

## Trademarks - What Game Developers Should Know<sup>1</sup>

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Intellectual property is critical to the gaming industry. From independently produced mobile applications to big AAA titles, the market is flooded with more and more options for gamers every day. In such a crowded marketplace, what can you do to make your products distinctive enough to cut through the noise? More importantly, how will you protect your distinctive corner of the market? In answering these questions, it is imperative you know what your IP rights are, how these rights can help you reach your audience, and how they will protect your company.

In a continuing series of papers exploring the fundamentals of intellectual property law<sup>2</sup> and its significance to game developers, we discuss one of the most used types of intellectual property rights for making your “mark”: trademarks.

### I. What are Trademarks?

A trademark, at its most basic, is used to designate the source of goods or services. Trademarks have been around in some form for centuries. For example, swordsmiths in the Roman Empire reportedly marked their blades to identify who made a product. Modern trademark law, however, is usually codified in statute, and carries more protections for both consumers and businesses than these early marks.

For example, almost 70 years ago in the United States, Congress recognized a need to prevent businesses from deceiving consumers and, at the same time, help consumers make informed decisions about their purchases. In a group of laws referred to as the Lanham Act, Congress established federal protection for trademarks and service marks, defining them as a “word, name, symbol, or device or any combination thereof,” used in commerce to distinguish a person’s goods or services and to indicate their source. Equivalent laws can be found across the globe.

Trademarks do not just include company or product names but can include many other types of distinguishing marks. Almost anything that serves to identify the source of a good or service can potentially be a trademark, including numbers (Boeing’s “747” for airplanes), slogans (EA’s “it’s in the game”), domain names, sounds (the Tetris Theme), and in limited circumstances, even colors (T-Mobile’s Magenta for telecom services and equipment).

	Trademark Registration No. 4,621,095 to Electronic Arts for Entertainment Services.		Trademark Registration No. 5,064,438 to Microsoft for Entertainment Services.
	Trademark Registration No. 3,263,625, which “consists of the color magenta alone,” to Deutsche Telekom (T-Mobile) for Telecommunication and information technology services.		Registration No. 75,389,198 - Tetris tune trademarked by ELORG for video game machines.

1. These materials have been prepared solely for educational and entertainment purposes to contribute to the understanding of intellectual property law. These materials reflect only the personal views of the authors and are not individualized legal advice.
2. Please note that this series of papers focuses on the intellectual property laws of United States. Other countries often have their own versions of these intellectual property rights, though the rules can be, and are usually, different. You should consider the laws of any country in which you plan to make, use, or sell your game when considering intellectual property protection. Further, for those located outside of the United States, if you plan on selling games within the United States, you should still become familiar with its intellectual property laws and seek out protection where appropriate. Foreign entities may obtain intellectual property protection in the United States.

In the United States, the United States Patent and Trademark Office (USPTO) (the same agency responsible for prosecuting patents, as discussed in our Utility Patent and Design Patent whitepapers) processes trademark applications and registers them when it determines an application meets the Lanham Act's requirements. A registered trademark grants the trademark owner the exclusive right to use the mark in specific commercial contexts nationwide. Unlike patents, a trademark registration is clear and simple, showing or describing the mark, the name of the owner, and the commercial spaces in which it can be used.

Registering a trademark is mandatory in most countries. A few countries, including the United States, United Kingdom, and Australia, recognize trademark rights based on use (also known as "common law" trademark rights), but the benefits of registration are almost always worth the nominal investment, especially for companies with a nationwide or global consumer base.

## II. How Do Trademarks Work?

Although trademarks may appear simpler than patents, trademark owners should be mindful about two unique features of trademarks versus patents. First, because trademarks are granted only in connection with certain goods and services, applicants need to carefully and exhaustively consider all the ways they intend to use a trademark. A game title will need to be associated with common gaming spaces ("entertainment services," "computer games," "online gaming services," etc.). However, a game developer that wants to sell merchandise bearing the title ("toys," "printed or graphical clothing items," "keychains," etc.) or provide other out-of-game products related to the title ("interactive web services," "providing a website featuring audio-visual content," "fan clubs," etc.) will also need to register in those spaces. Second, unlike a patent or copyright, trademark owners must use their marks to prevent them from being abandoned. The general logic is that if the original registrant is no longer using the mark and has abandoned its rights, someone else can enter the marketplace without confusing consumers. A benefit of this tradeoff is that a developer can protect its trademark indefinitely, as long as it continues to use the mark. That's why "Super Mario" has been, and is likely to remain, a Nintendo mainstay.

Another unique issue to trademarks is that marks can vary in strength. Generally speaking, the more arbitrary or "fanciful" a trademark is ("Apple" for electronics or "Amazon" for online shopping), the more distinctive and enforceable it is. On the other hand, descriptive ("Play-Doh") or generic marks ("Gas Station") are not as distinctive or powerful. The strength of a trademark is important because it determines the trademark owner's scope of protection. For example, Apple may be able to prevent others from using "Apple" outside the consumer electronics space, whereas the scope of protection for "Play Doh" might be limited to children's toys.

<b>Arbitrary (Strong) Mark</b>	<b>Descriptive Mark</b>
	<b>THE VIDEO GAME SHOW</b>
Trademark Registration No. 4,998,201 to Zynga for computer game software.	Trademark Serial No. 87,459,471 for augmented reality game software and services (now abandoned).

Trademarks generally help consumers identify the source of their goods or services, but they also put the world on notice of a company's trademark rights. A trademark user can denote whatever it considers to be its trademark with a trademark symbol (™). If the trademark owner has successfully registered its trademark in a particular country, it can denote its rights with the trademark registration symbol (®). Although a company's ability to use one or the other depends on the registration status of the trademark, both markings are effective ways of warning competitors that they should avoid infringement.

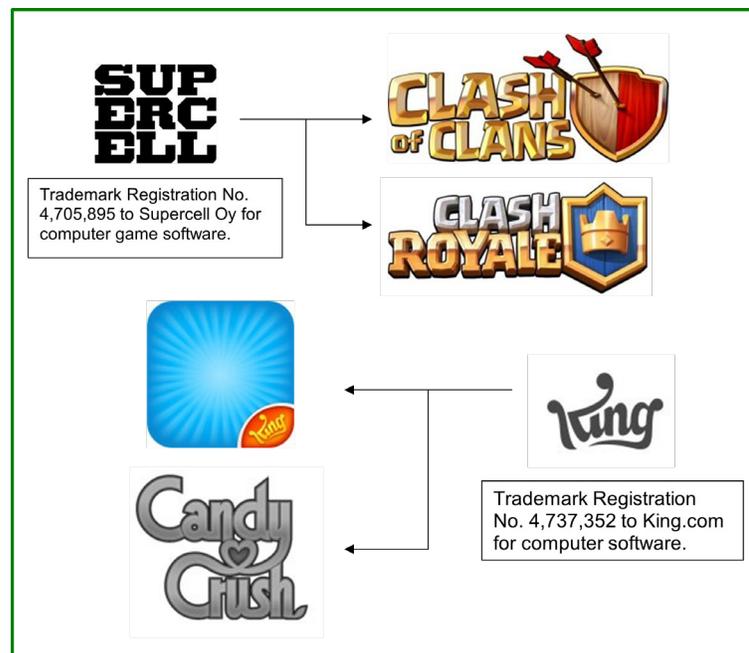
### III. How Do Trademarks Benefit My Company?

Most people can easily recognize many registered marks, most likely in the form of names and graphical logos. As you might expect, our eyes and minds are drawn to recognizable marks and are quick to form memorable associations between a mark and the underlying products or services it represents. Companies find these associations valuable for several reasons, including:

- **Increased Consumer Loyalty:** Consumers who enjoy a product are likely to attribute their satisfaction to both the product itself and the company that produced it. A strong trademark can serve as a reminder to the consumer that they should return to the same source the next time they are in the market. For example, if a gamer has a good experience with your game and recognizes your studio's mark, they may be more likely to purchase or play other games made by you in the future.
- **Control Over Consumer Experience:** By controlling how it uses a mark (or to whom it grants permission to use it), a company can ensure it is in control of what a customer purchases and experiences. A developer with strict quality control standards, for example, can ensure its customers consistently receive bug-free games and only license the use of its mark to other developers it trusts (like for a related mobile game).
- **Effective Advertising:** Advertising is more effective with a registered mark, and especially a more distinctive one. Using recognizable marks is crucial for reducing customer acquisition costs. A strong mark tied to a strong reputation can be especially important for companies selling products that are comparatively expensive (such as AAA titles) or have other barriers to entry, as consumers are more likely to pull the trigger on such purchases when they have some assurance of quality from a recognized source.

Beyond these valuable mark associations, federal registration of a trademark has legal benefits:

- **Stopping Counterfeiters:** Trademark rights are exclusive, meaning only the trademark owner has the right to use or license the registered mark in association with a product or service. This exclusivity means counterfeiters who try to catch a free ride off a brand's well-established reputation can be stopped and/or forced to pay compensation by a federal court. This provides developers with a strong weapon against anyone that attempts to steal the title or visual appearance of protected games or services. Although AAA developers may only worry about the most blatant of counterfeiters, independent and mobile game developers are more likely to be the victim of copycats that attempt to ride on another company's reputation while putting out a very similar product. This theft is especially true in the mobile game space, where the cost of development or other barriers don't loom as large to infringers.
- **Discouraging Unfair Competition:** Federal registration also means trademark owners may have legal rights against competitors who do not blatantly counterfeit, but still use marks similar enough to confuse consumers as to the true source of products.



- **Establishing Branding Territory:** In a crowded market where consumers often shop among many options, a trademark helps a company stand out and clearly mark its territory. Each use of a mark on an advertisement, product, service, webpage, etc. serves as another stake in the ground, putting the world on notice of the brand's activities and offerings.

#### IV. How Are Trademarks Enforced?

Federally registered trademarks are considered “active” and do not expire if maintenance fees are paid to the USPTO or other government agencies outside the United States. During its active life, you, as the owner, have the exclusive right to use the registered mark in commerce in connection with the goods/services identified in the registration. If anyone else uses the mark without your permission, you may initiate a lawsuit in federal court against the infringer, usually for financial compensation, destruction of infringing goods, or an injunction. In fact, you may even initiate a lawsuit in federal court against someone who uses a “confusingly similar” mark.

During a lawsuit, the court will focus on several factors to determine whether the infringing mark created a likelihood of confusion among consumers, including: the strength of the registered mark; similarities in sound, meaning, or appearance between the marks; similarities in the goods or services at issue; the amount of caution consumers would use; and whether any consumers were actually confused. The amount of compensation varies based on the circumstances of a case but can be substantial. For instance, in 2019, a jury awarded Variety Stores, Inc. \$95.5 million in damages for Walmart’s infringement of its “THE BACKYARD,” “BACKYARD,” and “BACK-YARD BBQ” trademarks.

With an injunction, a court may decide an infringer is not allowed to take a particular action that would result in future infringement, or that an infringer must destroy its inventory of infringing goods before they can hit the shelves and confuse any more consumers. The threat of damages or an injunction can give a trademark owner significant leverage. In May of 2019, heavy metal band Iron Maiden sued a game publisher over the title and appearance of a first-person shooter initially titled “Iron Maiden,” seeking \$2 million in damages. Within months, the publisher changed the title of the game to “Iron Fury.”

However, most trademark owners do not enforce their rights in court. Instead, they often leverage registered marks to negotiate settlements with competitors, or force competitors to use different marks through sternly-worded letters. Trademark owners usually warn competitors of their rights by marking products with either the ™ or ® symbol. Putting competitors on notice not only discourages infringement, but also has the potential to increase damages in a lawsuit if a competitor chooses to infringe anyway.

If a mark is registered, trademark offices can also do some of the enforcement work for you. All registered trademarks are saved to a searchable database. If a trademark is already registered, the trademark office may refuse to register a confusingly similar mark.

#### V. How Can My Company Look for Trademark Opportunities?

As a first step, developers should consider their brand as a developer before thinking about trademarks for specific products. Assuming your company creates more than one product, your company name will be the common denominator customers will recognize between purchases. More importantly, you will want to choose a name and brand that’s distinctive and protectable, as opposed to a generic one. Developers should focus on titles and visual elements they intend to use frequently to help their customers recognize their products. Logos, game titles, service names, and branding elements are all commonly the subject of trademark protection. Developers should also keep in mind that a single product can be marked with more than one trademark. As an example, the packaging for a game may include the game title along with the name or logo of the developer, all of which may be trademarked.

Developers should also look for opportunities to obtain trademark protection for names or logos associated with services. A subscription service or online service within a game, for example, can have its own protectable trademark.

<b>PlayStation Now</b>	<b>STADIA</b>
Trademark Registration No. 4,810,571 to Sony Interactive Entertainment for downloadable video game software.	Trademark Registered to Google for entertainment services in the field of gaming.

Developers can also think creatively beyond traditional word marks. Sounds and colors, if used uniquely and consistently, can form the basis for strong brand associations and registrable marks.

As a practical matter, developers should begin registering marks as early as possible, but should wait until an affiliated product or service is more than just an idea. During the application process, an applicant will have to show that the applied for mark is already being used in commerce to mark products, or that the applicant intends to use it. An intent-to-use trademark application, however, should be based on more than just a “maybe someday” level of intent. Broadly speaking, developers should have some business plan or documentation to support their intent before applying.

To get the most value from trademarks, developers should consider consulting with IP attorneys who understand the legal requirements for obtaining and enforcing trademarks. In addition to advising on legal standards, a good IP attorney will help developers recognize trademark opportunities at optimal stages during development.

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