

## The Role of Blockchain Technology in Intellectual Property Protection

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Blockchain technology represents a paradigm shift in how various companies protect their information. This specific technology is constantly evolving, and the United States is spending approximately 6.6 billion dollars annually on developing solutions involving blockchain. Most commonly, blockchain technology is used to protect information exchange. The implications of this technology's reach are vast, and blockchain has the ability to address common intellectual property challenges. It's worth understanding how blockchain works, how it intersects with intellectual property law, specifically trademark rights, and how industries will have to adapt to this cutting-edge technology.

### What is a blockchain?

Blockchain is sometimes referred to as Distributed Ledger Technology (DLT). It is essentially a database of information designed to be authenticated, transparent, and unalterable. Each block builds on the previous, and the chain of information can continue only if all information is verified. The purpose of a blockchain is to create a digital asset that cannot be altered. It is a chronological source of data predicated on a decentralized record of information so that the public can have immediate access. This decentralization creates an inherent internal integrity to the data.

The appeal of blockchain is understandable for almost every industry: According to MIT Technology Review, "The whole point of using a blockchain is to let people—in particular, people who don't trust one another—share valuable data in a secure, tamper-proof way."

Currently, there are several examples of blockchain technology. The most widely known is the use of cryptocurrencies like Ethereum and Bitcoin, but this isn't the only use. Many sectors, such as the diamond industry and food industry, employ blockchain to create additional transparency by documenting the chain between origin and the final product. Blockchains are helpful in tracing processes from inception to delivery of a product—for instance, individuals who are curious where their food comes from can do so by referencing the blockchain. Similarly, those interested in tracing a diamond from the mine to consumer purchase can refer to the blockchain to learn more.

Because of its obvious benefits, blockchain impacts intellectual property in meaningful ways.

### How can blockchain play a role in intellectual property (IP) law?

Since blockchain can ensure data hasn't been tampered with, it holds wide appeal for various forms of intellectual property protection. Employing blockchain technology could provide increased efficiency and authenticity in establishing ownership rights, reducing counterfeit, licensing through smart contracts, and registering trademarks.

### Establishing clear ownership rights

An individual who pursues an artistic endeavor sinks his or her labor, time, and money into creating a piece of music, a work of art, or a design. He or she likely wants to protect ownership rights. Under Turkish Copyright Law there is no mandatory registration system, which grants ownership for a work. Copyright protection begins automatically when a work is first created. However, in a possible dispute, the creator must prove its ownership before the courts. At present, there are several ways to prove the time of the creation of work such as timestamps, the registration of their

copyright with the Directorate General for Copyright or approval of a notary public. However, it is not wrong to say that none of them can be deemed as final evidence on copyright ownership, since the work is not examined by the authorities.

On the other hand, with the current IP system, many are able to download music or books without compensating the creator or artist. Proving infringement becomes difficult since IP rights aren't immediately registered in the existing framework. With blockchain technology, a creator can automatically have a timestamp on his or her work and claim ownership. This makes it easier to prove infringement if it occurs since documentation via blockchain shows the original creator and the precise moment when the work was produced.

## **Licensing trademark rights through smart contracts**

The idea of licensing trademark rights through blockchain is appealing since it eliminates the need for a third-party involvement or any additional external support. The contract between two parties is written in computer code and is self-executing with cryptographic signatures. Since human intervention is removed from the equation, the code automatically controls all transactions under the contract. For instance, the code will dictate when a royalty payment is due based on the agreement and will send funds to the appropriate trademark holder.

## **Reducing counterfeit**

Luxury-brand owners of products, like purses, see many individuals selling counterfeit goods or knock-offs of the original. Even though there are some tips such as price, source, etc., to identify the product's authenticity, they always cannot be enough. Consumers aren't always savvy enough to determine the difference between a counterfeit product or original. Blockchain technology would allow the level of counterfeit goods to be policed since a corresponding unique identifier (like a tag number or QR code) would verify the product's origins. A consumer could, ideally, scan this code to trace the origins of the goods and verify authenticity.

## **Registering trademarks through the blockchain increases efficiency**

Blockchain will transform the registration of the IP rights, in addition to strengthening the protection of the unregistered IP rights.

In some countries, when an individual applies for a trademark, the applicant is required to show use of the mark either for the application process or for demonstrating its uniqueness. Blockchain technology will make the registration process for trademarks, designs and patents more efficient and practical by cutting down on some of the necessary procedures. In other words, with blockchain, country's trademark office could document the use and frequency of the trademark, as well as the date of use. This "chain" could be accessed by all individuals and potentially create a convenient way to check on a registered mark.

## **What are the potential limitations of blockchain and IP law?**

Although blockchain technology could potentially revolutionize IP law application, there are some potential roadblocks. Currently there isn't a universal standard for brand protection and IP rights, so potential conflicts could arise among various countries. In addition, the blockchain doesn't necessarily provide an integrity check on the original information entered— it only provides assurances that this data hasn't been compromised or altered. Initially, there must be some internal trust built between the parties to ensure there are no underlying questions regarding the original information that initiated the blockchain.

## **Bottom Line**

As industries continue to rely on blockchain technology, IP law will have to address relevant legal issues that arise from this new "language" of authentication and verification. Blockchain has the potential to streamline future IP

transactions in copyright, trademark, and patent areas.

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