# Nike shuts down RTFKT digital shoe company amid class action lawsuit



In a move reflecting the turbulent journey of non-fungible tokens (NFTs) within the art and technology spheres, Nike has officially shut down its digital shoe company RTFKT, leading to a class action lawsuit from dissatisfied customers. This development marks a significant chapter in the evolving narrative of NFTs and their commercial applications.

RTFKT, acquired by Nike in 2021, specialised in creating virtual sneakers and various digital items intended for use within metaverse platforms. The company also produced physical shoe collections linked to NFTs, blending both digital and tangible consumer products. Despite the initial buzz, Nike announced in December 2024 via the RTFKT X account that it would be winding down RTFKT operations by the end of January 2025.

The legal challenge emerged this week in the Eastern District of New York, where customers who purchased Nike NFTs have filed a class action lawsuit. They allege that these NFTs should have been classified as registered securities and claim they would not have bought the NFTs had they been aware of this regulatory status. The plaintiffs are reportedly seeking damages exceeding $5 million, citing violations of consumer protection laws in New York, California, Florida, and Oregon, according to Reuters.

Following the closure of RTFKT, there was a significant issue involving the loss of approximately 30,000 NFT artworks due to a service error. These digital assets were previously maintained by an individual named Samuel Cardillo. To address this, a company named Ar.io, which specialises in permanent cloud storage, is collaborating with the RTFKT team to transfer the affected NFTs to its ArDrive platform, which is based on the decentralized storage network Arweave. This effort aims to ensure the NFTs remain accessible indefinitely.

Phil Mataras, CEO of Ar.io, highlighted the importance of decentralised storage solutions in preventing such losses. Speaking about the incident, he said, "Nobody likes to see their content lost - especially due to a mistake made by a cloud provider, and especially when it's 30,000+ NFT images. Our team is working closely with the RTFKT team to support the migration of the collection through our storage app, ArDrive." He added, "Once uploaded, these images will stay put, forever."

The community awaits the return of popular NFT collections such as CloneX and Animus to permanent cloud storage, which is expected to happen within hours of the migration process concluding.

This episode underscores the challenges that mainstream companies face when engaging with emerging digital technologies like NFTs. While there are acknowledged valuable applications of blockchain and tokenisation technologies, the sector continues to grapple with regulatory uncertainties and technical vulnerabilities.

The Creative Bloq is reporting on this ongoing situation as it sheds light on the complexities and risks involved in bridging traditional brands with the NFT marketplace.

Source: [Noah Wire Services](https://www.noahwire.com)

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