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## Evolving Case Law on the Fair Use of Famous Trademarks in Video Games

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*A recent spate of cases has generally upheld, on First Amendment grounds, a developer's right to include unlicensed trademarks in video games. However, until the body of case law becomes so prevalent that trademark owners recognize that they cannot possibly succeed in an action involving use in a video game, it may be wise for developers to be circumspect in what they include. In many cases, the costs of licensing a trademark may be much less than demonstrating rights under the First Amendment.*

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In some of today's top-grossing video game titles, realism is a key component to the success of the game. In order to promote authenticity, many of the leading publishers incorporate the names, images and trademarks of famous brands into the video games. While many of the brands have historically agreed to the inclusion of their marks, more and more video game publishers are including trademarks in their games without the owner's express authorization. For instance, in early May 2013, Electronic Arts issued a statement saying it will no longer be entering into licensing agreements with gun manufacturers but that it retains the right to continue to feature branded guns in EA games. "We're telling a story and we have a point of view," EA's President of Labels Frank Gibeau, said in an interview. "A book doesn't pay for saying the word 'Colt,' for example." Put another way, EA is asserting its First Amendment, constitutional free speech right to use trademarks without permission in its ever-more-realistic games.

In the past there has been some question as to whether video games are subject to First Amendment protections. Some of the early case law found that games like *Pong* did not contain sufficient creative elements to warrant First Amendment protection. As video games advanced and their narrative elements became more complex, the decisions in the case law likewise changed. Finally, in 2011 this question was clearly addressed by the Supreme Court in *Brown v. Entertainment Merchants Ass'n*, 131 S.Ct. 2729 (2011). In its landmark ruling, the Supreme Court held that video games have the same free speech protections as other "expressive works" such as films, books and music. In invalidating a California statute that prohibited the sale of violent video games to minors, the Supreme Court specifically held that video games qualify for First Amendment protection and that the "basic principles of freedom of speech...do not

vary" with the creation of a new and different communication medium. The Court stated that "[l]ike the protected books, plays, and movies that preceded them, video games communicate ideas—and even social messages—through many familiar literary devices (such as characters, dialogue, plot and music) and through features distinctive to the medium (such as the player's interaction with the virtual world). That suffices to confer First Amendment protection."

Recently, the use of trademarks in video games has become a very hot topic in the courts. In the seminal 1989 case of *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), the Second Circuit crafted a First Amendment-protected-use test that has been applied in the vast majority of trademark-in-video-game cases which have followed. The *Rogers* test consists of two prongs: it asks whether the trademark use is (1) artistically relevant to the defendant's work; and (2) explicitly misleading. More specifically, the defendant has the light burden of showing that the use has some minimal relevance to the artistic goal of the work, while the plaintiff has the heavy burden of showing that the defendant made an affirmative statement other than the use of the mark itself which indicated the plaintiff's approval or endorsement. The modern *Rogers* test is thus highly protective of expressive trademark uses. In the following cases, the application of the *Rogers* test has been used to determine whether trademark use in a video game was expressive-work-protected speech.

### ***Novalogic, Inc. v. Activision Blizzard et al.***

Novalogic, Inc. filed an action against Activision Blizzard, and others, for federal and state trademark infringement, false designation of origin, and contributory infringement based on the use of Novalogic's trademarks "Delta Force" and a Delta Force logo in Activision's *Call of Duty: Modern Warfare 3* video game and related products. *Call of Duty: Modern Warfare 3* is a very realistic video game and the weapons, locations, and use of the names and logos of actual combat forces adds to the illusion of realism. In *Novalogic v. Activision Blizzard et al.* [No. 12-4011], Activision Blizzard moved to dismiss the complaint by raising a First Amendment defense.

On June 18, 2013, the California federal court applied the *Rogers* test and held that Novalogic's attempt to enjoin Activision from using the marks at issue was barred on First Amendment grounds. Specifically, the district court found that use of the "Delta Force" marks in *Call of Duty: Modern Warfare 3* has significant artistic relevance and helps to satisfy increasing player demand for authenticity. As to the second *Rogers* prong, the court held that Activision Blizzard did not mislead consumers because the "Delta Force" name and related marks predate Novalogic's use and have an established and well-known meaning in the public realm.

### ***Rebellion Devs. Ltd. v. Stardock Entm't, Inc.***

In *Rebellion Devs. Ltd. v. Stardock Entm't, Inc.*, 2013 WL 194888 (May 9, 2013), the U.S. District Court for the Eastern District of Michigan issued an order granting the defendant's motion to dismiss. The underlying facts were that defendant Stardock released a game titled *Sins of a Solar Empire: Rebellion*. As this was the fourth game in a similarly named series, certain players referred to it simply as *Rebellion*. Plaintiff Rebellion filed federal claims in the summer of 2012 for infringement of its trademark, false designation of origin/unfair competition under the Lanham Act, and related state claims. Stardock moved to dismiss asserting that the use of "Rebellion" as part of the name of a video game – which is an expressive work – was protected by the First Amendment *Rogers* test.

The district court's opinion acknowledged that application of the *Rogers* test at the motion to dismiss stage was an issue of first impression, but supported its decision to grant the motion to dismiss by citing: (1) that a motion to dismiss may be granted "where the undisputed facts conclusively establish an affirmative

defense as a matter of law;" (2) that many courts have analyzed the First Amendment at the motion to dismiss stage; and (3) another district court ruling that the First Amendment can be an affirmative defense, which cited to dicta from two previous cases. After stating the applicability of the *Rogers* test, the district court applied the test's two prongs and found that use of the word "Rebellion" as a title to a video game with a civil war theme easily established artistic relevance. Additionally, the district court held that even if there was consumer confusion – as was alleged existed by plaintiff – that evidence did not establish the title was explicitly misleading without further demonstrating an "overt misrepresentation."

### ***Electronic Arts, Inc. v. Textron, Inc., et al.***

On January 6, 2012, Electronic Arts filed a declaratory judgment suit against Textron, Inc. and others seeking a ruling that its depiction of Bell Helicopters in its video game *Battlefield 3* is not an infringement. Textron responded with counterclaims based on infringement of its trademarks, trade dress and false designation of origin and sponsorship. In moving to dismiss the counterclaims in the suit, *Electronic Arts, Inc. v. Textron, Inc., et al.*, Case No. 3:2012cv00118 (N.D.Cal. 2012), EA asked the district court to rule that it has a right under the First Amendment to depict real-life military helicopters in its video games as an expressive work, without the permission of the aircraft's maker.

Following its application of the *Rogers* test to use of the Bell Helicopters in *Battlefield 3*, the district court denied EA's motion to dismiss the counterclaims. The court noted that under *Rogers* the contested trademark use must have "no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless [it] explicitly misleads as to the source or the content of the work." The district court found that it is "plausible" that consumers might believe that Textron provided EA with expertise and knowledge "in order to create its realistic simulation of the actual workings of the Bell-manufactured helicopters," thereby failing to meet the second prong of the *Rogers* test. Thereafter the parties entered into a confidential settlement agreement and the case dismissed with prejudice on May 20, 2013.

### ***Dillinger, LLC v. Electronic Arts Inc.***

In *Dillinger, LLC v. Electronic Arts Inc.*, 795 F.Supp.2d 829, 2011 WL 2446296 (S.D. Ind. June 15, 2011), the Southern District of Indiana dismissed a case involving the use of "Dillinger" and "Modern Dillinger" as the name of weapons in the *Godfather I* and *Godfather II* video games. The John Dillinger heirs brought the action against EA alleging trademark infringement, among other claims, for using "Dillinger" to refer to the Thompson submachine guns ("Tommy guns") in the games.

In granting summary judgment for EA, the court again applied the *Rogers* test, and opined that EA's use of Dillinger's name was protected as use in a "literary work" under the First Amendment. The district court noted that the *Godfather* games were based on the well-known novel and films. Moreover, as the Tommy gun was known to be Dillinger's weapon of choice, EA's use of the Dillinger name to refer to the weapons is artistically relevant to the plotlines of the games and the plaintiff presented no evidence of any consumer being misled or confused as to the source or content of the video games. Finally, the district court noted that even if the relationship between Dillinger and the video games is attenuated, as alleged by Dillinger's heirs, the "artistic relevance to the underlying work" requirement is very low – it just needs to be above zero.

### ***E.S.S. Entertainment 2000, Inc. v. Rock Star Videos, Inc.***

In *E.S.S. Entertainment 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095 (9th Cir. 2008), the Ninth Circuit affirmed a summary judgment in favor of Rock Star finding that inclusion of the mark "Pig Pen" as the name of a virtual strip club in the video game *Grand Theft Auto: San Andreas* was protectable speech

under the First Amendment. The underlying facts of the case involved allegations of infringement of a real-world strip club's "Play Pen" trademark and related trade dress.

Applying the *Rogers* test, the Ninth Circuit found that Rockstar's video game re-creation of the Play Pen met the *Rogers* test's relevance prong, as the plot of the game allowed players to experience "gangster" culture in the fictional California city. That prong, the court reasoned, requires only that "the level of relevance . . . be above zero" and Rockstar's "artistic goal . . . to develop a cartoon-style parody of East Los Angeles" surpassed this hurdle. The court then addressed the second prong of the *Rogers* test and noted that Rockstar's use of the "Pig Pen" trademark did not render such use explicitly misleading. The Ninth Circuit held that there was nothing to indicate that players of *Grand Theft Auto: San Andreas* would reasonably believe that the plaintiff produced or otherwise endorsed the video game. Consequently, the court found that Rockstar's inclusion of the contested mark was not explicitly misleading and was protected by the First Amendment.

## Conclusion

The recent spate of cases discussed above have generally upheld, on First Amendment grounds, a developer's right to include unlicensed trademarks in video games. Following the Supreme Court's clarification that video games are expressive works, this right to use trademarks is only becoming even clearer. So long as a developer can meet the *Rogers* test and demonstrate that there is even a minimum of artistic relevance and no explicit misleading of the consumers, inclusion of a trademark in a game should be subject to the same protection provided to any other expressive works, such as books, music and movies. As video games continue to evolve to add further realism, cinematic elements and complex storylines, the case law in this area should continue to favor developers and protect their expressive works. However, developers should weigh their decision to include an unauthorized Trademark in their video game against the cost of defending against an infringement claim. While a developer may indeed prevail under the *Rogers* test, it will still face the substantial cost of defending the suit until that point. Therefore, it is important to discuss with knowledgeable legal counsel the decision to include any unlicensed trademarks in a game under development and weigh the cost and likely outcome of an infringement suit versus the value to the game of including the trademark. Until the body of case law becomes so prevalent that trademark owners recognize that they cannot possibly succeed in an action involving use in a video game, it may be wise for developers to be circumspect in what they include. In many cases, the costs of licensing a Trademark may be much less than demonstrating rights under the First Amendment.

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If you have any questions about the content of this alert, please contact the Pillsbury attorney with whom you regularly work, or the author.

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