

Article Information

Author: Michael Bacina

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Blockchain Bites: IP rights in NFTs: What can be done with CryptoPunks and Bored Apes?, Chainalysis release free Russian sanction scanning tools, Cashing in on the 'ECASH' bill: US Bill signals move to digital dollar

Michael Bacina, Sally Fetouh, Luke Misthos and Jordan Markezic of the Piper Alderman Blockchain Group bring you the latest legal, regulatory and project updates in Blockchain and Digital Law.

IP rights in NFTs: What can be done with CryptoPunks and Bored Apes?

Recently, Yuga Labs, the creators of the Bored Ape Yacht Club and spin offs the Mutant Ape, announced it had acquired the intellectual property in CryptoPunks from Lava Labs, which invented CryptoPunks originally.

Yuga Labs also picked up the IP in the Meebits NFT collections from Larva Labs and this move is of significance as many in the NFT world have paid little attention to just what it was that they have bought. IP licensing models greatly between different projects, and Bored Apes and CryptoPunks are no different.

Larva Labs' have no publicly accessible or metadata linked licence for Punk holders, which has led to [some concerns](#), but in a discord post they asserted that CryptoPunks were issued under the Nifty Licence:

The Nifty Licence was a spin-off from Crypto Kitties and allows for non-commercial use and limited commercial use for physical goods only. No digital or brand collaborations are allowed using art licensed under Nifty. The Meebits project from Lava Labs included express licensing granting:

a limited, worldwide, non-exclusive, non-transferable license to use, copy, and display the Art for your Purchased Meebit for the purpose of commercializing your own physical merchandise that includes, contains, or consists of the Art for your Purchased Meebit ('Commercial Use'), provided that such Commercial Use does not (a) include any form of collaboration or involvement of any brand or other third party, or (b) result in you earning more than USD\$100,000 in gross revenue each year

Yuga Labs, on the other hand, have an unlimited, worldwide commercial licence in place for NFT holders of Bored Apes which is short and somewhat contradictory, after it asserts owners have full ownership in the Art, it purports to issue a personal use and commercial use licence for the Art, which of course is unnecessary if the NFT owners have full ownership in the Art (and as noted in para. i, Yuga has no ability to enforce any of the terms anyway):

Larva Labs have no ongoing royalties on sales of CryptoPunks. Yuga Labs does, which has valuation implications for their company as Bored Apes have surpassed US\$1BN in secondary trading, leading to significant revenue flows to Yuga Labs.

More importantly, because Yuga Labs' licensing model allows for commercial use, they are now encouraging third party developers and community creators to incorporate CryptoPunks and Meebits into their web3 projects. No official terms have been issued, but it is [widely expected](#) that Cryptopunks and Meebits will have the same licence as Bored Apes shortly.

This "freeing" of the IP provides immense potential for developers. The community's ability to get more involved will

ultimately lead to new ideas and projects. Now that CryptoPunks and Meebits will be included in this type of licensing model, it will be interesting to see how the use of these NFTs will evolve within the community beyond their current usage.

The key takeaway from this deal is that it is important to read the licence terms of what you are getting if you buy an NFT. Ultimately, the potential of what can or cannot be done with an NFT will lie within the terms of licence under which it is acquired. As a rule of thumb, existing brands are likely to have longer and more complicated licensing around their valuable IP, whereas generative and new art projects such as Bored Apes are far more likely to have broader rights granted to NFT holders. The devil remains in the detail.

Chainalysis release free Russian sanction scanning tools

With moral panic emerging from Washington DC and the media over the potential for Russia to use crypto to bypass sanctions, crypto tracking company Chainalysis has announced the launch of sanctions screening tools for the entire cryptocurrency industry, free of charge. The tools include an API expected to launch next month and an on-chain oracle that's available right now.

The release comes amid claims that [Russia is attempting to sidestep international sanctions using cryptocurrencies](#). The claims are unsupported by any evidence, but the Chainalysis tools will help put to rest this myth and give financial institutions and Virtual Asset Service Providers (**VASPs**) who use transaction monitoring solutions a better ability to prove compliance with international sanctions and regulations.

The API and oracle tools will make it easier for organisations to integrate sanctions screening into their operations:

1. The API is designed for web/mobile UI's and web servers: Users receive an API key whereby they can check if an address of interest is on the sanctions list or not;
2. The on-chain oracle is designed for smart-contract use: Users can call the Chainalysis oracle from another smart contract to check if an address is on the sanctions list.

Russia is a leader in cryptocurrency adoption, and individuals and entities in Russia have always accounted for a disproportionate amount of cryptocurrency-based crime primarily, centred around ransomware, so Russian linked exchanges and wallets have long been featured in Chainalysis' databases as connections of concern.

[According to data compiled by Chainalysis](#), over 74 per cent of ransomware revenue in 2021 (over USD\$400 of digital currency) went to entities highly likely to be affiliated with Russia. Around 13 per cent of funds sent from ransomware addresses went to users believed to be in Russia, more than any other country by a considerable margin.

While ransomware has already dropped significantly following the high profile recovery of some of the ransom in the Colonial pipeline attack, any ransom of computer systems is a serious matter (and does not need any crypto connection for money to be demanded by hackers) and so should be treated most seriously.

Cashing in on the 'ECASH' bill: US Bill signals move to digital dollar

Lawmakers in US Congress have tabled a new Bill – the [Electronic Currency and Secure Hardware Act \(ECASH\)](#) – that if passed, would direct the US Treasury to develop and issue an electronic version of the US Dollar.

Under the Bill, the electronic dollar would be a bearer instrument that consumers could hold on their phone or bank card. Importantly, the electronic dollar would be token-based as opposed to account-based. In other words, if a consumer were to lose their phone or bank card, they would be losing their funds.

Under the proposed regime, the electronic dollar would be classified as legal tender and functionally identical to the traditional US Dollar. In effect, the electronic dollar would support anonymous, peer-to-peer transactions. The new electronic dollar proposed under ECASH differs from other digital dollars that have been previously proposed which have [traditionally relied upon stablecoin or other decentralised ledger technology](#).

It's important to note that this new electronic dollar won't be issued by the Federal Reserve Board (**Fed**), rather the actual US Treasury Department itself. This means that the electronic dollar would not technically be classified as a central bank digital currency (**CBDC**), and nor would it be built on a blockchain – or even need the internet to function.

The Bill does not necessarily rule out a Fed-issued CBDC in the future. In fact, the US Representative who proposed the Bill – Stephen Lynch (D-Mass) – [has said that the ECASH will](#):

...complement, and advance ongoing efforts undertaken by the Federal Reserve and President Biden to examine potential design and deployment options for a digital dollar...

Whether the Bill will pass, and whether this sets the wheels in motion for a Fed-issued CBDC, remains to be seen.