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# SHOW ME THE MONEY: PROTECTING YOUR CRYPTOCURRENCY BRAND

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**W**ith the explosive growth of the cryptocurrency market, companies operating in this industry must consider how best to protect their intellectual property rights. As new cryptocurrencies are offered, each with unique names, an important question is whether the name of a cryptocurrency can function as a trademark. This article explores this issue and provides practical tips regarding brand protection in this new space.

## **What is Cryptocurrency and How is it Different From Government Currency?**

Cryptocurrency is a virtual currency that uses cryptography for security and a decentralized ledger for recording transactions. Rather than consisting of physical bills or coins, like a government currency, cryptocurrency is solely digital. Because it is represented in computer code, a cryptocurrency can be programmed to carry a variety of different rights and obligations and perform manifold functions beyond acting as a payment mechanism. For example, some cryptocurrencies provide digital access to a good, an application, or a service, while others represent interests in real-world assets. Although some cryptocurrency can act as a store of value, medium of exchange, or unit of account, currently in the United States no cryptocurrency is recognized as legal tender.

Another significant difference between cryptocurrency and traditional currency is the way in which it is created and distributed. With government currency, a central authority prints bills and mints coins that are distributed through a banking network. With decentralized cryptocurrencies, there is no central authority that performs these functions. Rather, a network of computers that maintains a digital record of transactions performs computational work and is rewarded with newly created cryptocurrency. There are, however, some centralized cryptocurrencies that are created by companies and sold or otherwise distributed in the market. The focus of this article is on brand protection for these centralized cryptocurrencies.

The first cryptocurrency to be released was Bitcoin, which was introduced in a white paper in November 2008<sup>1</sup> and launched in January 2009.<sup>2</sup> In the following decade, over 2,100 other cryptocurrencies emerged.<sup>3</sup> Some of the most commonly known and influential, besides Bitcoin, are Ethereum, Litecoin, Ripple, Zcash, Dash, and Monero.<sup>4</sup> Each of these cryptocurrencies has its own logo, such as Bitcoin and Ethereum.<sup>5</sup>

## **Do the Names of Cryptocurrencies Function as Brands?**

A brand, or trademark, is a word, name, symbol, design, or phrase used to identify and distinguish a product or service and to indicate the source of the product or service.<sup>6</sup> Key questions in determining whether distinctive cryptocurrency names can function as brands are:

1. Is cryptocurrency a type of product or service?
2. Does the name of a cryptocurrency act as a source identifier, even if the source is unknown?

If the relevant cryptocurrency is simply a store of value or medium of exchange, such as a traditional currency, it is arguably not

a “product or service.” However, a cryptocurrency that is used for a particular purpose beyond that of a traditional currency may function as a “product or service.” Without discussing whether cryptocurrency functions as a “product or service,” at least one federal district court has indicated that a cryptocurrency may be a “good” capable of bearing a trademark.<sup>7</sup>

Assuming cryptocurrency is a “product,” the name or symbol of a cryptocurrency must signify that the cryptocurrency emanates from a single source to function as a brand. If the name of a cryptocurrency does not identify a single source (even if unknown), it does not function as a trademark. For example, a decentralized cryptocurrency, like Bitcoin, which is mined, does not emanate from or identify a single source and therefore cannot function as a trademark for digital currency.<sup>8</sup> However, the name of a centralized cryptocurrency that originates with and is distributed by a single source may indicate that source.

Another consideration for determining whether a cryptocurrency name acts as a source identifier is whether the primary significance of the name in the mind of the consuming public is the producer, rather than the product. If the name merely identifies the good or service, it is a generic term that is not capable of trademark protection. For example, if the name of the cryptocurrency is understood in the minds of the consuming public as the only type of cryptocurrency that can be used to buy real estate in Fiji (a fictional “BulaCoin”), then instead of identifying the source of the company distributing the “BulaCoin,” it may be at risk of being deemed the generic name of that type of digital currency.

This booming market full of competitors may somewhat insulate a cryptocurrency brand from this type of genericness, as it is difficult to be the “only” cryptocurrency for a particular purpose. However, given the risk of losing rights in a mark if a consumer associates the mark with the product or service, rather than the owner, a cryptocurrency brand should not be used in a generic manner.

A trademark should be used as an adjective that modifies a noun to prevent the brand from simply functioning as the name of a product or service. The brand name should be used consistently with an appropriate generic descriptor—for example, referring to the hypothetical “OVALCOIN” as “OVALCOIN digital currency.”

To put third parties on notice that a cryptocurrency brand functions as a trademark, companies should also make consistent use of the trademark and use appropriate trademark symbols. If there are only common law rights in the brand, use the trademark symbol <sup>TM</sup>. Once the trademark is registered, the registration symbol © may be used to put others on notice of the registration. Additionally, when referring to the trademark in written materials, the trademark should be in bold or all caps, or otherwise set apart from other wording, to demonstrate trademark use.

### **How Can Cryptocurrency Companies Obtain Trademark Protection for Their Brand?**

Entities offering cryptocurrencies may be able to seek federal trademark protection for their cryptocurrency brand if the mark is distinctive and used to identify the source of the cryptocurrency. In the U.S., trademark rights are based on use in commerce, but federal trademark registration with the U.S. Patent and Trademark Office (USPTO) provides numerous benefits. For example, federal trademark registration provides *prima facie* evidence of the trademark’s validity and a nationwide presumption of exclusive use and priority

as of the filing date.<sup>9</sup> Federal registration also allows trademark owners to display the trademark registration symbol ® next to their trademark, to put others on notice of their rights, and it provides for federal subject matter jurisdiction over trademark infringement claims and statutory remedies for trademark infringement.<sup>10</sup> A federal registration can also provide the basis for registering the trademark in many foreign countries.<sup>11</sup>

In order to qualify for U.S. trademark registration, a trademark must either be in current use in commerce lawfully regulated by Congress, or the trademark owner must have a bona fide intent to use the mark in commerce.<sup>12</sup> A trademark application must be filed with the USPTO that identifies the trademark and describes the goods and services covered by the application.<sup>13</sup> With cryptocurrencies, it is important to define the goods and/or services in a way that ensures they are indeed goods or services, rather than mediums of exchange. As of the time of this writing, there were over 2,000 applications and registrations covering some type of cryptocurrency goods or services.<sup>14</sup>

The USPTO’s Trademark ID Manual,<sup>15</sup> which provides a master list of acceptable identifications of goods and services for federal registration, includes various descriptions incorporating “cryptocurrency” in different classes of goods and services, such as: Class 9, which covers software products; Class 36, which covers financial services; and Class 42, which covers downloadable software services. Below are examples of acceptable identifications incorporating the word “cryptocurrency” in each of these classes:

- Class 9: Cryptocurrency hardware wallets, computer hardware for cryptocurrency mining, and/or computer software for use as a cryptocurrency wallet;
- Class 36: Cryptocurrency payment processing, cryptocurrency trading services, cryptocurrency exchange services, financial consultation in the field of cryptocurrency, and/or financial brokerage services for cryptocurrency trading; and
- Class 42: Providing online nondownloadable computer software for use as a cryptocurrency wallet and/or technological consulting in the field of cryptocurrency.

Notably, none of these descriptions covers the cryptocurrency itself. However, these identifications are not the only accepted identifications; trademark owners can also craft their own, more specific identifications. In order to obtain a federal registration in this novel field, trademark owners are taking different approaches in how they define their cryptocurrencies. Given the uncertainty over whether cryptocurrency is actually a good, the registrability of trademarks for the names of cryptocurrencies may depend on the goods and services description.

Trademark owners are registering their cryptocurrency-related trademarks in various classes to provide protection without specifically identifying the goods as cryptocurrency. The word “cryptocurrency” or “digital currency” most commonly appears in Class 36, and as of the time of this writing, there were over 1,200 active trademark applications for cryptocurrency services in this class.<sup>16</sup> In registering in Class 36, trademark owners cover the services of providing cryptocurrency for use by others (e.g., “financial services, namely, providing a virtual digital currency for use by, and transfer of virtual digital currency among, members of an online community via a global computer network”).

The USPTO has also granted registrations for “cryptocurrency” as a service, including the following:

- A registration for OMNICOIN in Class 36 for “cryptocurrency, namely, providing a virtual currency for use by members of an online community via a global computer network; cryptocurrency, namely, a peer-to-peer digital currency, incorporating cryptographic protocols, operating through the internet, and used as a method of payment for goods and services”;
- A registration for CONCOIN in Class 36 for “cryptocurrency, namely, a peer-to-peer digital currency, incorporating cryptographic protocols, operating through the internet, and used as a method of payment for goods and services”; and
- A registration for QUIG in Class 36 for “cryptocurrency, namely, providing a virtual currency for use by members of an online community via a global computer network; cryptocurrency, namely, a peer-to-peer digital currency, incorporating cryptographic protocols, operating through the internet, and used as a method of payment for goods and services.”

These registrations demonstrate that the service of providing a cryptocurrency is considered registrable where the mark identifies the particular source of the cryptocurrency and the currency is tied to a specific service. OMNICOIN, owned by OmniBazaar Inc., appears to be used only in connection with the company’s OmniBazaar marketplace.<sup>17</sup> CONCOIN, owned by Thinklab Inc., is for use by inmates in prisons.<sup>18</sup> QUIG, owned by Quig Inc., is for use on the Quig website, which is used to connect customers to freelancers.<sup>19</sup>

There were also over 200 pending applications as of the time of this writing for similar descriptions,<sup>20</sup> indicating that more registrations may issue specifically covering cryptocurrency as a service in the near future.

### Can Cryptocurrency Companies Prevent Others From Using the Name of Their Cryptocurrency?

If a company owns a valid trademark in its cryptocurrency brand, it can prevent third parties from using the mark in a manner that is likely to cause consumer confusion.<sup>21</sup> To succeed on a trademark infringement claim, the owner of a cryptocurrency brand faces some of the same hurdles discussed above (e.g., establishing ownership of a valid trademark, and use of a similar designation as a trademark in commerce in connection with the sale, offering for sale, distribution, or advertising of goods or services).

Despite these hurdles, a number of lawsuits alleging trademark infringement relating to cryptocurrency have recently been filed with successful results.<sup>22</sup> In one such case before the U.S. District Court for the Northern District of California, *Telegram Messenger Inc. v. Lantah LLC*, the court granted a motion for a preliminary injunction prohibiting the defendant from using the name “GRAM” on its cryptocurrency, based on likelihood of confusion with the plaintiff’s “GRAM” trademark, pending registration at the USPTO for “financial services, namely, providing a virtual currency for use by members of an online community via a global computer network.”<sup>23</sup> There was no issue raised regarding the validity of the trademark, and the court found that the defendant’s Pre-ICO token sale constituted use in commerce.<sup>24</sup>

Similarly, in *Alibaba Group Holding Ltd. v. Alibabacoin Foundation et al.*, before the U.S. District Court for the Southern District of New York, the plaintiff Alibaba alleged trademark

infringement against defendants for use of its trademark Alibaba in the name of their new cryptocurrency, Alibabacoin, and sought a preliminary injunction to stop the defendants from use of the “Alibabacoin” trademark while the case was pending.<sup>25</sup> The defendants opposed the preliminary injunction and moved to dismiss based on lack of subject matter jurisdiction, insufficient service of process, and failure to state a claim. After overcoming some personal jurisdiction issues, the court granted the preliminary injunction and denied the motion to dismiss.<sup>26</sup> The defendants argued that because Alibaba had publically proclaimed that it would never develop a cryptocurrency, it had abandoned its right to use its trademark in connection with cryptocurrency.<sup>27</sup> The court rejected this argument, stating that “accepting this view of abandonment would render American trademark law largely ineffectual,” and granted the preliminary injunction, finding Alibaba had established a likelihood to succeed on the merits of its trademark infringement claims.<sup>28</sup> There was no discussion of whether the cryptocurrency was a good or service, but the court found that the defendants’ use of the mark “in connection with their online commercial ventures” constituted use of the mark in commerce.<sup>29</sup>

Although these initial decisions indicate the enforceability of cryptocurrency brands, the decisions thus far have mostly been preliminary findings. Only two final judgments have been issued to date in cases regarding cryptocurrency brands. The Southern District of New York handed down a default judgment in favor of Kanye West regarding the defendants’ use of COINYE WEST as a cryptocurrency name.<sup>30</sup> The Southern District of Florida also issued a default judgment in favor of plaintiff Universa Investments recently regarding defendants’ use of the mark UNIVERSA as a cryptocurrency name.<sup>31</sup> It therefore remains to be seen whether the same results would be reached in these cases after a full trial on the merits.

Another important consideration for enforcement is the duty of a trademark owner to monitor for infringement by others, as rights in a trademark can be weakened and even abandoned through a failure to police the mark.<sup>32</sup> If third parties are making widespread use of identical or similar trademarks, it may decrease the strength of a mark and can make it more difficult to stop infringers. Trademark owners are encouraged to actively look for infringers and take action if any are identified.

The number of enforcement actions related to cryptocurrency trademarks is likely to rise significantly along with the number of cryptocurrencies that are developed. By proactively seeking trademark protection for new brands and monitoring for infringement, cryptocurrency companies can best position themselves to succeed in an enforcement action should it become necessary.

### Final Thoughts

It may be possible to protect the brand names of cryptocurrencies if they function as source identifiers, but there are challenges in doing so. In order to best protect a cryptocurrency brand, owners should:

1. Seek protection for a cryptocurrency brand name early on. Ensure the name is clear for use and registration, and take advantage of the U.S. procedure of an “intent-to-use” application, which can be filed before use of the mark begins.
2. Work with an experienced trademark attorney to implement a trademark protection program, including drafting trademark applications with identifications of goods or services that accurately describe what will be offered under the brand.

3. Make sure to use your trademark consistently and promptly enforce against any infringement in order to maintain a strong brand. ☺



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## Endnotes

<sup>1</sup>Satoshi Nakamoto, Bitcoin: A PEER-TO-PEER ELECTRONIC CASH SYSTEM (2008), <https://bitcoin.org/bitcoin.pdf>.

<sup>2</sup>Timothy B. Lee, *Five Years of Bitcoin in One Post*, WASH. POST (Jan. 3, 2014), [https://www.washingtonpost.com/news/the-switch/wp/2014/01/03/five-years-of-bitcoin-in-one-post/?noredirect=on&utm\\_term=.6817b4c07500](https://www.washingtonpost.com/news/the-switch/wp/2014/01/03/five-years-of-bitcoin-in-one-post/?noredirect=on&utm_term=.6817b4c07500).

<sup>3</sup>COIN MARKET CAP, <https://coinmarketcap.com/all/views/all> (last visited Apr. 9, 2019).

<sup>4</sup>Prableen Bajpai, *The 10 Most Important Cryptocurrencies Other Than Bitcoin*, INVESTOPEDIA (updated Feb. 9, 2019), <https://www.investopedia.com/tech/most-important-cryptocurrencies-other-than-bitcoin>.

<sup>5</sup>See *supra* note 3.

<sup>6</sup>15 U.S.C. § 1127.

<sup>7</sup>See *Alibaba Grp. Holding Ltd. v. Alibabacoin Found.*, No. 18-CV-2897 (JPO), 2018 U.S. Dist. LEXIS 72282, at \*7 (S.D.N.Y. Apr. 30, 2018) (“Alibabacoin fails to explain why its three initial coin offerings do not constitute the sale in commerce of a ‘good’ bearing Alibaba’s trademark.”).

<sup>8</sup>Indeed, the U.S. Patent and Trademark Office (USPTO) determined “Bitcoin” was a generic term for e-commerce services. See, e.g., U.S.P.T.O. February 29, 2016 Office Action issued against Application Ser. No. 79/182,945 for BITCOIN covering various e-commerce services: “In addition to being merely descriptive, the applied-for mark appears to be generic in connection with the identified services and, therefore, incapable of functioning as a source-identifier for applicant’s services.”

<sup>9</sup>15 U.S.C. §§ 1057(b)-(c).

<sup>10</sup>15 U.S.C. §§ 1072, 1111, 1114, 1117, & 1121; 28 U.S.C. § 1338.

<sup>11</sup>15 U.S.C. §§ 44, 66.

<sup>12</sup>15 U.S.C. § 1051.

<sup>13</sup>*Id.* at §§ 1051(a)(2) & (b)(2).

<sup>14</sup>U.S.P.T.O. TRADEMARK ELECTRONIC SEARCH SYSTEM, <http://tmsearch.uspto.gov/bin/gate.exe?f=tess&state=4810:80yg17.1.1> (search for “cryptocurrency” in goods/services description for live marks, as of Apr. 9, 2019).

<sup>15</sup>U.S.P.T.O. TRADEMARK MANUAL, <https://tmidm.uspto.gov/id-master-list-public.html> (last visited Apr. 9, 2019).

<sup>16</sup>U.S.P.T.O. TRADEMARK ELECTRONIC SEARCH SYSTEM, <http://tmsearch.uspto.gov/bin/gate.exe?f=tess&state=4810:80yg17.1.1> (search for “cryptocurrency” in goods/services description for live marks in Class 36, as of Apr. 9, 2019).

<sup>17</sup>See OMNICOIN, <https://omnicoin.net> (last visited Dec. 21, 2018) (“OmniCoin is the token of OmniBazaar marketplace. OmniBazaar is a new type of e-commerce marketplace that removes the middlemen and bankers from e-commerce. OmniBazaar uses a patented ‘peer-to-peer-to-peer’ architecture to remove the middlemen. It uses cryptocurrencies to eliminate the bankers. OmniBazaar fees are up to 100 percent lower than those of existing e-commerce sites like eBay and Amazon.”).

<sup>18</sup>See *Concoin*, CRYPTOSLATE, <https://cryptoslate.com/coins/concoin> (last visited Dec. 21, 2018) (“ConCoin was created to meet the needs of over 6 million prison inmates throughout the state and federal prison system. ConCoin is a means for inmates to trade for anything of value within the prison walls.”).

<sup>19</sup>See *Pricing*, QUIGIG, <https://www.quigig.com/pricing> (last visited Dec. 21, 2018) (“Quigs are the essential platform currency used to perform actions on our site.”).

<sup>20</sup>U.S.P.T.O. TRADEMARK ELECTRONIC SEARCH SYSTEM, <http://tmsearch.uspto.gov/bin/gate.exe?f=tess&state=4810:80yg17.1.1> (search for “cryptocurrency, namely” in goods/services description for live marks, as of Apr. 9, 2019).

<sup>21</sup>15 U.S.C. § 1114.

<sup>22</sup>BLOOMBERG LAW, Docket Search Results for cases with “Cryptocurrency” in the complaint, asserting trademark infringement, as of Apr. 9, 2019.

<sup>23</sup>*Telegram Messenger Inc v. Lantah LLC*, 3-18-cv-02811 (N.D. Cal.), Dkt. 1 (May 11, 2018), Dkt. 40 (Aug. 8, 2018).

<sup>24</sup>*Telegram Messenger*, 2018 U.S. Dist. LEXIS 133908, at \*15.

<sup>25</sup>*Alibaba Grp. Holding Ltd. v. Alibabacoin Found.*, 1:18-cv-02897-JPO (S.D.N.Y.), Dkt. 1 (Apr. 2, 2018), Dkt. 84 (June 8, 2018).

<sup>26</sup>*Id.* at Dkt. 137 (Oct. 22, 2018), Dkt. 140 (Nov. 7, 2018).

<sup>27</sup>*Alibaba Grp. Holding Ltd. v. Alibabacoin Found.*, No. 18-CV-2897 (JPO), 2018 U.S. Dist. LEXIS 180884, at \*17 (S.D.N.Y. Oct. 22, 2018).

<sup>28</sup>*Id.* at \*17-19; see also *Alibaba Grp. Holding Ltd. v. Alibabacoin Found.*, No. 18-CV-2897 (JPO), 2018 U.S. Dist. LEXIS 190752, at \*3 (S.D.N.Y. Nov. 7, 2018) (denying motion to dismiss).

<sup>29</sup>*Alibaba Grp.*, 2018 U.S. Dist. LEXIS 180884, at \*16.

<sup>30</sup>*West v. McEnery*, 1:14-cv-00250-AT (S.D.N.Y.), Dkt. 90 (Aug. 20, 2014).

<sup>31</sup>*Universa Inv. L.P. v. Borodich*, No. 18-cv-24286-GAYLES\OTAZO-REYES (S.D. Fla.), Dkt. 20 (Feb. 26, 2019).

<sup>32</sup>See, e.g., *BellSouth Corp. v. DataNational Corp.*, 60 F.3d 1565, 1570 (Fed. Cir. 1995) (“A descriptive term ... may become generic over time through common usage if the otherwise nondescriptive term is not policed as a trademark and it is commonly used to describe a type of product”); *In re Empire Tech. Dev. LLC*, 123 U.S.P.Q.2d 1544, 1565 (T.T.A.B. 2017) (“Applicant’s failure to police these generic uses of its proposed mark undercuts its claim that the relevant purchasing public will understand COFFEE FLOUR to be anything other than the generic term for flour made from coffee cherries.”).