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AVIP

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TRADEMARKS AND THE NICE CLASSIFICATION FOR THE METAVERSE

Introduction

In the year 2022, the Non-Fungible Token (NFT) market reached its pinnacle, with sales exceeding \$24 billion. This market has been experiencing rapid growth, prompting major global corporations to prepare for a presence in the virtual realm of the metaverse. Since 2022, the metaverse and NFTs have taken center stage in discussions surrounding intellectual property (IP). IP owners must remain vigilant, watching for potential IP infringements within the metaverse.

Blockchain technology serves as the backbone, maintaining a permanent digital ledger that is recorded and stored among the nodes of a computer network. The blockchain ensures a secure and decentralized record of transactions, with control collectively retained by all users rather than a single individual or organization.

Non-Fungible Tokens (NFTs) are built upon blockchain technology, serving as unique, irreplaceable digital identifiers used to verify ownership and authenticity. A "smart contract" links NFTs to an underlying asset, specifying its details and potentially including associated IP rights. Smart contracts can establish a legal agreement, defining the terms of sale between the seller and buyer through source code, allowing both parties to determine how interactions with the content will occur. NFTs are recorded on a blockchain and can be transferred from one owner to another, taking the form of artworks, photos, videos, and audio files.

IP rights infringement in the Metaverse

The metaverse's new world order remains largely unregulated at this point, but many countries are taking steps towards formulating legislation for it. Major brands such as Louis Vuitton, Walmart, Balenciaga, Nike, and others are actively leveraging the metaverse by establishing virtual stores and introducing virtual products even before their physical counterparts. Given the metaverse's status as an endlessly expanding market, it's attracting millions of users. Consequently, it becomes paramount for trademark owners to safeguard their brand identity within the metaverse. This underscores the obligation of the intellectual property (IP) community to address several critical issues, including brand identity and protection, the rights conferred to token holders during NFT minting, and the IP rights conveyed with the purchase of an NFT.

Brand owners are currently grappling with several undeniable points of contention, chief among them being the abundance of preexisting trademark registrations for physical goods, which may or may not offer adequate protection in the virtual realm. An illustrative case of this challenge is found in *HERMES INTERNATIONAL, ET AL. Vs. MASON ROTHSCHILD*, where Mason Rothschild created a digital art project called Meta Berkin, drawing inspiration from the prestigious Hermes handbag, the Birkin. Rothschild proceeded to sell digital image editions online, amassing a total income exceeding one million dollars.

In response, Hermes filed a lawsuit against the artist, alleging that Mason Rothschild was merely a "digital speculator" seeking quick riches by appropriating the Hermes brand. Rothschild was accused of "misappropriating the goodwill associated with Hermes' renowned intellectual property to develop and market his own line of products." Additionally, Hermes contended that consumers might confuse Rothschild's Metaberkin NFT with the genuine Hermes product, the Birkin.

Following a week-long trial, the jury ruled in favor of Hermes, awarding them USD 110,000 for trademark infringement and USD 23,000 for cybersquatting. This verdict underscores the principle that preexisting trademark rights in the physical world can extend to virtual goods within the metaverse. However, even with



this verdict favoring Hermes, a considerable need for clarity persists, particularly for real-world brands that may not intend to promote or sell products within the virtual space. Challenges are anticipated for such brands as they navigate this evolving landscape.

In another noteworthy lawsuit, *YUGA LABS, INC. Vs. RIPPS*, the court made a significant declaration that NFTs should be considered as goods under the Lanham Act, rather than being classified merely as digital images. This case delved into issues related to trademark rights associated with NFTs. Yuga Labs, the creator of the Bored Ape Yacht Club (BAYC) NFT collection, accused Ripps of various infringements, including trademark infringement, cybersquatting, false designation of origin, and unfair competition, among others.

Ripps argued that his *Ryder Ripps Bored Ape Yacht (RR/BAYC)* project was a parody of the BAYC project and constituted a fair use of the same. Additionally, Ripps filed a motion under the Strategic Lawsuits Against Public Participation (SLAPP) statute, alleging that the lawsuit was intentionally causing emotional distress. However, the judge struck down these claims.

The court determined that the Rogers test, often used to assess the use of trademarks in artistic works protected by the First Amendment, did not apply in this case because the sale of RR/BAYC did not qualify as artistic work under such protection. Furthermore, Ripps' use of BAYC NFTs was not considered fair use, as he used them to promote his own RR/BAYC project. It's worth noting that Yuga Labs did not accuse Ripps of copyright infringement, possibly because those rights had been transferred to the buyers upon purchasing the BAYC NFTs. Despite the transfer of copyright with the NFT sale, Yuga Labs did not relinquish its trademark rights in the BAYC marks.

The key takeaway from this court verdict is that acquiring an NFT does not automatically grant ownership of the intellectual property rights associated with the underlying asset or the artwork contained in the NFT, unless such a transfer is explicitly agreed upon by the owner.

As the number of national registrations of trademark applications for virtual reality products continue to proliferate, and the legal complexities rise in the metaverse, European Intellectual Property Office (EUIPO) cleared that virtual goods and NFTs will be classified in line with principles of the NICE Classification. When it comes to filing an application for trademark and protecting the virtual goods and in the

metaverse, both UKIPO & EUIPO were of the view that simply classifying “virtual goods” alone is not sufficient to provide the level of clarity needed, and additional details would be required, to specify the content to which the goods relate; for example, “digital art authenticated by non-fungible tokens (NFTs). They also suggest that classification of “non-fungible tokens” alone would not be sufficient, therefore, the specific type of digital item authenticated by the NFT will have to be specified. WIPO has classified virtual goods as “downloadable digital files authenticated by NFTs” as a class 9 good, because the goods to which it relates consists of data, such as digital images or art.

The International Trademark Association (INTA) has taken steps to address the challenges posed by the metaverse and Non-Fungible Tokens (NFTs) by publishing two white papers. These papers, titled “Trademarks in The Metaverse & Non-Fungible Tokens (NFTs)”, aim to offer guidance and promote uniformity in the classification of trademarks within the metaverse and for NFTs. INTA's whitepapers propose two potential solutions. The first involves creating a new classification, Class 46, specifically for virtual goods and services. Alternatively, they suggest allowing applicants to file their virtual goods and services within the same class as their physical counterparts. Both of these approaches seek to provide a framework for organizing trademarks in the virtual realm.

Furthermore, the papers call upon courts and tribunals to exercise flexibility when making determinations related to enforcement within the metaverse. This recognition of the unique challenges presented by the metaverse and NFTs underscores the need for adaptability and thoughtful consideration in the legal and regulatory landscape surrounding intellectual property in these emerging digital spaces.

The white papers also delve into filing strategies, taking into consideration the current practices of the United States Patent and Trademark Office (USPTO) and the European Union Intellectual Property Office (EUIPO). Trademark applications seeking protection for virtual goods and services in the metaverse have predominantly been filed under classes 9, 35, 36, 41, and 42. Notably, virtual goods often find themselves filed under class 9, regardless of whether they have physical counterparts. One of the solutions proposed by INTA is the creation of a new Nice class, Class 46, specifically tailored for digital goods and services. While this idea garnered support

from many stakeholders, there were opposing arguments advocating for the registration of virtual goods under the same class as their physical counterparts. INTA's CEO, Etienne Sanz de Acedo, emphasized the organization's role as a thought leader within the global intellectual property community. INTA recognizes the importance of developing resources like these white papers to address issues that have rapidly outpaced legal frameworks and require thoughtful guidance and discussion within the legal world.



The United States Patent and Trademark Office (USPTO) has provided guidance in relation to extending trademark protection in the metaverse under the relevant classes:

- Class 9: downloadable virtual goods, i.e., computer programs containing footwear, clothing, sports equipment, art, toys, and accessories for use online in online virtual worlds.
- Class 35: retail shop services of virtual goods, namely footwear, clothing, sports equipment, art, toys, and accessories for use online in online virtual worlds; online retail shop services of virtual goods, namely footwear, clothing, sports equipment, art, toys, and accessories for use online in online virtual worlds.
- Class 36: virtual financial services; including creation and issuance of NFTs, digital assets, digital tokens, crypto-tokens, utility tokens, cryptocurrencies, digital currencies, and virtual currencies. Distribution, trading, lending, exchange, storage, and transmission of NFTs, digital assets, digital tokens, crypto-tokens, utility tokens, cryptocurrencies, digital currencies, and virtual currencies.
- Class 41: Online, non-downloadable clothing and accessories for use in virtual environments and; non-downloadable virtual goods, including digital collectible images using NFTs and blockchain technology, and collectible series of images as embodied in NFTs.
- Class 42: Creation of online retail stores for others in the nature of web-based service.

Concluding Remarks:

In response to the uncertainties surrounding the metaverse, brand owners have taken proactive measures by filing trademark applications under class 9 to secure trademark protection. This shift has consolidated a wide range of virtual goods and NFTs, which previously spanned multiple classes, into a single category, class 9. Regardless of the nature of these virtual goods, they are now grouped under class 9.

However, this concentration of virtual goods under class 9 presents challenges. It risks overcrowding this class, thereby defeating the original purpose of the Nice Classification system, which is designed to facilitate the organization and searching of goods and services. Moreover, as commercial activity within the metaverse continues to grow, it becomes increasingly evident that clearer regulations will be necessary in the years to come to address the unique dynamics and complexities of this emerging digital landscape.



IP UPDATES

Azerbaijan: Wipo's Geographical Indication Project



WIPO's delegation visited Azerbaijan and was led by Mr. Hasan Kleib, Deputy Director General of the World Intellectual Property Organization (WIPO). Mr. Hasan iterated that the project would consist of several stages which will also involve meetings with many entrepreneurs. He said that the focus will mainly be on brand, packaging, and business strategy. He emphasized on the positive outcomes of the projects that were implemented by WIPO in Indonesia, Bangladesh, Pakistan, and other countries.

Bahrain: Reduction Of Patent Fees For Individuals



In a noteworthy move aimed at stimulating innovation and reinforcing support for intellectual property rights, the Ministry of Industry and Commerce in Bahrain has introduced progressive fee adjustments. This initiative entails a reduction in the official fees for Patent registration specifically designed to benefit individuals. The Ministry's announcement regarding this reduction was published in its Official Gazette No. 3699 dated September 21, 2023.

Service	Previous Official Fees	Current Official Fees
Filing an application for a patent	270 BHD (equivalent to 716 USD)	40 BHD (equivalent to 106 USD)
Substantive examination of an application by the National Patent Office	280 BHD (equivalent to 742 USD)	250 BHD (equivalent to 663 USD)
Publication and grant fees	160 BHD (equivalent to 424 USD)	50 BHD (equivalent to 132 USD)

With the implementation of these new regulations, individuals can now take advantage of these fee reductions, simplifying the process for inventors to safeguard and share their innovative ideas.

Egypt: Egyptian Authority For Intellectual Property (eaip)



The Ministry of Supply and Internal Trade announced the formation of the EAIP by Ministerial decree number 163 of 2022. EAIP will replace the General Administration of Trademarks, Industrial Designs and Models of the Ministry of Supply and Internal Trade in relation to all IP matters. EAIP will become the point of contact for applicants and agents regarding new filings, renewals, and records.

Israel: Cp3 Implementation



The Israel Patent Office (ILPO) published a practice paper on the distinctiveness of figurative marks containing descriptive/non-distinctive words. It aims to provide guidance on how to examine figurative marks containing descriptive/non-distinctive words considering the absolute grounds for refusal. The paper is divided into two parts, the first part provides the criteria for practice, while the second part provides explanation of the specific criteria applicable in each case. This comes into existence through a combined effort of the ILPO and the European Intellectual Property Office (EUIPO) on finding common grounds with the criteria listed under the Common Communication on the Common Practice on Distinctiveness of Figurative Marks Containing Descriptive/Non-Distinctive Words, developed by the European Union Intellectual Property Network (EUIPN).

Pakistan: Adoption Of New Regulations For Designs Rules



The Federal Government of Pakistan has adopted new regulations for Designs Rules, 2023 which published in the Official Gazette Part-II on March 11, 2023, and came into force immediately thereafter.

Key highlights of the new Designs Rules, operating under the Registered Designs Ordinance, 2000, are as follows:

- Fees: Official fees related to design matters have been subject to an increase.
- New Classification: The adoption of the Locarno classification of articles has brought about significant changes, expanding from the previous 12 classes to amore comprehensive 32-class system. The 14th edition of the Locarno Classification can be referenced for this purpose.
- Representations: Design representations can now take various forms, including drawings, photographs, three-dimensional models, or any combination thereof, encompassing both color and black-and-white representations.
- Timeframe for Examination Report Response: Applicants are allotted a two-month window from the issuance date of an examination report to provide their responses. This period can be extended for up to six months, subject to the payment of stipulated fees.
- Design Registration Certificate: To secure a design registration certificate, applicants must submit formal request subsequent to examination, accompanied by the required official fee.
- Publication of Registered Designs: Following registration and the issuance of the registration certificate, an appropriate representation of the registered design will be published in the Patents Journal, alongside other pertinent details.
- Restoration of Lapsed Designs: If a design registration lapses due to non-compliance, restoration can be initiated within a six-month timeframe. This entails filing an extension request along with the prescribed late fee.
- E-filing: The new rules introduce the possibility of electronic filing, contingent upon the readiness of the online portal to accept design applications.

These regulatory changes signify Pakistan's commitment to modernizing its intellectual property framework, making it more robust and aligned with contemporary global standards.

Qatar: Workshop On Intellectual Property



The Ministry of Commerce and Industry, in co-operation with Qatar Foundation, organised a workshop for the students of Qatar Academy Doha, about the concepts of intellectual property rights. This workshop covered several topics, which included general concepts of trademarks, registering trademarks, and how to differentiate between original and counterfeit products. The workshop also included an introduction on patents, copyrights, artificial intelligence, and the laws regulating intellectual property.

Saudi Arabia: Patent Prosecution Highway



The Saudi Authority for Intellectual Property (SAIP) has effectively launched a joint Patent Prosecution Highway (PPH) in collaboration with the Intellectual Property Office of Singapore (IPOS). This agreement between SAIP & IPOS has been designed to streamline the examination process for applications submitted to participating intellectual property offices. Under PPH, an applicant who receives a positive ruling on the patent claims from either SAIP or the IPOS may request accelerated prosecution of the corresponding claims in the other office. It is worth noting that prior to establishing the Joint PPH with Singapore, SAIP had already entered into similar agreements with European Patent Office (EPO), the United States Patent and Trademark Office (USPTO), the Japan Patent Office (JPO), the Korean Intellectual Property Office (KIPO), and the China National Intellectual Property Administration (CNIPA).

This strategic move underscores SAIP's commitment to fostering a conducive environment for innovation and IP protection, further enhancing its standing in the global intellectual property landscape.

Turkey: Government Increases Fees And Vat Rates For Ip Services



The Turkish government announced a 50% increase in official fees and VAT rates, including those charged by the Turkish Patent and Trademark Office (TPTO). Increase in the official fees and VAT rates have resulted in adjustments of the fees charged by TPTO to the official fees for the Electronic Patent and Trademark Applications. Staying informed about the revised fee structures will enable the stakeholders to comply with the new regulations imposed by TPTO.

Turkmenistan: The Eurasian Patent Office (eapo) And Turkmenistan Continue To Cooperate To Develop Ip System



The President of the EAPO, Grigory Ivliev, visited Turkmenistan for a meeting with the Minister of Finance and Economy (MOFE), Serdar Jorayev. MOFE of Turkmenistan coordinates the work of the national patent office, the State Service of Intellectual Property. The President of EAPO also attended the opening ceremony of the smart city of Arkadag. This project was initiated by the National Leader of the Turkmen Nation, Gurbanguly Berdimuhamedov.



INDIA: TRADEMARK CASES



PEPSICO INC. & ANR. (Plaintiffs) vs PARLE AGRO PRIVATE LIMITED (Defendant)

CASE NUMBER – CS(COMM) 268/2021, I.A.

7170/2021 & I.A. 9591/2021

Decided on: September 18, 2023



The present suit was filed by the plaintiffs against the defendant for seeking a permanent injunction for using the tagline “For The Bold” in relation to its products. The defendant

has filed an Interlocutory application for grant of leave to defendant to file a rectification petition challenging the registration of plaintiff's “For The Bold” trade mark. It is alleged that plaintiff's product which, instead, employ taglines such as “FOR MORE BOLD EXPERIENCES”, “SNACK BOLDLY”, “BOLD CRUNCH”, “BOLD FLAVOUR” and “DO YOU SNACK BOLD”. The Hon'ble Delhi High Court addressed the subject of a tenable challenge to a registered trademark's validity in relation to the defendant's application under Section 124 of the Trademarks Act. The Hon'ble Court concluded that there is no prima facie case or balance of convenience in favor of the plaintiff to warrant an interim order restraining defendant from using the 'For the bold' tagline. And the court also noted that plaintiff would not suffer irreparable loss if the defendant continued to use the tagline and therefore declined to issue an interim order in plaintiff's favor.

APPOLO BURN HOSPITAL (Petitioner) vs APOLLO HOSPITALS ENTERPRISES LTD. (Respondent)

CASE NUMBER: A.Nos. 2890 & 2892 of 2023 & O.A. Nos. 183 & 184 of 2023 in C.S. (Comm Div). No. 54 of 2023

Decided on: September 07, 2023



The present application was filed by the petitioner to vacate order of injunction. The original suit was filed by the respondent seeking interim injunction restraining the petitioner from passing off and/or enabling

others to pass off / infringing the registered trademarks of

the plaintiff's trademarks APOLLO, APOLLO HOSPITALS, APOLLO DIAGNOSTICS, and APOLLO CLINIC, and its variants by using the Appollo Burn Hospital and/or any other mark identical and/or deceptively similar mark. The respondent asserted that the petitioner had registered various trademarks and all containing the term "Apollo". These registrations occurred over the period from 2007 to 2020 with the petitioner claiming to have used the mark since as early as 1979. According to the Court's analysis, the question arises as to when the relevant date for determining trademark infringement and passing off claims should be. The Court stated that the beginning of the Petitioner's operations in the market should be considered the relevant date. The Court observed that there is no similarity in the adoption of the name APPOLO by the petitioner and rejected the allegation of passing off. To establish passing off, the respondent must verify that, when the petitioner set up their hospital. The respondent failed to provide sufficient evidence of their widespread recognition and goodwill in this case. Therefore, the Court dismissed the passing-off claim and application filed by petitioner are allowed.

POLICYBAZAAR INSURANCE WEB AGGREGATOR & ANR (Plaintiffs) vs COVERFOX INSURANCE BROKING PVT. LTD. & ORS. (Defendants)

CASE NUMBER: CS(COMM) 259/2019

and CS(COMM) 260/2019

DECIDED ON: September 06, 2023



The present suit has been filed by the plaintiffs seeking to restrain the defendants from allotting and using the trade name, terms, and phrases as

keywords on the defendant's AdWords Program that are identical to or deceptively similar to the plaintiffs' trademarks Policy Bazaar, PolicyBazaar, and Policy Bazar in any manner, form, variation, and/or combination. The plaintiff alleged that the defendants are using key words identical to its registered trademarks with the intent of diverting business from its website by causing confusion. The Hon'ble Delhi High Court observed that, prima facie, there is no clear evidence of infringement or passing off of their trademarks by the defendants. The Hon'ble Court further held that the plaintiff itself is admittedly using the registered trademarks of one of the defendants as key words and has therefore accepted this as a fair and honest commercial practice. The Hon'ble Court clarified that its

views are "merely prima facie in nature and should not be read as a conclusive and binding opinion". Hence, the Hon'ble Court ruled in the defendant's favor and dismissed all the applications filed by the plaintiff.

**DR. REDDYS LABORATORIES LIMITED
(Petitioner) vs FAST CURE PHARMA AND
ANR. (Respondents) AND Others. (Respondents)**

CASE NUMBER: C.O. (COMM.IPD-TM) 8/2023 and
C.O. (COMM.IPD-TM) 97/2023 & I.A. 11985/2023
Decided on: September 04, 2023

Dr.Reddy's

The present suit has been filed by the petitioner seeking a permanent injunction restraining the

respondent from using the mark RAZOFAST or any other mark identical or deceptively similar to the petitioner's mark RAZO. The products of the respondent and the petitioner were the same, i.e., rabeprazole. The Hon'ble Delhi High Court noted that the use of RAZO as a prefix indicates the intention of the respondent to ride on the goodwill and reputation of the petitioner and pass off its product as that of the petitioner. The Hon'ble Court decreed the suit in favour of the petitioner after concluding that there was a clear case of infringement and passing off. The Hon'ble Court further held that a petition for the rectification or cancellation of a trademark would be maintainable not only before the High Courts whose jurisdiction the offices of the Trademark Registry, which granted the impugned registrations, are situated, but also before the High Courts whose jurisdiction the dynamic effect of the impugned registration is felt by the petitioner.

Recognition

**AUDIRI VOX CELEBRATE DIVYENDU'S
APPOINTMENT TO THE INTA DESIGNS
COMMITTEE FOR 2024-25**



We are delighted to announce that Divyendu Verma, our Global Head of Patents Practice, has been appointed as a member of the International Trademark Association (INTA) Designs Committee for the term 2024-2025.

The Designs Committee of INTA plays a crucial role in addressing matters related to industrial designs, which are a form of intellectual property that protect the ornamental or aesthetic aspects of a product. The committee's primary focus is on design rights and the legal and practical issues associated with protecting designs on a global scale. Members of the INTA Designs Committee work together to champion and safeguard design rights, promote knowledge sharing, and advocate for policies that strengthen the design community. These endeavors are in harmony with INTA's broader mission of advancing trademark and intellectual property protection on a global scale.





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