

## Just what are these games made of...legally speaking?

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The games we make are ultimately reduced to code. 1s and 0s. But we know there is a lot more to what goes into a game than just code. Art, sounds, textures, models, animations and, of course, the engines that make them go. Legally, this stuff is all termed Intellectual Property or IP for short. IP is a form of "personal" property (as opposed to "real" property like real estate). Personal property is, basically, everything that is not real estate. But, this gives IP certain legal qualities due to its nature as "personality" -- it is "owned" by someone. And it can be sold or licensed, governed by contracts, and even abandoned or given away. But because it is *property* it has to be treated in some very special ways to retain its value to the owner.

Keep in mind, there is no way to protect only an idea (except perhaps "trade secrets"...but, more on that later). So ideas are wrapped in IP to make them proprietary and subject to ownership. An *idea* for a painting, for example, cannot be protected. But once drawn, the "*work*" is owned by the artist. Similarly, the idea for an invention is not protectable. But once designed or built, if it is unique and original, it can be patented and thereby protected. Confused yet? Like Yoda said, "You will be!" Well, let's try to work through this a little to make it clearer.

### **WARNING!** THE FOLLOWING SECTION IS RATHER THICK

*If you want to avoid a headache just read the copyright stuff and then go to the \*\*\* below.*

There are several basic types of IP: copyrighted works, patented inventions, trade and service marks, and trade secrets. Let's take a closer look at the different types of IP to better understand their differences and similarities.

### **COPYRIGHTS**

Copyrighted "works" can be anything created by an individual or group of individuals that originates the "work." Examples we are all familiar with are sound recordings, photographs, sculptures, books, articles (like this one), code, and several other types of works. The [Copyright office](#) puts it like this:

"Copyright protects "original works of authorship" that are fixed in a tangible form of expression. The fixation need not be directly perceptible so long as it may be communicated with the aid of a machine or device. Copyrightable works include the following categories:

- [ ] literary works;
- [ ] musical works, including any accompanying words
- [ ] dramatic works, including any accompanying music
- [ ] pantomimes and choreographic works
- [ ] pictorial, graphic, and sculptural works

- [ ] motion pictures and other audiovisual works
- [ ] sound recordings
- [ ] architectural works

"These categories should be viewed broadly. For example, computer programs and most "compilations" may be registered as "literary works"; maps and architectural plans may be registered as "pictorial, graphic, and sculptural works."

The really cool thing about copyrights is that pretty much anyone can figure out how to register a copyright by going to the [Copyright Office web site](#) and downloading the form, filling it out and sending it in. Of course, it is the creation of the "work" that instills ownership on the author. But the act of registering the copyright gives the owner access to all of the enforcement capabilities of the Federal Statutes and courts in enforcing those rights.

## **PATENTS**

Patents apply to inventions. They are purely statutory rights created to provide the inventor with a legal "monopoly" in their invention for 20 years. But patents are much more difficult to obtain and after the 20 years are up the invention becomes public domain and anyone can make it. This from the [U.S. Patent and Trademark Office](#) (PTO) on patents:

"A patent for an invention is the grant of a property right to the inventor, issued by the Patent and Trademark Office. The term of a new patent is 20 years from the date on which the application for the patent was filed in the United States or, in special cases, from the date an earlier related application was filed, subject to the payment of maintenance fees. US patent grants are effective only within the US, US territories, and US possessions.

"The right conferred by the patent grant is, in the language of the statute and of the grant itself, "the right to exclude others from making, using, offering for sale, or selling" the invention in the United States or "importing" the invention into the United States. What is granted is not the right to make, use, offer for sale, sell or import, but the right to exclude others from making, using, offering for sale, selling or importing the invention."

Like I said, a government granted monopoly. The problem with patents is that they are expensive and getting one is a long difficult process. Lawyers have to have a special qualifications and approval from the PTO to register and seek patents. This means these lawyers are costly and, for the most part, outside the realm of affordability for all but the most successful among us.

## **TRADEMARKS**

Trade and service marks, usually both called "trademarks", are words, symbols and other things use to identify the source of a product in commerce. Some little know trademarks are Kodak Yellow and the sound of a Harley. Both are protected. But usually trademarks are names and logos. Again, from the [PTO](#):

"A trademark is a word, name, symbol or device which is used in trade with goods to indicate the source of the goods and to distinguish them from the goods of others. A servicemark is the same as a trademark except that it identifies and distinguishes the source of a service rather than a product. The terms "trademark" and "mark" are commonly used to refer to both trademarks and servicemarks.

"Trademark rights may be used to prevent others from using a confusingly similar mark, but not to prevent others from making the same goods or from selling the same goods or services under a clearly different mark. Trademarks which are used in interstate or foreign commerce may be registered with the Patent and Trademark Office. The registration procedure for trademarks and general information concerning trademarks is described in a separate pamphlet entitled 'Basic Facts about Trademarks'."

Trademarks are associated with a product and are limited to that particular product type in terms of the scope of protection. So, Domino Pizza and Domino sugar ad Domino software all get to trademark the same word because the basic idea around trademark law is to avoid confusion as to origination in the marketplace. Though it reaches a point where a trademark becomes what is classified as a "famous" mark and then the scope of protection expands across product categories. So, forget the idea of naming your game Coca Cola!

The first thing to do if you are interested in getting a trademark is to make sure the term you want to TM is not descriptive. For example you cannot trademark the word "bread" for use with the sale of bread. It is generic and descriptive. But you can certainly TM the word "Bread" for a band (oh yeah someone already did that), or even for a game. You also need to make sure the mark or any close variation is not already in use. There are companies that do comprehensive name searches - the charge for a full trademark search is usually from \$400 - \$1200 depending on the geographic scope - from national to worldwide. Once you determine that the mark is relatively clean, trademarks are acquired by registering an application with the PTO, and then waiting and waiting, responding if there is a similar mark or if the examiner thinks it is too generic, and then, hopefully, get your TM registered. It takes some time and effort but it is not nearly as expensive as the patent application process mentioned above.

## **TRADE SECRETS**

Unlike the above types of IP, trade secrets are not protected by Federal law. Instead, they are governed by state laws. Though, fortunately, state laws are very consistent on what a trade secret is and how well it is protected. Basically, trade secrets are information that a company values and keeps secret. It costs

money to develop them and they have economic value to the business that owns them. A good example of a trade secret is the secret formula for Coca Cola. Coke has never been patented (remember patents only last for 20 years!). Instead, the formula for Coke is protected as a trade secret. This way the company does not have to register the formula and it will remain confidential as long as they can keep it a secret.

The Uniform Trade Secrets Act, adopted by most states, defines trade secrets as follows:

"Trade secret" means information, including [but not limited to] [technical or non-technical data] a formula, pattern, compilation, program device, method, technique, [drawing] or process, [financial data, or list of actual or potential customers] that: (i) [is sufficiently secret to]derive[s] [independent-strike out] economic value, actual or potential, from not being generally known to, [and not being readily ascertainable by proper means--strike out] , other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Typical trade secrets include financial information, customer lists, processes and even (remember, I said this was coming) commercially valuable ideas. The main thing about trade secrets is that they have inherent value and are protected from disclosure. It is common for employers to have employees agree to keep trade secrets confidential and this is also standard fare in Non Disclosure Agreements (NDAs).

\*\*\* OK, it's safe...

IP ownership is one of the most common errors rookie studios make. The reason is simple: they start with a bunch of geeks more concerned with making a game than caring about who owns what. You may remember, I started my first article like this...

So, you and a group of your talented friends have come up with an idea for the best computer game ever. You have the concept, you have the talent, and you're ready to rock. You begin with a really great story line, amazing 2D renderings from a local artist friend of yours and you use your substantial talents to transform these 2D renderings into some of the most awesome 3D characters and creatures that anyone has ever seen. A friend of your brother is a hot-shot programmer and he has done all the programming you need to make your game go. You even put some really rocking music which you downloaded off the net into the program. So, now your demo is all ready to be presented to publishers to land that development deal you have all worked for, right?

After our little IP tutorial, what are the main problems you see? Well, most center around a complete lack of copyright ownership by the developer. Remember, the "author" owns his or her property under copyright law. This means that the one who wrote the story owns the story. The one who did the 2d graphics owns the 2d graphics. The programmer owns his code. And the music...the music was

stolen off the internet and is owned by god knows what giant music publisher. And the developer owns squat. Trust me on this, it's hard to sell squat! And, oh yeah, the name of you game belongs to someone else who released a game you never heard of with the same name 15 years ago.

Don't think that just because these folks gave you their IP to use and didn't ask for anything at the time that they are willing to see some of the team go forward with the project, even if they lost interest or even just wandered away. It doesn't work that way. Besides, any publisher you deal with will want you to guarantee that you own the IP. Heck, for new studios you will probably have to sell them the IP along with the game. And you can't sell what you don't own.

Fortunately, the solution is not difficult. But it is essential to being able to get where you want to go. Get everyone who contributes to assign their copyrights to you, the developer. Once you get funded you can put everyone on salary. You see, when work is done by full time employee it is "work for hire" and owned by the employer, not the employee. But if outside contractors (even if they are paid) are used or folks just contribute what they contribute (for free or without being on the payroll) you simply must get them to assign you their IP rights. Otherwise there may be a nasty lawsuit in your future and one very pissed off publisher promising you that you will never work in this industry again!

You can leave the Trademark and Patent stuff for later. But get the copyrights at the start. Like I said, registering copyrights can be done easily, the forms and instructions for filling them out are available from [the Copyright Office](#) online and registering them is simple and cheap. Obtain the copyrights to your assets and get them registered. Just like the form of your company and ownership interests we discussed last time, do it before you try to get your game funded. You will avoid a ton of trouble. And it will show the publisher you are a pro which will only make trying to get you game funded easier.