

The Distributed Ledger

Blockchain, Digital Assets and Smart Contracts

If you have any questions regarding the matters discussed in this memorandum, please contact the following attorneys or call your regular Skadden contact.

Stuart D. Levi

Partner / New York
212.735.2750
stuart.levi@skadden.com

MacKinzie M. Neal

Associate / New York
212.735.2856
mackinzie.neal@skadden.com

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One Manhattan West
New York, NY 10001
212.735.3000

Editor's note: On December 21, 2022, the USPTO and Copyright Office published an additional Federal Register Notice extending the deadline for submission of public comments and announcing new dates for the three roundtables. The new deadline and dates are reflected below.

USPTO and US Copyright Office To Conduct a Joint Study on Intellectual Property Law and Policy Issues Related to NFTs

On November 23, 2022, the U.S. Patent and Trademark Office (USPTO) and the U.S. Copyright Office issued a Federal Register Notice (Notice) announcing the offices' joint study of intellectual property (IP) issues related to non-fungible tokens (NFTs). In connection with the joint study, the USPTO and Copyright Office are seeking public comment and will host three public roundtables over the next two months.

Public Comment

According to the Notice, the USPTO and Copyright Office will welcome any comments during the public comment period that concern IP issues related to NFTs. In addition, the Notice lists a number of targeted topics and questions that are of particular interest to the two offices. Such topics and questions generally relate to:

- IP challenges or opportunities presented by NFTs and NFT-related markets;
- information on whether current IP laws are adequate to protect and enforce IP in the NFT context;
- information on whether, how and to what extent NFTs are currently used or could be used by IP rights holders; and
- adjustments, if any, to IP portfolio planning and management due to the emergence of NFTs.

Two areas of particular note concern issues surrounding (i) whether any license rights and limitations associated with an NFT "travel" with that NFT upon subsequent sale or transfer and (ii) NFT royalty payments. While the proposed public comment topics and questions do not address the first issue directly, a number of the listed topics and questions generally concern the challenges IP rights holders may face in seeking to convey license terms to future purchasers. In addition, the payment of royalties upon the primary and secondary sale of NFTs has been an area of heightened focus within the NFT sector, as an increasing number of marketplaces have either stopped honoring NFT royalty payment requirements or have rethought their approach with respect to the issue. In that regard, one

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of the suggested topics for comment regarding IP rights holders is notably “overall control and management of their IP rights (*e.g.*, digital rights management tools, mechanisms to facilitate the payment of royalties, etc.)”

To promote consistency among responses, the USPTO and Copyright Office provide Merriam Webster’s definition for the term “NFT”: “a unique digital identifier that cannot be copied, substituted, or subdivided, that is recorded in a blockchain, and that is used to certify authenticity and ownership (as of a specific digital asset and specific rights relating to it).” The offices make clear that, for purposes of the proposed public comment questions, use of “NFT” should be read in accordance with this definition and, consequently, the term “NFT” refers to the unique identifier and not the underlying asset. To the extent commenters prefer to use a different definition of “NFT” when submitting their response, they may do so, provided they state their preferred definition and explain how it is relevant to their response.

[The full list of topics and questions can be found here.](#)

Comments must be received through the Federal eRulemaking Portal by 11:59 p.m. ET on February 3, 2023.

Public Roundtables

The joint study will also include the following three public roundtables in January 2023:

- “Trademarks and NFTs” on January 24;
- “Patents and NFTs” on January 26; and
- “Copyright and NFTs” on January 31.

Each roundtable will be conducted virtually and livestreamed to members of the public who register. Video recordings and transcripts of the roundtables will be posted to the USPTO and Copyright Office websites.

The USPTO and Copyright Office state that they aim to invite panelists that possess a diversity of perspectives on the indicated subject matter of each roundtable. Requests to serve as a panelist on one or more of the roundtables must be received through email by 11:59 p.m. ET on December 21, 2022, but the USPTO and Copyright Office have also indicated that they may invite individuals and entities who have not submitted a request. The submission of written comments during the public comment period is not a prerequisite to serve as a panelist on a roundtable.

Key Takeaways

The Notice follows a letter sent by Sens. Patrick Leahy (D-VT) and Thom Tillis (R-NC) to the USPTO and Copyright Office in June of this year, requesting that the two offices conduct a joint study to evaluate the intersection of IP and NFTs by June 2023. While the impact of the study remains to be seen, it marks an important step in addressing IP issues related to NFTs, while also highlighting the significance of public input on the topic. The study comes after a year of uptick in companies filing trademark applications for activities related to NFTs and should provide further clarity for those companies engaging in the NFT space.

If you would like assistance crafting a comment, please contact stuart.levi@skadden.com.

Associate **Shannon N. Morgan** assisted in the preparation of this client alert.