

Trademark Squatters Beware: How Fashion Trademarks Translate to the Metaverse

By Andrea Lim

The metaverse is the new wave of technology. This virtual landscape has expanded drastically in the past few years as it extends to all aspects of our lives, even the legal industry.¹ The metaverse can be described as a mix of different virtual reality spaces, each with “its own access, avatars, interactions and currency.”² Out of all industries that have tapped into this new real estate, one industry has been on the forefront: fashion.

Fashion brands — such as Dior, Burberry, and Nike — have captured the fun and whimsical world of the metaverse.³ Gucci’s recent partnership with Roblox has created new avatar wardrobes, accessories, and even a little town within the virtual landscape.⁴ With the ability to create online versions of their products, brands no longer need to deal with high labor costs and material shortages as they do in the real world.⁵ However, this opens the door for third-party individuals to claim the brand’s success as their own for commercial benefit.

The term “trademark squatters” describes “a situation in which a company or individual registers a trademark that protects a good, service, or trading name of another company.”⁶ Most of the time, the company with the good, service, or trading name has built up a reputation and name recognition, but it has not registered a trademark, which leaves the door open for trademark squatters.⁷

With the new wave of the metaverse, trademark squatters have been popping up with each new metaverse/fashion brand partnership. Most recently, trademark squatter applications for metaverse-use of Gucci and Prada were examined by the United States Patent and Trademark Office (USPTO).⁸ Notably, Gucci’s and Prada’s lists of trademark registrations do not specify virtual goods, retail service and/or entertainment services on virtual goods within its list of goods and services.⁹ The squatters viewing the lack of virtual items on the list, registered for

¹ See *Benesch Establishes Presence in the Metaverse*, BENESCH (Jun. 26, 2022), <https://www.beneschlaw.com/resources/benesch-establishes-presence-in-the-metaverse.html> (lasted visited Sep. 12, 2022).

² Examples of these virtual landscapes include Fortnite and Roblox. Deborah Lovich, *What Is The Metaverse And Why Should You Care?*, FORBES (May 11, 2022, 07:45 AM), <https://www.forbes.com/sites/deborahlovich/2022/05/11/what-is-the-metaverse-and-why-should-you-care/?sh=1e20fa732704> (Last visited Sep. 12, 2022).

³ Dior recently partnered with Ready Player Me, allowing digital avatars to purchase exclusive Dior fragrances. While, Burberry and Nike have both created exclusive non-fungible tokens (NFTs) based on their own products. *Top 10 Fashion Brands Embracing the Metaverse*, PROJECT PRACTICAL, <https://www.projectpractical.com/top-10-fashion-brands-embracing-the-metaverse/> (Last visited Sep. 12, 2022).

⁴ Maya Ernest, *Gucci partners with Roblox to launch ‘Gucci Town’ metaverse world*, INPUT (May 31, 2022), <https://www.inputmag.com/style/gucci-roblox-metaverse-world-gucci-town> (Last visited Sep. 12, 2022).

⁵ Mark Ellwood, *Luxury Brands Are Already Making Millions in the Metaverse*, BLOOMBERG (Dec. 9, 2021, 12:30 AM), <https://www.bloomberg.com/news/articles/2021-12-09/luxury-fashion-brands-are-already-making-millions-in-the-metaverse> (Last visited Sep. 18, 2022).

⁶ Carsten Fink, Christian Helmers, & Carlos Ponce, *Economic Working Paper No. 22: Trademarks Squatters: Evidence from Chile*, World Intellectual Property Organization, 1 (Sep. 2014), https://www.wipo.int/edocs/pubdocs/en/wipo_pub_econstat_wp_22.pdf (Last visited Sep. 12, 2022).

⁷ *Ibid.*

⁸ *No Metaverse Registration? No Problem, USPTO Shuts Down Gucci, Prada Squatters*, THE FASHION LAW (Sep. 1, 2022), <https://www.thefashionlaw.com/no-metaverse-trademark-registration-no-problem-says-uspto-over-gucci-prada-applications/> (Last visited Sep. 12, 2022).

⁹ *Id.*

trademarks of the brands for metaverse-use, arguing that because the virtual goods and services were different from the real-world goods and services, their applications were valid.¹⁰

However, the USPTO saw past this, rejecting the squatters' applications.¹¹ The examiner explained the applications were "related to [the brands'] registered goods and/or services," and the metaverse products were "just virtual versions of the registered goods."¹² The real-world trademark rights fully translated to the metaverse as the goods were still notably recognized, thereby shutting down the opportunity for other trademark squatters to take away from other fashion brands.¹³

Although many brands may not account for the virtual versions of their goods and services in their trademark registrations, the idea of "goods and services" still encompasses those that are used virtually within the metaverse. The metaverse itself may be a new frontier for companies and organizations, but it may not be as novel as we think. Maybe the metaverse is just our reality but on a different scale.

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*