

Keep it Secret, Keep it Safe: The Law of Ideas in Game Development

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Who We Are

- Los Angeles-based boutique firm
- Practice Areas
 - IP Transactions
 - New media law and regulation
 - IP Portfolio creation and management
- Who we represent
 - Game Developers
 - Developers (Dean Hall, David Jaffe)
 - Indies (Double Fine, Cryptozoic, Finger Food, Iron Galaxy)
 - Publishers
 - D3Publisher
 - Nexon
 - Namco/Bandai

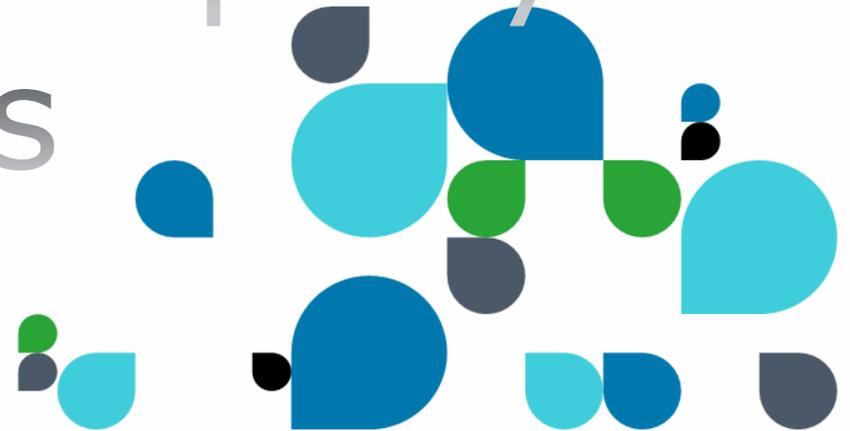




An Introduction to Intellectual Property

- IP explained
- Developing your Portfolio
- Protecting your Portfolio
- Wrap Up and Questions

Intellectual Property Basics



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Intellectual Property Explained

- Elements of intellectual property
 - Intangible rights
 - Developed through your creativity, blood, sweat, and tears
 - Nebulous, ephemeral, confusing
 - A source of frustration for developers
 - Also your primary source of income



Types of Intellectual Property

- The Big 3
 - Copyright
 - Patent
 - Trademark
- Non-Federal IP
 - Trade Secret
 - Name and Likeness
 - Privacy Rights



Copyright

- Textbook explanation
- Legal definition: “Copyright protection subsists... in original works of authorship fixed in any tangible medium of expression..” 17 U.S.C. ss. 102(a)
- Broken down, this creates three requirements:
 - Original work (independent origin)
 - Authorship (someone had to create the work)
 - Fixed in a tangible medium (“copies” or “phonorecords”)



Copyright Explained

- Goes beyond “Eureka!”
- You have to create something
- Once you create it, you have a copyright
- Methods of “fixation”
 - Literary works (books, a saved document file)
 - Sound recordings (CDs, MP3s)
 - Audio Visual Works (Games, television and film)
 - Graphical Works (Photographs, paintings)



What Copyright is NOT

- It is not your idea
- It is not an invention or utilitarian product
 - Exception to this– Architectural works, mask works
 - Exceptions aren't "real" exceptions (still rely on creative, non-functional aspect of work)
- It is not the title of your work or your brand
- It is not perpetual
 - Limited term
 - 90 years from life of author
 - 120 years from publication for companies and anonymous authors
 - Older copyrights may be subject to different expiration considerations



Copyright Infringement

- Strict Liability Tort– Intent is irrelevant and ignorance is not a defense.
- Two Requirements
 - Copyright owner must have a valid copyright
 - Infringer must have violated an exclusive right
- Violation of an exclusive right requires:
 - Infringer must have access to the copyrighted work
 - Substantial similarity between the copyrighted work and infringing work
 - Substantial and material taking from the copyrighted work



The “Rights” in Copyright

- Reproduce (make copies)
- Distribute copies
- Publicly display the work
- Publicly perform the work
- Digitally transmit the work
- Make derivative use of the work– Also known as the Adaptation Right (e.g., a movie based on a book is considered a “derivative work”)
- Although less prevalent under U.S. law, Droit Morale (an author’s Moral Rights) are given due consideration in Europe and abroad



Some notes on Copyright

- Defenses
 - Fair Use, Independent Origin, Scene a fair, Nominal use
- Exceptions
 - This changes frequently
 - Most recent exceptions: "Parody", "Private Copies"



Trademarks

- Legal definition of a trademark is: any word, name, symbol, or device, or any combination thereof—
 - **(1)** used by a person, or
 - **(2)** which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter,
- to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown. – 15 U.S.C. 1127



Trademarks Explained

- Your trademark is your brand
- How consumers, clients, and the general public recognize you
- Examples:
 - Your logo
 - Company name
 - Title of a series
 - Jingle or distinct sound (Think Dolby)



Trademark Infringement

- Deceptively straightforward:
 - “Likelihood of Confusion” standard
 - Would a reasonable observer mistake your mark for that of an existing brand/mark?
 - Dilution, Tarnishment
 - Trademark law isn’t limited to just Trademarks:
 - Unfair Competition and the Lanham Act
 - Trade Dress
 - Like Copyright, strict liability, but intent plays a huge role in damages



Patents

- Patents grant a limited monopoly on an invention. Prohibits others from making, using, or selling a patented product during the term
- Three types of patents
 - Utility
 - Design
 - Plant (totally irrelevant for our purposes)



Utility Patents

- New and useful process, machine, article of manufacture, or composition of matter, or any new and useful improvement thereof.
- the work must be novel (new), non-obvious, and useful.
- 20 year term from date of filing (not approval)



Design Patents

- legal protection granted to the ornamental design of a functional item;
- Most common example is a Coke bottle;
- Lots of overlap with unfair competition/Trade Dress;
- 15 years from date of issue if filed after 2013
- 14 years for patents dating before 2013



How Design Patents differ from Copyright/Trademark

- While copyright does protect non-functional original expressions that may be found (but separable) in useful products, Copyright requires “access” to show infringement;
- While trademark and unfair competition law may protect trade dress and the look and feel of a product, it requires likelihood of confusion;
- Design Patents use the “ordinary observer” standard, which bears some similarity to the “likelihood of confusion” standard



Software Patents

- Jury is still out as to scope of patentability
- Still an area of the law that is very much under development;
- For US protection at least, must be more than an abstract idea of how software should function;
- Several software patents exist for:
 - Processing
 - User interface
 - Tools and Methods



Patent Infringement

- The act of making, using, selling, or offering to sell a patented invention, or importing into the United States a product covered by a claim of a patent without the permission of the patent owner.
- The patent holder does not actually need to produce a product— just owning the patent is enough



Personality Rights

- Right of Publicity
 - Name and Likeness
 - Appropriation
 - Defamation of Character
- Right of Privacy
 - Intrusion
 - Public Disclosure of Private Fact
 - False Light



Publicity Rights

- Name and Likeness/Appropriation
 - Using someone's likeness, voice, signature, caricature, photograph, etc. for commercial benefit without permission
 - Appropriation can be seen as either an invasion of privacy or a violation of publicity rights
- Defamation
 - Slander (Spoken or heard)
 - Libel (written, physical publication)



Defamation explained

- Statement/publication must be defamatory:
 - Stated as if it's a fact
 - Causes harm to the individual
 - Seen or heard by at least one other person
 - Is not true
- Four defenses
 - Truth
 - Consent
 - Accident
 - Privilege (e.g., lawyers, judges, witnesses in a court proceeding)



Trade Secrets

- **Uniform Trade Secret Act Definition:**
 - information, including a formula, pattern, compilation, program, device, method, technique, or process,
 - that derives independent economic value, actual or potential, from not being generally known to or readily ascertainable through appropriate means by other persons who might obtain economic value from its disclosure or use; and
 - is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.



Trade Secrets Explained

- Any idea, process, business method, know how, formula– e.g., anything that can be patented, as well as ideas, concepts, and projections not yet fixed in a tangible medium;
- You actually have to keep it secret, and let it be known to others that it is secret;
- Must have economic value



Trade Secret Infringement

- Just because a trade secret becomes public knowledge does not mean infringement has occurred;
- Two most common situations where infringement occurs:
 - Information is stolen or obtained by improper means (hacking, doxxing, etc.)
 - Information is disclosed when there is an obligation of confidentiality

Creating and Protecting Your IP Portfolio



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IP Portfolio explained

- No such thing as a video game deal that does not involve IP;
- Your intellectual property rights are your company's primary source of economic value;
- This includes companies that only do work for hire— people hire you for your know how and the goodwill generated by your brand



What is your IP Portfolio

- Your IP
 - Copyrights
 - Trademarks
 - Patents
 - Trade Secrets
- Your Licenses
 - Third party licenses
 - Middleware and software licenses
 - Licenses granted to third parties



Licensing Explained

- Work for Hire versus License
 - In a work for hire deal, the company commissioning the work owns all rights in and to the work;
 - A license gives you more flexibility, but can be just as prohibitive as a work for hire
- License types
 - Exclusive/Non-exclusive
 - Perpetual/Term
 - Universal/Limited Territory
 - Unlimited/Limited Use



Why is IP Portfolio Management Important?

- You need a paper trail;
- Your company is valued based on its assets;
- IP is your primary asset;
- Managing licenses alone can make or break your business;
- You need to show ownership:
 - Acquisition
 - Procuring Insurance



Protecting your Copyright

- Registration– Why you need it
 - You can't file a lawsuit until you've registered;
 - Entitles you to money damages even if you haven't suffered financial loss;
 - Proves ownership:
 - Important for licensing
 - Provides a physical record of your IP asset
 - May be required for E&O Insurance Coverage



Protecting your Trademark

- Why registration is important
 - Only protected by the Federal Trademark Act if your mark is registered;
 - Up to treble (3X) statutory damages for intentional infringement/bad faith;
 - The longer your mark is registered, the higher the likelihood that it will become “incontestable”;
 - Puts people on notice that you own the mark



Protecting your Patents

- Registration is the **ONLY** way to obtain Patent protection. You do not have a patent unless you've filed;
- Your patent is not valid until your application is approved, which can take up to two years;
- Patents are expensive, but if you're developing hardware they are vital to your company



Protecting Trade Secrets

- Confidentiality Clauses
- Non-Disclosure Agreements
- Practicing what you preach– only disclosing on a need to know basis, taking reasonable measures to secure information;
- Trade Secret due diligence – are you doing enough?



Documents You Need

- Every license, whether issued or procured by you, **MUST** be in writing (even if it's non-exclusive);
- Master Services Agreements and Independent Contractor Agreements;
- Confidentiality Agreements/NDAs;
- Employee agreements, policies and security guidelines;
- Copies of registration;
- Any assignments of ownership (by company owners or by the company to third parties)

Questions?



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