

Intellectual Property

Significance of Italian non-fungible token court order

By **Emanuela Truffo**

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(January 10, 2023, 9:36 AM EST) -- There you are: we have one of the first decision on non-fungible tokens (NFTs).

The Court of Rome published a restrictive order preventing the defendant from creating, promoting and selling NFTs; namely NFTs of digital cards featuring the former Juventus player Christian Vieri; a.k.a. Bobo Vieri. Vieri assigned the right of publicity related to his image as soccer player to Juventus until 2024. The Court of Rome ordered the "destruction of the NFTs."

This decision, the first in the European Union area, relies on the same grounds of the Federal Court in New York City stating that the case brought by Hermès against Mason Rothschild should be dismissed (*Hermès Int'l v. Rothschild*) relying — among others — on the circumstance that using an NFT as a virtual system of authentication and treatability does not make such an NFT a mere commodity, thus excluding the application of the rules concerning brand protection and unfair

competition. This is only a preliminary decision: we will see if the court will grant a liability decision for the infringement of Hermès IP rights related to the bag and Birkin brand at the end of the trial.

As matter of fact, the Court of Rome granted the restrictive order relying on the

- (a) Notoriety of the trademark Juventus;
- (b) Reputation and notoriety of Christian Vieri as football player;
- (c) Denying of legal status to NFTs, thus leading to the infringement of the Juventus trademark, registered in class 9 i.e. the class where NFTs should be included pursuant to EUIPO guidelines.

Since it is very unlikely to have trademark registered before the NFTs era including NFTs among the products and services list of protection, it is self-evident how paramount the notoriety of the trademark is to grant such a restrictive order. It is still unforeseeable what courts will decide in cases involving trademark not enjoying the legal requirements of notoriety.

One more question: how can we destroy an NFT?

A non-fungible token is unique, by definition. It could be "burnt" — rather, submitted to the so-called "burning process," basically the assignment of an NFT to an inaccessible address; a.k.a., an address without an existing wallet. The owner of the NFT could "destroy" it by virtually selling it to a non-existing wallet.

So far, good news; but, once an NFT is sold, could its creator (or a marketplace promoting and selling NFTs) be able to burn it? Despite any single assignment of an NFT turns to be a source of profit for the creator (i.e., the one who mined the NFT), the latter loses control of the NFT once it is sold.

Hence, there is no burning possible, but for those NFTs still "stocked" — to the extent the word stock could be referred to such an intangible asset like an NFT — the creator can get a return due to NFTs sold before the court order.

Obviously, the marketplace and/or the NFT creator shall be liable for any act of infringement, thus being called to pay damages compensation — in the real world or in the metaverse, depending on the claimant's preferences.

Furthermore, in the ordinary world, it would be possible for a court to order the product's recall, but what about the metaverse? How could you enforce a recall order in the metaverse? Good questions, indeed. But we have to wait for lawmakers' reaction.

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