

JANUARY 2022

DEVOTED TO
LEADERS IN THE
INTELLECTUAL
PROPERTY AND
ENTERTAINMENT
COMMUNITY

VOLUME 42 NUMBER 1

THE *Licensing*
Journal®

Edited by Gregory J. Battersby and Charles W. Grimes



Wolters Kluwer



Brand Licensing

Mark Biernacki and Akiv Jhirad

Branding in the Metaverse — How Brand Owners Can Find Growth in the Virtual Realm

Facebook's recent re-branding to Meta¹ has significantly increased interest in the "metaverse." Although the concept of the metaverse is still evolving, it is generally understood to be a persistent virtual environment where users can interact with each other, and increasingly with brands. The term metaverse refers to a virtual world that incorporates augmented reality, virtual reality, 3D holographic avatars, video, and other means of communication, where people can "live" and interact in real time with others within a digital universe. The metaverse offers the potential for individuals to gather online for work, play, and connecting to friends, family, and colleagues through everything from concerts and conferences to virtual trips around the world.

This new environment will pose both challenges and opportunities for brand owners seeking to extend their engagement with consumers to the virtual world. For instance, brand owners seeking to promote their trademarks in the metaverse may be able to do so through a variety of means, including virtual billboards, hosting virtual sponsored events, and even in virtual "malls" where consumers may explore a brand owner's virtual offerings. Indeed, some brand

owners are already actively engaging with consumers in the metaverse, through various decentralized game applications and by selling exclusive virtual clothing lines using NFT technology or digital tokens that can be used to represent ownership of unique digital assets on the Ethereum blockchain.

How Brands Are Currently Engaging in the Metaverse

One early avenue for brand owners to engage with consumers in the metaverse has been to offer scarce or "limited edition" digital versions of goods through online games and digital marketplaces. For example, Louis Vuitton's *Louis the Game* allows players to customize their own avatar with virtual Louis Vuitton branded prints and colorways embedded in the game as NFTs.² Not to be outdone, Dolce & Gabbana has created an exclusive line of branded NFT-based digital wearables that also provide fans of the brand with the additional benefit of gaining access to the physical form of the wearable at an exhibition IRL (in real life), creating a unique integration of their branded digital and physical goods.³

Brand owners have also started collaborating with existing metaverse-like online platforms to release exclusive digital items, which is providing access to a new segment of younger digitally-savvy

consumers. For instance, Gucci recently collaborated with the popular online game Roblox to provide players with the chance to win a limited digital version of their Gucci Dionysus bag. Remarkably, the digital version of the bag was re-sold on the Roblox marketplace for over \$4,100, exceeding the price of a physical Gucci Dionysus bag.⁴

Protecting and Enforcing Brand Rights in the Metaverse

Well-executed marketing efforts in the metaverse, such as the above-noted examples, may increase brand loyalty (particularly among younger tech-savvy consumers) and increase sales of both digital and IRL (real-world) goods. However, as more and more brand owners start offering branded digital goods and services in the metaverse, trademark infringement and counterfeits will inevitably follow. Since the exact form of infringement may be difficult to predict, it will be important for brand owners to secure enforceable trademark protection that extends to the metaverse.

Brand owners who fail to secure their trademark rights for virtual goods and services may find it difficult to combat infringement and effectively enforce their rights in the metaverse. Some forward-looking brand owners have already taken steps by applying to register their trademarks for goods and services relating to the metaverse, including downloadable virtual goods for use in online virtual worlds, retail stores featuring virtual goods, and providing digital collectible services.

Some recent examples of brand protection in the metaverse include the following:

- Nike recently made headlines⁵ by filing trademark applications with the United States Patent and Trademark Office for such goods and services for many of its iconic brands like NIKE (Application # 97095855), JUST DO IT (Application # 97096236), and its AIR JORDAN logo (Application # 97096945);
- Converse has also filed multiple applications to obtain trademark protection for virtual goods and services for its famous marks, such as the well-known ALL STAR CHUCK TAYLOR logo (Application # 97107382); and
- Abercrombie & Fitch has filed trademark applications for its bird and moose silhouette

designs (Application # 97106352 and 97106342) covering virtual goods.

Conclusion

The metaverse provides challenges and opportunities for brand owners seeking to engage with a new consumer base and increase brand loyalty using digital and virtual goods and services. As more and more brand owners begin providing goods and services in the metaverse, it will become increasingly important to secure trademark protection for virtual goods and services to combat inevitable infringement.

This article has been reproduced with permission from the original publisher Smart & Biggar.

The preceding is intended as a timely update on Canadian IP and technology law. The content is informational only and does not constitute legal or professional advice.

Mark Biernacki is a Barrister and Solicitor, Patent and Trademark Agent, and Partner in Smart & Biggar's Toronto office. He is known for his broad IP litigation experience and expertise in all areas including patents, trademarks, copyrights, and industrial designs.

Akiv Jhirad is an articling student in Smart & Biggar's Toronto office. He received his Juris Doctor from The University of Western Ontario and graduated McMaster University with a master's in Biomedical Engineering and a bachelor's in Electrical and Biomedical Engineering.

1. <https://about.fb.com/news/2021/10/facebook-company-is-now-meta/>
2. <https://www.highsnobiety.com/p/louis-vuitton-nft-game/>

3. <https://unxd.com/drops/dolce-gabbana-collezione-genesi?selected=overview>
4. <https://www.usnews.com/news/business/articles/2021-06-09/gucci-digitally->

[outfits-gen-z-in-metaverse-foray-with-roblox](https://www.cnbc.com/2021/11/02/mike-is-quietly-preparing-for-the-metaverse.html)
5. <https://www.cnbc.com/2021/11/02/mike-is-quietly-preparing-for-the-metaverse.html>

Copyright © 2022 CCH Incorporated. All Rights Reserved.
Reprinted from *The Licensing Journal*, January 2022,
Volume 42, Number 1, pages 17–19, with permission from Wolters Kluwer,
New York, NY, 1-800-638-8437, www.WoltersKluwerLR.com

