

Law of the Level

Posted at 5:17 AM on October 7, 2009 by Sheppard Mullin

Creating the (Virtual) American Dream: User-Generated Content and Trademarks in Virtual Worlds

When strolling the streets of an online virtual world that allows user-created content, it is not uncommon to see brands that you recognize. A Ferrari may roll past you in the street. The avatar walking toward you may be cushioning its steps with Nike-Swoosh-emblazoned tennis shoes. The virtual jewelry store that you pass may feature a gleaming Cartier necklace in its window. Familiar brands cushion the virtual experience with the trappings of familiar surroundings for the software user. The problem is, chances are these brand owners never created these virtual goods, and the money from their sale likely went into someone else's pockets.

Within many virtual worlds, users are able to create their own content. A virtual world allows users to live out fantasies that they might never be able to fulfill in real life. So if you were creating a car for yourself, or to sell to others within that world, why not make it a Ferrari or a Lamborghini? When you create a pair of sunglasses, why not decorate them with the Gucci logo to mimic a pair you've admired at the shopping mall in real life? Successful brands attract buyers, and this maxim is no different when the buyer is in the market for virtual goods rather than real ones.

Most users of virtual-world software probably aren't thinking about trademark law when they create virtual knock-offs of successful products. However, the practice potentially raises real-world legal issues. Trademark law, unlike other types of intellectual property law, exists to protect consumers. The purpose of trademark law is to prevent purchasers from confusion as to the source of the goods that they are purchasing. If a consumer purchases a Pepsi-brand cola product, they know what quality and characteristics to expect of that product (regardless of whether the consumer finds those qualities to be good or bad). By preventing other manufacturers from selling similar products with similar names, trademark law ensures that consumers get what they expect when they purchase a particular brand.

The question arises then, as to whether using real-world brands on virtual goods within virtual worlds would rise to the level of trademark infringement. In a nutshell, the test for trademark infringement is whether the allegedly infringing use is likely to cause confusion among consumers as to the source or sponsorship of the goods or services. Would a virtual Pepsi or virtual Nikes, produced by a third party, create confusion as to the source of that product? Would purchasers expect that those virtual goods came from the source of the real-world products, or

would a reasonable consumer know that an unrelated entity created them?

Certain brand holders have said yes, there is a likelihood of confusion when unrelated third parties sell branded goods in virtual worlds. Earlier this year, Taser International, Inc., makers of the Taser-brand electronic control device (ECD), filed a lawsuit against Linden Lab (makers of the popular Second Life virtual world), certain executives at that company, and a number of other entities who allegedly sold products within Second Life that bore the TASER trademark, and/or resembled actual Taser products. Taser claimed \$75,000 in damages resulting from the alleged infringing sales. Shortly after the complaint was filed and served, Taser settled the lawsuit and dismissed the complaint without prejudice.

Other companies have chosen alternative ways of dealing with replication of their trademarks and trade dress in virtual worlds. Furniture maker and designer Herman Miller has created a number of iconic furniture designs, including the well-known "Aeron" chair. A number of third parties within the virtual world Second Life were creating and selling products that resembled Herman Miller's products and bore their product names. In response, Herman Miller created its own official presence in the virtual world and began selling high-quality official Herman Miller virtual furniture to users. The company also launched a publicity campaign titled "Get Real," where it offered to replace knock-offs that users had purchased with the official products, so long as those users deleted the files of the knock-off furniture.

Herman Miller's response to the existence of virtual knock-off products highlights one reason that confusion among consumers in virtual worlds may be increasingly likely as time goes by—more and more companies are creating their own official presences in virtual worlds and, correspondingly, their own official products. In the past, when virtual worlds were populated only by individual users, it might have been unreasonable for a purchaser to assume that the "Gucci" sunglasses that they were buying within the world were officially branded. But with an ever-growing number of companies expanding their operations into the virtual frontier, it becomes more likely that a branded product might come from the real-world producer.

Examples of companies with official presences within Second Life include Ben & Jerry's, Calvin Klein, Coca-Cola, H&R Block, IBM, Lacoste, Nissan, Starwood Hotels, and many others. If the CK jeans that a user buys within the world actually come from Calvin Klein, is it reasonable for that consumer to believe that other branded clothing also comes from its official real-world source? At present, there is no legal precedent on this subject. But as the popularity of virtual worlds continues to grow, it seems likely that it will only be a matter of time before the courts make a decision on the issue. In the meantime, it will be up to each brand holder individually to decide how to respond to the emergence of this growing marketplace and its potential opportunities and pitfalls.

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