



**Business and Legal Special Interest Group
White Paper**

**Copyright Enforcement Through the
U. S. Digital Millennium Copyright Act**

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INTRODUCTION

Each year the IGDA Business and Legal Special Interest Group (IGDA B&L SIG) meets at the Game Developers Conference in San Francisco to discuss current topics affecting the business of games. This year one of the main topics of discussion centered about finding ways to inform developers about ways to protect their game from being flat out copied or having their games IP stolen. This can come in many forms. Anything from having assets for an in game editor being sold on the Unity store or in Second Life, to have someone copying your game, including the name and even the exact same tile and selling it in competition with your original title on Googleplay or the Apple App Store. Even though the vast majority of revenue on these platforms is derived from game sales, when a developer notifies them that a third party is infringing their game, if the infringer denies any wrong doing, the responses vary. Often the wronged party may not get the desired result of having the infringing game taken down.

The main legal vehicle for challenging infringing content is through the US Digital Millennium Copyright Act (DMCA) or a claim of Trademark Infringement. This White Paper prepared by the members of the IGDA B&L SIG delves into the background and details of the DMCA to see how it might impact this situation. It will also provide insight into the underlying laws and procedures developers can use, or have used by a professional on their behalf, to protect their games from infringement and theft. We hope this White Paper informs and educates game developers on what the DMCA and related laws are, and are not, and when they can be used to protect their games.

Throughout this White Paper the Digital Millennium Copyright Act (17 U.S. Code §512) is referred to as the DMCA, the World Intellectual Property Organization as WIPO (www.wipo.int) and the U.S Copyright Act (Section 17 U.S. Code) is referred to as the Copyright Act. This White Paper focuses on U.S. law. Applicable laws in jurisdictions outside of the U.S may differ significantly. However, developers from outside of the US may still avail themselves of U.S. law when dealing with U.S. sites and distribution platforms.

Special thanks goes out to each of the authors and editors that helped put this White Paper together. The author(s) is set out at the beginning of each section and bios of the contributors is included at the end of the White Paper.

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What is a Copyright?

By Ryan Morrison

Contributions by Ma'idah Lashani and Wesley Paisley

Before one can delve too deeply into the DMCA and copyright law on the internet, it is important to first understand what copyright law is generally for. Unlike our white paper from last year dealing with trademarks,¹ which protect a name, logo, sound (brand),² or slogan, a copyright protects actual assets. These assets include literary, musical, audiovisual, graphic, and other types of works that can be fixed in a tangible medium of expression, and that are also original.³ Basically, copyrights make it so when you create something amazing, it stays *yours*.

Copyrights do not protect ideas, procedures, processes, systems, or mechanics; they only protect physical representations.⁴ Anything unrecorded is not copyrightable. With regard to games, this means that your characters and script are copyrightable, but your new mechanic or idea you haven't actually made yet is not.

The copyright in a work will originally vest with its author or authors, but they have the right to transfer the copyright to any other party they wish to.⁵ Additionally, the actual creator will not be considered the author of the work, for copyright purposes, if the work is created by an employee within the scope of her employment. Again, using the game industry as an example, this would mean that an artist working for a studio would not be the owner of each character she designs for the company. Instead, the company will hold the copyright for all work made within the regular course of her employment. This is called a "work made for hire."

On the other hand, the game industry is notorious for ordering assets from independent contractors instead of actual employees. In these cases, absent an agreement stating otherwise, authorship will vest within the contractor and the company may have no control over the assets used in their game. This potentially disastrous reality is easily fixed with a proper assignment clause within the contractor agreement. A professional lawyer can draft an assignment clause which assigns rights to a specific party in order to control an asset or assets.

What Constitutes Copyright Infringement?

Subject to certain defenses, which will be explained in detail below, copyright infringement within the game industry consists primarily of copying or reproducing a work (i.e. taking an asset from one game and putting it in yours), or creating a derivative of a work (i.e. creating a mod or "fan" version of a game without permission). In most instances, *you know copyright infringement immediately when you see it*. When you see a banner ad on Facebook

¹ *Position Statement on Trademarks*, IGDA, (April 2014)

https://c.ymcdn.com/sites/www.igda.org/resource/collection/FDB22FE1-269A-4EB8-B76A-7CD0BB88A008/IGDA_BL-SIG_TM-Statement_April-2014.pdf.

² This is not the actual song lyrics or audio file of a song, but rather a minutia of notes that encompass your brand, think NBC's trademark sound logo (

<http://www.uspto.gov/trademarks/soundmarks/72349496.mp3>) or Intel's chimes

(<http://www.uspto.gov/trademarks/soundmarks/75332744.mp3>) (*See Trademark "Sound Mark"*

Examples, (Aug. 30, 2012 10:57 AM ET) <http://www.uspto.gov/trademark/soundmarks/trademark-sound-mark-examples>).

³ 17 U.S.C. §102.

⁴ 17 U.S.C. §102(b).

⁵ 17 U.S.C. §201.

advertising an app that has characters from Marvel, but has slightly changed their color schemes or costume designs, that app is committing copyright infringement.

What is becoming increasingly popular in the game industry are "fan" versions of games, or people believing their free Star Wars game is not infringing Disney's copyrights because they haven't made a penny off of it. While the merits of that argument will be discussed below, on its face each of these examples are clear infringement. Copyright infringement, in laymen's terms, is simply using someone else's assets without permission.

Defenses to Infringement

The primary defense to copyright infringement, a term that most developers or forum users will spout (incorrectly) as an invincible shield against any claims of infringement, is "fair use." What fair use *is* and what fair use *is believed to be* are two very different things. It is important to understand the actual defense because the former is all that matters in a legal context.

First, fair use is just that, a defense. Fair use is not some magical right that will keep you from being sued and never seeing a judge. Quite the opposite, as nothing is fair use until a judge says it is. That journey to a decision will often cost you more than six figures, and is not something most developers can or should rely on, even if their work is leaning towards possibly being fair use. It is safer for independent or midsized developers to not detrimentally rely on fair use and only use external assets when granted permission by a license.

That said, if a claim of copyright infringement does wind up in a courtroom, a judge will look at and weigh 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.

As is plain to see, whether or not your game costs any money is merely one factor of four in a decision of fair use. You may still be liable for the hefty penalties associated with copyright infringement even if your game is free.⁶ Another major factor is how much of the original the infringing party has used in its own work. Did you take storm troopers and just change their hats? Did you just have one of your characters reference the death star in passing?

While there is no easy black and white line here, the blurred line that *does* exist is whether your work is an infringing derivative work of an original piece of copyright, or whether you have altered or added to the work in such a way that it has become transformative. Derivative works are infringing, transformative works are not. In order for a work to be transformative, it is important that a court cannot tell your source of inspiration when it looks at your work. Can I tell your enemy is directly inspired from Darth Vader? Or have you changed so much about him that I can't see the Sith lord was your original muse? This is not deception, but rather separating the creative worker from the infringing thief that simply steals another person's work.

Beyond a normal fair use defense, the best defense is to have a license to use the copyrighted material. These licenses can be acquired through: terms of service agreements of the various online community pages, or can be more narrowly agreed upon between parties. These licenses will say exactly what you can or cannot do with the work, including whether or

⁶ The non-infringing party may request from a court actual damages or statutory damages of infringement which can range from a lump sum of \$3,000 to \$5,000 per infringement.

not you can use the assets for commercial use. One of the most common ways that game makers license copyrighted content is through game development engines, like Unreal or Unity, which offer limited use of certain assets in exchange for a percentage of the game's eventual profit.

The Internet and Intellectual Property

The Internet has changed the concept of intellectual property for nearly all industries, but none more so than the entertainment industry. The internet makes it easier than ever to copy the creative works of others, and then to instantly distribute those copies around the world at the touch of a button. In the absence of consent from the copyright owner, these copies may infringe the holder's copyright. This ease of copying has given copyright holders has been a detriment to the owners.

To preserve enough breathing room for the web to continue operating in this climate, Congress enacted the DMCA, which provides safe harbors from infringement liability for ISPs as long as they do not knowingly assist with illegal activity. To qualify for the safe harbors, ISPs must designate agents to receive notice of alleged infringement, terminate users that repeatedly infringe, and accommodate standard DRM⁷ used to protect digital works. What this means is that when Warner Bros notifies Comcast that you are torrenting *The Dark Knight*tm, they have to tell you to knock it off, or remove your service altogether, otherwise they risk inviting future litigation upon themselves.

One major issue facing the gaming industry, is "let's play" videos or live streaming services such as Twitch. As things stand currently, social media is completely saturated with user-generated content. Self-made gameplay videos where users walk viewers through their own personal experience have become commonplace, and an achievement of their own. Some game makers have embraced the value of the publicity that this kind of sharing can bring, however many still view it as a threat to their own content's entertainment value.

These gameplay videos feature recordings of original copyrighted video game content that may violate the reproduction right of the copyright holder. However, as previously noted, the court can hold that it is fair to copy creative works without permission in some circumstances. With let's play videos, a few different factors become relevant, the most obvious of which is the purpose or character of the use.⁸ Under this factor, a court will ask whether you made something new out of the original work of art, like a news story or a critique, or whether you were trying to personally profit off of someone else's labor. Let's play videos tread a fine line between those seemingly divergent ends of the equity spectrum:

[1] on the one hand, the videos seem to build upon the original gameplay, rather than superseding it, and thus to that extent the copied content is transformed. [2] and yet, on the other hand, many video creators do profit economically from exploiting the copyrighted material, as most hosting websites like YouTube have some sort of advertising revenue model tied to page views.

It becomes more complicated in eSports because the commercial benefits are more apparent.

Thus, it is unclear at this time whether using video game content in this way is equitable and lawful. This kind of uncertainty tends to make investors and advertisers understandably anxious, as they are uncertain of the legitimacy of the content they are endorsing. With half a billion dollars now being poured annually into competitive DOTA and League of Legends gameplay, discovering the answer to this question will only become more urgent.

⁷ Digital Rights Management (DRM) are controls such as digital locks and other software that prevents access to the underlying code or material.

⁸ *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 574, (1994).

Digital Millennium Copyright Act – Legislative History

By Jason Putnam Gordon with help from Lisa Chan

With accelerated Internet use and digitization of content as the historical backdrop, President Bill Clinton signed the Digital Millennium Copyright Act (“DMCA”) into law on October 12, 1998. The purpose was to balance the needs of the content providers, i.e., those who generate intellectual property like video, music, and software, with the needs of the service providers, i.e., those who provide delivery of the content.

Prior to the rise and widespread use of the Internet, Congress passed the Copyright Act of 1976 (“Copyright Act”), which exposed service providers to secondary liability.⁹ Under the Copyright Act, service providers would face “legal exposure for infringements that may occur in the course of their [users’] activities.”¹⁰

Until the technology advanced far enough to easily digitize content and to share that content (e.g., on the Internet), secondary liability had not been an issue. That changed in the 1990s. In 1993, .3% of the world’s population was using the Internet.¹¹ By the year 1996, Microsoft’s operating system, Windows 95, accelerated personal computer use throughout the nation.¹² In 1998, as a result of Windows and a number of other technological advancements, that percentage rose to 3.1%.¹³ (Now, data in 2014 shows that approximately 40% of the world’s population (3 billion people) is online,¹⁴ 10 million of which are registered Apple developers.)

With the rise of that technology, Congress was aware of the competing interests between the content providers and the service providers when it came to the Internet, and the importance both sanctions played in the thriving Internet. The independent copyright owners and their materials would result in creativity and innovation, while the service providers would supply the medium for distribution. Advocating for unique copyright objectives in the emerging Internet era, rights holders wanted to protect their intellectual property in the digital environment prone to massive piracy while service providers wanted to protect themselves with liability in regards to secondary liability.¹⁵ In an effort to balance those interests, attempts were made to reform the then-existing legislation.

⁹ *Statement of Marybeth Peters The Register of Copyrights before the Committee on the Judiciary U.S. COPYRIGHT OFFICE*, (April, 01 2013), <http://www.copyright.gov/docs/regstat072204.html>.

¹⁰ H.R. Rep. No. 105-551 at 112 (1998) (“House Report”); S. Rep. No. 105-190 at 1 (1998) (“Senate Report”).

¹¹ INTERNET LIVE STATS, <http://www.internetlivestats.com/internet-users/> (last visited March 3, 2016) (elaboration of data by International Telecommunication Union (ITU) and United Nations Population Division).

¹² Aaron Freedman, *The DMCA: 10 Years of the Good, Bad, and Ugly*, MACUSER (Dec. 15, 2010, 3:18 AM), http://www.macuser.com/legal/the_dmca_10_years_of_the_good.php.

¹³ *Id.*

¹⁴ *Id.*

¹⁵ H.R. Rep. No. 105-551 at 112 (1998) (“House Report”); S. Rep. No. 105-190 at 1 (1998) (“Senate Report”).

The first attempt at reforming legislation was the establishment of the Information Infrastructure Task Force ("IITF") in 1993.¹⁶ Clinton created this task force with the purpose of investigating the Internet's effect on intellectual property rights. "After examining copyright protections and service provider liability, the working group concluded that the future success of the Internet depended on the protection of copyright and intellectual property."¹⁷ As a result of that belief, the group opposed any exemption of liability for service providers who were then still liable for contributory infringement under H.R. 2180.¹⁸

Concurrently during the 1990s the World Intellectual Property Organization ("WIPO") acted as the principal organization responsible for the protection of intellectual property throughout the world. The WIPO echoed the IITF's conclusion on contributory infringement. That was expressed in the WIPO Copyright Treaty in 1996, which was specifically designed to strengthen copyright protections across 184 member states (inclusive of the U.S.).

To codify the provisions of the WIPO Copyright Treaty into U.S. Law, Representative Howard Coble introduced the DMCA on July 29, 1997. Coble's intention with the DMCA was to amend the Copyright Act and allow service providers, who met certain conditions, "exemption from direct infringement and vicarious liability for user acts, so long as the service provider was a passive conduit of the third party user."¹⁹ Such exemptions from liability covered four categories of activity.²⁰ It was Congress' hope that with such limited liability, service providers would gain more certainty concerning their legal exposure for infringements on behalf of their users, which Congress deemed to be fundamental "in order to attract the substantial investments necessary to continue the expansion and upgrading of the Internet."²¹ At the same time, however, Congress desired to preserve "strong incentives for service providers and copyright owners to cooperate to detect and deal with copyright infringements that take place in the digital networked environment."²²

In recognition of and response to those desires, the U.S. Congress included provisions (most notably the Safe Harbor for Providers and Takedown Notice) in the DMCA to create a balanced framework in which both the context for optimal innovation (via protection of copyright owner) and the "expansion of the speed and capacity of the Internet" (via protection of service provider) could be simultaneously achieved.²³ The legislative atmosphere leading to the inclusion of such provisions should be noted.

Safe Harbor Provision

¹⁶ See Jason Oxman, *The FCC and the Unregulation of the Internet* 4 (Office of Plans and Policy, Fed. Comm'n's Comm'n, Opp Working Paper No. 31, 1999), available at https://transition.fcc.gov/Bureaus/OPP/working_papers/oppwp31.pdf.

¹⁷ INFORMATION INFRASTRUCTURE TASK FORCE, *Intellectual Property and the National Information Infrastructure: The Report of the Working Group on Intellectual Property Rights*, 2 n.5 (1995), available at <http://www.uspto.gov/go/com/doc/ipnii/ipnii.pdf>.

¹⁸ Online Copyright Liability Limitation Act, H.R. 2180, 105th Cong. (1997).

¹⁹ *Id.*

²⁰ 17 U.S.C. §512(a)-(d) (2006) (providing the categories of exemption are: "transitory digital network communications," "systems caching," "information residing on systems or networks at direction of users," and "information location tools").

²¹ 144 Cong. Rec. S11, 889 (daily ed. Oct. 2, 1998) (statement of Sen. Hatch).

²² H.R. Rep. 105-796, 105 Cong., 2d Sess. 72 (1998).

²³ Sen. Rep. No. 105-190 at 8 (1998).

Representative Coble introduced the Online Copyright Infringement Liability Limitation Act ("OCILLA") in February of 1998. This came about most markedly from three fronts: the judiciary's recognition of liability issues of Online Service Providers ("OSPs"),²⁴ elements of existing court decisions,²⁵ and lobbying by major Internet companies and content producing industries.²⁶ OCILLA, later passed as the "Safe Harbor" provision of the DMCA, effectively "eliminating direct infringement liability on the part of service providers for the passive acts of storage and transmission of infringing material, so long as the acts were automated and made at the direction of the third party user."²⁷

Takedown Notice Provision

Senator John Ashcroft introduced the Digital Copyright Clarification and Technology Education Act of 1997.²⁸ While this provided an exemption from liability to both Internet Service Providers ("ISPs") and OSPs, it did contain a takedown provision removing liability if, after receiving notice, the person removed the infringing material within ten days.²⁹ This encouraged Section 512 of the DMCA, a measure designed to give reasonable assurance to copyright owners from massive piracy.³⁰ Section 512, also known as the "Takedown Notice" provision of the DMCA also "provided incentives for service providers to cooperate with copyright holders seeking to protect their works through providing liability to service providers for the good faith removal of allegedly infringing material."³¹

Conclusion

The history of the DMCA is one of compromise. Congress needed to balance the interest of the right holders and service providers.

²⁴ Samuelson et al., *supra* note 27, at 44.

²⁵ See *Religious Tech. Ctr. v. Netcom On-Line Commc'n Servs., Inc.*, 907 F. Supp. 1361, 1369 n.12 (N.D. Cal. 1995).

²⁶ Menrell, *supra* note 32.

²⁷ See H.R. 3209 §2(a) (1997); 17 U.S.C. §512 (a)-(b).

²⁸ Digital Copyright Clarification and Technology Education Act of 1997, S. 1146, 105th Cong. (1997).

²⁹ David L. Hayes, *Advanced Copyright Issues on the Internet*, 7 Tex. Intell. Prop. L.J. 1, 80 (1998).

³⁰ S. Rep. No. 105-190, at 8 (1998).

³¹ Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860, 2882 (1998) (codified at 17 U.S.C. §512[g]).

The Law - DMCA

By Brandon J. Huffman

The DMCA³² was signed into law on October 28, 1998. The Act is divided into five titles. Each title expanded or altered the rights of copyright holders that had existed up to that point. Title II, the "Online Copyright Infringement Liability Limitation Act," is the heart of the DMCA for the purpose of this white paper.

Title II, or Section 512, of the DMCA creates "safe harbors" for online service providers for certain types of copyright infringement by their users.³³

These safe harbors prevent internet service providers from being held accountable for copyright infringement committed by their users. A "service provider" is broadly defined as "a provider of online services or network access, or the operator of facilities therefor."³⁴ Companies like Verizon, Google, Facebook and Apple are all service providers in various ways.

Specifically, the law provides four limitations on liability for copyright infringement to online service providers. Service providers are not liable for certain types of copyright infringement in: 1) transitory communications (think traditional ISPs), 2) system caching, 3) storage of information on systems or networks at the direction of users (think user generated content), or 4) information location tools (search engines). If a service provider's activity fits one of those four categories, there is a bar on monetary damages and restricted availability for injunctive relief against the service provider.³⁵

Failure to qualify for a safe harbor does not necessarily make a service provider liable for copyright infringement, but it allows the claim to proceed against the provider. The copyright holder must still demonstrate that the underlying elements of copyright infringement, and the provider may still assert defenses to copyright, like fair use.

To be eligible for any of the limitations, a service provider must first adopt and reasonably implement a policy of terminating the accounts of subscribers who are repeat

³² Pub. L. No. 105-304, 112 Stat. 2860 (Oct. 28, 1998).

³³ *Id.*, at § 512. The other titles of the DMCA are: Title I, which implements the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. It gives copyright holders additional protections against the circumvention of digital rights management (DRM) on copyrighted works (17 U.S.C. § 1201 [2000]); Title III, the "Computer Maintenance Competition Assurance Act," which creates an exemption from liability for infringement for making a copy of a computer program by activating a computer for purposes of maintenance or repair [See United States Copyright Office, *THE DIGITAL MILLENNIUM COPYRIGHT ACT OF 1998 U.S. Copyright Office Summary* (December 1998), <http://www.copyright.gov/legislation/dmca.pdf>]; Title IV, which contains several unrelated provisions about the operations of the Copyright Office itself, distance education, libraries, ephemeral recordings, webcasting sound recordings on the internet, and certain motion picture collective bargaining obligations (17 U.S.C. § 401(b), 17 U.S.C. § 701); and Title V, which creates a new type of copyright for the design of vessel hulls (17 U.S.C. § 1301).

³⁴ 17 U.S.C. § 512 (k)(1)(B).

³⁵ 17 U.S.C. § 512 (j).

infringers. Second, it must accommodate and not interfere with “standard technical measures.”³⁶ The DMCA defines “standard technical measures” as those measures that copyright holders use to identify or protect their copyrighted works that have been developed by stakeholders in an open, fair and multi-industry process, are available on a nondiscriminatory basis and do not impose substantial burdens on service providers.

For digital content distributors, the user generated content exemptions are the critical portion of the DMCA. The exemption applies to storage at the direction of a user. It does not apply to content created by the service provider. To be eligible for the safe harbor, the service provider must meet certain conditions.

First, the provider must not know of the infringing activity. This means that a service provider must not have actual knowledge of copyright infringement. The provider must not be aware of facts or circumstances from which infringing activity is obvious or apparent.

Second, if the provider can control the infringing activity, it must not receive any direct financial benefit from the activity.

Third, upon receiving proper notification of infringement, the provider must act quickly to take down or block further access to the allegedly infringing materials. The DMCA establishes procedures for notifications,³⁷ commonly referred to as the “Notice and Takedown” process.

Under the Notice and Takedown process, a copyright holder believing their rights to have been violated (including but not limited to considering if the infringer has a valid fair use defense),³⁸ submits a notification to the provider. The provider must file a designation with the Copyright Office identifying a specific agent to receive these notices.

The notice must be submitted under penalty of perjury, meaning that if the copyright owner is falsifying the notice, they can be charged with the crime of perjury. The notice must also include certain specific elements, which are discussed in more detail below. Failure to *substantially* comply with the requirements may lead a court to ignore the notification when determining if the provider was “aware” of the infringement.

If a service provider promptly removes or blocks the allegedly infringing material, then the provider cannot be held financially liable to the copyright holder for the copyright infringement. If the provider promptly notifies the subscriber who posted the content of the notice and takedown, it also cannot be held liable to the subscriber for having taken it down or blocked it. Thus, the service provider can insulate itself from liability to both the copyright holder *and* the subscriber by following the proper notice and takedown process.

³⁶ 17 U.S.C. § 512 (i)(1)(A)(B).

³⁷ 17 U.S.C. § 512(c)(3).

³⁸ See *Lenz v. Universal Music Corp.*, 801 F.3d 1126 (9th Cir. 2015) (The Ninth Circuit ruled that a copyright holder must consider fair use defense for a copyright infringer prior to issuing a takedown notice).

The subscriber who posted the content has an opportunity to respond to the notice by filing a counter notification with the service provider.³⁹ If the subscriber files a proper counter notification, the requirements of which are detailed below, then the service provider must put the material back up within 10-14 days (unless the copyright owner files a lawsuit). A counter notification must also be completed under penalty of perjury, and must state that the material was removed through mistake or misidentification.

Under the DMCA, a person who knowingly materially misrepresents that material is infringing, or that it was removed or blocked through mistake or misidentification, can be held liable for damages caused by their misrepresentation. These damages include the costs and attorneys' fees incurred by the opposing party.⁴⁰

Title II also establishes a procedure for a copyright owner to get a subpoena⁴¹ ordering a service provider to disclose a subscribing infringer's identity.⁴² Service providers are not, however, asked to choose between their own safe harbor or their subscribers' privacy. Instead, nothing in the DMCA requires a provider to affirmatively monitor its service or access material in violation of any other law (such as the Electronic Communications Privacy Act).⁴³

³⁹ 17 U.S.C. §512 (g)(1).

⁴⁰ 17 U.S.C. §512 (f).

⁴¹ Subpoena is court document requesting a person or entity to testify or in this case ordering an entity to disclose documents. Usually a lawyer or service provider by an attorney will issue a subpoena. (Fed. R. Civ. P. 45).

⁴² 17 U.S.C. §512 (h).

⁴³ 17 U.S.C. §512 (m).

Who the DMCA Protects

By Suzanne Jackiw and Aisha Shotande

The DMCA is written to protect intellectual property owners, content hosts, and internet service providers, assuming they stay within the limitations it creates. Broadly stated, intellectual property is any creation of the mind; it includes literary and artistic works, designs, symbols, and names and images used in commerce.⁴⁴ In the United States, intellectual property is recognized as an original work of authorship that can be perceived, reproduced, or otherwise communicated.⁴⁵ Mere ideas or concepts unable to be communicated lie outside the purview of intellectual property law.⁴⁶ The DMCA is particularly interested in the protection of music, literary works, film, and any other intellectual property likely to be infringed or pirated using the internet, since these are the types of works legislators set out to protect.⁴⁷

In creating the DMCA, legislators wanted to ensure the future efficiency of the Internet. To maintain this efficiency, legislators established safe harbors to limit the liability that service providers received when customers posted infringing materials via their service. The DMCA established four categories of protection from liability: 1) transitory digital network communications; 2) system caching; 3) information residing on systems or networks at the direction of users; and 4) information location tools.⁴⁸ Safe harbors do not ultimately protect the provider from liability outside these limitations.⁴⁹ As long as a provider meets the requirements enacted by the DMCA, it has shelter under the safe harbor provision.

These requirements include a distinction between a passive host and a seller in due course. To maintain status as a passive host, an entity must not participate directly in any infringement, but rather facilitate the ability to copy or distribute material.⁵⁰ The passive host, as the name suggests, must not actively assist or engage in copyright infringement. The court has determined that making copies available or providing copies of copyrighted work on demand can revoke passive host status, and thereby revoke any protections offered by the safe harbor.⁵¹ A seller in due course, much like a passive host, is protected so long as the purchase or transfer of copyrighted materials occurs in the ordinary course of the seller's business. The seller will lose safe harbor protection if the seller has conspired with a user to infringe copyright or has failed to comply with requests from the copyright owner to disclose the source of the material.⁵² Moreover, the Court of Appeals has stated, "...a service provider cannot willfully bury its head in the sand to avoid obtaining such specific knowledge" of the infringing material.⁵³

To maintain status as a safe harbor, a party must meet a set of threshold prerequisites. First, the party must qualify as a "service provider." For the first category of protection, relating

⁴⁴ WIPO, WHAT IS INTELLECTUAL PROPERTY 2-3 (WIPO Publication No. 450[E]), http://www.wipo.int/edocs/pubdocs/en/intproperty/450/wipo_pub_450.pdf.

⁴⁵ 17 U.S.C. §102(a).

⁴⁶ 17 U.S.C. §102(b); *See Tetris Holding, LLC v. Xio Interactive, Inc.*, 863 F. Supp. 2d 394 (D.N.J. 2012).

⁴⁷ 17 U.S.C. §102 (a).

⁴⁸ *See* 17 U.S.C. §§512(a)-(d).

⁴⁹ *Perfect 10, Inc. v. CCBill LLC*, 488 F.3d 1102, 1109 (9th Cir. 2007).

⁵⁰ *Cartoon Network LP, LLLP v. CSC Holdings, Inc.*, 536 F.3d 121, 130–133 (2d Cir. 2008).

⁵¹ *See UMG Recordings, Inc. v. Shelter Capital Partners LLC*, 718 F.3d 1006, 1021-22 (9th Cir. 2013) (For a discussion of websites hosting song files and the knowledge requirement under §512[c]), *Am. Broad. Companies, Inc. v. Aereo, Inc.*, 134 S. Ct. 2498, 2513 (2014) (For a discussion of broadcast media).

⁵² 17 U.S.C. §1301 (b)(1-2).

⁵³ *UMG Recordings, Inc. v. Shelter Capital Partners LLC*, 718 F.3d 1006, 1023 (9th Cir. 2013).

to transitory communications, a "service provider" is defined as "an entity offering the transmission, routing, or providing of connections for digital online communications, between or among points specified by a user, of material of the user's choosing, without modification to the content of the material as sent or received."⁵⁴ For the other three categories, "service provider" is defined as "a provider of online services or network access, or the operator of facilities therefor."⁵⁵

Second, the provision requires that service providers adopt and reasonably implement a policy for the termination, in appropriate circumstances, of users who are repeat infringers. This criteria is an element of all four categories of safe harbor. The Ninth Circuit holds that a service provider "implements" a policy if it has a working notification system, a procedure for dealing with DMCA-compliant notifications, and if it does not actively prevent IP owners from collecting information needed to issue notifications.⁵⁶

Third, the party must not interfere with standard technical measures used by copyright owners to identify or protect copyrighted work.⁵⁷ Standard technical measures are defined as "technical measures that are used by copyright owners to identify or protect copyrighted works."⁵⁸

In *Wolk v. Kodak Imaging Network, Inc.*, Sheila Wolk, a visual artist, asserted that Photobucket was noncompliant with this requirement because her images were located on the site without her identifying watermark.⁵⁹ Patrons of Photobucket utilized software to hide or crop out the copyright watermarks on uploaded images. Wolk did not assert that Photobucket advised or encouraged users to use the photo-editing software to circumvent the copyright. The court found that the use of watermarks by Photobucket was "standard technical measures." The Court agreed that because it was Photobucket's users that were editing the images with software and not Photobucket they were not circumventing copyright protection and hence Photobucket did not lose safe harbor eligibility.⁶⁰

YouTube is one such service provider that qualifies for safety under the DMCA safe harbor provision. Viacom filed suit against YouTube alleging copyright infringement based on the public performance, display, and reproduction of their audiovisual works on the YouTube website.⁶¹

First, the court found that YouTube met the requirement of a service provider. The act of replicating, transmitting, and displaying of videos on YouTube comfortably fit within the definition of service provider as written in the statute.⁶²

Furthermore, YouTube's three-strike rule for repeat offenders was eligible as a policy. YouTube defines a single strike against a user both as: 1) a single DMCA takedown notice

⁵⁴ 17 U.S.C. §512(k)(1)(A).

⁵⁵ 17 U.S.C. §512(k)(1)(B).

⁵⁶ *Perfect 10, Inc. v. CCBill LLC*, 488 F.3d 1102, 1109 (9th Cir. 2007).

⁵⁷ 17 U.S.C. §512(i)(1)(A)(B).

⁵⁸ *Wolk v. Kodak Imaging Network, Inc.*, 840 F. Supp. 2d 724, 745 (S.D.N.Y. 2012) *aff'd sub nom. Wolk v. Photobucket.com, Inc.*, 569 F. App'x 51 (2d Cir. 2014) [hereinafter *Kodak*].

⁵⁹ *Wolk v. Kodak Imaging Network, Inc.*, No. 10 CIV. 4135 RWS, 2011 WL 940056, at *1 (S.D.N.Y. Mar. 17, 2011).

⁶⁰ *Kodak at 745* (S.D.N.Y. 2012).

⁶¹ *Viacom Int'l Inc. v. YouTube, Inc.*, 718 F. Supp. 2d 514 (S.D.N.Y. 2010) *aff'd in part, vacated in part, remanded*, 676 F.3d 19 (2d Cir. 2012).

⁶² *Id.* at 527.

identifying multiple infringing videos uploaded by the user; and 2) multiple takedown notices identifying videos uploaded by the user received by YouTube within a two-hour period.⁶³

Finally, the court used a “red flag” test. The red flag test determines the subjective awareness of the service provider by examining the facts or circumstances in question. A service provider need not monitor its service or affirmatively seek facts indicating infringing activity, except to the extent consistent with not actively interfering with IP owners’ right to protect their work. However, in deciding whether those facts or circumstances constitute a “red flag,” the court must also take an objective view of the facts. The objective standard is whether the infringing activity would have been apparent to a reasonable person operating under similar circumstances. The court found that Youtube was in compliance with this last standard as well. Viacom, over a period of months, accumulated over 100,000 videos and then sent one massive takedown notice. YouTube removed almost all of the infringing videos by the next business day.⁶⁴

⁶³ *Id.* at 528-29.

⁶⁴ *Id.* at 524.

How to Use the DMCA to Protect Your Game: The Process

By Lauren Hanley-Brady

The DMCA works in two primary ways that affect game developers:

(1) to give developers the power to protect their work by allowing them to request infringing content be taken down; and

(2) to give developers the power to restore their rightful work if it was taken down on a false or improper claim (counter notification)

DMCA takedown requests allow the average person (i.e. lawyer technically not required) to protect their online content by sending notices to the hosting service to take down infringing works.

There are limitations on the effectiveness of this process: copyright owners must repeat this process on every individual site there is infringement as the complaint with a singular service such as YouTube⁶⁵ or Google Play is not internet-wide, and in some instances they might have to do this more than one time on the same site over a period of time because different instances of infringement occurs. Professional organizations will employ people to constantly check for infringing work in conjunction with automatic search programs.⁶⁶

A. The Process - DMCA Takedown: Compliance with the Statute

1. DMCA Takedown Requests

A takedown request is reasonably self-explained. Under the notice and takedown procedure, a copyright owner submits a written notification to the hosting service provider to take down infringing content.⁶⁷

To ensure protection from liability of copyright infringement, upon receipt of a takedown notice, the service provider must "expeditiously"⁶⁸ take down (or disable access to) the claimed infringing content.⁶⁹

⁶⁵ *A Guide to YouTube Removals*, ELECTRONIC FRONTIER FOUNDATION, <https://www.eff.org/issues/intellectual-property/guide-to-youtube-removals> (last visited March 4, 2016).

⁶⁶ Kashmir Hill, *Will The New 'Copyright Alert System' Actually Stop People From Downloading Music and Movies Illegally?*, FORBES, (Feb 25, 2013 03:43pm) <http://www.forbes.com/sites/kashmirhill/2013/02/25/copyright-alert-system/#313a8af37a45>

⁶⁷ 17 U.S.C. §512(g)(1).

⁶⁸ The courts interpret "Expeditiously" to mean different time frames depending on the size of the service provider. The bigger the service provider, typically shorter time frame (i.e. 1-12 hours) is expected to have the content disabled, whereas very small providers are given more time because of the presumption that they lack personnel on hand to deal with such issues. (*Capitol Records, LLC v. Vimeo, LLC*, 972 F. Supp. 2d 500, 536 [S.D.N.Y.] *amended on reconsideration in part*, 972 F. Supp. 2d 537 [S.D.N.Y. 2013]).

⁶⁹ 17 U.S.C. §512(c)(1)(C).

RISKS

There is a risk to sending a takedown request: potentially having to file a copyright lawsuit against the infringer if the infringer files a counter notice to your takedown request (discussed below). This is why it is generally best to speak with a lawyer prior to sending the takedown request to: 1) see if the use is actually fair use⁷⁰, and 2) have the court documents potentially already drafted, or prepared to be drafted, if the infringer files a counter notification, and you're not left scrambling to meet deadlines.

2. DMCA Counter Notification

A counter notification allows users to counter the claim of infringement as a way to get their content back up online after a takedown request is sent. However, upon receiving a proper counter notification, the service provider does not automatically put the content back up. Instead, the service provider is required to notify the user who sent the takedown request about the counter notice, and alerts them that the content will be restored in 10-14 business days if the takedown user does not file an action seeking a court order to stop it from going back up.⁷¹

REASONS TO SEND COUNTER NOTIFICATION

There are a couple of reasons to send a counter notification, not all them honorable.

On the legitimate side, the user whose game was taken down may be the actual copyright owner to the work, and their work was taken down improperly by someone claiming ownership to the content. Another reason to send a counter notification would be due to the user whose work was taken down believes the use of the copyrighted material to qualify as fair use, and thus would not be copyright infringement.

On the less legitimate side, users may decide that the risks (discussed next) of sending a counter notification are low enough that they don't believe the person sending the takedown would pursue the issue further, and so there would likely be no legal ramification for sending the counter notice. Still, however, the counter notification is made under penalty of perjury, and that is not something to be taken lightly.

RISKS

70 Lenz v. Universal Music Corp., 801 F.3d 1126, 1132 (9th Cir. 2015) ("Section 512(c)(3)(A)(v) requires a takedown notification to include a "statement that the complaining party has a good faith belief that the use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law."). Doing a takedown notice with bad faith may result in sanctioned(i.e. monetary) damages depending on the court's discretion.

71 17 U.S.C. §512(g)(2)(B). Additionally, the 'court order' in this section refers to filing a lawsuit for copyright infringement, which would include the injunction required for preventing the service provider to resume access to the content.

There are two primary risks involved with sending a counter notification: (1) the possibility of being sued for copyright infringement and having to defend, and (2) if you are not located in the same country as the service provider, you accept jurisdiction to be sued in the service provider's country, which means you would need to fly there to defend yourself if you are sued.

3. How the DMCA Process Looks

1. Alyssa puts up a clone of Brandon's app, "My Game" to the Google Play Store without Brandon's permission.
2. Brandon sees Alyssa's clone of his app on the Google Play Store.
3. Option 1: Brandon fills out the form provided by the Google Play Store for sending a content takedown.
Option 2: Brandon talks to a lawyer and has his lawyer draft a takedown notice and sends it to Google's registered DMCA agent⁷².

CONTENT IN THE TAKEDOWN NOTICE⁷³:

- Contact information
 - Name of the game copied
 - The web address of the copied game on the service
 - A statement that Brandon has a *good faith belief*⁷⁴ that use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law. The *good faith belief*⁷⁵ also considered fair use implications.
 - A statement that the information in the notification is accurate
 - A statement that, under penalty of perjury⁷⁶, Brandon (or his lawyer) is authorized to act for the copyright holder
 - Brandon's signature and the date
4. Google "expeditiously" takes down the app.
 5. Google informs Alyssa of taking down her content, as well as why.

⁷² Directory of Service Provider Agents for Notification of Claims of Infringement, COPYRIGHT.GOV, http://copyright.gov/onlinesp/list/a_agents.html (The index of registered agents can be found at [this site.](#)) (last visited March 4, 2016).

⁷³ 17 U.S.C. §512(c)(3).

⁷⁴ Note that this is not the same as swearing under penalty of perjury because of the subjective belief formed by the party. This language is the source of the majority of abuse under the DMCA.

⁷⁵ Lenz v. Universal Music Corp., 801 F.3d 1126, 1134-35 (9th Cir. 2015) ("To be clear, if a copyright holder ignores or neglects ...that it must consider fair use before sending a takedown notification, it is liable for damages under § 512(f). If, however, a copyright holder forms a subjective good faith belief the allegedly infringing material does not constitute fair use...[the court will not second guess and not hold them liable for infringement⁷⁶].")

⁷⁶ Note that this 'under the penalty of perjury' is likely to be read narrowly as solely applying to whether or not the user is authorized to represent the copyright holder—not that the content is stated as being infringing under the penalty of perjury. (See <https://torrentfreak.com/warner-bros-our-false-dmca-takedowns-are-not-a-crime-131115/>.)

6. Alyssa has the option to let that takedown stand or to send a counter notification. If she sends a counter notification, the contents include⁷⁷:
 - Her contact information
 - The identification of the removed video
 - A statement under penalty of perjury that Alyssa has a good faith belief the material was mistakenly taken down
 - a statement consenting to the jurisdiction of Alyssa's local US Federal District Court, or, if outside the US, to a US Federal District Court in any jurisdiction in which Google is found⁷⁸
 - Her signature/date
7. If Alyssa files the counter notification with the above information, then Google Play will inform Brandon that she has done so, and alerts Brandon that if he does not file a suit against her in court within 10-14 days⁷⁹
8. If Brandon files a suit and alerts Google as to that fact, the material stays down. If Brandon does not file a suit within that timeframe, Google may put the app back up.

B. Potential Penalties for a False DMCA Claim

Any person who knowingly materially misrepresents that (1) the material is infringing, or (2) that it was removed or blocked through mistake or misidentification, is liable for any resulting damages (including costs and attorneys' fees) incurred by the alleged infringer, the copyright owner or its licensee, or the service provider.⁸⁰

That being said, one of the largest criticisms of this law is the lack of enforcement against those who abuse the system with takedowns, because the individual whose content was taken down is solely responsible for pursuing relief from the user submitting the takedown request. The legal cost to the individual is extensive, because the likelihood of success against a large studio company is miniscule and rarely are the plaintiffs awarded attorney fees.

When that request is made by a large studio or company, the likelihood of success of reaching the point where the wrongdoer pays the user's attorney's fees for the improper takedown is very low because they have the resources to extend proceedings beyond the average person's means.

While a user sending a counter notice to a takedown must swear under penalty of perjury that they are telling the truth, **a user requesting content be taken down need**

⁷⁷ 17 U.S.C. §512(g)(3).

⁷⁸ Companies may—and usually do—specify where jurisdiction will be located for international users, and is typically incorporated into the terms of use for the service. For instance, YouTube specifies that if the user filing a counter notice does not live in the U.S., then by sending a counter notification, that user accepts jurisdiction in San Francisco.

⁷⁹ Typically the company will specify, but the law gives 10-14 business days. (§512[g][2][c]).

⁸⁰ 17 U.S.C. §512(f).

only have 'a good faith belief' that the content is infringing.⁸¹ This comes into play especially with cases of fair use.

In *Lenz v. Universal Music*, a woman uploaded a home video of her child dancing to a Prince song, "Let's Go Crazy", and Universal Music Group sent a DMCA takedown request of that video.⁸² Lenz filed a counter notice, claiming fair use, and sued Universal for misrepresentation of a DMCA claim, as is the relief allocated by the law.⁸³ The Ninth Circuit Court of Appeals ruled that the copyright holder must consider fair use prior to conducting DMCA takedown notice⁸⁴ because fair use is a statutory right.⁸⁵

However, because fair use requires the balancing of four factors by a court, and because the finding of fair use is fact specific (i.e. similar situations may not result in the same decision), it is far easier for big companies to claim that they didn't 'feel' it was fair use, and thus have a good faith belief that the content was infringing.

As such, there is a large loophole for companies—and users—to exploit when it comes to claiming they have a good faith belief that the content is infringing, and it is much easier and faster to get content taken down than it is to get it back up (several hours versus up to two weeks respectively). Individual users do not have sufficient funds to bring legal action against a big company for misrepresentation of a DMCA claim, and so a lot of infringing content is left up as a result.

C. Fair Use for Offline Games

More recently, the Library of Congress made a ruling permitting lawful video game purchasers to unlock digital locks for personal gameplay of game in which developers/publishers cease to support on an external server.⁸⁶ To some this is seen as a success story, to others it is considered a downfall. Essentially developers should be aware that if they cease support of their games on a server users may reverse engineer the game for standalone play separate from the server. This does not allow the user to steal assets, but to enjoy the game play beyond the server after rightfully paying for the game. Currently there is no commentary from the Library of Congress for trial version games that were downloaded for free, however, it may be implied that when the agency stated "complete" game they meant legally fully purchased/freely downloaded games and not trial versions.

D. Compliance by the Service Provider-What it Looks Like

This section will compare three service providers: Amazon, the Google Play Store, and Apple's App store with regard to their methods of complying (or not) with the DMCA.

AMAZON

⁸¹ 17 U.S.C. §512(c)(3)(A)(v).

⁸² *Lenz v. Universal Music Corp.*, 801 F.3d 1126 (9th Cir. 2015).

⁸³ 17 U.S.C. §512(f).

⁸⁴ 17 U.S.C. § 512(c)(3)(A)(v).

⁸⁵ *Lenz v. Universal Music Corp.*, 801 F.3d 1126, 1134-35 (9th Cir. 2015)

⁸⁶ Exemptions to prohibition against circumvention, 37 C.F.R. § 201.40 (2016).

Amazon provides a generic form for users to fill out with regards to any content across any of their services, including their games.⁸⁷ It allows users to fill out the necessary information, click 'I accept' to the statements that are required by the law.

GOOGLE PLAY STORE

Google's Play Store provides a similar form for users to have infringing content taken down.⁸⁸

APPLE APP STORE

Apple offers a 'content dispute' form that states:

If you believe that an application available in the App Store violates your intellectual property rights, you can use this form to submit a claim to the App Store Legal Team.

Apps on the App Store are made available by third party providers. Once you have identified the app and described the alleged infringement on the following pages, **we will respond via email with a reference number and will put you in direct contact with the provider of the disputed app.** Any further contact with the App Store Legal team should be made via email and should include the reference number in the subject line.⁸⁹

Apple's process is not to take down infringing content. Instead, it puts users claiming that their content is being infringed into contact with the infringers, and then lets the parties deal with the issue, effectively acting as a mediocre mediator.

Consider this scenario: User A, a singular developer in the United States, uploads their app to the App Store. User A discovers that his app has been ripped from the service and re-uploaded by another user in China, User B, with the exact same app description, name, and content (also, usually, ads). Say, just for example, User B in China is non-responsive to Apple's introduction between the two users.

Then what?

Apple does not provide a method in which to have infringing content taken down quickly, as is required for safe harbor protection under the DMCA (i.e. not liable for hosting infringing content uploaded by users on their service), and there is generally no recourse for developers except to try and find the user to sue them individually.

⁸⁷ *Report Infringement*, AMAZON, <https://www.amazon.com/gp/help/reports/infringement> (last visited March 4, 2016).

⁸⁸ *Removing Content From Google*, GOOGLE, <https://support.google.com/legal/troubleshooter/1114905?hl=en> (last visited March 4, 2016); *See also Legal Removal Requests*, Google, <https://support.google.com/legal/answer/3110420?rd=1> (last visited March 4, 2016).

⁸⁹ *iTunes Content Dispute*, APPLE, <http://www.apple.com/legal/internet-services/itunes/appstorenotices/> (last visited March 4, 2016).

While there are times in which an infringing user may be cowed by the sudden communication from Apple about their infringing work, sometimes the process itself of direct confrontation with the infringer can be intimidating to the developer. Moreover, if the infringing user does this professionally, or is savvy with the law and Apple's 'system' for dealing with infringement, they could very easily ignore the communications and continue on infringing without much risk of enforcement.

Conclusion

As of now, the system is set up as a balance of interests. Depending on the temperament, sophistication, and financial security of the parties such balance may be disrupted and could lead to unconscionable results.

The Last Resort – Going to Court

by *Stephen McArthur*

You have tried DMCA takedown notices, polite emails, angry cease and desist letters, and everything in between. Nothing has worked. The infringer continues to use your video game assets without permission. It may be a final resort, but sometimes, you have no option left but to take the infringer to court.

If are considering a lawsuit as a serious option, then it is imperative that you to speak to a lawyer. Unlike some of the previous options such as sending a takedown notification, it is not possible to begin to understand or evaluate litigation without an attorney involved. The lawyer you choose will be your trusted advisor throughout the process and will help you evaluate your entire case and strategy.

It is imperative that you determine your goal *before* you file a lawsuit. Is your primary goal to simply stop the infringer from continuing the use of your work? Or, is receiving a monetary payment from the defendant your objective? Your strategy and tactics for how to handle the lawsuit can vary dramatically depending on what you want to win from the dispute. Every situation is unique, and litigation is never a one-size-fits-all solution, so you must communicate as much as you can to your attorney.

A Few Non-Obvious Things to Discuss With Your Attorney

- Does the Defendant have counterclaims against you? The first thing I do whenever a client is sued is to dig deep into any possible lawsuit we could have against the Plaintiff. Often the Plaintiff has not volunteered those issues to their attorney, and they quickly wish they had never sued in the first place once we file our counterclaims.
- To sue for federal trademark infringement, you must have a trademark registration. To sue for copyright infringement, you must have a copyright registration. This is one of many reasons why it is good to have your intellectual property lined up and registered as early as possible.
- Unless you've registered your copyright within 90 days of publishing your copyrighted work, there is almost no chance that you will convince an attorney to take your copyright case on contingency. Discuss registrations with your attorney early and often.
- Ask your attorney if you think you will win the case. Ask what the most likely outcomes are and how much each of those will cost and how long each will take. Does your attorney expect this case to settle quickly, or to be a long slog that takes years to resolve? Be very specific and direct with these questions. Though they will equivocate, try to get as straight of an answer as possible.
- Have you signed a contract with the Defendant requiring that you arbitrate or mediate? Does the contract say that any dispute must be resolved in a specific city or country? If so, you'll want to hire a lawyer in that locale.
- Ask your attorney how many of these types of cases they have filed in the past few years. The law is much more niched than laymen realize. You would not hire a dermatologist to perform your heart surgery. Likewise, make sure that any attorney you hire is extremely familiar with the exact type of law that is at issue in your case. Do not trust any attorney who says he knows "all" the law and are an expert in every area.
- Are there certain internal communications in your company that you would never want the Defendant to see? If a lawsuit goes into the discovery phase, then the Defendant

may be able to force your company into producing all of those emails and other communications to them. Discuss this possibility with your attorney and set out a strategy early for avoiding it.

Mediation

One option to litigation is mediation. In mediation, a knowledgeable professional with no connection to either party assists them in coming to an agreement and settling their conflict. The mediator is usually someone chosen in agreement by both parties and paid by both. The mediator is like a counselor; he is not there to come to a binding decision on which side should prevail in the conflict. Instead, he neutrally helps each side understand the weaknesses of their case, and tries to find common ground on which the parties can come to a reasonable settlement.

Solving the conflict in a day of mediation can be much less costly than litigating the dispute through trial. Mediation is relatively fast, can be scheduled within a few weeks and completed in anywhere from half a day to a few days. Also, unlike lawsuits, mediations are completely confidential, so the result will never be known by the press or your competitors. It also leaves a great deal of power in your hands rather than placing it all in those of a judge or jury. The parties are free to creatively fashion their own solutions to the conflict or to walk away with no resolution.

On the other hand, if you believe that either yourself or the other side will never settle the case, then the mediation should be avoided because it will be a waste of time and money.

Arbitration

Unlike mediation, an arbitration is binding. Consider any decision by an arbitrator to be final. Many companies make you sign agreements requiring arbitration instead of mediation or litigation. If you are suing a large company that promises to pay for the arbitrator if you let them pick it, do not fall for that trap. The arbitrator is probably hired by that company on a frequent basis and is unlikely to bite the hand that feeds them. After all, if they rule against the company, the company will simply hire a different arbitrator next time.

Real World Litigation Examples Done Right

With the new ability for developers to relatively easily distribute their games to a mass global market via Steam and mobile gaming, there has been a corresponding surge of copyright and trademark infringement that leads to lawsuits.

One reason many developers choose to sue a particular infringer is to send a message to the rest that they are serious about protecting their intellectual property. When you have numerous parties infringing your game, it is often imperative that you show them that your demands and cease & desist letters are not all bark with no bite. That was the position Big Duck Games was in with their Flow Free mobile game early last year.

With so many parties blatantly infringing its intellectual property, the ability to show its strength by suing a single one quickly got the rest of the infringers to back down. Since their lawsuit was publicized, new infringements of Flow Free have dropped dramatically. People do not want to steal from a developer who will enforce their rights.

Another example of litigation serving a company well was recently when an Arkansas company named Innovis Labs, Inc. registered a trademark for their mobile new game: Overwatch. Because Innovis was savvy enough to register their Overwatch trademark early on, it had the ability to block Blizzard from using the same name for its own game that came out a few months later. In order to assert their rights, Innovis sued Blizzard. Blizzard was forced to

come to the negotiating table and settle the case in order to keep the Overwatch name on their game. While the settlement terms are confidential, it is safe to assume that Blizzard paid Innovis a hefty sum for the rights to the name.

The Overwatch case is an example of a plaintiff who used litigation wisely. They knew what they wanted going in (a monetary payout), and used litigation to bring the opposing party to the negotiating table. A deal was reached before the case got deep into discovery and trial, which would have been a stressful headache for both sides. It is also a good example of why you should always have an attorney do a thorough trademark clearance search and register your trademarks as early as possible. If Innovis had not registered its trademark, then it would not have gotten its payday from Blizzard. If Blizzard would have done a better job with its clearance search, then it would not have been in a position to be held hostage by Innovis.

Contributor Biographies

Tom Buscaglia, *The Game Attorney*, is a principal in the law firm *The Game Attorney PC*, with offices on *Vashon Island* in the *Seattle, Washington*, area. Tom has assisted independent game developers since 1991 with all aspects of business and legal matters. Tom wrote the chapter entitled "Effective Developer Agreements" for the book, *The Secrets of the Game Business* and has written numerous articles, including in *Game Developer Magazine* and the *Game Law* series of articles and an *Expert Blog* on *Gamasutra.com*. Tom is a perennial presenter at numerous game industry conferences. Tom is Chair of the *IGDA Business and Legal Special Interest Group*, Chair Emeritus the Board of Directors of the *International Game Developers Association* and is CO-founder of the *IGDA Charitable Foundation*. As *FaTe[F8S]*, Tom is Supreme Warlord of *FaTe's Minions*, an online gaming "clan" that has been competing online since January, 1998. So, in addition to his deep professional knowledge base, he has a gamer's appreciation and understanding of the game industry.

Ryan Morrison combined his passion for games with his knowledge of the law by opening a firm dedicated to the industry. Deemed a go-to source on gamedev law by the countless developers he has helped through his free online legal Q&A's, Ryan understands that this new and innovative industry requires a new and innovative approach to law.

Ma'idah Nasrin Lashani is a third year law student at the University of North Carolina at Chapel Hill. Ma'idah serves as Chair of the International Game Developers Association NC-Triangle Chapter, and as a Legal Intern at Epic Games. In furtherance of her study of video game law, Ma'idah has also worked as a Law Clerk at The Law Offices of Ryan P. Morrison, P.C.. Prior to attending law school, Ma'idah worked as a Community Manager at The Escapist. Ma'idah's hobbies include collecting Pokemon, infantilizing her Irish Wolfhound, and falling asleep on the couch.

Wesley Paisley is Harold Baer Jr. Judicial Scholar with a M.S. from NYU-POLY and more recently a J.D. from New York Law School. While attending NYLS he was a 3D artist, UI/UX designer, vice-president of a video game start-up by day, and a law student at night.

His favorite case is the *Universal City Studios, Inc., v. Nintendo Co., Ltd.*, where Universal battled with Nintendo over the property of King Kong. Wesley believes it not only shows Nintendo's humble beginnings but also that battles are not won on a legal precedent alone, but on diligent research. Nintendo was able to prove that Universal had long lost the rights to "King Kong" and that even if they had the rights "Donkey Kong" has little relation to "King Kong" with his fancy tie and love for barrels. Wesley also volunteers for the [Meatloaf Kitchen](#) and [Black Girls Code](#).

Jason Putnam Gordon is a San Francisco-based corporate and securities attorney with over 10 years of experience. Jason founded Putnam Gordon, P.C. in 2012, and his practice concentrates on company formations, financings, mergers and acquisitions, and licensing for technology, mobile, internet, and video game companies. In working with clients, Jason emphasizes building a strong attorney-client relationship to provide top-tier legal representation at affordable rates. In addition to being licensed in California, Jason is licensed in the District of Columbia, Massachusetts, Pennsylvania, and New Jersey. Outside of the practice of law, Jason is a devoted husband and competitive skydiver. He can be reached at info@putnamgordon.com.

Brandon J. Huffman is an attorney in Raleigh, North Carolina. His practice focuses on clients in video games, software and tech.

Suzanne Jackiw is a junior associate at IE Law Group, a firm focused on video game law. She is also one of the founders of *GameDevLaw.org*, a blog about legal issues in the video game industry, and a 2015 graduate of Chicago-Kent College of Law. She has written articles on the legal issues of game development for many online and print publications. She has spoken at several industry conferences and online programs. Suzanne is a co-founder of the *Voxelles*, a group for women in game development in Chicago. She is assistant to the board at the *Video Game Bar Association*, and she is also volunteer manager for *Take This*, an organization focused on mental health in the gaming community. She is currently developing a game about law.

Aisha Shotande is currently a student at Chicago-Kent College of Law and graduates in May 2017. While at law school, she has sought out courses, extracurricular activities, and internships that will prepare her for a transactional law career in the technology and entertainment industries. She is

interested in learning more about video game law and, more specifically, the interaction of video game law and independent developers. She hopes to one day be able to provide legal services to independent developers at an affordable cost. Currently she is a contributor to GameDevLaw.org which is a blog about legal issues in the video game industry. Aisha is also a law clerk at Heitner Legal, a firm focused on the entertainment law and sports law.

Lauren Hanley-Brady *is a California entertainment attorney and an unrepentant geek who received her Juris Doctor from California Western School of Law and Bachelor of Science from San Diego State University. Her house's interior is covered in fantasy art from several years at ComicCon, she has enough figurines to make any toddler's parent nervous to visit, and she practices medieval sword techniques—frequently with combat-ready lightsabers.*

With a background in film production, Lauren's [law practice](#) focuses primarily on contract drafting and negotiation for creative professionals, as well as trademark prosecution and formulating brand management for clients. As a law student, she produced a short educational [video series](#) aimed at helping game developers with common legal issues.

Stephen McArthur *began his career in the video game industry as an early eSports competitor. He was ranked number one in the world at two different games, traveled around the world competing in numerous tournaments and world championships, and funded his tuition to an Ivy League law school with the winnings. Today, Stephen is a video game lawyer and still an avid gamer. He is also the founding attorney of [The McArthur Law Firm](#), a boutique law firm for video game companies worldwide. Before founding the firm, Stephen was an attorney for several years each at the premier national law firms of Cravath, Swaine & Moore in NYC and Irell & Manella in Los Angeles. In his eight years of practice, Stephen has performed legal work for a wide spectrum of clients such as Rovio, BlackBerry, Dan Brown, and the RIAA. His current clients range from large entertainment companies like Legendary Pictures, to startups, to developers of some of the most popular mobile games in the world.*