distribute, and consume content in new ways.

It's a way for brands to connect on chain, i.e., blockchain, and off-chain data, to bridge brick and mortar and Web2 with the Web3 and the metaverse. I think that really, if you think about how brand owners reach consumers in Web2 - through web pages, sponsored links, sponsored content - and then track through registration or
other means, NFTs for brand owners are a way to engage with
customers, whoever those consumers might be.

We're starting to see that more and more, particularly with
dynamic NFTs, where an NFT is dropped, and then brand owners and
product owners can drop additional benefits into that, whether it's
a coupon for more products or engagement on other levels. It's
really becoming the way to sort of slice and dice what is otherwise
sort of a flat internet, for lack of a better way to explain it.

So what are the challenges? What makes sort of this digital
wrapper challenging for trademark owners? Well, the challenges are
many. I think it's important to understand that this digital
wrapper doesn't always wrap the contents perfectly. So, for
example, digital content may be saved and stored separately from
the digital asset or the digital wrapper itself.

We have many different blockchains, i.e., like operating
systems that have different standards. And even within the same
blockchain, each marketplace, where we may see royalties or they
may implement royalties, are implementing them in different ways as
a technical matter.

Terms and conditions are not always clear, either on the
marketplace or certainly when the NFTs are actually issued. It's
not clear if there's royalties that need to be paid, who's
responsible for paying them, and where they need to be paid. Again,
this is a technical challenge that is important for us to
understand as legal practitioners that the NFT itself is not
challenging, but getting royalties, collecting royalties, as a
practical matter, is.

Other issues, such as contract privity and enforcement issues
when we have downstream NFT owners. And then of course, the right
someone-- a few of you mentioned this earlier, the rights within
each NFT differ. And so I think consumers and owners and entities
may be confused, right? Do I own the content? Do I have a license to the content? And we're a little bit all over the place in terms of how brands and content creators have issued these NFTs and what rights follow them.

I think what's important for practitioners and for the USPTO to consider as we go forward, going back to my opening remarks, is that we need to apply the fundamentals the same way we have in the past to these wrappers. Except the challenge really is, like in finance, it's not always easy to know what's in these wrappers.

So, for example, when does a class 9 downloadable image of a painting authenticated by an NFT become class 42 software? When it actually has some more dynamic and interactive qualities, or a financial service, or an interactive game? Again, a different class, a different description, or all of the above?

With respect to NFT marketplaces selling digital art where the NFTs may represent fractional ownerships in something, or say, for example, real estate, is that a class 35 marketplace or is that a class 36 marketplace, right?

So I think we need to carefully consider as practitioners and the USPTO, carefully consider things like descriptions, classifications, allegations of use in commerce, as these NFTs become more common, and indeed, and most importantly, more dynamic.

Because someday, as I mentioned, we are going to drop the NFT and this will be a much more full part of our technology stack and use. So let's carefully understand the tech as it evolves and practice in a way that protects and enables branded content owners without stifling innovation.

<ANNA MANVILLE> Thank you so much. Thank you. Our next panelist will be Kimberly Maynard from Frankfurt Kurnit Klein & Selz.
Hello. Thank you. Good afternoon everyone.

I'm a partner in the Trademark and Litigation groups at Frankfurt Kurnit Klein & Selz. I'd like to start by thanking the USPTO for convening this roundtable and by thanking my fellow panelists for their comments.

I work with a variety of clients from an array of industries, many of whom are brands, both big and small, that serve consumers directly through retail offerings. Our clients are incorporating NFTs into their businesses and their brand building in a variety of ways. Some sell NFTs that point to unique digital art, often to be displayed in digital wallets, to be resold, or even, as an earlier panelist mentioned, to be exploited commercially by their purchasers in brand new creative works.

Others are using NFTs in advertising, incorporating their brands into digital artworks for purchase or giveaway, or allowing NFTs to be exchanged for entry into private events.

Beyond this, brands are exploring offerings in the digital world that incorporate their current offerings in the physical world. For example, companies are organizing all kinds of clubs - book clubs, wine clubs, art clubs. They're shipping books, wines, sculptures to their members through the traditional mail, while sending NFTs that verify the authenticity of their goods and also giving club members access, through those NFTs, to exclusive events with the authors and the winemakers and the artists. Lots of exciting things happening.

In addition to branding NFTs with their trademarks, brands are opening digital wallets and associating them with blockchain domain names that incorporate their trademarks, associating those domain names with social media handles, and with their websites, or eventually with their websites.
Thereby, and by using their trademarks, they're adding a layer of trust for consumers that are sending or receiving cryptocurrency or other NFT assets to or from the brand's wallets. So because of the otherwise anonymous and unregulated nature of Web3, brands' abilities to use their trademarks and consumers' abilities to rely on those trademarks as source indicators is even more critical.

So it's necessary, I think we all agree, that trademark owners be able to protect and enforce their rights in Web3. And while I think trademark registrations are a crucial first step, I don't think they can be the last step. So, for example, while some NFT marketplaces are committed to prohibiting the sale of infringing NFTs on their platforms, relying on this good faith is an imperfect solution, both because there's no legal requirement that marketplaces do this and because many infringers will simply respond to takedown notices by moving their NFTs from that marketplace to a different marketplace that does not help police trademark rights.

Instead, as Web3 grows, we hope that the USPTO considers the need for brands to be able to responsibly police their marks and work with marketplaces to remove infringements that cause confusion to consumers.

Second, while Web3 has so many benefits, the anonymous nature also leaves only the largest brands with the biggest budgets the ability to enforce their rights against anonymous infringers. And even then, it's difficult.

Smaller brands, new companies, individuals are often forced to let infringement go unchecked, harming not only the value of their brands, but also disincentivizing investment in new brands and perhaps more importantly, putting consumers at risk.

So laws that allow trademark owners to identify infringers and, when necessary, take action against them, either under U.S.
law or under the laws of other jurisdictions - in those
jurisdictions where the infringers reside - will help not only
existing brands, but new entrants.

Now, I recognize the USPTO can't do this alone, so we hope
that the USPTO will work with its counterparts worldwide, consider
international treaties and other accords, and discussions around
those treaties and accords, that are necessary to address
infringement, especially as it occurs anonymously and across many
borders.

Take blockchain domain names, for example. As blockchains
proliferate, so will the number of name collisions among blockchain
domain names. Even now, there's an infinite number of ways for a
bad actor to incorporate a famous, well known, or even other brand
into a blockchain domain name, creating the potential for confusion
that could cause consumers to mistakenly send cryptocurrency or
other NFT assets to an impostor's wallet.

Now, this isn't that easy now, but I think as the technology
evolves, it will become easier and easier to do. We need laws or
procedures, such as those already employed by WIPO for standard
domain names, that will allow brands to stop nefarious uses of
their trademarks in blockchain domain names.

Yet, as important as it is to have mechanisms by which brand
owners can prevent harm to consumers, I also think it's important
to have balance do that creativity can flourish and new companies
can enter the marketplace.

We hope the USPTO encourages trademark registration, but
requires that identifications be narrowly tailored to the specific
goods and services offered by the registrant, allowing space for
new entrants to register their own marks for their own narrowly-
tailored goods and services, and that the PTO also takes care to
understand the technology that underlies these products.
In conclusion, I agree with what many panelists have said - trademark law and policy already contemplates a lot of these and has the infrastructure for a lot of these mechanisms. It contemplates that registration should be narrowly tailored. The DMCA provides a starting place for notice-and-takedown procedures. WIPO's UDRP proceeding provides frameworks for addressing infringement through blockchain domain names.

So we encourage the PTO to take a good look at these guideposts and adjust them in a manner that protects consumers' interests, both in avoiding brand confusion and enjoying all of the benefits that NFTs promise. We think this is crucial to the success of Web3 and the trademark law. Thank you again to the USPTO.

<ANNA MANVILLE> Thank you. Thanks so much for those comments. And now we will move to Mark Jansen at Fenwick.

<MARK JANSEN> Thanks Anna. Thanks for having me. I'm a partner in the IP group at Fenwick and co-lead of our Blockchain & Cryptocurrency practice, and I work with some of the world's best-known tech brands on everything from brand strategy and protecting IP assets.

And among those clients, I'm privileged to represent the "who's who" of NFT collections and marketplaces. Of course, the views and opinions that I'm about to express here are my own and don't necessarily reflect the views or positions of those entities I represent. Just wanted to sidebar to that.

Just wanted to quickly clear up a comment made earlier and note that the Bored Apes don't actually freely give away their trademark rights and this is not a function of their license. Just to set the record straight.

But as others have discussed here today, there are a lot of novel questions because the road map has changed. It's changed
dramatically. The legal landscape we once knew in Web 1.0 and 2.0 just aren't applicable in this context.

I see a lot of questions about the transfer of rights and issues triggered by anonymity and whether the holder has a legal right to sell their NFTs and how to navigate international IP laws. And these issues are compounded by the decentralized narrative that underlies Web3. There's no central authority ensuring that the rule of law is deployed consistently and continuously, and accountability often falls to the user base.

And there's sort of this ethos in Web3 around keeping the community happy and doing that by keeping things open source, and in some cases, even building on what others have done without a license or without written authorization to do so. There's this general unwillingness to police aggressively.

And so there's a big question mark around how you fix that. What is the future of enforcement going to look like? There's already this disconnect between traditional brand owners who are keen on protecting the scope of their rights, and those in Web3 who don't see that as jiving with the goals of blockchain and the Web3 landscape.

But from an IP perspective, much of what is being built today relies on brand identity to help distinguish it from the competition. And more than ever, it's really critical to have kind of a strong, unique brand you can rely on to give consumers confidence and to have a cudgel for use in stamping out truly bad faith, unauthorized use cases.

We see a lot of use of copyright in this space, but copyright is really complex and the bounds of fair use and the scope of the DMCA are being tested as we speak. It's a useful tool as the space evolves, but I think we're likely to see a broader appreciation
for, an emphasis on brand rights, and a more proactive focus on maintaining those exclusive rights.

To that end, I think some guidance on the scope and the limits of trademark rights for really benefit brand owners and accused infringers and platforms alike. So the place to start is whether protection for physical products extends to the virtual good counterparts, which I know is an issue that's come up multiple times today. Basically, can an IP owner stretch their existing trademark rights to cover electronic or virtual products, for instance, NFTs?

As several folks have already previewed, there's quite a bit of disagreement on this point. And the surge and trend in major companies refiling applications for their marks for virtual goods and services suggests that brand owners think the answer is no, that protection does not extend to virtual goods. And this is also likely a function of brands diving into Web3 and looking to protect themselves and create defensive perimeters. But not every brand owner has the budget or the requisite intent to use to file in all these new verticals.

And the outcome of some of the recent cases that are percolating, like the Hermes challenge to Rothschild's MetaBirkin, will likely inform some of the strategy going forward. But a possible stopgap measure that the Trademark Office might consider implementing is a fresh version of its Technology Evolution Pilot Program that allows brand owners to amend the goods and services identified in their registrations. So you'll recall that this program allowed brand owners who were providing the same fundamental goods and services through an updated means, method or format to basically update their descriptions to cover these evolved goods and services. So if you're making printed children's books, you were all of a sudden eligible to amend to downloadable
electronic children's books if you no longer provided them in that
print format.

Well, to the extent parties seek to enforce these rights, they're still going to have to deal with the checkered landscape, right? We're not solving for that. There's always going to be some fact-based evaluation of the scope of the rights and likelihood of expansion by the brand owner and commercial relatedness between the real and the virtual goods. But this is an opportunity to update those registrations, especially for those who are adopting new technology, and it might help brand owners with the current uncertainties they face and give some long-term direction in terms of filing strategy.

Of course, with this kind of a pilot, the Trademark Office may also need to consider what kinds of specimens are appropriate to prove use. There's little precedent in the space and the existing examples presented that the— the Trademark Office put on a presentation on registering trademarks for newer technologies last month, and those examples were great and helpful, but they only give direction on super straightforward use cases: an NFT is offered for sale in a marketplace where there's a buy here button. Unfortunately, that kind of evidence isn't always available.

For instance, marketplaces look different across different chains. What if the NFT isn't available on a traditional marketplace or a marketplace at all, right? Like Jackie from Asics had mentioned, it's a fashion brand using it to illustrate provenance. So we need some further guidance on non-traditional specimens, and I think that would go a long way in giving brand owners peace of mind that they have the requisite use.

But in that same vein, we should also be considering class coverage, and this is an issue that's come up a lot. In the interest of time, I'll sort of shortcut this. Nine and 35 are core,
everyone's focusing on those. There are some big question marks around what we should do in 36 and 42 as alternative vehicles for these service offerings. We're seeing language being stricken from the ID Manual, things like issuance of tokens, and being replaced by archaic terms, like prepaid vouchers and gift cards. And so we're likely to see an uptick in programs like the Consistency Initiative and others used to harmonize this language. So getting ahead of it with additional direction and clarity on appropriate scope is likely to be invaluable going forward. Thanks again for having me.

<ANNA MANVILLE> Thank you. Again, if we have time at the end, people can provide a few additional comments and then also, please consider filing written comments. All right, so next we have Eliana Torres. And you are with Nixon Peabody, right?

<ELIANA TORRES> Yes, I am. And I'm going to share some slides. Hopefully you guys can see them. Okay. So hi everyone. My name is Eliana Torres. I am an IP associate at Nixon Peabody. I am also part of the Metaverse and IP team, and I'm just happy to be here. I'm also proud to say that I was a trademark examiner for six years at the USPTO. So really excited to be here, to come back and talk about this topic, that is something I'm very passionate about.

So I'll start with the first thing, the first point that I wanted to make. So, that's one of the NFTs I do own. That’s the image of it. I wanted to highlight the importance of trademarks, some legal challenges, and some technological challenges.

I'll start with the importance of trademarks. We've seen the uptick of trademark registrations, the majority of the trademarks or the top-ranking search words that have been noted by this website, highlight that NFT and blockchain digital as it has been rising, and the number of trademarks can highlight that and show that as well.
The importance of trademarks in the NFT space is mostly, as we know, to protect consumers from confusion as to the source of the NFTs, to protect the brands that are issuing these NFTs as they develop and the technology evolves and they develop their projects, and then to protect the existing brands with protectable works.

So we have some registrations that, I just want to show some examples of what we have in the Register, or they have not registered yet, but prior pending applications that are waiting to be examined.

Then we go into the infringement. Most of the issues that I've seen around NFTs are all trademark related. And this all starts in November 12, 2021. And this may not be an exhaustive list, just the major ones that I've noted, but we start with Playboy, also related to trademark use in a domain name.

Then we go to November 2021, January 14, and up to the most recent one, which is Yuga Labs. And I'm going really fast because I know we have a limited time. But the most recent one, which is Yuga Labs that is suing Ryder Ripps over the trademark infringement.

So these are all trademark related, and it's important for us to see kind of the legal landscape. None of these have any copyright infringement, which is one of the interesting parts. So I do like that the focus is on trademarks because it kind of highlights the importance of trademarks and NFTs.

Some of the legal challenges that I've noted-- this is from the presentation that the USPTO did a few weeks back, or a few months back. And, I don't know if I agree or disagree with class 9 being the correct classification for the goods and services. I say that because when you have an NFT, you have the buy it button, and that was shown as an example of a specimen that will be accepted. But the buy it button only takes the token into your wallet. There's not really anything that gets downloaded, and as we all
know, the TMEP requires that you show that something could be
downloadable for you to have a proper specimen in class 9. But the
image itself is no different than you going to a website, a stock
image website, and buying the image itself and downloading it with
right click and save.

The same concept happens with the NFTs. You're buying the NFT,
you get the certificate of authentication for that image or
whatever is hosted on a separate third-party website or URL or URI.
And that is a problem because this seems to be more of a non-
downloadable image, which was alluded to earlier by, Professor
Steiner I believe, and I do agree with that. I think this is more
of a non-downloadable image that you could potentially download,
but it essentially lives in a third-party website and I explain
that in the next slide.

This is how the NFT works - which you have the token, you have
the URI, which is essentially the URL with the image is hosted or
stored, and that is going back to the previous slide. That is the
issue that I have with downloadable image files being that you're
not really downloading anything. It is still hosted in a third-
party site.

And when consumers purchase these NFTs, they're not purchasing
the actual-- they purchase a token, but they also purchase the
associated, whatever it is that they're buying, the NFT associated
to the art or the video or the music. And that is what they're
buying. They're not buying the actual certificate itself. So that's
why I take issue with class 9 and I think that maybe a proper
classification may be 42 or 45, which was also brought up earlier.
Similar to kind of photography and stock image photos where you go
into a website and you purchase a photo, you're essentially buying
it from a service, someone who's providing the series of
photographs, and you download them for each one of them that you're
interested in.

Similarly, you go into an NFT marketplace and you get the NFT
that you want, but you're not really downloading that NFT. You're
kind of downloading the token to your wallet-- or not even
download, but transferring that to your wallet. Then you could
potentially download the image, which is the same way that you
could right click and save from any website. So that is my main
issue with class 9.

And then class 25 and the rest of the classes where you could
identify sneakers or clothing and then authenticate it by
nonfungible tokens. I don't really know how a consumer could show
use of it in those classes, because if they're issuing an NFT,
they're issuing the NFT and then they will have to show the actual
shoes. But how would they show that they're associated to the NFT
unless they show two separate things, the shoe itself and how it's
being certified or authenticated by the NFT. So if they were to
submit a picture of the shoe itself, that wouldn't really show how
it is tied to an NFT, and vice versa. If they show a picture of an
NFT, how would they show that this is actually a sneaker that's
authenticated by an NFT?

So those are my major issues with the classification, and this
is how I see it. I see it more of a--it's not as hosted in a non-
downloadable way. Then more of the technological challenges - and I
have limited time, so I'm going really fast - but we could have
locked metadata, which means that they could always alter where the
hosted image is, and that will help with the enforcement side. So
encouraging having unlocked metadata for NFT issuers, because that
URI could be replaced in case of infringement, and that could be
part of the education that the USPTO could continue conducting. I
know they're not in the informant side and more in the prosecution,
but educating the public will also be helpful. So, with that said, thank you, and I yield the rest of my time.

<ANNA MANVILLE> Thank you. Thanks very much. Next speaker is Addam Kaufman from Oracle.

<ADDAM KAUFMAN> Thank you. I'm a trademark and copyright attorney at Oracle, where I lead on blockchain technology and our domain name portfolio.

I want to talk a bit about NFTs in relation to IP use and IP enforcement. My focus is policy considerations on how to best protect our U.S. consumers.

NFTs are merely instruments to attach digital tokens to goods, as a lot of people have been talking about. They mostly present challenges in the goods that they're attached to, whether it's copyrighted materials, trademarked goods.

NFTs have enabled companies to offer semi-exclusive assets with chain-of-title tracking, which is good. In the news we've seen organizations deliver NFT “products” featuring their own copyrighted assets and allowing their customers to hold intangible assets in sort of a semi-exclusive manner and easily demonstrate to others a license for them to display those copyrighted works. That's good, but not all attached goods have been authorized by the IP owners.

Some cases have been mentioned covering disputes about IP owners, copyright owners, trademark owners, and other third parties who have been attaching or relating their NFTs to their goods. We'll see how some of those cases come out. But I think we need to consider how those infringing uses affect consumers who may be confused about the owner or source of these NFT products or the NFTs that are attached to other products.

One specific example I want to talk about today is Web 3.0 domains. I think it was already mentioned that the sunrise of Web3
domains has created a new era of cybersquatting. While I know that we've learned lessons from the last era of cybersquatting, I want to explore the functionality of NFTs that present some unique challenges that we need to consider.

I work on IP enforcement myself, particularly on the internet, and NFTs have already started to exacerbate the already difficult situation that we have with IP enforcement on the internet, where, frankly, it could be a game of whack-a-mole.

NFTs are anonymous and decentralized. They can be attached to content, they can act as an address to reach that content, they can be labeled with a third party's trademark, they can be attached to others’ copyrighted content. Individual NFTs can be issued by a vendor, and they can run on the blockchain with little recourse to track that actual owner and halt any down the road infringing uses.

Of course, we have to balance everyone's rights. But just with the internet we've had to figure out how to stop bad actors who have been hiding behind anonymous internet accounts. We've had to work with other jurisdictions outside the U.S. on laws that are sometimes inconsistent with our laws, and in some situations, provide incentives for service providers to allow bad actors to continue to infringe uses. These are hurting consumers with phishing schemes, malware, counterfeit goods, the list goes on.

IP enforcement against NFT infringements is seeing the same issues with vendors releasing NFT products without any reasonable measures to combat down the road infringement. U.S. laws such as 47 USC Section 230 shield internet service providers from liability for user behavior when those service providers provide certain mechanisms. However, NFT vendors seem to be relying on that argument without providing adequate IP mechanisms, and I think we need to provide incentive for them to provide these mechanisms and hopefully to have some sort of bargain and consideration of all the
balancing rights. Unlike domain names, NFTs have no central parties running the backbone that can implement rapid disablement processes nor even adequately track bad actors for a court action.

So these are some issues we're seeing. Trademark and copyright enforcements are starting to encounter walls in approaching NFT infringements, and we need tools like Section 230 that balance the considerations while incentivizing NFT vendors to implement IP protection mechanisms that are fundamentally absent from the technology itself.

I think something was mentioned in the last about metadata, permanent metadata. I think that's a good avenue, but I want to encourage our government to cooperate among nations, international organizations, and large vendors to incentivize and come up with solutions for vendors to provide IP mechanisms and help protect consumers from these bad actors that phishing, malware, counterfeits, etc. Thank you for having me.

<ANNA MANVILLE> Thank you. And we'll move on to our next speaker, who is Giulia Maienza from Herbert Smith Freehills.

<GIULIA MAIENZA> Thank you, Anna. Good afternoon everyone. And, of course, thanks a lot to the USPTO for hosting this panel and for this opportunity to discuss such interesting issue related to the relationship between trademarks and NFTs.

I’m Giulia Maienza, and I am an IP attorney at Herbert Smith Freehills, and today I would like to focus and give you a brief description of our experience in assisting some of our clients in seeking protection for assets associated with NFTs in the UK and in Europe.

As an example, our firm has experience assisting clients in the food and drink sector, in minting nonfungible tokens over alcoholic products and trading them through blockchain platforms. So thanks to this possibility of linking NFT to goods, clients have
been able to expand, of course they're offering at a global level, in the crypto asset market, to strengthen their brand identity and also to reach a new type of public.

So in this specific case in which we assisted companies, the minting of NFTs was related to redeemable products, and as I mentioned, for example, to prestigious wine and spirits, and with different key advantages for the marketing of these products. The creation of NFTs and their circulation on blockchain platforms facilitated, for example, to guarantee safety and to show authenticity, integrity, and traceability of the products and all the related documents. And just to mention, also allowed to, for example, to store the bottles in the company's safe storage, avoiding the risk of detriment to the products for external conditions or different high number of advantages. This experience has shown how NFT could be used as an effective measure, also to tackle counterfeiting.

In addition to this, of course, as it is the topic of this panel, NFTs were linked to images depicting the trademark owned by the company and these pose the issue that we have already hear about in all this roundtable thanks to the other panelists, related to filing of trademark in the relevant Nice classes.

Of course, this assistance was provided some months ago, so now the situation will probably change. As we already mentioned that the Nice classification will include this new definition of downloadable digital files authenticated by NFT in class nine.

But coming back to the kind of experience that we have, in addition to NFTs related to redeemable, real physical products, we have also assisted clients in relation to the minting of NFTs, which represented the experience designed for enhancing public engagement, and/or which are related to digital art realized by crypto artists.
So in this case, what was requested, and our experience was more related to, drafting the terms governed in the NFT and especially their incorporation directly into the NFT's metadata. These terms of course included also specific clauses related to license over the copyright and license over trademarks in relation to the underlying assets. This could certainly show how it's crucial for IP experts to be involved in drafting directly terms governing the NFT, which are included in smart contracts, because they could provide specific rules and try to mitigate the risk of IP rights infringement.

As the last remark I wanted to make is that, of course, the same natural smart contracts which restrict the possibility of simply amending the terms, render always more crucial to accurately regulate any key aspects and to set out specifically as regards IP rights, any specific kind of restriction or right in case of transfer. And in case, of course this NFT will circulate in the blockchain. So thanks. That was all for me, and thanks again.

<ANNA MANVILLE> Thank you. Thanks very much for that perspective, and we're doing pretty well on time. Thank you to all of those folks who are keeping us on track. And our next speaker will be Justin Pierce from Venable.

<JUSTIN PIERCE> All right. Hello and good afternoon. Thank you for having me. This has been a great session this afternoon, or day, depending on where in the world you are at. There's been a lot of great speakers and great insights and intelligence shared with all.

I am the co-chair, one of the chairs, of the Intellectual Property practice at the Venable law firm. I'm based here in Washington, D.C. We represent a number of clients, from large to small, and in that I think I'll use that to start the comments.
I do have some concerns, and a lot of people have cut into a lot of what I would like to say, and it's a good thing. I do want to start with this point, though, that when you do represent clients large and small, many small clients disproportionately feel the impact of brand enforcement.

If you're a small and innovative company and facing the challenge of having to enforce counterfeit or infringing NFTs, think about that tax on your resources as compared to what a large, sophisticated company who's got access to investigators, outside, in-house attorneys. And just think about the difference in sort of the state of play.

What role does the USPTO have in that? It has a role in the sense that it always has for its registry, that it provides notice to the public. It provides notice through registry, whether it's trademarks or patents. But in the trademark space, it allows people, again, whether it's an individual business or a large company, to get a sense of the risk, to get a sense of the landscape, to be informed about the IP rights associated, for instance, with a particular brand.

That in many ways doesn't exist in the world of NFTs. And I think the one area where the USPTO, particularly the Trademark Office, can help use its influence and study with that is to really push the ideal, much of the same solution that it solves by providing an open and worldwide accessible, obviously, probably one of the most popular IP registries globally, is trying to get others to do the same.

Obviously outside of the government, private industry has a different view of this, but we cannot thrive really when it comes to Web 3.0 or NFT world unless there is a little bit more uniformity and standards in terms of things like identity.
Identity is huge when it comes to enforcement. We've talked--
a number of us here, different experts from different firms and
industry, about how tough it is to do enforcement if you don't have
access to identity, or at least an idea of the identity of those
who are behind the infringement.

With that type of situation, things like decentralized domains
and NFTs that are being used for infringing purposes pose a huge
obstacle to actually free and open commerce and innovation in this
particular space.

I think the concerns that obviously generated what we have in
the Web3 world where we focus on privacy, sometimes privacy to the
detriment of other entities' IP rights. It's a tension that's
naturally there, and it's one that I think more investigation has
to be done at.

In order to get to the level of knowledge that might be
helpful, you always have to sort of play with the new technology or
tool that you're using. I'd like to see the USPTO, even through its
technology pilot program - that was something that was brought up
before - perhaps even experiment with using NFTs to represent IP
rights and see how that works. Maybe not in a way that would have
binding rights on anyone, but a way where we could experiment what
would happen if, for instance, an IP right that has a registration
is viewed itself as an NFT, or even a recordation, recording a
license or an assignment or a transfer of that right.

Next, in terms of a practical thing that I think will be very
useful in the spirit of talking about companies large and small,
something that's super helpful and that many of us have used are
the guides and manuals that are publicly available on the USPTO
website. A guide or manual on NFT and blockchain-related marks
might be something that would be quite useful as we are still
finding our way in this new world of Web 3.0.
Last, I'll talk about this, I think there needs to be more analysis and adaption in terms of the impact of NFTs on the interrelatedness between goods and services. A couple of examples, a few good ones, have been brought up already. Certainly, I thought it was quite visual, and I think many of you have experienced sort of the confusion that could happen between classes 9 and 25 when you talk about downloadable goods and clothing, particularly with the new technology around wearables. I recently have seen, on behalf of some clients, same questions and considerations even asked between digital goods that are in class 9 and, believe it or not, items that might fall into class 5 or 10 with respect to digitally-enabled ways to provide therapeutic benefits to patients or to various people using immersive technologies.

Those are the kind of things that are definitely going to be in the world of our future, and definitely the kind of things that I think all of us would like the USPTO Trademark Office to investigate and analyze further.

And with that, I'll conclude my remarks and yield the rest of my time back.

<ANNA MANVILLE> Thank you. Thanks very much. Well, we have one more speaker. And so we're going to circle back now to Peter Jackson from Greenberg, is it Glusker LLP?

<PETER JACKSON> Yes, that's correct. And I hope my video is on.

I guess I just want to reiterate some of the points that were made earlier around the need for more depth and clarification, I think, to the examiners around how to analyze the channels of trade that NFTs are used in when registered in a variety of classes.

I know there's been a lot of discussion around those things before, and I don't want to belabor this discussion and questions that people may have further, but I think that we've seen a pretty
inconsistent application in examination standards to date, not against my clients, but against the marks that we've had to watch. And so I think that the entire examination pool could use more clarity around the ways that NFTs should be analyzed from a confusion and registrability perspective.

Additionally, some of the technical solutions that were discussed earlier, including the pilot program, perhaps putting some of these assets and recordations on the blockchain, perhaps as an experimental feature, would be a forward-thinking approach that could lead us towards a future where there is more insight available to the public in general about the nature of trademark rights on a national or international basis, including with respect to smaller entities that may lack the sophistication, resources to determine what rights are out there.

And then, finally, I think that a lot of people have brought up sort of an inherent tension in some Web3 projects, which are the majority of the clients I represent in the trademark space, between the copyright or variations of copyright rights that may be given to owners of NFTs, vis-à-vis what is retained by the collection itself. And trademarks are all the more important because of the fact that certain license rights are given to holders of communities’ tokens by virtue of minting them. The brand still has an interest in protecting itself and the community from infringement and trademark rights are all the more important for that reason.

And with that, I'm just going to yield the rest of my time back and thank everyone else for their participation today. It's been very insightful to watch along while I inadvertently joined as an attendee rather than a panelist earlier. Thank you.

<ANNA MANVILLE> Thank you. I'm glad we were able get you to speak. Thanks to everyone. All of the information that you've
provided has been enormously valuable and helpful and will
definitely be considered as we work through this study. So we are
ahead of schedule and if the panelists would like to speak for an
additional minute or so on, make any additional points, or raise
any additional issues, I think we could do that.

And what I would ask is for people to turn on their camera and
then I will try to recognize people in the order in which I see
them, if that's something that the panelists are interested in.

Or if not, I do have one question that I'm wondering if any of
the panelists want to follow up on. I know some folks have
described or given definitions of NFTs in their comments, but I
think it's helpful if any others want to chime in, because we
consistently see people talk about NFTs in different ways, and so
if anyone wants to expound on their understanding of the definition
of an NFT, NFT as a good in trade or an NFT as an authentication
mechanism, what are people's understandings? Any clarification on
that point I think would be helpful. Or anything else you want to
speak about. So I saw Jessica first, so if you have a few comments,
let me know.

<JESSICA NEER MCDONALD> Sure. Thank you. I did just want to
mention going to the decentralized domain names, I think it's worth
mentioning that some, not all, are created equal and some have
reserved especially big brand names. So I don't think quite all may
be lost if you're just thinking - oh, it's got to be taken, it's
not worth exploring - not just from that standpoint but also there
is a wallet address that you can look towards contacting instead of
perhaps needing to subpoena a registrar because you can't get any
WHOIS information or anything like that. So I do think that there
is some potential there for brands to secure decentralized domain
names if they are interested. There's also things like ENS Fairy
which is specific to the Ethereum Name Service, where people have
reserved certain names for certain brands so that they can go and
pick it up for free. So there are other avenues there. There's also
the ability through that protocol to import your DNS to your
brand.com, you can actually use that as a decentralized identity,
which I think is definitely really interesting and helps avoid some
of potential name collision issues. Thank you.

<ANNA MANVILLE> Okay, thanks for that. I think, let's see, I
saw Joe Guagliardo next, if you'd like to add a few comments.

<JOE GUAGLIARDO> Yeah, sure. Thank you. Going back to my
original comments about sort of this digital wrapper, I think
understanding sort of the fundamentals of what's going on with this
technology, and really to simplify it in a very basic way is really
it's the blockchain is a read-only database in the simplest terms,
right? And so this NFT, and frankly, fungible tokens, really are
just a digital asset really, that's written to a read-only
database, right? And so at a basic level, it's a piece of
technology that, again, we're putting a wrapper around.

And you can do a lot of different things with that wrapper.
And I think the understanding is, we'll eventually - to my point
earlier - we're going to drop the NFT and really be dealing with
the digital asset that is personal to the individual who holds that
asset in their wallet.

And so I think if you start to think about it that way--
again, being able to package an NFT, or anything in this digital
asset, sort of helps us understand that really, this is just
another way to illustrate brands, propose brands, propose content,
make it available to people just like we do every day in the
Internet and Web 2.0. We're just now able to break it up into
pieces and engage with individuals who control that wallet,
individuals and/or entities.
And I think really, that's fundamentally what we're talking about here. And I think if we start to understand it in that way and break it down, then we can sort of really look at these legal issues around trademark and copyright, in particular, through the lens of the way we're typically looking at it.

And I think someone made the point earlier about it's very important for practitioners and the government to really start to use terms that make more sense for this space. I think referring to an NFT as a gift card or something like that is not right. It may be right in certain contexts, but I think to generalize and try to put a digital wrapper into a bucket of something that we've known in the past is really not a healthy way to be thinking about these things.

<ANNA MANVILLE> Okay, great. Thank you for that clarification.

And Eliana Torres, I think I saw you next.

<ELIANA TORRES> I think just to my last point, I agree with all the stuff that has been said already. I think it's important for us to keep educating each other and not just as practitioners, but educating the public about the consumer side, so whether they're purchasing the NFTs, I think the biggest issue I've seen is the website that replicate other websites that are illegitimate. So I think exploring, for the USPTO, exploring ways in how to work with the website to certify that the trademarks being used on that specific website are from the correct source. So whether that's a digital certificate that could be double checked. So kind of like Twitter has a blue check, having, like, a blue check on the website so that consumers can verify, okay, this is a trademark or that that's actually legitimate and this person has the right to have that blue check so that I could actually certify that I could mint from this site or I could buy from this site because it's secure and it has been double checked and it has been certified by the
USPTO. So some sort of certification with the trademark and maybe
opening the API so that the Trademark Office can work directly with
their websites, and they can verify the ownership once the register
kind of has that website in that domain. And they could kind of
work hand in hand as to that certification being automatic using
some sort of AI system.

<ANNA MANVILLE> Okay, great, thank you. Moish, do you want to
add a few comments?

<MOISH PELTZ> Yeah, thank you, Anna. To answer your question
about what an NFT is, I think we could all probably come up with
different answers. And Joe, I thought Joe's comments were
excellent. And I think this notion that an NFT, at least on a
Ethereum, has been described as-- there are different standards,
right? They're programmable virtual properties. And so you have
things like ERC-721 standard, which describes certain
characteristics or functions of one type of NFTs on one blockchain.
And even on Ethereum, there's now multiple standards. There's the
1155 standard, which talks about, thinking about, both fungible and
non-fungible and then semi-fungible tokens. So it's all very fluid,
and because it's open source and programmable and very dynamic,
these standards certainly will change going forward, and there will
be additional use cases that we have not contemplated.

And so that's where it gets frustrating when you start
thinking about, how do I describe a goods and services description
for that? And it's being shoehorned into something that may fit one
slice of what an NFT is, but it's prohibitive, perhaps, of a
broader function as it exists today and much more so as it may
exist going forward.

And so that's kind of the idea of staying flexible, and
hopefully by participating in it. I'll echo that on what Eliana
said, I would love to see this idea that the USPTO has an API which
authenticates a trademark, and then if you're a user on Twitter, you can say-- or on OpenSea that this NFT is validated by the USPTO to this trademark, and a green checkmark. Love that notion and would love to see the USPTO experiment. Thank you.

<ANNA MANVILLE> Great. Thank you. Addam, I think you were next. Addam Kaufman?

<ADDAM KAUFMAN> Yes. I want to kind of cover the same topic about identification for NFTs in trademarks and in trademark rights. And I think that we need to differentiate between the actual blockchain NFT technology and the services running on top of the NFT. So the service, someone may have a product that might be an NFT or a blockchain that is basically just a database—I think it was referred to earlier as, like, a digital wrapper—and that is one aspect of what they're putting forward. But there may be other services running on top of that—authentication for collectibles or for other avenues that they're going for something, some kind of service that they're providing. And so there may be those two differentiating services, and a product that they're putting forward. And so I think in terms of classification, we need to look deep into what they're actually offering and not just classify it as an NFT in one category of a product.

And I agree also with Joe's comment earlier that we need to kind of come up with the right terminology for that when we use terms I think he said, like a digital gift card or things like that, that's confusing, conflating the two things that we're talking about when there is a blockchain NFT product on top of some other service that they're providing.

<ANNA MANVILLE> Right. Okay, great, thanks. Natalia.

<NATALIA ARANOVICH> Thank you. Can you hear me?

<ANNA MANVILLE> Yes.
<NATALIA ARANOVICH> So I agree with everyone here talking, and I think we need to differentiate, because one thing is the NFTs, the technology, what the technology can be used for. The other thing is the digital asset. And I didn't realize that it's sold through the NFTs. So I didn't realize until I prepared this presentation the importance of the trademarks for the NFT works, because a lot of works, digital works, that are being sold through NFTs are called digital art.

But a lot of those digital arts are— I'm going to say they are produced through artificial intelligence, so they cannot be considered real art and cannot be copyrighted. So maybe those digital works, they're going to become brands, like we saw from the Bored Ape Yacht Club.

And I think that's very interesting to see how that's going to develop. So I think that's the important thing. We need to understand what we are selling, what we're buying through an NFT, and that's the digital asset and the other thing is to acknowledge the NFT and what can we use for. So that's it. Thank you.

<ANNA MANVILLE> Thank you. And I think our last speaker then will be Peter Jackson.

<PETER JACKSON> Sure. I'll just add one note. I think that Joe is completely correct on the technical side of this. And it's when we've trademarked— or we've attempted to trademark various registrations for on behalf of clients in the Web3 space— there's always a question of what classes you should go into. And really there's quite there's quite a few that are potentially applicable.

And I think that it's important not to cabin the discussion to one or another or some group because it really may differ depending on the nature of what is being provided or whether it's goods or services. In some cases, it's both. And I think that to take it a step broader beyond sort of the technical definition into the
common parlance, I think it's important to remember that these are truly brand identifiers for people.

And I will just cite Eliana's presentation. On her, I think first slide, when she was discussing the NFT she holds - it was a Cool Cat. And from the perspective of people that are - if you can believe it - younger than me, in Gen Z and the generations that are quite young, this is today's brand identifier in many cases. Association between oneself and one's digital identity. And some of these brand identifiers like Cool Cats are just enormously important. And because of the fact that they are minted and variations that are often quite similar to each other, it's important for the community to be able to have some ability to fend off sort of counterfeited or illegitimate versions of the collection because that defrays the ability to identify oneself as an early adopter or a true member of a participatory environment in which things are being created that may change over time.

<ANNA MANVILLE> Great, thank you. Well, enormous thanks to everyone on the panel this afternoon and throughout the day, all of the panelists. We've learned a lot, we have a lot of issues to explore. And again, I just want to encourage those folks who want to provide written comments to submit them by the February 3 deadline.

And now our roundtable is adjourned. Thank you all very much.