



**IGDA BUSINESS AND LEGAL
SPECIAL INTEREST GROUP**

**POSITION STATEMENT ON
TRADEMARKS**

April 2014

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1. Introduction

Earlier this year, trademark applications and other actions taken by King in relation to CANDY, SAGA, and related trademarks resulted in adverse media coverage and a critical public statement from the International Game Developers Association (IGDA). Because of the importance of trademark protection, as well as the possibility of trademark abuse, the members of the IGDA Business and Legal Special Interest Group (the “B&L SIG”) have drafted this Position Statement using King’s activities, and concerns raised in response to those activities, as a vehicle to help game developers gain a better understanding of trademarks and their appropriate use as an important form of intellectual property protection. We hope you find it interesting and enlightening.

The IGDA B&L SIG believes that every developer should understand what a trademark is and the ways a trademark can and cannot be used. We strongly encourage game developers and publishers to educate themselves about trademark law and to comply with both the letter and the spirit of the law. Proper use of trademarks enables developers to protect their intellectual property, diminishes consumer confusion and creates a fair, competitive environment for all developers.

Trademarks are, fundamentally, an extension of laws related to unfair business practices. By allowing companies to register the names, logos and phrases that they use to identify their products and services, governments hope to eliminate customer confusion about the true origin of a product. In broad terms, the owner of a registered trademark is essentially granted a limited monopoly over use of that trademark in connection with the goods and services claimed in the registration.

Trademarks are therefore a valuable tool for companies who need to protect their legitimate interests, and for consumers who can rely on trademarks to identify the origin of goods and services. But trademarks can also be mis-used by companies to restrict competition by claiming broader rights than they need to adequately protect their goods and/or services.

2. Trademark basics

2.1 What does a trademark do?

Trademark law is a branch of intellectual property law. All intellectual property law is essentially about businesses being granted protections under law in pursuit of a public good. For example, a business which owns a patent is granted a monopoly (limited by time and geography) over the commercialization of their invention in exchange for publishing its details so that, when the patent expires, others can exploit the idea. Similarly, copyright law encourages creative endeavors by granting copyright owners exclusivity over exploitation of the copyright work for a certain amount of time. The owner of a registered trademark is essentially granted protection from competitors using the same or a confusingly similar mark for the same or similar goods or services. By allowing companies to register the names, logos and phrases

that they use to identify their products and services, governments hope to eliminate customer confusion about the true origin of a product or service.

Where the owner of any of these exclusive rights believes that another individual or business has done something that infringes their right, it is generally up to the rights owner to take legal action to enforce their rights.

2.2 What is a trademark?

To put it simply, a trademark is a company's calling card. It is the brand identity that the buyer recognizes when purchasing products or services from a business; it can also identify a franchise or subset of products. After all, brands aren't limited to a company's name. Brands like STAR WARS, VELVEETA, MOUNTAIN DEW and HALO are brands separate and distinct from the companies that make them.

The value of a brand comes from identifying in the public mind the source of good or services offered under it. If Company A were to compete in the same market segment as Company B and with a brand name that is strikingly similar to Company B's brand, the public may be fooled into buying Company A's products when it expects or wants to be buying Company B's. If Company A sells a vastly inferior product, not only does Company B lose the sale, but Company B's goodwill in the marketplace may diminish by proxy. A brand's commercial value lies in its ability to denote to the marketplace the entity behind the name, logo or phrase and gives the public confidence when it goes to make a purchase.

2.3 How does the law treat trademarks?

Trademark law and practice varies around the world, but there are certain principles which are generally consistent.

- (a) Trademark registrations must be registered in relation to specific goods and services. Most, but not all, countries classify all possible goods and services using a classification system comprised of 34 different classes of goods and 11 different classes of services under the Nice Classification System. The acceptable wording used to describe goods and services in each class will vary from country to country.
- (b) Most countries maintain a register of trademarks. There are also a small number of regional trademark registers which provide registered trademark protection across various countries, such as the Community trademark register which covers the whole of the European Community. In the US, trademark registers exist at the state and Federal levels.
- (c) Registered trademarks are geographically limited to the area covered by the trademark registry or registries with which the mark is registered. So trademark owners can only enforce a Federally-registered US trademark in the US, a UK-registered trademark in the UK, or a Community trademark in the European Community. Note that it is possible to spend an unlimited amount of time and money to secure universal trademark protection. However, no one, not even Microsoft or Apple, have truly global blanket coverage for their marks.

- (d) In some countries registration will only be granted if the owner can prove they are using, or intend to use, the trademark in relation to the goods and services specified. In other countries, there are no pre-requisites for use, but there will usually be mechanisms for having the trademark registration cancelled if it has not been used for a certain period of time.
- (e) To be capable of registration, a trademark must not be devoid of distinctive character and must not be descriptive of the goods and services specified. Marks can be suggestive of their related goods or services, but not descriptive. The word APPLE, for example, could not be registered in relation to apples and similar goods, but is perfectly capable of being registered in relation to computers. CANDY may not be capable of registration in relation to confectionary, but is perfectly capable of registration in relation to laundry machines or video games. Additionally, sometimes very non-distinctive or very descriptive words can be registered if they are in a very stylized font, or as part of a more complex logo mark.
- (f) A registered trademark grants the owner the right to prevent others from using the same or confusingly similar trademark in relation to goods and services which are the same or similar, or related in the public mind, to those for which the trademark is registered. An example of being related in the public mind is perfumes and designer apparel. Since many designers have fragrance lines, even though apparel and fragrance are very different goods, it is unlikely that a mark could be registered for fragrance if it is registered for apparel, by anyone other than the owner of the apparel mark. In the public mind, apparel designers typically also have fragrance lines. To contrast, Cadillac is a registered mark for motor cars and also for dog food. There is little to no likelihood for confusion in the public mind as to the differing sources of these goods.
- (g) Generally speaking, a trademark owner will have to prove that consumers are confused by the activities of another business if that other business is using a trademark which is identical or similar to their registered mark, and it is being used in relation to goods and services which are identical or similar to those for which the trademark has been registered.
- (h) However, where a trademark has become very well-known in its market, or consists of unique elements with no other use (for example, the marks "Exxon" or "Xerox," which are invented words that have no meaning apart from their use as marks), its owner can often prevent others from using it in relation to any goods or services, even goods or services which are not specified by the trademark registration. This is so that businesses do not take unfair advantage of, or cause detriment to, well-known trademarks. For example, a developer would be ill-advised to release a game called "Coca-Cola", even if Coca-Cola, Inc. did not have a registration which covers software or games. But the threshold for a mark to attain "famous" status is high.

In contrast, where a mark consists of common words, broadly used, the scope of protection may be narrower than otherwise available were the mark to be less common. For example, if the mark is "Arista Barber Shop," the use of Arista in connection with a dry cleaner, shoe repair shop or other service business, is probably permissible.

- (i) If a business uses a name, logo or phrase as a trademark it will automatically begin to accrue rights in that trademark, even if it isn't registered as a trademark. The laws relating to unregistered trademarks vary greatly around the world, such as unfair competition laws in the US and continental Europe, or the law of passing off in the United States and United Kingdom. As a general rule, legal proceedings to enforce these rights are much more difficult and expensive as they require the plaintiff/claimant to prove the nature, extent and success of their use of the trademark and may require them to prove the nature, extent and damage caused by the misrepresentation made by the defendant.
- (j) It is much easier to enforce a registered trademark. In general, the existence of the trademark registration is sufficient to satisfy a court that the claimant has the right to bring a legal claim to stop the defendant from using the mark (or a similar mark). This is one of the reasons IGDA B&L SIG encourages developers to register their trademarks as early as possible. The court will still nevertheless have to evaluate, on the evidence before them, the extent or likelihood of any consumer confusion; unfair advantage gained or damage caused or whatever other legal tests are relevant in their territory.
- (k) The TM symbol you often see next to a name stands for trademark. However, it generally denotes an unregistered trademark, which accrues rights through common law protection (see related points above). It is used for a variety of reasons, often because they don't have the time/money/need to actually register.
- (l) The ® symbol generally denotes that the trademark is registered. Using the ® symbol when the trademark is not registered is an offense in many countries.
- (m) There is generally no legal requirement for trademark owners to use either the TM or ® symbols.

2.4 The US and EU registration processes.

In the US, the Federal registration process begins when a business submits its application. Approximately four to five months after an application has been submitted to the United States Patent and Trademark Office ("USPTO"), it is assigned to an examining attorney ("Examiner"). That attorney evaluates whether or not the mark is capable of registration based on a number of criteria including but not limited to: (1) distinctiveness of the mark; (2) the accuracy of the description; (3) the likelihood of confusion with existing marks; and (4) the relevance of the specimen submitted, etc. If the examining attorney believes the mark applied for is non-distinctive or merely descriptive of the goods or services specified in the application, he or she will require the applicant to provide evidence that the mark has acquired a secondary meaning for consumers through its use of the mark in the marketplace.

Once the examining attorney approves the mark for publication, the mark, its description and its owner are published in the Principal Register for opposition. Marks listed in the Principal Register are entitled to all rights and remedies available under Federal Trademark Law. If there are problems during the registration (e.g., inappropriate specimen, or if the application is an intent to use application) the examining attorney may only approve of listing the mark in the Supplemental Register. While marks listed in the Supplemental Register are not entitled to all of the

rights and protections available to those listed in the Principal Register, they are protected from the registration of directly conflicting marks.

The registration process in the EU is broadly similar to the US Federal system. Key differences are that the Community trademark office will not refuse to register a trademark based on earlier identical or similar trademarks which specify identical or similar goods or services. It is up to the owners of any earlier trademarks to oppose any trademark applications which they perceive to be in conflict with their earlier rights. Examiners may still refuse registration on other grounds, including distinctiveness or descriptiveness and applicants may be required to provide evidence that a mark which is not inherently distinctive has in fact acquired distinctiveness through its use of the mark in the marketplace

Generally the USPTO requires that a trademark is actually used on or in connection with the claimed goods or services, in interstate commerce, before it will grant registration. Even where applications are filed on an intent-to-use basis the applicant will have to file a statement of use before registration is granted. Applications which are based on existing foreign registrations and not subject to use-pre-requisites, but will often only be registered in relation to a narrower set of goods and services to those specified in the foreign registration, and some proof of use will need to be filed within 3 years of the registration in order to maintain the registration.

Additionally, there is no requirement to prove prior use of, or intent to use, the mark as a pre-requisite for registration in the EU. That said, if a trademark has not been used for a period of 5 years after registration, it may be liable to revocation (either in whole or in part). In this way businesses are able to acquire certainty as to the scope of their registered trademark protection before they launch their brand, and they have 5 years after registration in which to put their trademark to use. The downside for other businesses is that during the first 5 year period, the registration is not challengeable on grounds of non-use, even if it is not being used. This system is open to abusive and overly broad trademark registrations which are virtually invulnerable to challenge for 5 years (unless a third party is able to bring invalidity proceedings based on earlier rights or perhaps on bad faith grounds).

Practices in national trademark registers in Europe, and elsewhere in the world, may vary from the US and Community trademark office practices described above.

2.5 What is the opposition process?

In the US, once a trademark is published, any individual or business that believes registration of the mark will cause them harm is entitled to file a notice of opposition. To avoid a default judgment against them, the registrant must respond to the opposition and comply with USPTO procedures (as designated by the Trademark Trial and Appeal Board, or TTAB). This process is very similar to litigation or arbitration in formality, and not only forestalls formal registration, but greatly increases the cost of registration due to attorneys' fees.

An opposition proceeding in the US is very much like an arbitration proceeding—it is less formal than actual litigation, but follows many of the same steps. The parties submit pleadings (a complaint, or opposition, and an answer that denies the claims set out in the opposition); perform discovery proceedings (procuring interrogatories, market data, depositions and expert testimony); file motions (e.g., motions to dismiss for various reasons, like failure to state a verifiable claim, motion for judgment on the

pleadings when the facts aren't in dispute, motions to amend pleadings); and even have trial proceedings if the parties fail to reach a settlement before the proceedings are scheduled.

So filing an opposition in the US is no small matter regardless of the fact that pretty much anyone who can claim some kind of harm, including a party who doesn't have an existing registration or application (e.g. someone claiming earlier use of an unregistered trademark), is capable of filing an opposition. However, filing an opposition is also a commitment—the party opposing the mark may put themselves in a difficult situation if they fail to follow up with the opposition, especially if the person registering the mark is awarded judgment with prejudice.

Assuming the application survives an opposition proceeding, this does not mean the resulting registration is entirely safe. It can take up to five years of continuous use of a registered mark for that mark to obtain the kind of protection that is difficult for other parties to cancel. Within those five years any number of parties could crawl out of the wood work and file cancellation notices, the defense of which mirrors opposition proceedings.

It's worth noting that this complication arises for ALL registrants—unfortunately, as with most legal procedures, the system favors repeat players and deep pockets over smaller claimants.

In the EU, opposition proceedings are generally a little more straightforward and do not need to be expensive affairs. There is no discovery stage for example and EU oppositions will normally consist of a couple of exchanges of evidence and written arguments upon which an Examiner will make a decision, normally without an oral hearing. Moreover, the system provides for a cooling-off period after the opposition has been filed, which can be extended to almost 2 years. During the cooling-off period the parties can negotiate a commercially acceptable solution. A large proportion of oppositions are settled in this way and filing an opposition is often merely the first move towards an amicable coexistence agreement.

Coexistence agreements can include a range of solutions, including: the withdrawal of the application; the amendment of the goods and services specified by the application; the division of trademark rights between the parties, e.g. by goods and services and/or by geography (arguably subject to anti-trust / competition laws); or even a simple acknowledgement that, on reflection, no confusion or harm is likely and an agreement that the parties' marks will coexist and they will not get in each other's way in the future.

Again, practices in national trademark registers in Europe, and elsewhere in the world, may vary from the US and Community trademark office practices described above.

3. **King's actions**

3.1 King's success

King has seen huge success since it formed in 2003, using the domain Midasplayer.com¹, as a skill gaming company. King then made the transition from

¹ <http://web.archive.org/web/20031001073802/http://www.midasplayer.com/intro.jsp>

skill gaming to casual social-gaming and from browser based gaming to Facebook based, and subsequently mobile based, gaming. King has also won several awards along the way, including the Fastest-Growing UK Company. This success recently culminated with King listing on the NYSE with the largest ever IPO for a mobile/social gaming company in the US².

King also attracted less favorable press attention earlier this year relating to various trademark issues, including its attempts to register and enforce trademark registrations for the words CANDY and SAGA.

3.2 All things CANDY

CANDY CRUSH SAGA / CANDYSWIPE / CANDY CRUSHER

In March of 2011 Candy Crush Saga first appeared on King's website³. The following March, in 2012, King filed to register the CANDY CRUSH SAGA trademark⁴ in the US.

In April 2012, King released Candy Crush Saga on Facebook and in November 2012, it was released on the Apple iOS app store⁵. In early February, 2013, under the name MidasPlayer.com, King moved to further protect its interest in Candy Crush Saga by filing to register the CANDY CRUSH trademark⁶ in the US.

On 9 April 2013, Runsome Apps, Inc. the creator of CandySwipe opposed King's attempt to register the CANDY CRUSH SAGA as a trademark in the US on the basis of its registration for CANDYSWIPE which was filed in, and claimed first use in trade from, 2010⁷.

In January 2014 King bought the rights to an earlier game called Candy Crusher. In February 2014 King filed a trademark application for CANDY CRUSHER, claiming a first use in commerce going back to 2004⁸. King was then able to amend its defense of the CANDY CRUSH SAGA application to include a counterclaim for invalidity of the CANDYSWIPE trademark relied upon by Runsome, because CANDY CRUSHER predated Runsome's trademark.

This prompted Albert Ransom, the President and founder of Runsome to publish an emotive open letter airing his grievances and levelling accusations against King which we will not repeat here. That letter seemed to concede the opposition, however the opposition process was due in fact to carry on until it was brought to an end by mutual agreement (see below).

CANDY

² <http://company.king.com/news-and-media/press-releases/content/press-releases/king-files-registration-statement-for-initial-public-offering/>

³ <http://web.archive.org/web/20110329190105/http://www.king.com/>

⁴ 85566839, Standard character mark

⁵ <http://company.king.com/news-and-media/press-releases/content/press-releases/candy-crush-saga-now-available-on-mobile/>

⁶ 85840713, Standard character mark

⁷ <http://ttabvue.uspto.gov/ttabvue/v?pno=91210162&pty=OPP&eno=9>

⁸ 86200666, Standard character mark

On 6 February 2013, King attempted to file and register the CANDY trademark⁹ in the US and in the EU¹⁰. King abandoned its US application for CANDY at the end of February 2014.

The trademark for CANDY in the EU was registered in June 2013. As at the time of drafting this statement, that registration for CANDY is the subject of an invalidity action being brought by Zeptolabs, developers of Cut The Rope.

3.3 The SAGA saga

King also attracted media attention over its enforcement of a trademark interest in the word “saga.” In November of 2011, King filed to register the SAGA trademark¹¹. A year and a half later, at the end of March 2013, King announced a rebranding of its website and a line of new “saga game[s]”¹², following on from the original Candy Crush Saga. In December 2013, King revamped its website to emphasize the rebranding toward “saga games”.

More recently King opposed an application by Stoic to register THE BANNER SAGA as a trademark in the US, claiming that SAGA had come to be associated with King games – a claim which resulted in countless editorials regarding King’s stance on intellectual property.

King has so far successfully registered various SAGA marks, including: ALPHABETTY SAGA; BUBBLE SAGA; BUBBLE WITCH SAGA; DIAMOND DIGGER SAGA; FARM HEROES SAGA, HIDDEN STORIES SAGA; MAHJONG SAGA; and PAPA PEAR SAGA.

3.4 King's statement

The disputes with Runsome and Stoic generated a large amount of adverse media coverage. On 27 January 2014, King released an open letter on intellectual property explaining that “[their] policy is to protect [their] IP and also respect the IP of others,” and offering a defense of their recent trademark applications as necessary steps to protect their brands¹³. In another statement, King stated that it would not use the CANDY registration against apps “who use the term legitimately.”¹⁴

3.5 Amicable resolutions

On 16 April 2014, Runsome published the following statement on their website:

*"I am happy to announce that I have amicably resolved my dispute with King over my CandySwipe trademark and that I am withdrawing my opposition to their mark and they are withdrawing their counterclaim against mine. I have learned that they picked the CANDY CRUSH name before I released my game and that they were never trying to take my game away. Both our games can continue to coexist without confusing players."*¹⁵

⁹ 85842584, Standard character mark

¹⁰ <https://oami.europa.eu/eSearch/#details/trademarks/011538147>

¹¹ 85482736, Standard character mark

¹² <http://company.king.com/news-and-media/press-releases/content/press-releases/king-celebrates-10-year-anniversary-with-new-saga-game/>

¹³ <http://company.king.com/news-and-media/press-releases/content/press-releases/an-open-letter-on-intellectual-property/>

¹⁴ <http://arstechnica.com/gaming/2014/01/whats-in-a-common-dictionary-name-kings-tenuous-candy-trademark/>

¹⁵ <http://www.candyswipe.com/king.html>

Additionally, King and Stoic have amicably resolved their dispute relating to THE BANNER SAGA trademark application. The B&L SIG has no information on the terms of that resolution, which is likely confidential to the parties, however it notes that both King's application for SAGA and Stoic's application for THE BANNER SAGA, are both still live and are presumably progresses through the USPTO's application system.

The B&L SIG encourages all developers who find themselves in similar disputes to seek amicable resolutions with one another (refer to our comments above about coexistence agreements for some information on the ways in which companies can agree to resolve these issues).

4. Issues and legal analysis

4.1 Scope of Goods and Services in King's Applications

- (a) **Criticism:** *King's trademark registrations are too broad in terms of the goods and services specified*

A trademark only grants the registrant a limited monopoly over use of the mark, and not in all contexts (i.e. the identity or similarity of the goods and services in question are very relevant and generally some element of confusion, unfair advantage or damage is required in order to prove that someone has actually "infringed" a trademark). Trademark law is fundamentally a form of unfair competition law, and it would indeed be unfair for a registrant to automatically lock down every possible use of a mark in every context just because they filed a trademark application. Controlling exclusive rights to a word, particularly a word that may have descriptive value in the context of a mark, would leave a subsequent user speechless!¹⁶

Instead, when applying for a trademark, the applicant applies to register the mark in relation to certain "classes" of goods and services, and, at least in the United States, for only the actual goods or services within the "classes" in connection with which the mark is used or will, in good faith, be used in the near future. Obviously, careful consideration of which classes to apply for, and what goods and services to specify in each class, is a critical step in ensuring one's marks don't interfere with other rights holders. Since each additional class applied for has an additional fee (varying from a reasonable £50 in the UK and €150 for Community marks, only incurred for every class beyond the first 3, to \$275 per class in the US), developers on a tight budget face additional constraints compared to more successful or well-resourced studios.

A topic of discussion among members of the B&L SIG which has drafted this paper was that some of King's registrations specified a vast range of goods and services, some of which are seemingly unrelated to King's core business. Their application for the CANDY CRUSH SAGA design mark ('85966584) alone covered 15 separate international classes, ranging from the obvious (Classes 9, 28 and 41, which include games, computers and software), to the not so obvious (Class 30 which includes sugary foods, presumably for an eventual line of actual candy products), to the less obvious (Class 18, which includes leather whips and violin cases). The CANDY CRUSH SAGA word mark ('85566839), while less broadly expansive, still run the gamut between fire extinguishers and football boots. The "Candy Crush" design mark

¹⁶ Peaceable Planet v. Ty, 362 F3d. 986, 988, 70 U.S.P.Q. 1386, 1388 (7th Cir. 2004) (Posner, J.): "Trademark protection for descriptive terms would make it "difficult for competitors to gain a foothold in the market. They would be as if speechless."

('85966585) also includes a surprising range of goods and services, from adhesives for affixing false eyelashes, to zoological garden services.

It is, however, worth noting that King's registrations are likely based on earlier Community trademark registrations. In Europe it is more acceptable for trademark registrations to specify a very broad range of goods and services, not least because there is no use or intent to use pre-requisite to registration. Following an important ruling of the Court of Justice of the European Union in 2013 however, it is likely that Community trademarks, and trademarks registered nationally within the EU, will in future be more narrowly specified as trademark owners ought to specify with clarity and precision the goods and services for which they are really seeking protection¹⁷.

In countries such as the US, in which declarations of use to the USPTO are required at various stages in order to maintain the registration, these broad registrations will likely be narrowed down over time if King is not actually using its marks on some of the goods and services specified. But in the U.S., at the time a trademark or service mark application is filed, the applicant must declare that it has a "bona-fide intent to use" the mark in connection with all the goods or services claimed. Can King truly say that is the case?

In territories such as the EU, even though use is not a pre-requisite for registration, trademark registrations may be vulnerable to at least partial revocation if registration owners do not use the mark in relation to certain goods within 5 years of registration. In practice that means that after a 5 year period of non-use in relation to any particular goods they are unlikely to be able to successfully enforce a trademark registration against others in relation to those goods and services for which they do not use the mark. Any attempt to enforce the trademark in those circumstances is highly likely to be met with a counterclaim for invalidity.

By contrast, King's application for the SAGA word mark in the US ('85482736) covers only a very narrow scope of goods and services: "Provision of computer games on line or by means of a global computer network; providing interactive multi-player computer games via the internet and electronic communication networks; multimedia publishing of computer game software and video games software; providing on-line computer games; entertainment, namely, providing on-line computer games." This registration reflects a fair scope of goods that are relevant to the mark in question.

(b) **Issue:** *What is the appropriate scope of a Trademark?*

A common theme among critics of trademark proceedings is that someone is trying to "own a word." While that is partly true, it is very important to understand the scope of what is covered in a trademark. When you file a trademark application, you are attempting to secure protection over a word, or words, in a specific "class" or "area of goods." This means you aren't trying to own a word, you are claiming a limited monopoly over use of that word in the course of trade as a badge of origin for the goods and services specified in the registration (although you may be granted wider protection, even in relation to goods and services not specified if your trademark becomes very famous). Whether or not trademark offices accept trademark registrations which specify a broad range of goods and services will vary from country to country.

¹⁷ <http://www.ipso.gov.uk/t-iptranslator.pdf>

As a matter of best practice, the B&L SIG believes that developers, like any business, should only seek protection for goods and services in relation to which they actually use, or intend to use, their trademarks. In reality however, whether or not developers in the games industry register trademarks which are overly broad in terms of the goods and services specified is not a significant issue for the IGDA. All developers will have the same conflicting core goods and services in common (in broad terms "software and hardware" in class 9, "games and playthings" in class 28 and "entertainment services" in class 41). Accordingly, developers are likely to come into conflict with one another in relation to the same or similar trademarks regardless of what other non-gaming goods and services are specified in their conflicting trademark registrations and applications.

In terms of the geographical scope of trademark protection, the B&L SIG encourages developers only to register trademarks that they actually use, in the territories in which they use them. Where territories permit trademark applications and registrations that do not require proof of use as a pre-requisite to registration, the B&L SIG encourages developers only to apply to register marks in good faith and where they have a genuine intention to put the trademark to use in that territory in the near future.

4.2 Content of King's applications and trademark claims

(a) **Criticism:** *King are claiming an unfair monopoly over commonplace words*

It is King's registration of not only their game's name, "Candy Crush Saga", but the attempts to ringfence those rights by seeking to register and enforce rights in the individual words CANDY and SAGA that has caused the most controversy. King has said that this is necessary to ensure the brand integrity of their CANDY CRUSH SAGA mark in particular and the "Saga" series of games in general.¹⁸

It is not an uncommon business practice to seek separate registered trademark protection for the dominant and distinctive element, which is the element most likely to be abused by third parties), even if the trademark actually used in trade is slightly longer (e.g. MERCEDES, for Mercedes-Benz cars, or SONIC for any number of Sonic the Hedgehog products or titles). This appears to be what King have sought to do with the CANDY and SAGA marks in response to the possibility that other developers may seek to capitalize on the success of Candy Crush Saga by using one or other of those words in a way that might confuse consumers or take unfair advantage of their brand.

However, King is not the only developer with a history of using CANDY or SAGA in the games industry. With regard to CANDY, this paper has already gone into some detail regarding the issues raised by CANDYSWIPE and CANDY CRUSHER. The authors of this paper also note, for example, an earlier game from September 2007 called "Candace Kane's Candy Factory" by Gnosis Games, a foreign registration for "Cotton Candy" hardware and software from Norwegian FXI Technologies.

We also note that the invalidity proceedings filed by Zeptolabs against King's EU registration for CANDY raises examples of earlier uses of the word CANDY in relation

¹⁸ "This is an important issue for King because we already have a series of games where 'Saga is key to the brand which our players associate with a King game; Candy Crush Saga, Bubble Witch Saga, Pet Rescue Saga, Farm Heroes Saga and so on." Statement of King, as quoted by Polygon, *Id.*

to board games and video games (including Candace Kane's Candy Factory), although whether or not the submissions filed by Zeptolabs are going to succeed is entirely a matter for the relevant Examiner at the European trademark office.

King's application for the SAGA mark faces a very crowded group of competitors. Moving past the obvious case of THE BANNER SAGA there are existing marks for several other games, such as SIGMA STAR SAGA by Namco Bandai, ROMANCING SAGA, SAGA FRONTIER, UNLIMITED SAGA by Square Enix, and FIFTH PHANTOM SAGA by Sega, all with registration dates ranging from 1999 to 2007.¹⁹ Additionally, in order to be capable of registration, King are likely to have to prove that the SAGA mark has gained a secondary meaning (in the US)²⁰ or acquired distinctiveness (in the EU) as a result of King's use of the mark in the marketplace. In essence, King would be attempting to argue that the phrase "Saga" itself is nearly exclusively viewed by the public as associated with their "Saga" series — an uphill battle when the literal definition of a Saga is "a prose narrative recorded in Iceland in the 12th and 13th centuries of historic or legendary figures and events of the heroic age of Norway and Iceland."²¹ Whether trademark offices would accept that that use of the word SAGA as part of a larger trademark qualifies as use of the word SAGA as a trademark is another question entirely, which we will discuss further below.

(b) **Issues:** *What should you register as a trademark; and do you have a monopoly over each word within a trademark, or just the trademark as a whole?*

As a matter of best practice, businesses should register the trademark in the form in which they use it. If the name of the game is CALL OF DUTY you register CALL OF DUTY. Not CALL and DUTY. If the name of the game is CANDY CRUSH SAGA, you register CANDY CRUSH SAGA. Not CANDY and SAGA.

Registering the marks only in the form you actually use them also has the virtue of avoiding problems in the applications process or later actions for revocation or cancellation of the shorter mark for non-use. Some trademark offices may hold that the word CANDY is not actually being used as a trademark where it is only ever used in the course of trade as part of a larger mark such as CANDY CRUSH SAGA. Some territories, including the EU do however allow slightly broader registrations which may only be part of the larger trademark that is used in commerce. The case law in this area is highly complex and evolving, and the situation is less clear cut for word marks than for logo marks.

The rules and legal tests that trademark offices and courts use to determine whether one mark is sufficiently similar to another to cause confusion/unfair advantage/damage/dilution are there to ensure that justice is done and genuinely conflicting trademarks are not registered or used in commerce. If you have a concern that a new game whose name includes elements of your trademark is infringing your trademark, you should rely on your registrations for the trademarks which should correspond to the marks as you actually use them in trade.

¹⁹ See, e.g., Sigma Star Saga, Registration No. 3091501. Romancing Saga, Registration No. 3276746. SagaFrontier, Registration No. 2239852. Unlimited Saga, Registration No. 2851379. Fifth Phantom Saga, Registration No. 3317197. And of course, The Banner Saga, U.S. Trademark Application Serial No. 85819941 (filed Jan. 10, 2013).

²⁰ For more on secondary meaning, see TMEP § 1212.

²¹ <http://www.merriam-webster.com/dictionary/saga> (last visited Mar. 11, 2014).

The B&L SIG acknowledges that certain territories do not impose use pre-requisites for trademark registrations. This means that businesses can apply to register and enforce individual elements of their trademarks as separate trademarks without encountering non-use issues for many years. The B&L SIG is uncomfortable with this practice and reiterates that it encourages and expects developers only to register and enforce registrations for trademarks in the form in which they are actually used in trade.

4.3 Appropriate treatment of trademarks as property: boxing clever or fighting dirty?

Criticism: *King unfairly acquired the Candy Crusher Mark to defeat the CandySwipe opposition*

As indicated above, King acquired the CANDY CRUSHER trademark registration, which had the effect of undermining Runsome's opposition²² to the CANDY CRUSH SAGA application based on the CANDYSWIPE registration.²³

In the view of some of the authors of this paper, Runsome was in a position of strength. Runsome's opposition laid out an argument that if granted, CANDY CRUSH SAGA would create a high likelihood of consumer confusion between it and the CANDYSWIPE mark, and noted that he had even experienced user complaints mistakenly believing that CandySwipe was a “knock-off” of Candy Crush Saga.

On the other hand, it is possible that King could have argued that in fact the CANDY element of the CANDYSWIPE mark is not the distinctive or most important element of the CANDYSWIPE mark, which gains its distinctiveness by the novel combination of the words CANDY and SWIPE into one word. Additionally, the CANDY CRUSH SAGA mark is a very different mark comprised of three separate words, one of which is SAGA which consumers have come to recognize as a core part of King's brand. In short, the other side of the argument is that the marks are insufficiently similar, and the SAGA element so clearly referring to King's family of SAGA marks as to preclude any possibility of confusion.

In any event, Runsome's opposition was significantly undermined when King purchased the rights to an earlier game called “Candy Crusher,” which predated both games but for which the owner had never sought federal trademark protection. The trademark application for the Candy Crusher mark itself was in fact filed only very recently, years later than CANDYSWIPE.²⁴ Crucially, the claimed first use in commerce for CANDY CRUSHER predates CANDYSWIPE's first use in commerce. Since King now owns the game Candy Crusher, and the trademark rights have been assigned to King along with the game, King was able to amend its defense of the CANDY CRUSH SAGA application to include a counterclaim of invalidity against Runsome's CANDYSWIPE. If the CANDYSWIPE mark had been invalidated, Runsome's basis for opposing the CANDY CRUSH SAGA mark would have fallen away. That said, in any invalidity action by King against the CANDYSWIPE mark, Runsome could have argued that the marks are insufficiently similar, precluding any

²² <http://ttabvue.uspto.gov/ttabvue/v?pno=91210162&pty=OPP&eno=1>

²³ CandySwipe, Registration No. 3989492.

²⁴ U.S. Trademark Application Serial No. 86200666 (filed Feb. 21, 2014).

confusion, similar to the types of arguments that King could have run in Runsome's opposition to CANDY CRUSH SAGA. In short, the game was far from over notwithstanding the apparent concession in Albert Ransom's open letter.

As the parties have settled the dispute amicably we will not find out what the USPTO's view on the likelihood of confusion argument is in this case. It is entirely possible that Runsome's opposition might have failed on that analysis alone, without factoring in the counterclaim of invalidity of the CANDYSWIPE mark based on the CANDY CRUSHER mark, which itself might have failed.

As an aside, a different application for CANDY CRUSHER, owned by Harrier Software which was filed in 2013 and claimed a first use in commerce from 2008, has now been suspended due to the earlier claimed use in commerce of the CANDY CRUSHER mark owned by King, due to likelihood of confusion issues.²⁵

Whether or not King will actually use the CANDY CRUSHER mark in commerce, or if it will in fact lapse over time due to non-use remains to be seen.

King's actions attracted anger from the public. Some legal specialists who have contributed to this position paper are simply of the view that King's actions were those of an astute commercial operator doing what it needed to do to ring-fence the protection of its core brand. What is clear is that there is some disparity between what the law may in fact have allowed King to do on the one hand and the public perception of King's actions on the other.

Issue: *Under what circumstances should trademarks be bought or sold?*

IP rights are entirely assignable, which means that businesses are free to sell/give/trade their trademark rights. This means that a business can buy a much older mark (provided someone is willing to sell it, and not use it as the basis for their own legal challenges) and rely on it to establish an earlier date for use of the trademark.

There are various reasons why a business might buy the rights to earlier trademarks which are similar to their own trademarks.

One reason is to ensure that an earlier rights owner (e.g. the owner of the Candy Crusher game) does not try to oppose or invalidate your own, more recent trademark, or sue you for infringing their earlier trademark. The most certain way of achieving this is to buy the earlier trademark rights from them.

Another reason is that acquiring a similar registration with an earlier first use in commerce date may assist in overcoming oppositions by third parties whose rights pre-date your own rights.

The B&L SIG appreciates that business is business, but is uncomfortable with these practices, particularly where small developers are disadvantaged by the ability of more successful developers to spend money acquiring earlier rights to use as sword and shield against them.

²⁵ Office Action (Suspension Letter), U.S. Trademark Application Serial No. 85817477 (issued 11/25/2013), available at <http://tsdr.uspto.gov/documentviewer?caselid=sn85817477&docId=SUL20131125135547#docIndex=0&page=1>.

5. **Final remarks on King's trademark activities and subsequent controversies**

The B&L SIG's assessment of these matters is that King has pursued a policy of registering or acquiring trademarks which provide broader protection than they need, and that they used those too-broad rights in heavy-handed enforcement actions such as opposing the legitimate trademark applications of others in the games industry. Of course, it is impossible to determine how much of this conduct was directed by King's management and how much of it was a result of an overzealous lawyering.

Some of the legal experts in the B&L SIG which authored this paper feel strongly, however, that the vast majority of the media reporting and subsequent public commentary about King's actions displayed a profound lack of understanding of the issues. Key examples being the frequent blurring of issues such as: game cloning and copyright issues being frequently muddled with the distinct and wholly different trademark issues at hand; or statements of disbelief that anyone could possibly register a commonplace word as a trademark, which is irrelevant to the issues at hand. As a result, much of the media coverage, and resulting public reaction, did little to contribute to constructive discussion or better understanding of these issues.

Additionally, the B&L SIG appreciates that IP issues can be emotive. However, care should be taken as developers who air their grievances in the media may expose themselves to additional liabilities under defamation and similar laws.

The B&L SIG has been pleased to hear reports that King has amicably resolved its disputes with both Stoic and Runsome and will be keeping a close eye on other disputes, such as Zeptolabs' invalidity action against King's Community trademark for CANDY.

6. **The B&L SIG's Position**

As game developers, you create intellectual property – that's what games are. You succeed professionally if you can get paid to do that. Understanding, using and protecting trademarks is an important part of that process. Bearing that in mind, the B&L SIG's position on these matters can be summarized as set out below.

The B&L SIG urges developers to:

- actively register and protect distinctive or identifying names, logos and phrases as key assets of their business operations;
- only register trademarks:
 - in the form in which they are used in trade;
 - in the countries in which they use them;
 - in relation to the goods and services for which they use them;
- use their best efforts not to use names, logos and phrases which are identical or confusingly similar to those registered or used as trademarks by other developers;

- pursue amicable resolutions with one another where conflicts or potential conflicts arise; but
- failing that, developers should take appropriate legal advice, and consider taking proportionate action to ensure that their earlier rights are not adversely affected either:
 - by third parties applying to register trademarks which conflict with the developer's earlier rights (registered or unregistered); or
 - by third parties using confusingly similar product names or logos, or otherwise taking advantage of or causing harm to their well-known brands; but
- not bring threats of trademark infringement or oppositions against other developers which are groundless or which are based on trademarks which the trademark owner does not actually use in the course of trade.

IGDA Business and Legal Special Interest Group

April 2014

Thanks to our contributors:

S. Gregory Boyd, Tom Buscaglia, Jim Charne, Paul Gardner, Mona Ibrahim, Suzanne Jackiw, Jen MacLean, Ryan Morrison and Dan Rosenthal