

Pok é mongo: A Virtual Reality Nightmare for Intellectual Property Law?

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Abstract

At the end of this year, every news channel will ask itself the following question: what will the year of 2016 be remembered for? Will the year of 2016 be remembered for the American Presidential election campaign? The terror attacks in France? The Breexit? Or PokémonGo? For instance, if a “pokéstop” or “gym” displays a company’s registered trademark, does this constitute a trademark infringement? In order to further examine these issues, the concept of the game needs to be explained. It seems like courts are starting to realize that the Roberts test may not be sufficient any more to deal with the evolution of virtual reality games, and as a result, there exists a interesting “muddling of the lines” occurring faster than the courts can follow.

Keywords: PokémonGo; The Breexit; Gym; Intellectual property law, Election campaign

Introduction

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No matter which way you want to slice it, you cannot portray an accurate account of 2016 without mentioning PokémonGo. When a phenomenon such as the virtual reality game, PokémonGo, is introduced, it will naturally have an enormous effect on day-to-day life. The game’s impact has affected gamers as well as non-gamers. As a result of the game’s impact on day to day life, the game is also bound to have a legal impact as well. Such potential legal issue could be intellectual property rights.

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Pokémon Go the Game

When Pokémon first aired on the 1st of April 1997, the world was introduced to the famous catch phrase “Gotta Catch ‘Em All”. Nineteen years later, this is the central element of PokémonGo. PokémonGo is a virtual game, which uses elements of reality. The object is to catch Pokémon that appear in front of you by using the camera in your phone during your day-to-day life’s journey. By catching “pokémons” you level yourself and your pokémons. Throughout your daily journey “Pokéstops” are shown. The Pokéstops can be anything significant in the area in which you are walking by. The Pokéstop is shown by a picture of the actual location in the “real world” in the game. Throughout your day to day journey you will also bump into “Gyms” which are a location where you can battle a “gym- leader” to earn a badge and become more experienced. PokémonGo was enabled through use of the Google maps engine and GPS, which serve as the link between the virtual reality and the real world.

Trademark Issues

First, the source of trademark law in the United States is the Lanham Act, which was originally enacted in 1946 and amended numerous times thereafter. Therefore the Lanham Act governs any trademarks issues.

PokémonGo uses “real pictures from the world” to show the location of Pokéstops and Gyms. For example, PokémonGo may use the logo of L’Oréal because the Pokéstop or Gym is actually located at the L’Oréal store. What if L’Oréal does not want to be associated with the Pokémon brand? Can they prevent the use of their Logo and brand?

The creator of PokémonGo will likely argue that the game attracts customers to the store and therefore the game is actually beneficial to L’Oréal. Conclusively, no harm to L’Oréal’s brand has occurred.

While this may in fact be true, L’Oréal is a high-end luxury brand that tries to attract a certain high-class clientele. This clientele would likely become extremely disgruntled by young teenagers running in and outside the store in their attempts to catch a “pokémon”. As a result, L’Oréal could lose profit and its clientele. It might even shift the clientele’s view of the brand and cause individuals to think of L’Oréal as a teenage brand.

Another potential problem with the game, as broadcasted by the news, involves people getting mugged, or robbed at these Gyms or Pokéstops. This crime could further tarnish L’Oréal’s brand if it occurs at a L’Oréal location as a result of L’Oréal being a Pokéstop or Gym.

Is there a way to prevent PokémonGo’s contribution to the dilution by tarnishment on famous marks? Or does it fall under the Doctrine of Nominal trademark use and the balance between the first amendment and trademarks?

Secondary Trademark Infringement

The Lanham Act 15 U.S.C. § 1125 (c) (1) allows the owner of a “famous mark” to prevent a person from using “a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark [1].”

The case of Inwood Labs, Inc. v. Ives Labs, Inc sets out a test for

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secondary trademark infringement [2]. In *Inwood*, the Court held that a drug manufacturer was contributory liable for a pharmacist's intentional mislabeling of generic drugs as brand name drugs for the purpose of deceiving customers. The opinion is known as the *Inwood* test, which mandates that a manufacturer, or distributor is liable for any harm that occurs as a result of direct trademark infringement if it (1) "intentionally induces another to infringe a trademark," or (2) "continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement."

The test was later expanded by the case, *Hard Rock Café Licensing Corp. v. Concession Services, Inc.*, in which the court held that the test was also to apply to services [3]. Later, the *Hard Rock Café Licensing Corp. v. Concession Services, Inc.* ruling was confirmed in *Fonovisa Inc. v. Cherry Auction, Inc* when the court affirmed the reasoning in *Hard Rock Café*, which was that the *Inwood* test "laid down no limiting principle that would require [a] defendant to be a manufacturer or distributor" in establishing and enforcing secondary trademark infringement liability [4,5].

The rationale in *Fonovisa Inc* was later protracted to the Internet context in *Lockheed Martin Corp. v. Network Solutions, Inc.* The court ruled that online service providers could be held liable for secondary trademark infringement under the *Inwood* test determined by "the extent of control exercised by the defendant over the third party's means of infringement" [6]. However, if it is established that the online scene has "direct control and monitoring" over a third party's use of the site to infringe trademarks, then *Inwood's* test requires the existence of a "supplies a product" before contributory infringement is established.

As shown in *Tiffany Inc. v. eBay Inc.*, the burden of proving the "knowledge" that service providers must acquire before action is required and a "supplies a product" is quite hard [7]. The court rejected *Tiffany's* argument that *eBay's* advertising practices constituted trademark dilution under the Lanham Act and New York state business law. The court further rejected the argument that the sale of imitation items of inferior class harmed the distinctiveness, value, and reputation of the trademark. Furthermore, the court held that *eBay* should not be liable for contributory dilution for inspiring third parties to dilute *Tiffany's* trademark.

In a similar case against *Ebay* in a French court, *Luis Vuitton* sued *Ebay* on the exact same principles. However, the court in French disagreed with the Second Circuit's rationale and decision. Therefore, *eBay* was found liable for harming *Luis Vuitton's* trademark and domain name [8].

The Solution to Secondary Trademark Infringement

As previously mentioned, the problem of the potential harm to *L'Oréal's* trademark could become an issue with no clear solution. If we apply the *Inwood* test the standard to prove "knowledge" and a "supplies a product" may be too difficult to prove. Since, at surface an even weaker "supplies a product" seems to occur in general. However, if you look at it from a different perspective: why should the makers behind *PokémonGo* be able to use other brands famous trademarks and make money of them just because they are part of a game? And even cause dilution by blurring or dilution by tarnishment? Take for example the case *Dallas Cowboys Cheerleaders v. Pussycat Cinema*: why should the *Dallas Cowboys* star combination on a generic cheerleading uniform be trademark protected, when for example *L'Oréal's* unique combination of letters may not be protected in a virtual reality game? [9] Is it because it's a virtual reality game? If you instead took an EA –

sport, would they be able to claim trademark infringement, since both EA-sport and the creator of *PokémonGo* are providing games? What happens if *PokémonGo* starts to implement advertisements? Would the same principle of *Rescuecom Corp. v. Google, Inc.*, 562 F.3d 123 (2d Cir. 2009) apply?

A simple solution seems to be to adopt the reasoning of the French court and lower the threshold of "knowledge" and "supplies a product". The requirement of "supplies a product" seems to be an outdated principal and not adaptable to the evolution of new technologies such as virtual reality worlds. Perhaps, it would be best to create a new form of legislative to deal with virtual reality games. Courts or legislators seem to have forgotten that even if you provide a service that is free, companies like *Google* are still earning money from the information, adds, and even by using other brands. Why should they be able to use other famous brands' trademarks to their benefit and in the process harm the value of the brand? Obviously, a defense would be Doctrine of Nominal trademark.

First Amendment vs. Trademarks

If the Doctrine of Nominal trademark use applies, then there will be no legal issue. When balancing the trademark and related rights against the First Amendment, the *Roger* test is used [10]. When the *Roger* test is applied the court looks towards the Lanham Act to apply to expressive works solitary where the public interest in avoiding consumer misperception outweighs the public interest in free expression. The test is divided into two prongs. The first prong concerns, whether, or not the use of the trademark or similar identifying material has no artistic significance or relevance to the underlying work whatsoever [11]. This means the artistic relevance just need to be above zero, which is not a high burden to meet. The second prong concerns, whether, or not the trademark or relevant material is artistically relevant to the expressive work. However, the expressive work can fall within the scope of the Lanham act limitations if the creator uses the mark, or material to explicitly mislead consumers so the consumer does not know who the source of the work or content originated from.

On the prima facial value of the *Rogers* test it seems like it is easy to meet the burden on the first prong and it's difficult for the plaintiff to meet the burden of proving that the consumers are explicitly misled.

In *Electronic Arts, Inc. v. Textron Inc.* the case was centered on the use of *Textron* helicopter marks and trade dress in a first person shooting game [12]. The reason why the case couldn't be dismissed under the *Rogers* test was that the helicopters were a main advertising point for the game and the counter-defendant deliberate consumer confusion. This was adequate to plausibly allege a claim. Which could be interpret to the use of the mark alone would be sufficient enough not to dismiss the case on the *Roger* test and further discovery would be needed. EA was clever enough to settle of the dismissal of the motion to dismiss. So the chance of the new way to look at the *Rogers* test could be stopped. EA partly succeeded, since later *Electronic Arts, Inc v. Textron* case were partly distinguished by *VIRAG, S.R.L. v. Sony Computer Entertainment America LLC*. The idea of the use of the mark *VIRAG* mark alone can fulfill the second prong of the *Roberts* test was cast a side.

Conclusion

To use the courts logic from both of the cases it seems possible that if *PokémonGo* implements advertising in the game it may be sufficient enough to overcome the hurdle of deliberate consumer confusion, which is found in the second prong of the *Roger*, test. Subsequently,

a consumer would likely think that a company is paying the company behind PokémonGO for advertising their brand logo/name in the game. This is also called concealed advertising, which is found frequently in movies. When James Bond is drinking a Heineken beer it is because Heineken paid a lot of money to be related to James Bond.

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