

GDC Online

Game Developers Conference® Online
October 5-8, 2010 | Austin, TX

Visit www.GDCOnline.com for more information

Here There Be Dragons: Avoiding Dangers in Virtual Property

S. Gregory Boyd
Davis & Gilbert LLP
Associate
212.468.4942
gboyd@dglaw.com

OUTLINE

Introduction

List of dragons

IP

Regulatory

User Generated Content

Review

TAKING HOME POINTS – UP FRONT

- ⌚ There are a lot more great virtual property ideas than are legally permissible
- ⌚ IP ownership is a large red flag
- ⌚ Cash out is a large red flag

Dragons – IP Ownership

- ④ I want the player to “own” their IP

Ownership - property

License – movie ticket or lease

- ④ At least two cases on this

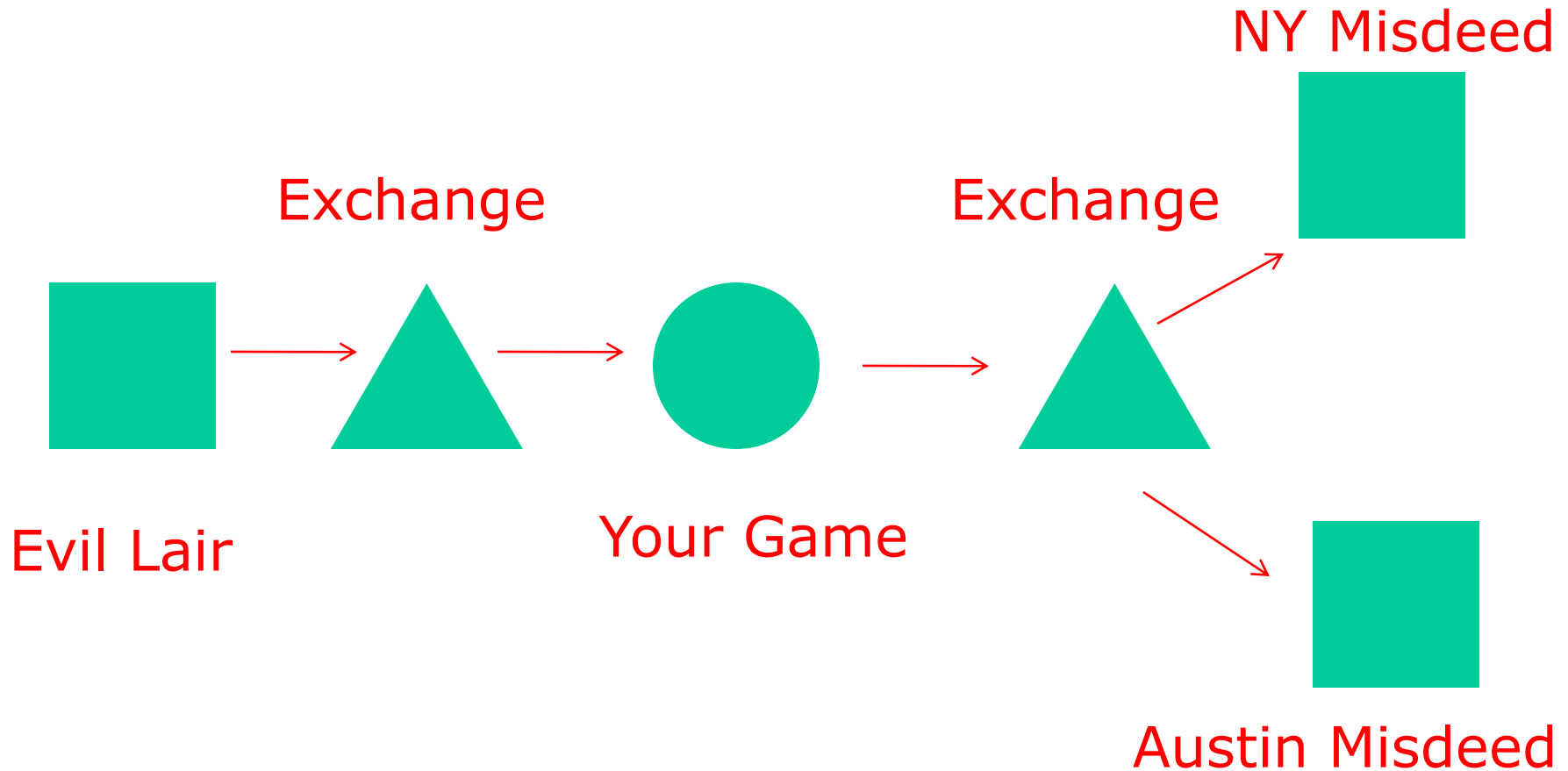
Don't take my land away – even if I'm a cheater

Don't change your EULA

Dragons – Beware Wholesale Copying

- ⊙ Facebook Wall Exchange
- ⊙ Farmville Designer – Love your new game. Anything we copy from you is an accident.
- ⊙ Greg's Client – Well, anything I copied from you is on purpose.
- ⊙ Greg – Prank Call! Prank Call! (paraphrased)

Dragons – Money Laundering 1/2



Dragons – Money Laundering 2/2

- ⌘ No fund tracing
- ⌘ No travel and security required
- ⌘ No record of messages
- ⌘ Currency exchange built in
- ⌘ High transaction cost – but perhaps not as high as old school risk

Dragons – Securities Regulation

- ⌚ Anything that will yield value
- ⌚ Buy this land – it is a good investment
- ⌚ Buy this currency – it is stronger than the Zimbabwean dollar.
- ⌚ SEC has broad powers
- ⌚ Possible to comply – but difficult

Dragons – Banking Regulation

- ⌚ Value in that can later be taken out
- ⌚ Anything like a debit card
- ⌚ A representation of a fluid (extractable) account of some funds owned by the player
- ⌚ Protect yourself with 'no cash value'
- ⌚ Possible to comply, but difficult

Dragons – Gambling 1/2

- ⌘ Card games
- ⌘ Slot machines
- ⌘ Spinning wheels
- ⌘ Pay out real money

Dragons – Gambling 2/2

- ⌚ Jesse Schell 2010 DICE Las Vegas
- ⌚ Addressing Zynga/Brian Reynolds
- ⌚ “Brian, if you guys do not make a Farmville slot machine where every time you win, you get cash money and every time you lose you get virtual money, then you are stupid!

Dragons – Sweepstakes and Lottery 1/2

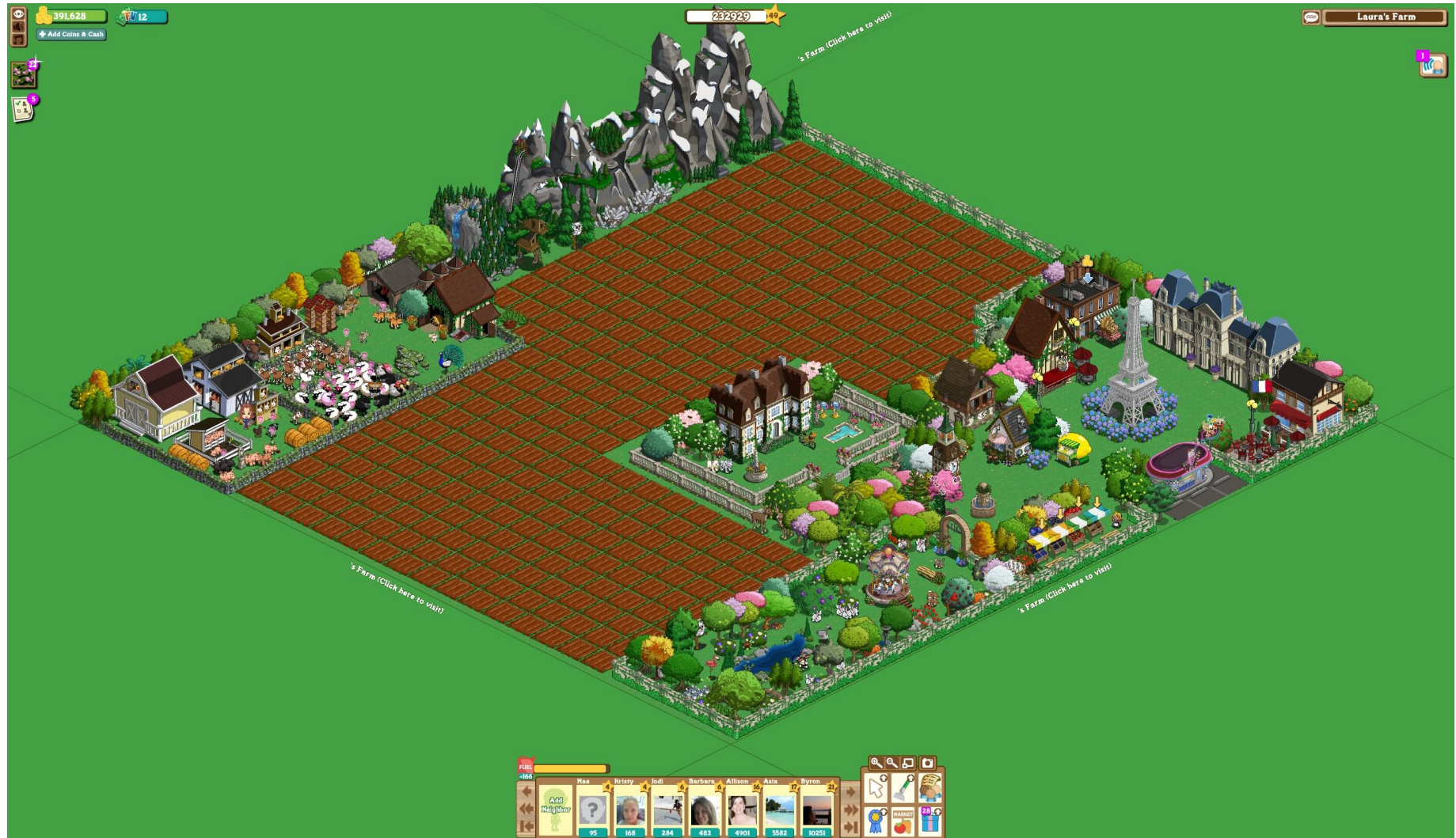
- ③ Chance
- ③ Consideration (something of value)
- ③ Prize

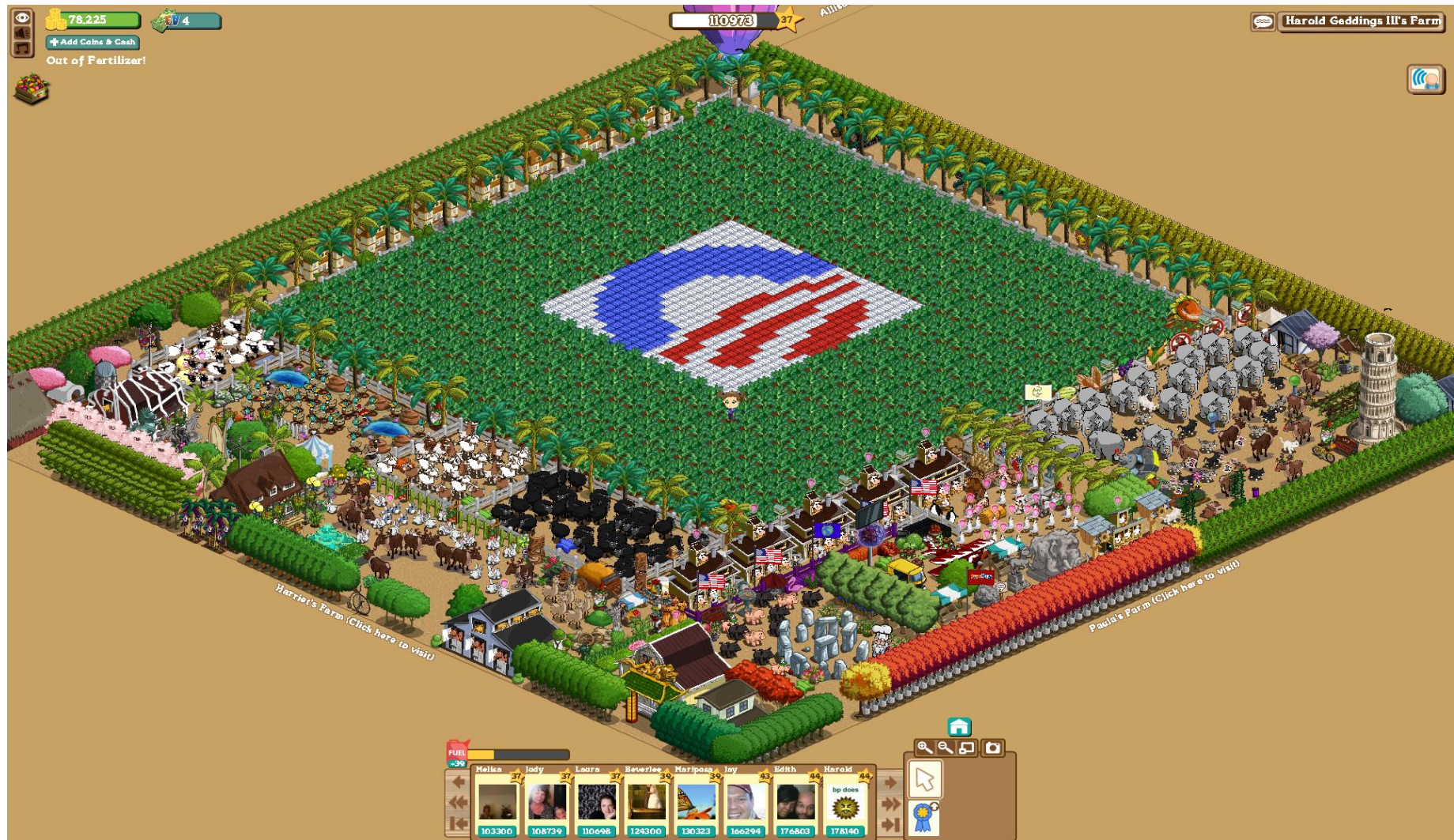
Dragons – Sweepstakes and Lottery 2/2

- ⌚ State law regulated
- ⌚ Related to gambling
- ⌚ Compliance is not difficult with good processes built in

Dragons – User Generated Content 1/2

- ⊕ Users are unpredictable and they don't play nice – with you or others
- ⊕ Users may take non-infringing virtual property and use it in infringing ways
- ⊕ Lose safe-harbor protections if you directly financially benefit







Dragons – User Generated Content 2/2

- ⌘ Moderation
- ⌘ DMCA take-down like procedures for all IP related complaints

Search

Info

Tell a Friend



I Am Rich

Armin Heinrich

★ ★ ★ ★ ★ 275 reviews

\$999.99

Art & Lifestyle - Not for everyone

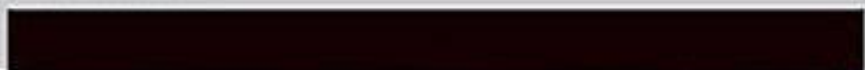
The red icon on your iPhone or iPod touch always reminds you (and others when you show it to them) that you were able to afford this.

It's a work of art with no hidden function at all.

After pressing the (i) on the main page, a secret mantra will be shown. This may help you to stay rich, healthy and successful.

If it's too expensive for you - check out my other apps - they are all much cheaper.

Screenshot:



Featured



Categories



Top 25



Search



Updates



PRICING – VEBLEN GOODS

- ⌚ As price goes up, demand goes up
- ⌚ Price is often not linearly correlated with the quality of the good
- ⌚ I am Rich application – secret mantra

I am rich
I deserv [sic] it I am good,
healthy &
successful

CASHING OUT – Slaying A Big Dragon

⌚ Removing cash out virtually eliminates problems with:

Money laundering

Securities regulation

Banking regulation

Gambling

Sweepstakes/lottery

Alternatives to Cashing Out

- ⌚ Subscription time
- ⌚ Status or other intangibles – “I am Rich”
- ⌚ Deep money sinks – Guild/World Events

EPIC mount! (warcraft players look inside) - w4m - 31 (TriBeCa)

Reply to: pers-308349637@craigslist.org
Date: 2007-04-08, 7:17PM EDT

I need 5000 world of gold for my epic flying mount. In return you can mount me.

I have to have an account on the laughing skull server and I want the 5000 gold BEFORE we do anything, we can make the trade at your place since I can't host. Because I am having a lot of dumb guys message me who clearly don't have the gold make SURE to send a picture of yourself and a screenshot of your character with the 5000g. I will be checking armory profiles, thanks.

I am a level 70 night elf druid and would prefer someone who was into roleplaying (I have a costume!) but honestly anyone will do, as long as you have the gold. I would also be ok with a woman too, as long as you have the gold! Also not adverse to the idea of groups/anal.

Please send a pic and be real and drug/disease free with 5000 gold on the laughing skull server.



It is ok to contact this poster with services.

Posting ID: 308349637



[email this posting to a friend](#)

EPIC MOUNT success story - w4m - 31 (TriBeCa)

Reply to: pers-308769749@craigslist.org
Date: 2007-04-09, 2:25PM EDT

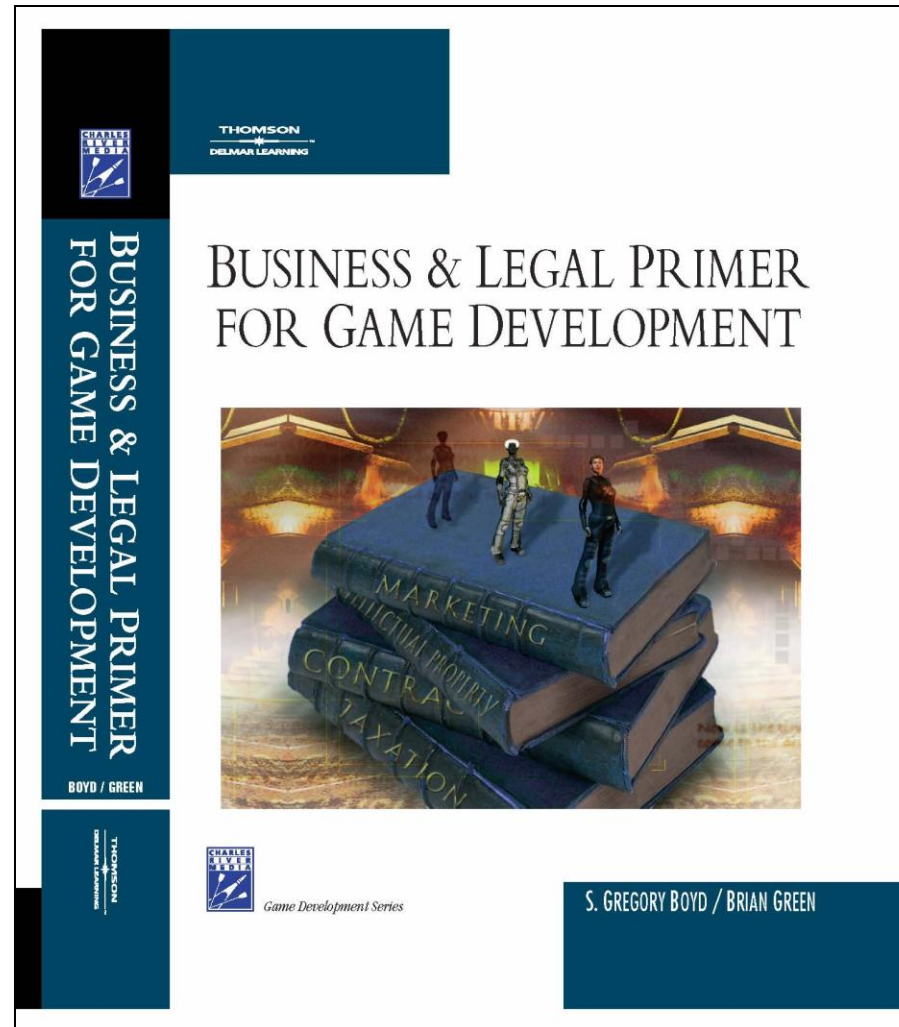
Hi, I'd just like to thank all the jackasses that thought it would be funny to post my picture all over the internet and make 50000 threads about me on the wow forums. I got my epic mount in about an hour that was very enjoyable for both parties while all of you idiots probably spent hundreds of hours farming for your gold that you don't even have them. I won't be revealing my name or his, but suffice to say if I find any of you in-game I will be killing you 280% faster. Also my new friend would also like to tell all you PUNKS to take a hike, PUNKS. I'm planning to meet him again later this week, he's getting double value for his gold :D.

So talk all the trash you want, I got MY Epic flying mount AND I got laid which is more than most of you failures can ever hope for.



TAKING HOME POINTS – REDUX

- ⌚ There are a lot more great virtual property ideas than are legally permissible
- ⌚ IP ownership is a large red flag
- ⌚ Cash out is a large red flag
- ⌚ Bonus – always have a stock of WoW gold around – just in case



QUESTIONS?

S. Gregory Boyd
Davis & Gilbert LLP
Associate
212.468.4942
gboyd@dglaw.com