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Brittany Frandsen

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Is Using *Call of Duty* in this Comment Infringement?

INTRODUCTION

Imagine yourself deep behind enemy lines in a war-torn country. Arrayed in traditional Army camouflage, you shoulder your AK-12 assault rifle and, dodging rifle fire, sprint to the Bell helicopter waiting to extract you. As you leap aboard the helicopter, a soldier wearing a uniform with a “Delta Force” logo pulls you inside, yelling at the pilot to take off.

Scenes like this are common in first-player video games such as Activision’s *Call of Duty*. Video games like *Call of Duty* often use real products, such as the AK-12, Bell helicopter, and Delta Force uniform mentioned earlier, to make the games more realistic.¹ Recently, game developers and product owners have clashed over the right to use virtual copies of products in video games without authorization from product owners.

Traditionally, video game developers have paid premium prices to license the rights to trademarked products. In 2006, Activision paid Gibson Guitar Corporation \$1.3 million to use Gibson’s trademarks, trade names, and trade dress in the *Guitar Hero* video games for two years.² However, video game developers are starting to resist this practice. In May of 2013, game developer Electronic Arts (EA) announced that it would no longer negotiate licenses to use third-party guns in its games.³ While EA’s policy has not been tested in court, the policy shows that companies may be losing control over the depiction and use of their brands in virtual environments.

1. *The Real Guns in Ghosts and the Fake Guns in Ghosts*, REDDIT.COM, http://www.reddit.com/r/CODGhosts/comments/1y9o1a/the_real_guns_in_ghosts_and_the_fake_guns_in/ (last visited Nov. 24, 2015); Jordan Mallory, *EA Settles Battlefield 3 and Textron Helicopter Lawsuit*, ENGADGET (Aug. 16, 2013, 7:00 PM), <http://www.engadget.com/2013/08/16/ea-settles-battlefield-3-and-textron-helicopter-lawsuit/>.

2. *Gibson Guitar Corp. v. Wal-Mart Stores, Inc.*, No. 3:08CV0279, 2008 WL 3472181, at *2 (M.D. Tenn. Aug. 8, 2008).

3. Malathi Nayak, *Video Game Maker Drops Gun Makers, Not Their Guns*, REUTERS (May 7, 2013, 2:39 PM), <http://www.reuters.com/article/2013/05/07/videogames-guns-idUSL2N0CS2A220130507>. Despite this statement, EA eventually negotiated a license to use Bell Helicopters after Textron filed suit for unlicensed use of its helicopters. Mallory, *supra* note 1.

Game developers have a financial interest in using trademarked products. Research suggests that even in virtual worlds, consumers pay more for products with famous or prestigious brand names.⁴ Developers and gamers alike can further capitalize on trademarked goods in games like *Second Life*, where products are sold for virtual currency that is, in turn, exchangeable for U.S. dollars.⁵ Brands such as Ferrari, Cartier, Rolex, Chanel, Gucci, Prada, Ray-Ban, Nike, and Apple have been or currently are sold on *Second Life* for prices ranging from \$0.75 to \$40.⁶ Some websites, such as <http://3dexport.com/> and <http://www.turbosquid.com/>, capitalize on trademarked goods by selling virtual models of real products.

On the other hand, product owners have an interest in protecting their brand names and product reputation from widespread misappropriation. If a trademark holder loses control over his trademark and it becomes generic, he can lose the rights to that mark altogether.⁷ Furthermore, virtual products that are dysfunctional or used in a negative light may harm actual sales.⁸

This Comment analyzes different legal approaches companies can take to control their brands' virtual presence.⁹ The three main

4. Candidus Dougherty & Greg Lastowka, *Virtual Trademarks*, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 749, 766 (2008) (citing Betsy Book, *These Bodies are FREE, so Get One NOW!?: Advertising & Branding in Social Virtual Worlds* (Apr. 2004), http://papers.ssrn.com/sol3/papers.cfm?abstract_id=536422).

5. BENJAMIN TYSON DURANSKE, VIRTUAL LAW 150 (2008). While *Second Life* only publishes its exchange rate to current *Second Life* users, it is typically about "265 Linden Dollars for USD\$1." *Id.*

6. *Id.* at 150–51. One author calculates that, at one point, approximately \$3.5 million was exchanged in *Second Life* each year for unlicensed trademarked products, and none of these companies profited from or endorsed these sales. *Id.*

7. John Dwight Ingram, *The Genericide of Trademarks*, 2 BUFF. INTELL. PROP. L.J. 154, 154 (2004) (citing Hans Zeisel, *The Surveys That Broke Monopoly*, 50 U. CHI. L. REV. 896, 896 (1983)).

8. Theodore C. Max, *Trademarks in the Veldt: Do Virtual Lawyers Dream of Electric Trademarks?*, 101 TRADEMARK REP. 282, 311 (2011). When *Second Life* sold virtual Tasers through its online market, Taser claimed that sales of its products on *Second Life* damaged Taser's sales and reputation. Richard Acello, *Virtual Worlds, Real Battles: Trademark Holders Take on Use in Games*, ABAJOURNAL.COM (Jan. 1, 2011, 7:20 AM), http://www.abajournal.com/magazine/article/virtual_worlds_real_battles/. Taser dropped its suit after the Tasers were removed from *Second Life*. *Id.*

9. This Comment will not address video games that incorporate images or likenesses of people. This issue is outside the scope of this Comment because there are additional avenues of relief available for misappropriation of likenesses, and courts are likely to treat unauthorized use of someone's image differently than unauthorized use of a product.

avenues of relief are trademark protection (Part I), design patent protection (Part II), and copyright protection (Part III). These protective strategies are not mutually exclusive,¹⁰ and product owners typically use several different methods simultaneously to protect their brands.¹¹ To date, no method has been particularly successful against video game developers, and it may be some time before the boundaries are clearly marked between the rights of product owners and video game developers.

I. TRADEMARK PROTECTION

Product owners typically claim trademark infringement when their products appear in video games. Trademark protection, which can extend indefinitely,¹² lasts longer than either copyright or patent protection, so a company could, in theory, assert trademark claims against video game developers for as long as the company holds the trademark.

Product owners have legal basis in trademark law for fighting unauthorized trademark use. Widespread misappropriation of trademarks “can result in genericide, dilution, and loss of registration and exclusive use of the mark.”¹³ If a trademark owner fails to police his mark and the trademark becomes a common name for a good, it can become “generic” and lose its trademark status.¹⁴ Some brand names that lost trademark protection through genericide include escalator, cellophane, aspirin, trampoline, yo-yo, brassiere, granola, jungle gym, tarmac, and zipper.¹⁵ When trademarked Herman Miller

10. The Supreme Court has held that the patentability of a work does not bar the work from copyright protection. *Mazer v. Stein*, 347 U.S. 201, 217 (1954). For instance, at one point, Pepsi simultaneously held a design patent and a registered trade dress for the design of their bottle. *In re the Pepsi-Cola Co.*, 120 U.S.P.Q. (BNA) ¶ 468 (P.T.O. Mar. 4, 1959).

11. Several companies have also tried to protect their brands using non-legal strategies. Herman Miller tried an interesting solution after unauthorized knock-off copies of its “Aeron” chairs appeared on *Second Life*. DURANSKE, *supra* note 5, at 152. The company combatted the knock-offs by offering free copies to any users who had purchased knock-offs and would destroy them. *Id.* at 152–53. Herman Miller also created its own virtual chairs and sold them to *Second Life* users, charging a premium price. Melissa Ung, *Trademark Law and the Repercussions of Virtual Property (IRL)*, 17 COMM.LAW CONSPECTUS 679, 710 (2009).

12. 15 U.S.C. § 1059 (2002).

13. Ung, *supra* note 11, at 682.

14. Ingram, *supra* note 7, at 154–55.

15. *Id.*; see also *Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111 (1938) (holding that the term “Shredded Wheat” no longer qualified for trademark protection because the public had come to use that term to describe a pillow-shaped wheat biscuit); *Murphy Door Bed Co. v.*

chairs appeared on the game *Second Life* without the company's authorization, Herman Miller issued a statement saying, in part, "[T]he strength of legal trademarks and copyrights is directly linked to the holder's rigorous defense of them—by ignoring infringement the holder weakens the value of the intellectual property and raises the likelihood others will choose to infringe."¹⁶

Even if a trademark owner is not currently competing in the virtual world, he could consider a future virtual presence and would "have a difficult time entering if the market already is saturated with products using the company's mark."¹⁷ Unauthorized trademark use in video games also exposes video game manufacturers to unfair competition claims if the use suggests that the markholder endorses the game.¹⁸ Finally, unauthorized use of a trademark in a video game allows manufacturers to capitalize on markholders' investments to develop goodwill and customer loyalty in association with their trademarks.¹⁹

Despite these considerations, trademark owners have, thus far, been largely unsuccessful in trademark infringement suits against video game developers.

A. Acquiring Trademark Protection for Products

Product owners typically either own a registered trademark for their mark or claim a common law trademark after using the mark in commerce. While marks are protectable without registration, a trademark infringement suit is more likely to succeed if a mark is registered.²⁰ In *P.S. Products v. Activision Blizzard*, a product owner

Interior Sleep Sys., Inc., 874 F.2d 95 (2d Cir. 1989) (holding that the term "Murphy Bed" became generic for beds that fold up into the wall and, thus, that "Murphy Bed" no longer qualified for trademark protection).

16. Thai Phi Le, *More Than Just a Game*, WASHINGTON LAWYER (May 2013), <http://www.dcbbar.org/bar-resources/publications/washington-lawyer/articles/may-2013-virtual-game.cfm#note2>.

17. Ung, *supra* note 11, at 682.

18. Wesley W. Wintermyer, Note, *Who Framed Rogers v. Grimaldi?: What Protects Trademark Holders Against First Amendment Immunity for Video Games?*, 64 ALA. L. REV. 1243, 1250 (2013) (citing 15 U.S.C. § 1125(a)(1)(A) (2006)).

19. Dougherty & Lastowka, *supra* note 4, at 796–97.

20. Registration offers many benefits to markholders. Registration is "prima facie evidence of the validity" of the mark, 15 U.S.C. § 1057(b), filing an application is considered constructive use of the mark, 15 U.S.C. § 1057(c), and potential remedies for infringement of a registered mark are greater than remedies for infringement of an unregistered mark, 15 U.S.C. § 1111(b).

sued a game developer for trademark infringement after the product owner's stun gun appeared in the video game *Call of Duty: Black Ops II*.²¹ The suit failed in part because the product owner never acquired a registered trade dress for its product, claiming that the product design was a common law trademark.²² Specifically, the court dismissed the suit in part because the product owner failed to 1) articulate the specific elements constituting the "unique design" of their trade dress, 2) show distinctiveness, and 3) show that the trade dress was non-functional.²³ Each of these elements would probably have been addressed during a trademark registration application. The court in *P.S. Products* noted that it is more difficult for a trademark owner to prevail in an infringement action when the mark is unregistered.²⁴

Trade dress has been registered for products ranging from automobiles²⁵ to Academy Awards²⁶ to soda bottles.²⁷ As seen in *P.S. Products*, a product cannot be protected by trade dress unless the product owner can show that the design 1) lacks functionality, and 2) is distinctive.²⁸ A product design is functional if the design is necessary to the utility of the product or affects the cost or quality of the product.²⁹ A design acquires distinctiveness, or secondary meaning, when consumers identify the design with a particular source.³⁰ If a product owner cannot demonstrate both distinctiveness

21. *P.S. Prods. v. Activision Blizzard*, No. 4:13-cv-00342-KGB, slip op. at 2–4 (D. Ark. Feb. 21, 2014).

22. *Id.*, slip op. at 14–16.

23. *Id.*, slip op. at 13–16.

24. *Id.*, slip op. at 15; *see also* *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205 (2000) (holding that an unregistered product design can only have trade dress protection upon demonstrating that it has acquired secondary meaning).

25. The mark consists of a three-dimensional configuration of an automobile, Registration No. 3,389,149 (registered trade dress for a Porsche).

26. The drawing is a two-dimensional representation of a three-dimensional statuette, Registration No. 1,649,437 (registered trade dress for an Academy Award).

27. The mark consists of the distinctively shaped contour, or confirmation, and design of the bottle shown above, Registration No. 696,147 (registered trade dress for a Coca-Cola bottle).

28. *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 28–29 (2001); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 775 (1992).

29. *Traffix Devices*, 532 U.S. at 35 (quoting *Inwood Labs, Inc. v. Ives Labs, Inc.*, 456 U.S. 844, 850 n.10 (1982)).

30. *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 210 (2000); Carla B. Oakley & Brett A. Lovejoy, *Trade Dress, Copyright or Design Patent*, *THE RECORDER* (Oct. 19, 2012), <http://www.morganlewis.com/pubs/trade-dress-copyright-or-design-patent-ithe-recorder>. It

and lack of functionality, he cannot use trade dress to prevent inclusion of his product in a video game.

B. Establishing Infringement

Once a product owner acquires a registered trademark or trade dress, he must establish trademark infringement by the video game manufacturer. Product owners typically assert that unauthorized use of a mark causes either a likelihood of confusion or dilution of the marks.³¹

1. Establishing likelihood of confusion

Trademark infringement suits typically turn on whether the unauthorized use of the mark is likely to cause consumer confusion.³² According to the Lanham Act, a person infringes a trademark when he:

uses in commerce any word, term, name, symbol, or device, or any combination thereof . . . which is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person. . . .³³

can take significant time and publicity to demonstrate secondary meaning; several factors include “how long the design has been used, efforts to promote a connection between the design and the company that offers the product, and purchasers’ association of the design to a single company.” *Id.* A trade dress that is not inherently distinctive and has not acquired distinctiveness may be registered on the Supplemental Register until the applicant can demonstrate secondary meaning. Lisa Martens & Alex Garcia, *United States: Shapes, Sounds, and Smells*, TRADEMARK WORLD, Nov. 2009, Issue 222 (explaining that the Trademark Trial and Appeal Board allowed the shape of a soda bottle to be registered on the Supplemental Register).

31. Many companies also include an unfair competition claim in their trademark infringement complaints, but this Comment will not address unfair competition claims against video game manufacturers. In *P.S. Products v. Activision Blizzard*, the court dismissed the product owner’s unfair competition claim, echoing *McCarthy*, as it held that a claim of unfair competition is synonymous with a straightforward trademark infringement claim. No. 4:13-cv-00342-KGB, slip op. at 16 (D. Ark. Feb. 21, 2014); *see also* 1 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 7:62 (4th ed.) (“For all practical purposes, there should be no difference in the substantive law of product simulation whether one uses the labels ‘trademark,’ ‘trade dress,’ or simply ‘unfair competition.’”).

32. Mark D. Robins, *First Amendment Protection for the Use of Trademark in Video Games*, 25 No. 9 INTEL. PROP. & TECH. L.J. 14, 14 (2013).

33. 15 U.S.C. § 1125(a)(1)(A) (2012).

When deciding whether an alleged infringement is likely to cause confusion, courts typically look at seven factors:

[1] the degree of similarity between the marks in appearance and suggestion; [2] the similarity of the products for which the name is used; [3] the area and manner of concurrent use; [4] the degree of care likely to be exercised by consumers; [5] the strength [or “distinctiveness”] of the complainant’s mark; [6] actual confusion; and [7] an intent on the part of the alleged infringer to palm off his products as those of another.³⁴

Many trademark infringement suits against video game manufacturers are dismissed for lack of confusion under the first three requirements. Even if a mark or product is reproduced exactly in a video game, the fact remains that one is physical, while the other is virtual. Consumers are not likely to be confused by a virtual copy of a physical product, especially since the physical product and the virtual copy are not used in the same context. Thus far, courts usually dismiss trademark infringement suits because they do not find it likely that a consumer would purchase a video game thinking he had purchased the trademark owner’s product.

In *Fortres Grande v. Warner Bros. Entertainment*, the Seventh Circuit found that consumers were not likely to confuse a computer program called “the clean slate,” featured in the film *The Dark Knight Rises*, with security software called “Clean Slate.”³⁵ Using the seven-factor test, the court determined that there was no likelihood of confusion between the real and fictional software.³⁶ A desktop management software program and a movie about a superhero were so different that consumers were not likely to assume that the same manufacturer produced both.³⁷ It was not likely that the markets for the two would intersect because Warner Brothers’ use of “clean slate” was in a movie shown in theaters, while the software was available only on the software manufacturer’s website.³⁸ The court also pointed out that people who purchase computer security

34. *Fortres Grand Corp. v. Warner Bros. Entm’t Inc.*, 763 F.3d 696, 702 (7th Cir. 2014) (citing *McGraw-Edison Co. v. Walt Disney Prods.*, 787 F.2d 1163, 1167–68 (7th Cir. 1986)).

35. *Id.* at 705–06. After the film was released, the software manufacturer saw a significant decrease in sales of its Clean Slate program. *Id.* at 698.

36. *Id.* at 702–06.

37. *Id.* at 699–700, 704.

38. *Id.* at 704.

software are likely to be more than usually cautious and, hence, will likely investigate products closely and experience less confusion.³⁹

Applying the likelihood of confusion test to video games, rather than movies, does not seem to improve markholders' chances of success. In *Frosty Treats v. Sony Computer Entertainment America*, the video game *Twisted Metal* included an ice cream truck that allegedly bore substantial similarity to an ice cream truck company's trucks, including the company's brand name "Frosty Treats" on the sides of the trucks.⁴⁰ Despite the handful of people who asked if Frosty Treats was affiliated with the video games, the court held that Frosty Treats failed to show that consumers were confused about whether Frosty Treats sponsored or was affiliated with the video games or that the manufacturer had tried to claim the Frosty Treats marks as its own.⁴¹

At least one court has held that using an exact replica of a product in a video game may lead to consumer confusion. Electronic Arts (EA) included representations of Bell helicopters in its game *Battlefield 3* and in advertisements for the game.⁴² The court denied EA's motion to dismiss for lack of confusion because "it is plausible that consumers could think [the helicopter manufacturer] provided expertise and knowledge to the game in order to create its realistic simulation of the actual workings of the Bell-manufactured helicopters."⁴³ The court especially emphasized the prominence of the helicopters in EA's advertisements, noting that EA used the helicopters to attract consumers to the game and that "the ability to control vehicles such as the helicopters in question is a major reason

39. *Id.*

40. *Frosty Treats Inc. v. Sony Comput. Entm't Am. Inc.*, 426 F.3d 1001, 1003 (8th Cir. 2005).

41. *Id.* at 1009–10. The court also held that the trade dress of the trucks and a "Safety Clown" mark on the sides of the trucks were weak marks and that the ice cream truck logos in the games bore marginal similarity to Frosty Treats' marks. *Id.* at 1008. *See also* *Dillinger, LLC v. Elec. Arts, Inc.*, No. 1:09-cv-1236-JMS-DKL, 2011 U.S. Dist. LEXIS 64006, at *19–23 (S.D. Ind. June 16, 2011) (granting summary judgment in favor of a video game manufacturer that used the trademarked name "Dillinger" in a video game because the markholder "presented no evidence that any consumer bought the *Godfather* Games because of the Dillinger name, or was otherwise confused").

42. *Elec. Arts, Inc. v. Textron Inc.*, No. C12-00118 WHA., 2012 WL 3042668, at *1–2 (N.D. Cal. July 25, 2012).

43. *Id.* at *4–5.

for the game's success."⁴⁴ The parties have since settled the suit out of court.⁴⁵

Video game manufacturers may defend themselves against claims of consumer confusion by demonstrating efforts to minimize confusion as to the source of their product. Video game manufacturers probably wish to take credit for the success of their games, and courts may find that a manufacturer has taken steps to reduce confusion and correctly identify the source of a game. In *Mil-Spec Monkey v. Activision Blizzard*, the court found that use of a product in a video game was not explicitly misleading because the video game manufacturer made efforts to identify itself as the sole creator of its very successful video game.⁴⁶

Some video game manufacturers may skirt trademark infringement claims by including disclaimers on their packaging, saying that any use of a trademarked product does not indicate sponsorship by the trademark owner.⁴⁷ The court in *Electronic Arts, Inc. v. Textron Inc.* found that such a disclaimer could support a finding that the use was not misleading, but it is not conclusive, especially since teenage users, anxious to rip open the packaging and play the game, might not even see a disclaimer.⁴⁸

It is difficult to envision a scenario in which a consumer would purchase a virtual good, thinking he had purchased its physical counterpart. Because of this, some argue that the "likelihood of confusion" test is a poor fit for trademark use in video games,⁴⁹ and markholders and courts increasingly use other tests to analyze potential trademark infringement by video game developers.⁵⁰

44. *Id.*

45. Mallory, *supra* note 1.

46. *Mil-Spec Monkey, Inc. v. Activision Blizzard, Inc.*, 74 F. Supp. 3d 1134, 1143–44 (N.D. Cal. 2014); *see also* *Novalogic, Inc. v. Activision Blizzard*, 41 F. Supp. 3d 885, 901–03 (C.D. Cal. 2013) (“[G]iven the huge success of its ‘Call of Duty’ franchise, Activision understandably has made every effort to affirmatively negate any possible confusion regarding the source of [its game].”).

47. Wintermyer, *supra* note 18, at 1255–56; *Textron*, 2012 WL 3042668, at *5.

48. *Textron*, 2012 WL 3042668, at *5.

49. Wintermyer, *supra* note 18, at 1244 (citing Russell Frackman & Joel Leviton, *Trademarks, Video Games and the First Amendment: An Evolving Story*, WORLD TRADEMARK REV., Oct./Nov. 2010, at 62, 63) (“[T]he use of the mark is only incidental to the game itself and not integral to its sale or marketing, [and] the likelihood is slim that the average gamer would be confused that the markholder actually developed the game.”).

50. Wintermyer, *supra* note 18, at 1244.

2. Dilution claim

A trademark owner can try to avoid the likelihood-of-confusion analysis with a trademark dilution claim.⁵¹ The Trademark Dilution Revision Act (TDRA) offers trademark owners relief against a use of a mark that might “cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion.”⁵² Dilution claims are designed, not to protect consumers from confusion, but to prevent dilution of a mark’s value and “uniqueness.”⁵³ Because a dilution claim addresses a defendant’s use of the mark, rather than the effect of the use on the public, a trademark dilution claim avoids likelihood of confusion altogether.⁵⁴

To succeed in a dilution claim, a trademark owner must show, among other things, that its mark is famous and distinctive.⁵⁵ This is a bar that is too high for some small companies to meet.⁵⁶ In *Frosty Treats*, discussed in Section I.B.1, the court denied a federal dilution claim because the trademark and trade dress were not sufficiently famous under the TDRA.⁵⁷

A trademark owner must also show that the manufacturer’s use of the mark is likely to cause dilution by blurring or tarnishment.⁵⁸ A mark is blurred when it is used on dissimilar products, weakening the

51. 15 U.S.C. § 1125(c) (2012); Dougherty & Lastowka, *supra* note 4, at 792. Trademark dilution was codified in the Lanham Act in 1996, and modified in 2006 by the Trademark Dilution Revision Act. *Id.*

52. 15 U.S.C. § 1125(c)(1).

53. *Enterprise Rent-A-Car Co. v. Advantage Rent-A-Car, Inc.*, 330 F.3d 1333, 1339–40 (Fed. Cir. 2003).

54. Dougherty & Lastowka, *supra* note 4, at 792; *see also* Pillsbury Co. v. Milky Way Prods., Inc., No. C78-679A, 1981 WL 1402, at *14 (N.D. Ga. Dec. 24, 1981) (“The basis for this cause of action is the belief that the owner of these marks should not have to stand by and watch the diminution in their value as a result of unauthorized uses by others. All the plaintiff need show to prevail is that the contested use is likely to injure its commercial reputation or dilute the distinctive quality of its marks.”).

55. Dougherty & Lastowka, *supra* note 4, at 794.

56. *Id.* at 795.

57. *Frosty Treats Inc. v. Sony Comput. Entm’t Am. Inc.*, 426 F.3d 1001, 1010–11 (8th Cir. 2005). The markholder also filed a dilution claim under the Missouri Anti-Dilution Act, which does not require proof of a mark’s fame. *Id.* at 1011. The court denied this claim on the grounds that the markholder’s mark and the mark used in the game were so dissimilar that there was little likelihood of dilution. *Id.*

58. Dougherty & Lastowka, *supra* note 4, at 794; Alexandra E. Olson, *Dilution by Tarnishment: An Unworkable Cause of Action in Cases of Artistic Expression*, 53 B.C. L. REV. 693, 696–97 (2012).

distinctive identity of the mark.⁵⁹ A mark is tarnished when it is portrayed in an unflattering context, endangering a company's goodwill investment in the mark.⁶⁰ Both types of dilution are more applicable to trademark use in video games than likelihood-of confusion.

Even if a mark is nationally famous, it can be difficult to show that a video game manufacturer's use of the mark weakens the mark's identity or damages the goodwill associated with it. In *Caterpillar v. Walt Disney Co.*, Caterpillar tried to enjoin Walt Disney's use of trademarked Caterpillar bulldozers in the film *George of the Jungle 2*.⁶¹ Caterpillar claimed trademark dilution because the bulldozers were driven by the film's antagonists and were described by the film's narrator as "deleterious dozers" and "maniacal machines."⁶² Despite the unfavorable light in which the bulldozers were presented, the district court denied Caterpillar's dilution claim because the film did not claim that the bulldozers were low quality and, even though the film's villains operated the bulldozers, the film did not claim that the bulldozers themselves were inherently evil.⁶³

If a mark is clearly portrayed in a negative light, a markholder is more likely to succeed in a dilution claim. In *Pillsbury Co. v. Milky Way Productions*, a magazine published sexually explicit pictures of the Pillsbury Doughboy.⁶⁴ The district court granted injunctive relief to Pillsbury under a Georgia anti-dilution statute, holding that unauthorized use of Pillsbury's mark was likely to harm Pillsbury's business and dilute the distinctive quality of its trademarks.⁶⁵

3. Fair use

A video game manufacturer may combat a trademark infringement claim by asserting that its use of a trademarked product is protected by nominative fair use. A video game manufacturer can claim nominative fair use if it must use a trademark to describe a

59. Olson, *supra* note 58, at 696–97.

60. *Id.* at 697.

61. *Caterpillar Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913, 915–17 (C.D. Ill. 2003).

62. *Id.*

63. *Id.* at 922.

64. *Pillsbury Co. v. Milky Way Prods., Inc.*, No. C78-679A, 1981 WL 1402, at *1 (N.D. Ga. Dec. 24, 1981).

65. *Id.* at *14–15.

product.⁶⁶ In *New Kids on the Block v. News America Public*, the Ninth Circuit set out three requirements for a nominative fair use defense:

First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.⁶⁷

An image of a trademarked product often constitutes fair use. In *Mattel, Inc. v. Walking Mountain Productions*, a photographer used trademarked Barbie dolls in photographs to critique and make fun of Barbie and of “our beauty and perfection-obsessed consumer culture.”⁶⁸ The Ninth Circuit held that the photographer’s use of the dolls qualified as nominative fair use because it satisfied all three fair use elements.⁶⁹ First, use of the Barbie was necessary to the photographer’s artistic goals—he could not parody Barbie without using her in his photographs.⁷⁰ Second, the photographer used only as much of the trademarked Barbie as necessary to achieve this goal.⁷¹ Third, it was not likely that anyone would think that Mattel sponsored the photographs.⁷²

Video game manufacturers have not successfully employed this defense against markholders. In *E.S.S. Entertainment v. Rock Star Videos*, the Ninth Circuit held that fair use did not apply when a video game included only a parody, not an exact representation, of a strip club.⁷³ The court held that nominative fair use requires use of a

66. *E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095, 1098–99 (9th Cir. 2008).

67. *New Kids on the Block v. News Am. Pub., Inc.*, 971 F.2d 302, 308 (9th Cir. 1992).

68. *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 796 (9th Cir. 2003). The court in *Walking Mountain* also discussed copyright fair use. *Id.* at 799, 800. See Section III.B.2 of this Comment for a more detailed discussion on this topic.

69. *Id.* at 812.

70. *Id.* at 810–12.

71. *Id.* at 811–12.

72. *Id.* at 811 (“This element does not require that the defendant make an affirmative statement that their product is not sponsored by the plaintiff.”).

73. *E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095, 1099 (9th Cir. 2008).

trademark identical to the markholder's, and the video game was not trying to describe, identify, or criticize the strip club.⁷⁴ In *Textron*, the court denied a video game manufacturer's motion to dismiss based on a fair use defense due to "questions of disputed fact."⁷⁵ Specifically, the parties disagreed as to whether trademarked helicopters were identifiable without use of the trademark, whether the manufacturer used more of the mark than necessary to identify the helicopters, and whether the manufacturer's use of the helicopters suggested that the markholder endorsed the game.⁷⁶

While nominative fair use is a well-established defense in the Ninth Circuit, it is not recognized or used consistently in every jurisdiction.⁷⁷ Perhaps due to this confusion, and the difficulty of applying nominative fair use in this context, video game manufacturers typically turn to the First Amendment, rather than nominative fair use, to justify use of trademarked products in their games.

4. First Amendment protection in trademark infringement suits

Video game developers often defend unauthorized use of trademarked products under the free speech guarantees of the First Amendment.⁷⁸ First Amendment protection is similar to fair use protection (fair use finds its roots in the First Amendment), but the First Amendment offers broader, more flexible protection to video game manufacturers. In *Brown v. Entertainment Merchants Ass'n*, the Supreme Court held that video games qualify for First Amendment free speech protection.⁷⁹ Two additional cases, *Rogers v. Grimaldi*⁸⁰

74. *Id.* at 1098–99.

75. *Elec. Arts, Inc. v. Textron Inc.*, No. C12–00118 WHA., 2012 WL 3042668, at *5–6 (N.D. Cal. July 25, 2012).

76. *Id.* at *6.

77. Michael S. Mireles, Jr., *Aesthetic Functionality*, 21 TEX. INTELL. PROP. L.J. 155, 160 (2013); *see also* *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 218 (3d Cir. 2005) (“[I]t seems that only the Second, Fifth, and Sixth Circuits have referenced the nominative fair use defense by name and even on these occasions have done so only to refer to what district courts had done with the issue or to decline to adopt the Ninth Circuit’s test as a whole.”).

78. *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 900 (9th Cir. 2002) (quoting *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 29 (1st Cir. 1987)) (“Trademark rights do not entitle the owner to quash an unauthorized use of the mark by another who is communicating ideas or expressing points of view.”).

79. *Brown v. Entm’t Merchs. Ass’n*, 131 S. Ct. 2729, 2733 (2011).

and *E.S.S. Entertainment v. Rockstar Videos*,⁸¹ are usually cited in cases addressing unauthorized use of trademarks in video games.

Rogers concerns a film called “Ginger and Fred” about two dancers who imitated Ginger Rogers and Fred Astaire.⁸² Ginger Rogers claimed that the film’s use of her name violated the Lanham Act because it led viewers to believe that she was in the film or otherwise associated with it.⁸³ The court held that the film’s use of Rogers’ name did not violate the Lanham Act, and that use of a trademark in an artistic work violates the Lanham Act only when (1) the use of a trademark has no artistic relevance to the work as a whole, and (2) the use of a trademark “explicitly misleads as to the source or the content of the work.”⁸⁴

In *E.S.S. Entertainment*, the Ninth Circuit clarified that *Rogers* offers liberal First Amendment protection to creators of artistic works.⁸⁵ Rock Star Videos bases the cities in its *Grand Theft Auto* video games on actual American cities, incorporating real landmarks and businesses, with minor changes and fictional names.⁸⁶ One game, *Grand Theft Auto: San Andreas*, includes a strip club called the Pig Pen that is loosely based on a strip club in Los Angeles called the Play Pen.⁸⁷ When the strip club filed suit for trademark infringement, the court held that if use of a trademark has *any* relevance at all in relation to a work as a whole, then it passes the first prong of the *Rogers* test and does not infringe the trademark.⁸⁸ The First Amendment protected use of the strip club in *Grand Theft Auto* because the defendant’s “artistic goal . . . [was] to develop a cartoon-style parody,” and including a strip club similar to an existing strip club had “some artistic relevance” to that goal.⁸⁹ The court also held that “mere use of a trademark alone cannot suffice to make such use explicitly misleading,” and that use of the strip club in

80. *Rogers v. Grimaldi*, 875 F.2d 994, 996–97 (2d Cir. 1989).

81. *E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095, 1099 (9th Cir. 2008).

82. *Rogers*, 875 F.2d at 996–97.

83. *Id.* at 997.

84. *Id.* at 997–99.

85. *E.S.S. Entm’t*, at 1099.

86. *Id.* at 1097.

87. *Id.*

88. *Id.* at 1100 (“[T]he level of relevance merely must be above zero.”).

89. *Id.* at 1099–1100.

Grand Theft Auto did not create confusion “as to the source or content of the work” because the strip club was only “incidental” to the video game, the actual strip club was not related to the video game, and consumers were not likely to think that the strip club owners had created the video game.⁹⁰

Rogers and E.S.S. Entertainment present a grim outlook for trademark holders, as seen in *Novalogic, Inc. v. Activision Blizzard*.⁹¹ In *Novalogic*, the markholder, Novalogic, owned a registered trademark for “Delta Force” and a registered Delta Force design logo for its military first-person shooter game *Delta Force*.⁹² In Activision’s game *Call of Duty: Modern Warfare 3*, which is also a military first-person shooter game, players play members of Delta Force squads, which use logos that are very similar to Novalogic’s.⁹³ When Novalogic claimed trademark infringement, the district court applied *Rogers and E.S.S. Entertainment* and held that the First Amendment protected Activision’s use of the marks because use of the marks had artistic relevance to the game, increasing the “specific realism of the game” and adding to users’ enjoyment.⁹⁴

Despite *Rogers and E.S.S. Entertainment*, First Amendment freedom of speech rights must be reconciled with, and sometimes yield to, intellectual property rights.⁹⁵ In *Brown v. Entertainment Merchants Ass’n*, the Supreme Court pointed out that some speech, “such as obscenity, incitement, and fighting words,” is not entitled to First Amendment protection.⁹⁶ In *Zacchini v. Scripps-Howard Broadcasting Co.*, the Supreme Court held that the First Amendment

90. *Id.* at 1100.

91. *Novalogic, Inc. v. Activision Blizzard*, 41 F. Supp. 3d 885 (C.D. Cal. 2013).

92. *Id.* at 889–90.

93. *Id.* at 890–91. The court emphasized Activision’s minimal use of the Delta Force logo, noting that the mark was not used outside the game (in advertising, etc.), that the game itself was “clearly marked as to its origin and source,” and that Activision did not try to suggest that Novalogic made or supported the game. *Id.* at 892.

94. *Id.* at 900–01; *see also* *Univ. of Ala. Bd. of Trs. v. New Life Art, Inc.*, 683 F.3d 1266 (11th Cir. 2012) (holding that an artist’s portrayal of trademarked football uniforms was protected by the First Amendment because the uniforms were necessary to a “realistic portrayal of famous scenes from [the football team’s] history”).

95. *Wintermyer, supra* note 18, at 1249; *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 206 (2d Cir. 1979) (“That defendants’ movie may convey a barely discernible message does not entitle them to appropriate plaintiff’s trademark in the process of conveying that message.”).

96. *Brown v. Entm’t Merchs. Ass’n*, 131 S. Ct. 2729, 2733 (2011) (internal citations omitted).

did not give a television station the right to broadcast a human cannon-baller's stunt without negotiating with the cannon-baller.⁹⁷ And in *Rogers*, the Second Circuit held that the First Amendment does not create an impenetrable shield against all Lanham Act claims.⁹⁸

The court in *E.S.S. Entertainment* discussed First Amendment protection for parodies of trademarked products, but it did not discuss First Amendment protection for exact representations of trademarked products. The First Amendment may not protect a video game manufacturer who incorporates an exact representation of a product into a video game. In *Textron*, the court held that likelihood of confusion outweighed First Amendment rights when a video game developer used an exact virtual representation of a company's trademarked helicopters.⁹⁹ However, another court in the same district disagreed in *Mil-Spec Monkey* when the video game manufacturer, Activision, included the defendant's distinctive monkey patches in its *Call of Duty* video game.¹⁰⁰ Citing *E.S.S. Entertainment* and *Rogers*, the court in *Mil-Spec Monkey* dismissed the markholder's suit because use of the patches was artistically relevant to the game.¹⁰¹

C. Virtual Trademarks

Trademark owners can also apply for virtual trademarks, which may be more easily enforced against video game developers.¹⁰² Several virtual trademarks can be found in the online role-playing game *Second Life*. Alyssa LaRoche, who designs clothes exclusively for *Second Life*, acquired a federally registered trademark for her

97. *Zacchini v. Scripps-Howard Broad. Co.*, 433 U.S. 562 (1977). The Court noted that the First Amendment does not permit someone to acquire, for free, an asset "that would have market value and for which he would normally pay." *Id.* at 576 (quoting *Harry Kalven Jr., Privacy in Tort Law—Were Warren and Brandeis Wrong?*, 31 L. & CONTEMP. PROBS. 326, 331 (1966)).

98. *Rogers v. Grimaldi*, 875 F.2d 994, 998 (2d Cir. 1989).

99. *Elec. Arts, Inc. v. Textron Inc.*, No. C 12-00118 WHA., 2012 WL 3042668, at *5 (N.D. Cal. Jul. 25, 2012).

100. *Mil-Spec Monkey, Inc. v. Activision Blizzard, Inc.*, 74 F. Supp. 3d 1134, 1136 (N.D. Cal. 2014).

101. *Id.* at 1141-43.

102. Max, *supra* note 8, at 286 ("At present, it appears that registering a trademark through the United States Patent and Trademark Office (USPTO) (the old-fashioned way) is the best way to protect one's virtual brand.").

Second Life avatar and for her online brand “Aimee Weber Studio.”¹⁰³ The USPTO currently has no “virtual products” classification, and Ms. LaRoche registered her marks under Class 42 for computer services and software, listing as her description of goods and services “[c]omputer programming services, namely, content creation for virtual worlds and three dimensional platforms.”¹⁰⁴ Of course, in order to register a trademark, the trademark owner must verify that the mark has been used in commerce.¹⁰⁵ It is unclear whether use of a mark in commerce in the real world would allow the mark to be registered for use in a virtual world.¹⁰⁶

Another *Second Life* designer, Carol Higgins, acquired a registered trademark for her “virtual fashion line.”¹⁰⁷ Interestingly, “she registered her mark in Class 25” (for clothing), rather than Class 42 (“for computer services and software”), and in her “description of goods,” she does not specify that her clothing exists only in the virtual world; anyone reviewing her USPTO trademark information would not know that her clothing line is purely virtual.¹⁰⁸

With a virtual trademark, it is easier to establish likelihood of confusion (discussed in Section I.B.1) because the marks appear in the same markets and are more likely to be confused by consumers. In *Eros, LLC v. Simon*, a group of *Second Life* merchants filed suit against someone who created virtual knock-offs of the merchants’ virtual products and sold them on *Second Life*.¹⁰⁹ At least two of the merchants owned federally registered trademarks for their purely virtual brands, while the others owned federally registered copyrights.¹¹⁰ The court entered a judgment ordering the defendant

103. Dougherty & Lastowka, *supra* note 4, at 771–72 (2008); Registration No. 3,531,683; AIMEE WEBER STUDIO, Registration No. 3,531,682.

104. Registration No. 3,531,683; AIMEE WEBER STUDIO, Registration No. 3,531,682.

105. 15 U.S.C. § 1051(a)(3)(C) (2012).

106. *See* Max, *supra* note 8, at 287–89.

107. *Id.*

108. *Id.*

109. *See* Complaint, *Eros, LLC v. Simon*, 2007 WL 3194460 (E.D.N.Y. 2007) (No. CV-07 4447).

110. *Id.*

to, among other things, pay \$525.00 in damages and permanently stop selling the plaintiffs' merchandise.¹¹¹

However, as seen in *Novalogic*, a virtual trademark does not immunize product owners against First Amendment claims. In *Novalogic*, the trademarks at issue were registered for use with computer and video game software,¹¹² but the court still held that the First Amendment protected the video game developer's use of the trademarks.¹¹³

Despite markholders' interests in policing their virtual brands, they do not currently find much legal foothold against unauthorized use of their marks by video game developers. There is probably insufficient case law to determine whether this will remain the trend, but so far, the outlook for markholders is not promising.

II. DESIGN PATENT PROTECTION

Some product owners use design patents to try to circumvent the problems inherent in trademark protection.¹¹⁴ While a trademark infringement claim is based on confusion regarding the *source* of goods or services, a design patent protects from confusion "as to a *design*."¹¹⁵ A design patent is sometimes more easily acquired than a trade dress, since a product owner need not demonstrate that his design has acquired secondary meaning.¹¹⁶

The two main drawbacks of design patents are high cost and limited term of protection. Although design patents typically issue more quickly than utility patents,¹¹⁷ design patents may still take

111. Max, *supra* note 8, at 311. Other *Second Life* merchants have also tried to enforce federally registered virtual trademarks with varied success. *Id.* at 310–11.

112. DELTA FORCE, Registration No. 2,302,869. The mark consists of a sword behind a triangle that incorporates a lightning bolt, Registration No. 2,704,298.

113. *Novalogic, Inc. v. Activision Blizzard*, 41 F. Supp. 3d 885, 900–03 (C.D. Cal. 2013).

114. *See, e.g., P.S. Prods. v. Activision Blizzard*, No. 4:13-cv-00342-KGB, slip op. at 10 (E.D. Ark. filed Feb. 21, 2014). The court in *P.S. Products* dismissed the product owner's design patent infringement suit, suggesting the product owner might have had more standing against a video game developer if it had "obtained a design patent for a computer icon." *Id.*

115. Kenneth Cheney, *Patenting Virtual Worlds*, ABA SCITECH LAW, Summer 2010, at 15 (emphasis added).

116. Scott D. Locke, *Fifth Avenue and the Patent Lawyer: Strategies for Using Design Patents to Increase the Value of Fashion and Luxury Goods Companies*, 5 J. MARSHALL REV. INTELL. PROP. L. 40 (2005).

117. Gene Quinn, *Design Patents: The Under Utilized and Overlooked Patent*, IPWATCHDOG (Dec. 20, 2011), www.ipwatchdog.com/2011/12/20/design-patents-the-

years to issue, and they expire after only fourteen to fifteen years.¹¹⁸ It can cost thousands of dollars in attorney fees and registration fees to prosecute and maintain each patent.¹¹⁹ Furthermore, design patent holders encounter many of the same issues as trademark holders when protecting their brands against unauthorized use in virtual environments. Considering the expense and limited protection of design patents, they may not be a viable option for product owners who are only combatting virtual infringement.

A. Acquiring a Design Patent

A product owner who is interested in asserting patent protection against a video game designer must first apply for a patent.¹²⁰ Just like trade dress, discussed in Section I.A, design patents protect only ornamental, not functional, product features,¹²¹ but the U.S. Patent Office has said that “[t]he design for [an] article cannot be assumed to lack ornamentality merely because the article of manufacture would seem to be primarily functional.”¹²² Design patents protect aesthetic aspects of many functional articles; for example, Taser has acquired design patents for several of its Taser stun guns and cartridges.¹²³

Product owners might also consider acquiring design patents for the virtual versions of their products. While there is some evidence that virtual design patent applications are rejected more frequently than other design patent applications,¹²⁴ it has been estimated that “[v]irtual designs are among the fastest growing segments of design

under-utilized-and-overlooked-patent/id=21337/ (“It can take 3 or more years, sometimes substantially longer, to obtain a patent. By contrast a design patent can in many instances be awarded in as few as 6 to 8 months.”).

118. 35 U.S.C. § 173 (2012).

119. Gene Quinn, *The Cost of Obtaining a Patent in the US*, IPWATCHDOG (Apr. 4, 2015), <http://www.ipwatchdog.com/2015/04/04/the-cost-of-obtaining-a-patent-in-the-us/id=56485/>.

120. Of course, a design patent application must be filed within one year of first public disclosure or sale of a product, so this option will not be available to a product owner who has not filed a patent application within the appropriate time frame. 35 U.S.C. § 102 (2012).

121. MPEP § 1504.01(c) (8th ed. Rev. 7, Sept. 2008).

122. *Id.*

123. *E.g.*, U.S. Patent No. D678,452 (filed Apr. 19, 2011); U.S. Patent No. D651,679 (filed Aug. 14, 2009); U.S. Patent No. D630,290 (filed Aug. 14, 2009); U.S. Patent No. D567,879 (filed Nov. 7, 2007).

124. Jason J. Du Mont & Mark D. Janis, *Virtual Designs*, 17 STAN. TECH. L. REV. 107, 152 (2013).

patent filings at the UPSTO.”¹²⁵ PepsiCo has acquired a design patent for an “ornamental design for a display screen with icon” for its “Mountain Dew” logo¹²⁶ and another for a “display screen with an animated color image” displaying its round Pepsi symbol,¹²⁷ while Yahoo has acquired a design patent for a virtual three-dimensional sphere.¹²⁸

B. Establishing Infringement

Once a product owner has acquired a registered patent, he must show that the video game manufacturer has infringed that patent. The Patent Act prohibits “appl[ying] the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale.”¹²⁹ If creating a virtual representation of a patented product constitutes “appl[ying] [a] patented design . . . to [an] article of manufacture,” then including a patented product in a video game could constitute infringement. However, to find virtual infringement of a physical design patent, a court would have to hold that a virtual object is an “article of manufacture” under the Patent Act.¹³⁰

A patent infringement suit would also have to survive the “ordinary observer” test laid out by the Supreme Court in *Gorham Co. v. White*.¹³¹ Under the ordinary observer test, a design patent is infringed only if the two products are so similar that an ordinary observer would purchase the infringing product, thinking he purchased the patented product.¹³² This test is difficult to apply to

125. *Id.* at 129.

126. U.S. Patent No. D613,304 (filed Nov. 7, 2008).

127. U.S. Patent No. D601,573 (filed Oct. 3, 2008).

128. U.S. Patent No. D598,029 (filed Nov. 29, 2007).

129. 35 U.S.C. § 289 (2012).

130. Kevin T. Kramer, James G. Gatto & D. Benjamin Esplin, *Virtual World Operator and Executives Sued Over Unauthorized Sale of Virtual Goods; Case Dismissed After Changes Made*, INTELL. PROP. & TECH. L.J., Aug. 2009, at 16, 17.

131. 81 U.S. (1 Wall.) 511 (1871).

132. *Id.* at 528. It should be noted that this decision was made in 1871, long before any thought of unauthorized virtual use of patented designs. This may explain the test’s poor fit for virtual infringement suits.

video games because it is hard to imagine someone purchasing a virtual product thinking he had purchased the physical version.¹³³

It is difficult for suits against video game manufacturers to survive the “ordinary observer” test; no published opinion has resolved such a suit in favor of a product owner. In *P.S. Products*, discussed in Section I.A, a product owner asserted that a video game developer infringed a design patent on a stun gun by using the stun gun in the game *Call of Duty*.¹³⁴ The product owner argued, in part, that even though the design patent did not claim a virtual version of the product, “[o]ne does not escape infringement by using a patented invention for a purpose not contemplated or disclosed by the patentee.”¹³⁵ The court dismissed the patent infringement suit under the ordinary observer test, holding that “[n]o reasonable person would purchase defendants’ video game believing that they were purchasing plaintiffs’ stun gun.”¹³⁶

Images of patented products do not often infringe design patents for those products. The court in *P.S. Products* relied on a Michigan district court’s decision in *Kellman v. Coca-Cola Co.*¹³⁷ In *Kellman*, an inventor had acquired a design patent for a distinctive “wing nut” hat for Detroit Red Wings fans, and the defendant had created a line of T-shirts featuring images of the inventor’s hats.¹³⁸ The court dismissed the inventor’s patent infringement claim under the ordinary observer test, holding that no one would purchase the defendant’s T-shirts thinking they were buying the inventor’s hats.¹³⁹

Because very few product owners have tried to enforce design patents against video game developers, it is difficult to say whether

133. No court has yet discussed the possibility that consumers might purchase an infringing, virtual version of a product thinking that they had purchased a product created by the design patent holder.

134. *P.S. Prods. v. Activision Blizzard*, No. 4:13-cv-00342-KGB, slip op. at 1–3 (E.D.Ark. Feb. 21, 2014).

135. *Id.*, slip op. at 10 (citation omitted).

136. *Id.*, slip op. at 11. In its suit against *Second Life* creator Linden Labs, mentioned previously in the Introduction, Taser alleged that Linden Labs had infringed two design patents for the shapes of its stun guns. Kramer, *supra* note 130, at 17. Taser claimed only an “ornamental design for a gun” without specifying whether the gun was virtual or physical. U.S. Patent No. D504,489 (filed May 27, 2004); U.S. Patent No. D508,277 (filed March 31, 2004). The parties settled out of court after Linden Labs voluntarily removed the stun guns from *Second Life*. Kramer, Gatto & Esplin, *supra* note 130, at 18.

137. *P.S. Prods.*, No. 4:13-cv-00342-KGB, slip op. at 9–10.

138. *Kellman v. Coca-Cola Co.*, 280 F. Supp. 2d 670, 671–73 (E.D. Mich. 2003).

139. *Id.* at 679–80.

this might become a viable alternative for product owners. At this point, this approach has yet to be successful—but only time will tell whether this will remain the case.

C. *Utility Patents*

A company that owns a portfolio of utility patents might try enforcing them against video game manufacturers. The United States Patent Act prohibits “mak[ing], us[ing], offer[ing] to sell, or sell[ing] any patented invention” without authorization.¹⁴⁰ A patent holder might claim that creating a virtual copy of a patented product and incorporating that virtual copy into a video game constitutes making and selling the invention and, thus, infringes the patent on that product.

Virtual infringement of a utility patent has not been tested in court, and it probably would not hurt to include such a claim in a complaint; however, a court is not likely to find that a virtual product infringes a physical product’s utility patent.¹⁴¹ A virtual reproduction is more likely to infringe a utility patent if the patent specification discloses a virtual version of the patented invention.¹⁴² One article suggests that patent owners claim virtual representations of their inventions in their patent applications, or file separate applications for virtual inventions.¹⁴³ Of course, an inventor risks a restriction requirement if he claims both a virtual and a physical version of his invention, and filing separate applications for virtual versions of inventions increases the cost of the overall patent portfolio.

A utility patent suit is more likely to be successful if an inventor has claimed the functionality of his invention.¹⁴⁴ Such a patent might be enforceable against use of the functionality in a virtual environment, but no published opinion has decided this issue.¹⁴⁵

140. 35 U.S.C. § 271.

141. Trevor J. Smedley & Ross A. Dannenberg, *Building a Better Mousetrap: If It’s Virtual, Can Its Patent Be Infringed?*, LANDSLIDE (March/April 2011), http://bannerwitcoff.com/_docs/library/articles/Dannenberg%20Landslide%203.11.pdf.

142. *Id.*

143. *Id.*

144. *Id.*

145. *See id.*

III. COPYRIGHT PROTECTION

If a product is copyrightable, copyright may be the best way to control the product's virtual presence.¹⁴⁶ Copyright law is often applied in the context of video games. One video game manufacturer includes a "Copyright Notice" in its games' terms of use, instructing users to report any perceived copyright infringement and asserting, "Activision respects the intellectual property rights of others and expects its players and the users of its services to do the same."¹⁴⁷

Compared to trademark and patent law, copyright law can be easier to apply when a physical product is digitally reproduced. In *Kellman v. Coca-Cola*, discussed in Section II.B, an inventor's distinctive "wing nut" hats were printed without permission on T-shirts, and the court noted that the inventor's copyright infringement claim was stronger than his design patent infringement claim.¹⁴⁸ Other product owners may also find that their copyright infringement claims are stronger than their patent or trademark infringement claims.

*A. Acquiring Copyright Protection*¹⁴⁹

Registering a copyright is much easier and cheaper than registering a trademark or patent.¹⁵⁰ One potential problem for

146. Product owners will probably not be able to use copyright protection to protect their product names and slogans because the Copyright Office considers short phrases such as brand names, trade names, and slogans to be within the purview of trademark law and, thus, not copyrightable. U.S. COPYRIGHT OFFICE, COPYRIGHT PROTECTION NOT AVAILABLE FOR NAMES, TITLES, OR SHORT PHRASES, <http://copyright.gov/circs/circ34.pdf> (last visited Nov. 24, 2015).

147. *Terms of Use*, ACTIVISION.COM (Oct. 19, 2012), <http://www.activision.com/legal/terms-of-use>.

148. *Kellman v. Coca-Cola Co.*, 280 F. Supp. 2d 670, 680 (E.D. Mich. 2003).

149. While works are automatically copyrighted upon creation, a product owner must register his work before he can file an infringement suit. U.S. COPYRIGHT OFFICE, COPYRIGHT BASICS 3, 7 (May 2012), <http://www.copyright.gov/circs/circ01.pdf>. Registering a copyright within five years after first publishing a work also "constitute[s] prima facie evidence of the validity of the copyright and of the facts . . . in the certificate." 17 U.S.C. § 410. To pursue statutory damages, a product owner must register his work within three months after the first publication of the work or within one month after the product owner learns about a possible infringement. U.S. COPYRIGHT OFFICE, COPYRIGHT BASICS 7 (May 2012), <http://www.copyright.gov/circs/circ01.pdf>; *see also* *Bouchat v. Bon-Ton Dep't Stores, Inc.*, 506 F.3d 315, 329 (4th Cir. 2007) (citing 17 U.S.C. § 412).

150. The Copyright Office currently estimates processing times of up to eight months for e-filing and thirteen months for paper filing. COPYRIGHT.GOV,

product owners is that “devices” and “useful articles” are not copyrightable unless the product design has aesthetic features “that can be identified separately from [its] utilitarian” features.¹⁵¹ In *Ets-Hokin v. Skyy Spirits*, the court held that a vodka bottle could not be copyrighted because it had no “artistic features . . . that are separable from its utilitarian ones.”¹⁵² Some products that were not copyrightable because of their utility include motorcycles,¹⁵³ light fixtures,¹⁵⁴ mannequins,¹⁵⁵ bicycle racks,¹⁵⁶ and clothing designs.¹⁵⁷ Other products, such as belt buckles,¹⁵⁸ lamp bases,¹⁵⁹ and plush toys,¹⁶⁰ acquired copyright protection after the product owner demonstrated that the product’s aesthetic design was separable from its utilitarian function.

B. Establishing Infringement

Once a product owner has registered his product, he must show that a video game manufacturer has infringed that copyright. The owner of a copyrighted work has the exclusive right to reproduce it, create “derivative works based upon” the original work, and “distribute copies” of the work.¹⁶¹ When a video game manufacturer creates a virtual representation of a copyrighted work, the

<http://copyright.gov/help/faq/faq-what.html#certificate> (last visited Nov. 24, 2015). At only \$35.00 per application (or \$55.00 for a standard application), copyright registration is relatively inexpensive. U.S. COPYRIGHT OFFICE, COPYRIGHT OFFICE FEES 1, <http://copyright.gov/circs/circ04.pdf> (last visited Nov. 24, 2015).

151. 17 U.S.C. § 101; U.S. COPYRIGHT OFFICE, COPYRIGHT BASICS 3 (May 2012), <http://www.copyright.gov/circs/circ01.pdf>; *Ets-Hokin v. Skyy Spirits, Inc.*, 225 F.3d 1068, 1080 (9th Cir. 2000).

152. *Ets-Hokin*, 225 F.3d at 1080.

153. *Latimer v. Roaring Toyz, Inc.*, 601 F.3d 1224, 1234 (11th Cir. 2010).

154. *Progressive Lighting, Inc. v. Lowe’s Home Ctrs., Inc.*, 549 F. App’x 913, 920–21 (11th Cir. 2013).

155. *Carol Barnhart Inc. v. Econ. Cover Corp.*, 773 F.2d 411, 418 (2d Cir. 1985).

156. *Brandir Int’l, Inc. v. Cascade Pac. Lumber Co.*, 834 F.2d 1142, 1147–48 (2d Cir. 1987).

157. *Sarl Louis Feraud Int’l v. Viewfinder, Inc.*, 489 F.3d 474, 483 (2d Cir. 2007).

158. *Kieselstein-Cord v. Accessories by Pearl, Inc.*, 632 F.2d 989 (2d Cir. 1980) (holding that ornamental elements in decorative belt buckles could be separated from the buckles’ function and, thus, could be protected by copyright).

159. *Mazer v. Stein*, 347 U.S. 201 (1954) (holding that statuettes used as bases for lamps are copyrightable).

160. *Ty, Inc. v. Publ’ns Int’l Ltd.*, 292 F.3d 512 (7th Cir. 2002) (noting that stuffed plush toys are copyrightable).

161. 17 U.S.C. § 106.

manufacturer potentially infringes the copyright owner's exclusive right to reproduce the work and create derivative works.

1. Derivative works

Because video game manufacturers create virtual representations of products, rather than directly reproducing them, product owners typically claim that video game manufacturers have produced unauthorized derivative works. The United States Code defines a derivative work as “a work based upon one or more preexisting works . . . [in] *any other form* in which a work may be recast, transformed, or adapted.”¹⁶² The plain language of the statute suggests that a virtual reproduction infringes a copyright because it recreates the work in virtual form.

Courts deciding analogous cases, such as *Ty v. Publications International*, have held that photographs of sculptural works are derivative works. In *Ty v. Publications International*, a publishing company sold a book containing unlicensed photographs of “Beanie Babies”—stuffed animal beanbag toys that were copyrighted as “sculptural works.”¹⁶³ The court held that the photographs were derivative works that infringed Ty's copyrights, stating:

A photograph of a Beanie Baby is not a substitute for a Beanie Baby. No one who wants a Beanie Baby, whether a young child who wants to play with it or an adult (or older child) who wants to collect Beanie Babies, would be tempted to substitute a photograph. But remember that photographs of Beanie Babies are conceded to be derivative works, for which there may be a separate demand that Ty may one day seek to exploit, and so someone who without a license from Ty sold photographs of Beanie Babies would be an infringer of Ty's sculpture copyrights.¹⁶⁴

162. 17 U.S.C. § 101 (emphasis added).

163. *Ty, Inc.*, 292 F.3d at 515.

164. *Id.* at 518–19. The court later clarified that this holding “was based . . . on the parties' concessions that the photographs were derivative works.” *Schrock v. Learning Curve Int'l, Inc.*, 586 F.3d 513, 518 (7th Cir. 2009); *see also* *Durham Indus., Inc. v. Tomy Corp.*, 630 F.2d 905, 908–09 (2d Cir. 1980) (recognizing that toys based on Disney's characters are derivative works and that, without a license from Disney, the toy company would be infringing Disney's copyright); *Schrock*, 586 F.3d at 518 (“[W]e will assume without deciding that each of Schrock's photos [of copyrighted Thomas & Friends characters] qualifies as a derivative work within the meaning of the Copyright Act.”).

Other courts are reluctant to find that a photograph of a copyrighted work is a derivative work because a photograph (or virtual reproduction) simply “depicts” the underlying work.¹⁶⁵ In *SHL Imaging v. Artisan House, Inc.*, a New York district court held that photographs of picture frames were not derivative works of the frames because the photographs “merely depict[ed] defendants’ frames and [did] not recast, adapt or transform any authorship that may exist in the frames.”¹⁶⁶

2. Fair use

Even when courts find that virtual reproductions violate copyright owners’ reproduction rights, video game manufacturers often claim that their use of the product constitutes “fair use.” The Copyright Act allows reproduction of copyrighted works “for purposes such as criticism [and] comment,” considering the following four factors:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.¹⁶⁷

The first and fourth factors typically carry the most weight in the fair use analysis. The first factor is sometimes known as the “transformative factor.” Transformative use is often fair use. In *Campbell v. Acuff-Rose Music, Inc.*, the Supreme Court held that a new work is transformative if it “adds something new, with a further

165. *Latimer v. Roaring Toyz, Inc.*, 601 F.3d 1224, 1234–35 (11th Cir. 2010) (discussing the confusion among courts without holding whether a photograph of a three-dimensional object is an infringing derivative work).

166. 117 F. Supp. 2d 301, 306 (S.D.N.Y. 2000); *see also* *Sarl Louis Feraud Int’l v. Viewfinder Inc.*, 627 F. Supp. 2d 123, 128–29 (S.D.N.Y. 2008) (holding that photographs of a fashion show do not infringe clothing design copyrights because the plaintiff’s purpose to design and market clothing differed from the defendant’s purpose to report on the fashion show).

167. 17 U.S.C. § 107 (2012).

purpose or different character, [or] alter[s] the first with new expression, meaning, or message.”¹⁶⁸ Video game developers argue that creating virtual copies of tangible products is transformative, weighing in favor of fair use. Courts are divided about whether creating an image of a copyrighted work is *per se* transformative. On one hand, “[c]ourts have been reluctant to find fair use when an original work is merely retransmitted in a different medium . . . [and] the resulting use of the copyrighted work . . . [is] the same as the original use.”¹⁶⁹ On the other hand, “courts have found a secondary use to be transformative when it is ‘plainly different from the original purpose for which [the copyrighted work was] created’—even where a secondary user has made an exact replication of a copyrighted image.”¹⁷⁰

If a work is transformative, its transformative nature can outweigh the other factors even if the entire work is reproduced. In *Kelly v. Arriba Soft Corp.*, a search engine displayed thumbnail images of an artist’s photographs on its website.¹⁷¹ Even though the website used exact reproductions of the artist’s photographs, substantially reproducing the entire work, the court held that the use was fair because it was transformative.¹⁷² The thumbnails were smaller and had a lower resolution than the artist’s, and “[the website’s] use of the images serve[d] a different function than [the artist’s] use—improving access to information on the internet versus artistic expression.”¹⁷³

The first factor also inquires into the commercial nature of the use, which can work against developers. Product owners may argue that using real products makes games more realistic and, thus, more profitable. Such commercial use of a copyrighted product “tends to cut against a fair use defense.”¹⁷⁴ On the other hand, commercial use does not automatically preclude fair use—“nearly all of the illustrative uses listed in the preamble paragraph of § 107 . . . are

168. 510 U.S. 569, 579 (1994).

169. *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 818–19 (9th Cir. 2003).

170. *Sarl Louis Feraud*, 627 F. Supp. 2d at 128 (alteration in original) (quoting *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 609 (2d Cir. 2006)).

171. *Kelly*, 336 F.3d at 815.

172. *Id.* at 818–19.

173. *Id.*

174. See *Triangle Publ’ns, Inc. v. Knight-Ridder Newspapers, Inc.*, 626 F.2d 1171, 1175 (5th Cir. 1980).

generally conducted for profit”¹⁷⁵ Video game manufacturers may argue that their use is fair even if it has commercial ramifications because they create artistic representations of the real world, which requires true-to-life virtual representations of real products.

The outcome in different fair use cases has varied. In *Bouchat v. NFL Properties LLC*, for example, the court held that using an artist’s copyrighted logo on football uniforms in the video game *Madden NFL* was not transformative and did not constitute fair use.¹⁷⁶ Use of the logo was not transformative because the logo was used in the game in the same way the logo was used in the real world—on football uniforms.¹⁷⁷ The court also held that the commercial motivation behind including a copyrighted logo in a video game weighed against a finding of fair use.¹⁷⁸ The court reasoned that game manufacturers could have included the copyrighted logo on football uniforms in the video game in an attempt to increase the video game’s authenticity and sales.¹⁷⁹

The Ninth Circuit decided differently in *Mattel v. Walking Mountain Productions*.¹⁸⁰ In *Mattel*, a photographer took photographs of Mattel’s renowned Barbie doll in bizarre positions, usually surrounded by household appliances.¹⁸¹ The court found that photographing Barbie and reproducing the photographs constituted copyright infringement, but that the photographer’s use of the doll constituted fair use.¹⁸² First, the photographs, which depicted Barbie in strange and unpredictable positions, were a parody of Mattel’s typical depiction of a doll leading a life of “beauty, wealth, and

175. *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 612 (2d Cir. 2006) (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 584 (1994)).

176. 910 F. Supp. 2d 798, 812–13 (D. Md. 2012).

177. *Id.* at 813.

178. *Id.* (“[I]t is fair to conclude that the throwback uniform feature would not have been added to the Game without a determination by EA that there was commercial value (even if a small one) to the addition of a feature that included the use of the Flying B Logo.”).

179. *Id.*; *see also* *No Doubt v. Activision Publ’g, Inc.*, 192 Cal. App. 4th 1018, 1034–35 (2011) (holding that including band members’ images in a video game was not transformative because use of the band members’ images was “motivated by the commercial interest” and because the band members in the game appeared in the same performance contexts as the actual band members).

180. 353 F.3d 792, 800 (9th Cir. 2003).

181. *Id.* at 796. *Mattel* sued the photographer for copyright, trademark, and trade dress infringement. *Id.* at 797.

182. *Id.* at 799–800.

glamour.”¹⁸³ Due to the “extremely transformative nature” of the photographs, the commercial nature of the photographer’s use was given little weight.¹⁸⁴ Skimming over the second prong of the fair use analysis, the court held that the third prong favored the photographer because he obscured parts of the doll in some photographs, added additional elements of his own, and used the minimum amount necessary to achieve his “parodic purpose.”¹⁸⁵ Fourth, the court held that the photographs would not cause any direct market harm to Mattel because it was not likely that the photographs would replace any of the products Mattel marketed.¹⁸⁶ When Mattel argued that the photographs might damage the doll’s image, thus harming its market value, the court said that the fourth fair use factor “does not recognize a decrease in value of a copyrighted work that may result from a particularly powerful critical work.”¹⁸⁷

It may be difficult or impossible for some product owners to copyright their products, but for those who can, copyright might be a viable option to combat use of their products in video games.

IV. CONCLUSION

Right now, the contest between product owners and video game developers looks like a scene from an old Western. A few shots have been fired, but most players are still crouched behind their barrels trying to figure out if there are any bullets in their guns. On one hand, traditional IP law requires video game developers to pay for the rights to use protected products. On the other, burgeoning developments in virtual IP law indicate that video game developers can reproduce products virtually as much as they please.

Existing intellectual property laws are often a poor fit for virtual infringement scenarios, leaving product owners to patch together defenses that may or may not adequately meet their needs. The scant case law discussing virtual copies of actual products typically favors

183. *Id.* at 800–03.

184. *Id.* at 803.

185. *Id.* at 803–04.

186. *Id.* at 805.

187. *Id.* *But see* Ringgold v. Black Entm’t Television, Inc., 126 F.3d 70 (2d Cir. 1997) (holding that displaying a copyrighted poster in a television show infringed the copyright on that poster, and did not constitute fair use).

video game manufacturers. As seen in *Textron*, it is possible to build a trademark infringement case against a video game manufacturer, but very few trademark infringement cases have been decided in favor of product owners. Because of this, product owners who are determined to prevent virtual hijacking may increasingly turn to patent protection, copyright protection, and other novel protections to control the virtual versions of their products. As product owners continue to use trademark protection and increasingly rely on design patent and copyright protection, the law may evolve to accommodate this new area of dispute.

Even without written opinions in favor of product owners, there is evidence that video game manufacturers will continue to license the rights to use brand names in their games.¹⁸⁸ As seen in *Textron*, video game manufacturers who use brands without permission risk fighting their battles in court.¹⁸⁹ Many companies choose to license just to avoid the expense of finding out in court whether they are actually required to do so.¹⁹⁰

However, the law should offer product owners better and more predictable protection than this. Without the right to protect their brands in the virtual world, product owners risk losing their investments as their brands are diluted, commandeered, and exploited. Courts should check this erosion of intellectual property rights by deciding in favor of product owners and brand protection.

As virtual worlds continue to expand, control of virtual brands will become increasingly important. At some point, the battles between developers and product owners may begin in earnest, and only when the dust clears will everyone know the extent of their territory.

*Brittany Frandsen**

188. James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 YALE L.J. 882, 884–86 (2007).

189. See, e.g., *Elec. Arts, Inc. v. Textron Inc.*, No. C12-00118 WHA., 2012 WL 3042668 (N.D. Cal. July 25, 2012).

190. Gibson, *supra* note 188, at 885.

* J.D. Candidate, April 2016, J. Reuben Clark Law School, Brigham Young University. The Author would like to thank Professor Clark Asay for his assistance with this Comment.