

Nike sues shopping platform StockX over sneaker NFTs

February 4 2022



Nike accuses StockX of marketing its NFTs without permission.

Athletics giant Nike filed a lawsuit in New York on Thursday against shopping platform StockX for creating and marketing NFTs—the tamper-proof digital property certificates—based on the brand's

products without permission.

The company's lawyers accused US-based StockX of "minting" NFTs using Nike trademarks and trading on the brand's "goodwill" to market them.

StockX is "selling those NFTs at heavily inflated prices to unsuspecting consumers who believe or are likely to believe that those 'investible digital assets' (as StockX calls them) are, in fact, authorized by Nike when they are not," according to the complaint.

Nike is seeking damages and a court injunction to force StockX to stop the sales.

Barely known a year ago, NFTs (non-fungible tokens) have increasingly become a mainstay of auction houses and the [art market](#), where virtual works have fetched multimillion-dollar prices.

StockX, which buys and resells clothing and technology products, primarily specialises in sneaker auctions, with fans able to snare collectible pairs that can sell for hundreds of thousands of dollars.

But it now also offers NFTs, digital versions of objects whose ownership is traceable.

For example, an image of the "KAWS Sacai Nike Blazer Low Blue (Vault NFT)" sneaker is available for \$549 on StockX.

"Each Vault NFT is backed by a physical item held in StockX's custody, tied directly one-to-one via the blockchain," the website states.

"This means that if you buy an edition of a Vault NFT, you are the owner of the corresponding physical good which is secured and stored in

StockX's Vault."

In its complaint, Nike describes NFTs as an "exciting way for brands to interact with their consumers in and out of the 'metaverse.'"

But, "this new frontier has swiftly become a virtual playground for infringers to usurp the goodwill of some of the most famous trademarks in the world and use those trademarks without authorization to market their virtual products and generate ill-gotten profits," Nike added.

According to the group, StockX has already sold more than 550 Nike-branded NFTs.

The two companies did not immediately respond to AFP's requests for comment.

In April, StockX was valued at \$3.8 billion after raising \$255 million in funding. The platform reported revenues of \$400 million in 2020.

© 2022 AFP

Citation: Nike sues shopping platform StockX over sneaker NFTs (2022, February 4) retrieved 19 April 2024 from

<https://techxplore.com/news/2022-02-nike-sues-platform-stockx-sneaker.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.