Red Alert! Add-On Games Are Coming!

Adam Eric Jaffe

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INTRODUCTION

Take a journey into the future—to the year 2002. The computer game, *Command & Conquer: Red Alert III*, is the hottest seller on the market. It is the latest strategy-action game from the computer wizards at Westwood Studios ("Westwood"). It includes a number of on-screen battlefields, called maps, plus an editor program that allows players to create their own custom maps. The editor program opens with an on-screen message, warning that it may not be used for commercial purposes.

But imagine that a software company, Pirate Corporation ("Pirate"), ignores the warning and uses Westwood's editor program to produce two hundred new maps. Or imagine that Pirate downloads those new maps from the Internet.[1] In either case, Pirate places those maps on CD-ROMs and markets them in computer stores nationwide as game add-ons.[2]

Our journey into the future is not as fanciful as it first appears.

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1. *See generally*, Marc Saltzman, *In the Game Once Considered the Poor Cousins of the Electronic Gaming Set, the Home Computer Now Rivals the Once Invincible TV Game Consoles For the Affections of Millions of Youngsters Around the Globe*, TORONTO STAR, Feb. 27, 1997, at J1 (describing that many new user created levels of the popular game "Quake" are available for download on the Internet).

2. An add-on game is a software package that adds additional levels, maps, or features to an already existing game. *See Navarre Scores New Client*, NEW MEDIA WEEK, July 1, 1996. Some add-on games are quite creative. Consider "Twisted Christmas," an add-on game for Quake created by Wylde Productions. *See* Chris O'Malley, *Working at Fun and Games*, INDIANAPOLIS STAR, Feb. 8, 1998, at E1. In this game, an impostor takes over a shopping mall and poses as Santa Claus. *See id.* The player's mission is to storm the mall and save the real Santa Claus. *See id.*

Software companies currently produce add-on games because of the high financial rewards.[3] For example, an add-on CD-ROM for Westwood's *Command & Conquer: Red Alert* sold 111,660 units for $2,299,494.[4]

But the sales of add-on games raise questions of law that currently are under debate in both the computer industry and the courts.[5] Litigants argue that production of add-on games constitutes trademark or copyright infringement[6] or that such activity is barred by contract law.[7] Those issues were addressed in *Microstar v. FormGen,*[8] a case that currently is under review by the Court of Appeals for the Ninth Circuit.[9] While the appeal is pending, the add-on game industry appears frozen.[10]

The issues cross the lines of copyright, trademark, and contract law. All may prohibit the production of add-on games. Copyright law may provide protection from unlicensed reproduction.[11]

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3. *See Counterstrike Sales Figures Unique in the World of Add-Ons*, MULTIMEDIA WIRE, July 30, 1997 [hereinafter *Counterstrike*].

4. *See id.*

5. *See Head Games Settles Dispute, Looks to Nuke It Ruling For Add-on Future*, MULTIMEDIA WIRE, March 13, 1997 [hereinafter *Head Games*].

6. *See* Microstar v. FormGen, 942 F. Supp. 1312, 1314 (S.D. Cal. 1996) (noting that movants "allege[d] that the video CD-ROM game *Nuke It*, manufactured and distributed by plaintiff Microstar, infringe[d] upon the creative works protected by Duke 3D's copyright and trademark registrations").

7. *See* ProCD v. Zeidenberg, 86 F.3d 1447 (7th Cir. 1996) (holding that shrink-wrap license agreements are enforceable).

8. 942 F. Supp. 1312 (S.D. Cal. 1996).

9. *See Head Games*, *supra* note 5.

10. *See id.*

11. Copyright law consists of a group of exclusive rights granted to an author. *See* 17 U.S.C. § 102(a) (1994). Copyright law protects literary works, musical works, dramatic works, pantomimes and choreographic works, pictorial, graphic, and sculptural works, motion pictures and other audio-visual works, and sound recordings. *See id.* By providing that authors receive a limited monopoly in return for making their works publicly available, the Copyright Clause balances the needs of society as a whole against those of authors in order to make works more available. U.S. CONST. art. I, § 8, cl. 8 (granting Congress the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries"). Congress carries out its mandate through the Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (codified as amended at 17 U.S.C. §§ 101-1010 (1994)) [hereinafter Copyright Act].

The protection afforded by copyright has its limits, as the Supreme Court stated in *Sony Corp. of America v. Universal City Studios, Inc.*:

Trademark law may protect against the unfair practice of passing off by either naming or packaging a product in such a way that causes consumer confusion as to the true source of the product.[12] Finally, contract law may bar the unauthorized creation of add-on games because of the existence of shrink-wrap licensing agreements that accompany computer software.[13]

This Note argues that copyright and trademark protection should not be extended to bar the unauthorized production of add-on games. Part I introduces the relationship between computer software, shrink-wrap licenses, and trademark and copyright law.

> This protection has never accorded the copyright owner complete control over all possible uses of his work. Rather, the Copyright Act grants the copyright holder "exclusive" rights to use and to authorize the use of his work in five qualified ways, including reproduction of the copyrighted work in copies. All reproductions of the work, however, are not within the exclusive domain of the copyright owner; some are in the public domain. Any individual may reproduce a copyrighted work for a "fair use;" the copyright owner does not possess the exclusive right to such a use.

464 U.S. 417, 432-33 (1984) (citations and footnotes omitted).

12. Trademark rights arise from the use of a mark on goods or in the offering of services. 15 U.S.C. § 1127 (1994). Protection of a mark is traditionally limited to practices that are likely to cause confusion. See 15 U.S.C. § 1125 (a)(1)(A). In order to prevail in trademark infringement litigation, a plaintiff must demonstrate likelihood of confusion as to the source of a product or service, or that there is confusion as to the sponsorship, or approval of the product or service. *See id.*

In the landmark decision of *Polaroid Corp. v. Polarad Electronics Corp.*, the Second Circuit set forth eight factors to be used to determine the likelihood of confusion between non-identical goods or services: (1) the strength of the plaintiff's mark, (2) the degree of similarity between plaintiff's and defendant's marks, (3) the proximity of the products or services, (4) the likelihood that plaintiff will bridge the gap, (5) evidence of actual confusion, (6) defendant's good faith in adopting the mark, (7) the quality of the defendant's product or service and, (8) the sophistication of the buyers. 287 F.2d 492, 495 (2d Cir. 1961).

Other circuits have followed *Polaroid* and developed similar tests for likelihood of confusion. *See* Merchant & Evans, Inc. v. Roosevelt Bldg. Prods. Co., 963 F.2d 628, 637 (3d Cir. 1992) (using the "Scott Paper" factors); Anheuser-Busch, Inc. v. L & L Wings, Inc., 962 F.2d 316, 320 (4th Cir. 1992) (using the "Pizzeria Uno" factors); Homeowners Group, Inc. v. Home Mktg. Specialists, Inc., 931 F.2d 1100, 1106 (6th Cir. 1991) (using the "Frisch's" factors); Squirtco v. Seven-Up Co., 628 F.2d 1086, 1091 (8th Cir. 1980) (using the "Squirtco" factors); E. & J. Gallo Winery v. Gallo Cattle Co., 967 F.2d 1280, 1290 (9th Cir. 1992) (using the "Sleekcraft" factors); Coherent, Inc. v. Coherent Techs., Inc., 935 F.2d 1122, 1125 (10th Cir. 1991) (using "Beer Nuts" factors).

13. *See infra* Part I.C (discussing shrink-wrap licensing law). This practice is of particular concern because many people do not even read the terms of these agreements.

Part II reviews the decision reached in *Microstar v. FormGen*, the leading case involving infringement by add-on games. Part III argues that copyright and trademark protection should not extend to add-on game products and briefly discusses the enforcement of shrink-wrap licenses. This Note concludes that software manufacturers should be free to market add-on game products because the benefits to the public outweigh any harm to the original manufacturers of computer games.

I.   SOFTWARE AND THE LAW OF TRADEMARK, COPYRIGHT, AND SHRINK-WRAP LICENSES

Trademark, copyright, and shrink-wrap licensing law all play major roles in the resolution of the legal issues that surround the manufacture, sale, and use of computer software. They protect the holders of intellectual property rights and the licensors of shrink-wrap agreements.

A.   *Application of Trademark Law to Computer Software*

Although trademark law has played a part in commerce for many years,[14] it is only recently that debate has erupted over the relationship between trademark law and computer software.[15] This section discusses the traditional role of trademark law and explores its relation to computer software.

Trademark law, developed initially as a common law concept and now codified in the Lanham Act,[16] has a substantial impact in the marketing of computer software.[17] Because software is primar-

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14. *See* Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis For Trademark Protection*, 58 U. PITT. L. REV. 789, 797 (1997).

15. *See* Nora M. Tocups & Robert J. O'Connell, *Trademark and Trade Dress Protection for Computer Software*, 14 COMPUTER LAW. 17 (1997).

16. Trademark Act of 1946 ("Lanham Act") ch. 540, 60 Stat. 427 (codified as amended at 15 U.S.C.A. §§ 1051-1127 (West 1998 & Supp. 1998)); *see also* RESTATEMENT (THIRD) OF UNFAIR COMPETITION, §§ 9, 12 (1995) (discussing the origin, evolution, and history of trademark and trade name law).

17. A trademark is defined in the Lanham Act as "any word, name, symbol or device, or any combination thereof, adopted and used by a manufacturer or merchant to identify its goods and distinguish them from those manufactured or sold by others." 15 U.S.C. § 1127 (1994). Trademarks have the dual purpose of identifying the source or origin of goods and services and of symbolizing the goodwill of a particular owner. *See*

ily packaged for sale in stores, the trademark concept of trade dress is important. Trade dress incorporates features such as size, shape, color or color combinations, texture, and graphics.[18] The overriding issue in trade dress, as in trademarks, is distinctiveness.[19]

Infringement of trade dress, which includes computer software packaging, occurs when consumers are confused by the similarity of the packaging or look of the displayed software.[20] A fundamental question that must be asked is whether consumers know the difference between the source of the two competing products or services.[21]

Minneapple Co. v. Normandin, 338 N.W.2d 18, 22 (1993) (citing Boston Prof'l Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc., 510 F.2d 1004, 1010-11 (5th Cir. 1975)). Goodwill may act as a warranty of the quality of a good or service. *See* Balia H. Celedonia, *Review of the Basic Principles of Trademark Law*, 559 PLI/Lit. 147, 153 (1997). The more distinctive a mark, the more protection it is accorded. *See* Abercrombie & Fitch v. Hunting World, Inc., 537 F.2d 4, 8-10 (2d Cir. 1976).

    18. *See* Computer Care v. Service Sys. Enters., Inc., 982 F.2d 1063, 1067 (7th Cir. 1992).

    19. A mark's distinctiveness is determined by where it falls on what is called the spectrum of distinctiveness. *Abercrombie & Fitch*, 537 F.2d at 9. At the low end are generic and descriptive marks, which receive the least protection, if any. *See id.* ("A generic term is one that refers, or has come to be understood as referring, to the genus of which the particular product is a species."). The example given by the court for a generic mark is the use of "Ivory" for the sales of elephant tusks. *See id.* at 9 n.6.

    Descriptive marks describe the purposes and qualities of an item, such as "PC Printer" for a computer printer. *See generally* Application of Reynolds Metals Co., 480 F.2d 902 (C.C.P.A. 1973) (discussing why "Brown-in-Bag" was suggestive rather than descriptive).

    Suggestive marks are accorded greater protection. *See Ambercrombie*, 537 F.2d at 9-10 ("The category of 'suggestive' marks was spawned by the felt need to accord protection to marks that were neither exactly descriptive on the one hand nor truly fanciful on the other."). An example of a suggestive mark is "Tide" for a cleaning detergent. *See id.* at 10-11.

    Arbitrary marks receive the most protection. *See id.* at 11. An example of an arbitrary mark would be "Duck" for a computer software company. *See id.* Also at the top of the spectrum are coined or fanciful marks. *See id.* An example of coined or fanciful mark is "Exxon" for a company selling gasoline. *See id.*

    20. *See generally* Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763 (1992) (discussing trademark law and trade dress).

    21. *See id.*; *see also* 15 U.S.C. § 1125 (a)(1)(A). According to one court:

    In order to succeed a plaintiff does not have to show necessarily that consumers
    would believe that the defendant's goods or services are from the same source
    as those of the plaintiff. A defendant may also be liable under the Lanham Act
    where the defendant's actions are "likely to cause confusion, or to cause mis-
    take, or to deceive as to the affiliation, connection, or association" of the defen-

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There are two aspects to the trade dress of computer software; the first is the packaging itself, and the second is the trade dress that is embodied in the look and feel of the program.[22] But add-on games have no look-and-feel trade dress because they use the interface of the original game; hence a trademark infringement claim concerning an add-on game is most likely to involve source confusion over the software packaging.[23] Software marketed on the Internet presents a special problem because there is no packaging to prevent consumer confusion. Electronic disclaimers may have to be used to protect against confusion caused by software marketed on the Internet. Most computer games, however, are purchased in stores.[24]

Computer software comes in various types of packaging, which often includes brightly colored images that attract consumers. In fact, many consumers are not confused because they know the difference between software companies, and the names of those companies are prominently displayed on the packaging.[25] Moreover, some software packages have unusual shapes or sizes.

B. *Copyright Law and Computer Software*

Copyright affords game manufacturers additional protections

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dant's goods or services with those of the plaintiff.

Sports Authority, Inc. v. Prime Hospitality Corp., 89 F.3d 955, 960 (2d Cir. 1996) (citing 15 U.S.C. § 1125(a)(1)(A)).

22*. See generally* Tom W. Bell, *Virtual Trade Dress: A Very Real Problem*, 56 MD. L. REV. 384 (1997) (describing the issues involved in trademark law and virtual trade dress).

23. Therefore, software packaging is the primary focus of trademark infringement discussion in this Note. Nevertheless, the level of out-of-store purchases is increasing. *See* Jake Batsell, *Egghead.com Sees the Light—Can It Survive By the Internet Alone?*, SEATTLE TIMES, Mar. 11, 1998, at C1.

24. Recently, however, Egghead Software ("Egghead"), a large computer retailer decided to close its stores and sell its software exclusively on the Internet. *See id.* In the last quarter of 1997, Internet sales only made up twelve percent of Egghead's sales. *See id.* Due to strong competition from other software retailers, however, Egghead was forced to close its stores. *See id.* Analysts stated that Egghead's decision was provocative but sensible. *See id. See generally Microstar*, 942 F. Supp. 1312 (1996) (holding that it is unlikely that consumers would be confused between the packaging of *Duke Nukem* and *Nuke It*).

25*. See* Lauren Fisher Kellner, *Trade Dress Protection For Computer User Interface "Look and Feel,"* 61 U. CHI. L. REV. 1011, 1019 (1994).

beyond those of trademark law.[26] This section provides a brief overview of copyright law and describes the application of copyright law in the context of computer software.

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26. The exclusive rights granted to copyright owners include performance, reproduction, public distribution, public display, and the creation of derivative works of the copyrighted material. *Id.* § 106. But there are limitations on those rights.

First, copyright does not bar another author from independently producing a work. *See* 17 U.S.C. § 102(a). For example, if two computer programmers created the same exact computer program having never received any information about the other programmer's work, the first to author the program could not claim copyright infringement against the second programmer. *See* Sheldon v. Metro-Goldwyn Pictures Corp., 81 F.2d 49, 54 (1936) ("[I]f by some magic a man who had never known it were to compose anew Keats's Ode on a Grecian Urn, he would be an 'author,' and, if he copyrighted it, others might not copy that poem, though they might of course copy Keats's.").

Second, copyright does not protect ideas; it protects expression of ideas. *See* Masquerade Novelty v. Unique Indus., Inc., 912 F.2d 663, 671 (3d Cir. 1990); Apple Computer, Inc. v. Franklin Computer Corp., 714 F.2d 1240, 1253 (3d Cir. 1983). This is the famous "idea/expression dichotomy." Mazer v. Stein, 347 U.S. 201, 217 (1954); *see* Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 547 (1985) ("The copyright is limited to those aspects of the work—termed "expression"—that display the stamp of the author's originality."). For example, copyright law protects the movie *Star Wars*, but does not protect the idea of the battle between good and evil in space.

Third, copyright does not protect systems explained in a work or facts in general. *See* Feist Publications, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340 (1991) (holding that bare facts cannot be copyrighted); *see also* Baker v. Selden, 101 U.S. 99, 101-02 (1879), in which the Court stated that:

> There is no doubt that a work on the subject of book-keeping, though only explanatory of well-known systems, may be the subject of a copyright . . . . But there is a clear distinction between the book, as such, and the art that it is intended to illustrate.
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>   . . . .
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>   . . . The same distinction may be predicated of every other art as well as that of book-keeping. A treatise on the composition and use of medicines, be they old or new; on the construction and use of ploughs, or watches, or churns; or on the mixture and application of colors for painting or dyeing; or on the mode of drawing lines to produce the effect of perspective,—would be the subject of copyright; but no one would contend that the copyright of the treatise would give the exclusive right to the art or manufacture described therein. . . . To give to the author of the book an exclusive property in the art described therein, when no examination of its novelty has ever been officially made, would be a surprise and a fraud upon the public. That is the province of letters-patent, not of copyright.

Id.; *see also* American Dental Ass'n v. Delta Dental Ass'n, 126 F.3d 977, 979 (7th Cir. 1997) ("Einstein's articles laying out the special and general theories of relativity were original works even though many of the core equations, such as the famous $e=mc^2$, express 'facts' and therefore are not copyrightable.").

   Throughout the years, copyright law has adapted to new tech-nologies.[27]   One such development involves computer programs. The first courts to deal with copyright law and computer programs often had to deal with fundamental issues, such as what constitutes fixation or what copying is.[28]

   In an early computer copyright case, *Tandy Corp. v. Personal Micro Computers*,[29] Tandy Corp. ("Tandy") brought suit alleging copyright infringement of its computer chips. Tandy made a com-puter called the TRS-80.[30] The computer included an input-output routine, a program that converts input from a user to machine lan-guage.[31] Personal Micro Computers ("Personal Micro") made a computer called the PMC-80.[32] Tandy alleged that Personal Micro copied their input-output routine and put it in their computer.[33] Personal Micro argued that read-only-memory ("ROM") chips did

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   27. *See* Sony Corp. of Am. v. Universal Studios, Inc., 464 U.S. 417, 430 (1984) (stating that from the beginning copyright law has changed in response to technological developments).

   28. In order for a work to receive copyright protection, it must satisfy the following criteria: fixation in a tangible medium of expression, originality, and authorship. *See* Copyright Act, 17 U.S.C. § 102(a) ("Copyright protection subsists . . . in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either di-rectly or with the aid of a machine or device."). The fixation requirement bars protecting such things as unprepared speeches and improvisations. *See* H.R. REP. NO. 1476, at 52 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5665-67 ("[T]he definition of 'fixation' would exclude from the concept purely evanescent or transient reproductions such as those projected briefly on a screen."); *see also* Apple Computer, Inc. v. Franklin Com-puter Corp., 714 F.2d 1240 (3d Cir. 1983) (holding that a computer program in either source code or object code is a "literary work" that is protected under the copyright laws); Williams Elecs. v. Artic Int'l, 685 F.2d 870 (3d Cir. 1982) (holding that the audio-visual aspects of the game "Defender" were copyrightable); Atari v. North Am. Philips Consumer Elecs. Corp., 672 F.2d 607 (7th Cir. 1982) (holding that the total "look and feel" of K.C. Munchkin infringed on Atari's copyright in PAC-MAN); Tandy Corp. v. Personal Micro Computers, 524 F. Supp. 171 (N.D. Cal. 1981) (holding that computer programs embedded in ROM were copyrightable).

   29. 524 F. Supp. 171 (N.D. Cal. 1981).

   30*. See id.* at 173. The TRS-80 debuted August 3, 1977 and ran at 1.77 megahertz. *See* David Hoye, *Trailblazer 'Trash 80' Turns 20*, SAN DIEGO UNION-TRIBUNE, Aug. 19, 1997, at 6. It had four kilobytes of RAM. *See id.* Storage was limited to saving informa-tion on a cassette tape. *See id.* The TRS-80 system retailed for about $600. *See id.*

   31. *See Tandy*, 524 F. Supp. at 173.

   32*. See id.*

   33*. See id.*

not fix the program in a tangible medium of expression, and there-
fore the programs contained on them did not constitute the subject
matter of copyright.[34] The court disagreed with Personal Micro
and held that "(1) a computer program is a 'work of authorship'
subject to copyright, and (2) that a silicon chip is 'tangible medium
of expression,' within the meaning of statute, such as to make a
program fixed in that form subject to the copyright laws."[35]

The Third Circuit addressed similar issues in *Apple Computer,
Inc. v. Franklin Computer Corp.*[36] Apple Computer Inc. ("Apple")
manufactured the Apple II computer which contained the Apple
operating system programs.[37] Franklin Computer Corp. ("Frank-
lin") designed the ACE 100 computer to be "Apple compatible."[38]
In the process of making the ACE 100 "Apple compatible," Frank-
lin copied Apple's operating system computer programs.[39] The
court was presented with the following issues: "(1) whether copy-
right can exist in a computer program expressed in object code, (2)
whether copyright can exist in a computer program embedded on a
ROM, [and] (3) whether copyright can exist in an operating system
program . . . ."[40]

The court held that a computer program in either source[41] or
object code[42] is a "literary work" that is protected under the copy-

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34. *See id.*

35. *Id.*

36. 714 F.2d 1240 (3d Cir. 1983).

37. *See id.* at 1242-43. By the end of 1984, over two million computers in the Ap-
ple II family were in use in the United States. *See* Jim Mitchell, *Personal Problems
Computer Firm's Trouble Could Linger, Analyst Says*, DALLAS MORNING NEWS, Feb. 25,
1985, at 1D. Somewhere around fifty percent of the Apple II computers were used in the
workplace. *See id.*

38. *See Franklin*, 714 F.2d at 1243.

39. *See id.*

40. *Id*. at 1246. The court also had to determine "whether independent irreparable
harm must be shown for a preliminary injunction in copyright infringement actions." *Id.*

41. Source code is "the program expressed in programming language by its human
programmer . . . ." LANCE ROSE, NETLAW YOUR RIGHTS IN THE ONLINE WORLD 99
(1995).

42. Object code is "the form into which most modern programs are compiled after
they are written, in order to run more rapidly . . . ." *Id.*; *see also* William Tenanbaum,
Current Topics in Software Licensing, 496 PLI/PAT. 431, 440 (1998) ("Object Code is a
series of 1's and O's and can be read by a computer but not by normal human beings.").

right laws.[43] Guided by the decision reached in *Tandy*, the court held that copyright does in fact exist in a computer program embedded in ROM.[44] Franklin contended that operating systems are purely utilitarian, rather than creative works and therefore are not the subject of copyright protection.[45] Franklin also contended that there was only one way of writing Franklin's operating system programs in order for the software to be "Apple compatible."[46] The court held that operating systems were copyrightable, and remanded the issue as to whether Franklin could have written its own operating system programs.[47]

Early copyright cases also addressed the issue of copying computer game programs, including their audiovisual aspects.[48] For example, in *Williams Electronics v. Artic International*,[49] Williams Electronics ("Williams") made a game called *Defender*.[50]

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43. *See Franklin*, 714 F.2d at 1249.

44. *See id.*

45. *See id.* at 1251. The requirements of originality and authorship are not particularly high. *See* Feist Publications, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 348 (1991). It is sufficient that the author does not copy from someone else, and at least has some creativity in his or her work. *See id.*

46*. See id.* at 1253.

47. *See id.* at 1253-55. The court found persuasive that Congress did not make a distinction between application and operating system programs in the Copyright Act. *See id.* at 1253.

48*. See* M. Kramer Mfg. Co. v. Andrews, 783 F.2d 421, 436 (4th Cir. 1986). According to the court:

> [T]he court in *Midway Mfg. Co. v. Artic Intern. Inc.*, 704 F.2d 1009, 1012 (7th Cir. 1983) declared: "We thus conclude that video games are copyrightable as audiovisual works under the 1976 Copyright Act and we note that every other federal court (including our own) that has confronted this issue has reached the same conclusion." At the time of decisions in *Bandai* and *Artic*, the courts in *Atari, Inc. v. North American Phillips Consumer Electronics Corp.*, 672 F.2d 607, 615 (7th Cir.), *cert. denied*, 459 U.S. 880 (1982); *Stern Electronics, Inc. v. Kaufman*, 669 F.2d 852, 856 (2d Cir. 1981); *Midway Mfg. Co. v. Dirkschneider* 543 F. Supp. 466, 479 (D. Neb. 1981); *Atari, Inc. v. Amusement World, Inc.*, 547 F. Supp. 222, 226-27 (D. Md. 1981); and *Midway Mfg. Co. v. Artic Intern. Inc.*, 547 F. Supp. 999, 1008-09 (N.D. Ill. 1982) had clearly declared video games copyrightable as audiovisual works. We, accordingly agree with the court in *Bandai-America*, 546 F. Supp. at 139, that under the authorities, copyrightability of video games as audiovisual works cannot be disputed.

Id. (footnotes omitted).

49. 685 F.2d 870 (3d Cir. 1982).

50*. See id.* at 871-72. Defender, like Pac-Man was a very popular game. *See* Ellie

Defender was a coin-operated game which included a display tube (cathode-ray tube or CRT), controls, a sound system, a microprocessor, and ROM chips.[51] *Defender* consisted of two modes: play mode and attract mode. Williams obtained a copyright for both modes.[52] Artic International ("Artic") sold components for video games.[53]   Among the components which Artic sold were ROM chips with computer programs that were nearly identical to the *Defender* computer program.[54] Artic claimed that copyright law did not apply to Williams' audiovisual material, arguing that the attract mode and play mode did not satisfy the fixation requirement.[55] The court, however, held that because the features in attract mode and play mode repeated themselves, the work was sufficiently fixed.[56]

Artic also argued copyright could not protect programs embedded in ROM chips because they are utilitarian in nature.[57] Because Williams sought to copyright the audiovisual aspects of the game, not the ROM chips, the court held that Williams did not restrict the use of a utilitarian object.[58] The court further held that for copyright purposes, there was no difference between source code and object code.[59] Therefore, Artic was enjoined from selling its ROM chips with the *Defender* program on it.[60]

Another landmark copyright case involving a computer game

Posey, *Video Player Sets Record*, OKLAHOMA CITY TIMES, Apr. 8, 1982, at O. In April, 1982, Lane Glenn spent forty-one and a half hours playing Defender in route to a score of over forty-four million points. *See id.*

51*. See Williams*, 685 F.2d at 871-72.

52*. See id.* at 872. Play mode "refers to the audiovisual effects displayed during the actual play of the game, when the game symbols move and interact on the screen, and the player controls the movement of one of the symbols (e.g., a spaceship)." *Id.* at 872 n.3. Attract mode "refers to the audiovisual effects displayed before a coin is inserted into the game. It repeatedly shows the name of the game, the game symbols in typical motion and interaction patterns, and the initials of previous players who have achieved high scores." *Id.* at 872 n.2.

53*. See id.* at 872.

54*. See id*. at 872-73.

55*. See id.* at 873.

56*. See id.* at 874.

57*. See id.*

58*. See id.* at 874-75.

59*. See id.* at 877.

60*. See id.* at 878.

was *Atari v. North American Philips Consumer Electronics Corp.*[61] Atari and Midway owned the exclusive rights to PAC-MAN.[62] Atari marketed the home version of the popular coin-operated game.[63] North American Philips Consumer Electronics Corp. ("Philips") created a game called *K.C. Munchkin* for use in its Odyssey home game system.[64] Atari brought suit against Philips for infringing its copyright in the audiovisual aspects of PAC-MAN.[65] The court used the "ocular comparison" test for substantial similarity to determine if there was a copyright infringement.[66] To establish copyright infringement, a plaintiff must prove ownership and the copying by the defendant.[67] If the defendant has access to the work, copying can be inferred.[68] In this case, because there was access to the work, the court proceeded to examine the issue of substantial similarity.[69]

The court used a two part test for substantial similarity: "(1) whether the defendant copied from plaintiff's work and (2) whether the copying, if proven, went so far as to constitute an improper appropriation."[70] The court compared PAC-MAN to *K.C. Munchkin*. Using the abstractions test, the court evaluated which aspects of PAC-MAN constituted ideas and which were expressions of those ideas.[71] The court determined that PAC-MAN basi-

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61. 672 F.2d 607 (7th Cir. 1982).

62. *See id.* at 610.

63. *See id.*

64. *See id.* Odyssey, created by NAP consumer Electronics Corporation, launched the home video game market in 1971. *See Pioneer Video Game Maker to Shut Down*, SAN DIEGO UNION-TRIBUNE, Mar. 21, 1984, at A19. By 1983, however, Atari had 14 million systems in use while Odyssey had only 800,000. *See id.*

65. *See Atari*, 672 F.2d at 610.

66. An ocular comparison is a visual inspection by an ordinary observer. *See id.* at 614.

67. *See id.*

68. *See id.*

69. *See id.*

70. *Id.* (citing Scott v. WKJG, Inc., 376 F.2d 467, 469 (7th Cir. 1967)).

71. *See id.* at 615-17; *see also* Mitel, Inc. v. IQTEL, Inc. 124 F.3d 1366, 1371 n.4 (10th Cir. 1997).

The abstractions test is a conceptual tool that helps the court separate idea from expression. Judge Learned Hand first enunciated the approach in *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930):

Upon any work, and especially upon a play, a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left

cally involved the idea of a maze-chase game.[72] Applying the test, the court looked to the concept of "scenes a faire," which are elements of a work that are not protected.[73] Scenes a faire "refers to 'incidents, characters or settings which are as a practical matter indispensable, or at least standard, in the treatment of a given topic.'"[74] The court determined that the scenes a faire in the PAC-MAN game were the maze, scoring table, tunnel exits, and the dots used to accumulate points.[75]

After comparing various elements of the two games, the court concluded that "[a]lthough not 'virtually identical' to PAC-MAN, *K.C. Munchkin* captures the 'total concept and feel' of and is substantially similar to PAC-MAN."[76] Thus, the court held that *K.C. Munchkin* likely infringed Atari's copyright in PAC-MAN.[77]

From this point, computer copyright law continued to develop. *Whelan v. Jaslow Dental Lab*,[78] involved the alleged copying of dental software. In this case, the issue presented was whether similarity in the overall structure of programs, assuming copying, could be the basis of an infringement action.[79] In essence, the court had to determine whether copyright protects the structure, sequence, and organization of a program or only the program's literal elements.[80] The court held that the sequence, structure, and organization, or "SSO," of a computer program is protected by

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out. The last may perhaps be no more than the most general statement of what the play is about, and at times might consist only of its title; but there is a point in this series of abstractions where they are no longer protected, since otherwise the playwright could prevent the use of his 'ideas,' to which, apart from their expression, his property is never extended.

Id.

72. *See Atari*, 672 F.2d at 617.

73. *See id.* at 616.

74. *Id.* (quoting Alexander v. Haley, 460 F. Supp. 40, 45 (S.D.N.Y. 1978)).

75. *See id.* at 617.

76. *Id.* at 619-20. It may have been the similarities to Pac-Man that caused K.C. Munchkin to be listed as a favorite game for Odyssey home entertainment system. *See* Penny Power, *Experts Rate the Games*, SAN DIEGO UNION-TRIBUNE, Dec. 26, 1983, at E2.

77. *See Atari*, 672 F.2d at 619-20.

78. 797 F.2d 1222 (3d Cir. 1986).

79. *See id.* at 1224.

80. The literal elements consisted of the source and object codes. *See supra* notes 41-42 (discussing the definitions of source and object code).

copyright.[81]

Not all courts agreed with *Whelan*. The court in *Computer Associates v. Altai*,[82] rejected the method used in *Whelan*, favoring a "abstraction-filtration-comparison" test.[83]   Using this method, courts first look to non-protectable elements in the software to filter out those items from the comparison. They then compare the protected elements with the alleged infringing work.[84] For non-literal copying, this method is more favorable to a defendant than a "look and feel" test because only the infringing elements are compared instead of the entire works.[85]

There is no general consensus, however, on which elements of programs are protected. The courts have employed several tests.[86] Courts have protected literal code,[87] their audio-visual aspects,[88] the look and feel of programs,[89] and their structure, sequence, and

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81. *See Whelan*, 797 F.2d at 1225.

82. 982 F.2d 693 (2d Cir. 1992).

83. *See id.* at 706. The court stated:

> In ascertaining substantial similarity under this approach, a court would first break down the allegedly infringed program into its constituent structural parts. Then, by examining each of these parts for such things as incorporated ideas, expression that is necessarily incidental to those ideas, and elements that are taken from the public domain, a court would then be able to sift out all non-protectable material. Left with a kernel, or possible kernels, of creative expression after following this process of elimination, the court's last step would be to compare this material with the structure of an allegedly infringing program. The result of this comparison will determine whether the protectable elements of the programs at issue are substantially similar so as to warrant a finding of infringement.

Id.

84. *See id.*

85. *See* Patricia A. Mortone, *Intellectual Property Protection for Computer Software—As Copyright Protection Narrows, Can Patents Fill the Gap?*, 479 PLI/PAT. 599, 604 (1997).

86. *See, e.g.*, Apple v. Microsoft, 35 F.3d 1435 (9th Cir. 1994) (using the "virtual identity test"); Gates Rubber Co. v. Bando Chem. Indus., 9 F.3d 823 (10th Cir. 1993) (using "abstraction-filtration-comparison" test); *Altai*, 982 F.2d 693 (using the "abstraction-filtration-comparison" test); *Whelan*, 797 F.2d 1222 (using the sequence structure and organization "SSO" test).

87. *See* Apple Computer Inc. v. Franklin Computer Corp., 714 F.2d 1240 (3d Cir. 1983); Tandy Corp. v. Personal Micro Computers, 524 F. Supp. 171 (N.D. Cal. 1981).

88. *See* Williams Elecs. v. Artic Int'l, 685 F.2d 870 (3d Cir. 1982).

89. *See* Atari v. North Am. Philips Consumer Elecs. Corp., 672 F.2d 607 (7th Cir. 1982).

organization.[90]

C. *Shrink-Wrap License Agreements and Computer Software*

Although trademark and copyright law afford owners certain protection for computer software, additional protection may be necessary at times. In situations where trademark and copyright law might not protect against the unauthorized copying of computer software, contract law may provide protection for computer software manufacturers. One common practice is to ensure profits from copyrighted material by licensing it.[91] Another is shrink-wrap licensing agreements.

A shrink-wrap license is a contract whose terms are listed on the outside of a package.[92] The term "shrink-wrap" refers to the plastic covering of software packages.[93] Shrink-wrap licenses are of special concern because courts are in disagreement as to whether these contracts are enforceable.[94]

In *Step-Saver Data Systems, Inc. v. Wyse Technology*,[95] the Third Circuit Court of Appeals held that the shrink-wrap license agreement between Step-Saver Data Systems, Inc. ("Step-Saver") and Software Link was not binding.[96] The court was persuaded by the fact that the parties had negotiated the contract, and by the fact that the terms of the shrink-wrap were not part of their bargained-for exchange.[97] The court evaluated section 2-207 of the Uniform Commercial Code in concluding that the additional terms included in the shrink-wrap license were not part of the contract.[98] Other

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90. *See Whelan*, 797 F.2d 1222.

91. *See generally Email and Phone Sufficient For Exercise of Personal Jurisdiction*, 14 COMPUTER LAW. 22 (1997) (providing an example of a software licensing agreement).

92. *See* Apik Minassian, *The Death of Copyright: Enforceability of Shrinkwrap Licensing Agreements*, 45 U.C.L.A. L. REV. 569, 570-71 (1997). Shrink-wrap licenses contain many provisions. *See infra* note 126 (providing the text of a computer game license agreement). Some of those contracts may allow the user to create additional copies of the program, limit any warranties, or prohibit certain uses such as marketing products created with an editor included in the software package. *See id.*

93. *See* Minassian, *supra* note 92, at 571.

94. *See id.*

95. 939 F.2d 91 (3d Cir. 1991).

96. *See id.*

97. *See id.* at 100-04.

98. *See id.* at 98-101.

courts have held shrink-wrap licenses unenforceable as well.[99]

Nonetheless, in *ProCD v. Zeidenberg*,[100] the Seventh Circuit, held that shrink-wrap licenses were enforceable. The court noted that "[v]endors can put the entire terms of a contract on the outside of a box only by using microscopic type . . . or removing other information that buyers might find useful."[101] The court also noted that there are many transactions in which money is exchanged before the terms of the contract are known to both parties. Those transactions include buying tickets for concerts, plane tickets, and the purchase of consumer goods, such as radios.[102] The court examined the Uniform Commercial Code and determined that the various provisions supported enforcing the shrink-wrap license.[103] The Seventh Circuit determined that section 301 of the Copyright Act[104] did not preempt the shrink-wrap license because a contract is not equivalent to any exclusive right granted by copyright.[105]

The law of shrink-wrap licenses is still under debate. Courts have held that shrink-wrap licenses are contracts of adhesion,[106] preempted by section 301 of the Copyright Act,[107] and the last shot

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99. *See, e.g.*, Vault Corp. v. Quaid Software Ltd., 847 F.2d 255 (5th Cir. 1988); Foresight Resources Corp. v. Pfortmiller, 719 F. Supp. 1006 (D. Kan. 1989).

100. 86 F.3d 1447 (7th Cir. 1996). Currently, some members of Congress are trying to update United States copyright law to account for digital technology. *See* David J. Loundy, *The Good, Bad, Ugly of Copyright Law Rewrites*, CHI. DAILY L. BULL. Jan. 8, 1998, at B2. The new technology legislation, that is, the Digital ERA Copyright Act, aims to bring United States copyright law in line with the World Intellectual Property Organization Copyright Treaty. *See id.* The proposed legislation broadens the Copyright Act to apply to all digital works. *See id.* The proposed legislation would overturn *ProCD*, and bring the Seventh Circuit in line with the rest of the circuits limiting "shrink-wrap" licenses. *See id.*

101. *See ProCD*, 86 F.3d at 1451.

102. *See id.*

103. *See id.* at 1450-53.

104. 17 U.S.C. § 301 (1994).

105. *See ProCD*, 86 F.3d at 1454.

106. *See* Foresight Resources Corp. v. Pfortmiller, 719 F. Supp. 1006, 1010 (D. Kan. 1989); Vault v. Quaid Software Ltd., 655 F. Supp. 750, 761-62 (E.D. La. 1987).

107. *See Vault*, 655 F. Supp. at 763. The court stated:

   Congress has taken action to afford copyright protection to computer software. In this situation the *Sears-Compco* preemption doctrine, as well as § 301 of the Copyright Act, are both applicable.

   The Louisiana Software License Enforcement Act creates a perpetual bar against copying any computer program licensed pursuant to its provisions. The

in a battle of the forms.[108] On the other hand, at least one court has held that shrink-wrap licenses are not preempted by section 301 of the Copyright Act, are necessary and common commercial contracts, and are enforceable regardless of whether all the terms are stated in full on the package.[109]

If trademark and copyright law do not protect add-on games, shrink-wrap licenses may have increased significance. Currently there are developments pending in Congress to resolve the issues surrounding shrink-wrap licenses,[110] including a movement to revise Article 2 of the Uniform Commercial Code[111] and a move-

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federal Copyright Act, on the other hand, grants protection against unauthorized copying for the life of the author plus fifty years. 17 U.S.C. § 302(a). The Louisiana act also places no restrictions on the programs that may be protected under its provisions. However, under Section 102 of the federal Copyright Act, only "original works of authorship" can be protected. The Louisiana Software Act allows any computer program, original or not, to be protected from copying.

   Since the Louisiana Software Act has "touch[ed] upon the area" of the federal patent and copyright law, the provisions of the PROLOK licensing agreement are unenforceable to the extent they are contrary to the policies of the federal Copyright Act.

Id. (citing Fantastic Fakes, Inc. v. Pickwick Int'l, Inc., 661 F.2d 476, 481-83 (5th Cir. 1981)) (footnotes omitted).

   108*. See* Step-Saver Data Syss. v. Wyse, 939 F.2d 91, 99 (3d Cir. 1991).

   109*. See* ProCD, Inc. v. Zeidenberg, 86 F.3d 1447 (7th Cir. 1996).

   110*. See* Loundy, *supra* note 100 (detailing the current developments in Congress regarding the Digital Era Copyright Enhancement Act); *see also* The Digital Era Copyright Enhancement Act, H.R. 3048, 105th Cong. (1997).

   111. Uniform Commercial Code Revised Article 2 (Revised Tentative Draft Oct. 8, 1994) [hereinafter *UCC 2-2203*], *reprinted in* Mark A. Lemley, Intellectual Property Shrinkwrap Licenses, 68 S. CAL. L. REV. 1239, 1293 (1995). According to the revised article 2 of the Uniform Commercial Code:

SECTION 2-2203. STANDARD FORM LICENSES.

(a) Subject to [the section on disclaimer of warranties in consumer licenses], a party adopts the terms of a standard form license if, prior to or within a reasonable time after beginning to use the intangibles pursuant to an agreement, the party

     (1) signs or otherwise by its behavior manifests assent to a standard form license; and

     (2) had an opportunity to review the terms of the license before manifesting assent, whether or not it actually reviewed the terms.

(b) Terms adopted under subsection (a) include all of the terms of the license without regard to the knowledge or understanding of individual terms by the party assenting to the form. However, except as otherwise provided in subsection (c), a term does not become part of the license if:

ment to add an article 2B to the Uniform Commercial Code.[112] In

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(1) the term creates an obligation or imposes a limitation which conflicts with the negotiated terms of the prior agreement of the parties relating to the intangibles and the party assenting to the form does not expressly consent to that term;

(2) in a mass market license the term creates an obligation or imposes a limitation that the licensor has reason to know would cause most licensees engaged in transactions of similar type to refuse the license if the term were brought to the attention of the licensee and the term was not brought to the licensee's attention; or

(3) in a contract other than a mass market license the term creates an obligation or imposes a limitation that the party who prepared the form knows would cause the other party to refuse the license if the term were brought to the attention of that party and the term was not brought to that party's attention.

(c) Subject to subsection (b)(1), a term becomes part of the contract if the term:

(1) transfers rights or creates restrictions on the behavior of the licensee which give the licensee no fewer rights than would be given to a purchaser at a first sale under federal intellectual property law; or

(2) limits the licensee's remedy for breach of the license to replacement of the licensed materials or refund of license fees unless the damage from breach of warranty involves personal injury.

(d) A party has an opportunity to review the terms of a license if:

(1) the license is made available to the party (i) prior to its acquisition of a copy of the intangibles and in a manner designed to call the license terms to the attention of the party assenting to the form, or (ii) provided to the party in a manner so that the terms of the license will be conspicuous in the normal course of its initial use or preparation to use the intangibles; and

(2) in a mass market license, the party assenting to the form is authorized to obtain a refund of all license fees paid by returning the copy of the intangibles or discontinuing use following its opportunity to review the terms of the license.

(e) A party manifests assent to the license if, having had an opportunity to review the terms of the license, it engages in conduct that the license provides will constitute acceptance of the terms of the license and it had an opportunity [to] decline to engage in this conduct after having had an opportunity to review the terms of the license.

(f) A licensee expressly consents to a term of a license by its behavior if the term is conspicuous and, given the opportunity not to do so, the licensee engages in conduct that signifies acceptance of that term.

Whether a term is conspicuous is a question of law.

Id.

    112. Currently, the National Conference of Commissioners on Uniform States Laws is discussing the addition of an Article 2B to the Uniform Commercial Code. A current draft of the proposal is available on the Internet. *See* Discussion Memorandum-–February 1998 Draft Article 2B: Licenses (visited Apr. 16, 1998)

general, the Uniform Commercial Code revision suggests that shrink-wraps would be enforceable provided that the licensee had an opportunity to review the terms of the license, and that the license is conspicuous enough to be noticed in the normal course of using the program.[113]   In addition, the licensee would be given a full refund if she did not agree to the terms, under this amending provision to the Uniform Commercial Code.[114]

II. THE LEADING CASE: *MICROSTAR V. FORMGEN*

The only court to consider whether add-on games infringe upon the protections afforded by trademark law, copyright law, or shrink-wrap licensing agreements is *Microstar v. FormGen*.[115] Specifically, the court addressed whether to enjoin Microstar from marketing the add-on game *Nuke It* that provided additional levels for the FormGen game *Duke Nukem 3D*.[116] While the court provided specific limitations on the packaging and the use of copyrighted material, Microstar was allowed to continue to produce and market *Nuke It*.

A. *The Factual Basis of the Dispute*

FormGen, Inc. ("FormGen") created a computer game called *Duke Nukem 3D*.[117] Players of *Duke Nukem* were provided with twenty-nine levels to advance through.[118] Each map level contained monsters and other creatures, which the player was required to fight in order to advance to the next level.[119] To build interest in the game, FormGen included in the software the option for participants to create their own levels through an editor called BUILD.EXE. The instructions on how to create those new levels were saved as files with a .MAP extension.[120] To use files created

<http://www.softwareindustry.org/issues/guide/docs/2Bredline.html>.

    113*. See UCC 2-2203*, *supra* note 111.

    114*. See id.*

    115. 942 F. Supp. 1312 (S.D. Cal. 1996).

    116*. See id.* at 1315.

    117*. See id.* at 1314.

    118*. See id.*

    119*. See id.*

    120*. See id.* A file extension is a three letter group that denotes a type of file. For example, .BMP is the file extension denoting a bitmap file. The file name tree.bmp

with BUILD.EXE, one must have owned a registered version of *Duke Nukem*.[121] Each time a user exited *Duke Nukem*, a message appeared which told the user about the map editor.[122] The message also stated, "you can then pass [the new .MAP levels] to your friends, or upload to other Dukers on-line."[123]

Duke Nukem had a copyright message on its packaging and displayed in the game itself.[124] The information contained in the build editor stated that the editor could not be re-packaged or sold.[125] In addition, *Duke Nukem* included a LICENSE.DOC file that completely restricted commercial sales of new levels created with the editor and further stated that all rights in the new levels were granted back to FormGen.[126]

Microstar downloaded 300 new levels that were created by *Duke Nukem* players from the Internet.[127] They packaged those new levels as *Nuke It*.[128] The packaging for *Nuke It* stated, "'[r]equires registered version of *Duke Nukem 3D*(TM)—*Duke Nukem 3D*(TM) is a registered trademark of 3D Realms Entertainment. This product is not associated with nor will be supported by 3D Realms Entertainment.'"[129] The packaging also contained

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would mean that the file called tree is a bitmap file.

    121. *See id.*

    122. *See id.*

    123. *Id.*

    124. *See id.* at 1315.

    125. *See id.*

    126*. See id.* These terms are fairly typical for these types of games. For instance, the License.doc file of Blizzard Entertainment's game "Starcraft" states, in part:

> YOU SHOULD CAREFULLY READ THE FOLLOWING END USER LICENSE AGREEMENT BEFORE INSTALLING THIS SOFTWARE PROGRAM. BY INSTALLING, COPYING, OR OTHERWISE USING THE SOFTWARE PROGRAM, YOU AGREE TO BE BOUND BY THE TERMS OF THIS AGREEMENT. IF YOU DO NOT AGREE TO THE TERMS OF THIS AGREEMENT, PROMPTLY RETURN THE UNUSED SOFTWARE PROGRAM TO THE PLACE FROM WHICH YOU OBTAINED IT FOR A FULL REFUND.

Starcraft Licensing Agreement (on file with author). *See* Appendix, *infra* pp. 693-98 for the full text of the licensing agreement.

    127. *See Microstar*, 942 F. Supp. at 1315.

    128*. See id.*

    129*. Id.*

thirty scenes from the *Duke Nukem* game itself.[130] The version of *Nuke It* which came out in July, 1996, contained twenty-five screen savers that displayed images from *Duke Nukem* and some audio-visual aspects from the game.[131] In addition, an early version of *Nuke It* contained two levels that were identical to those contained in the *Duke Nukem* game itself, which Microstar subsequently removed.[132]

After Microstar was denied a license,[133] it decided to place a red sticker with the following disclaimer on its *Nuke It* package: "'[t]hese levels were independently created by 3rd parties not affiliated with 3D Realms, creator of *Duke Nukem 3D*(TM).'"[134] FormGen alleged that Microstar had infringed its copyrights and trademarks in the game *Duke Nukem*.[135]

On August 9, 1996, FormGen filed an application to enjoin Microstar from making or distributing *Nuke It* and alleged copyright and trademark infringement.[136] In addition, FormGen wanted Microstar to recall all copies of *Nuke It*.[137]

FormGen claimed that they had a copyright in *Duke Nukem* that extended to derivative works.[138] Microstar responded that there was no copyright infringement under the meaning of the Copyright Act, that its actions constituted a "fair use," and that FormGen had abandoned its right to limit the distribution of additional levels.[139] Additionally, Microstar responded that

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130*. See id.* at 1314.

131*. See id.* at 1314-15. On September 19, 1996, USA Today reported that *Duke Nukem 3D* was the third best PC game. *August's Top Software*, USA TODAY, Sept. 19, 1996, at 4D. The newly released *Nuke It* was ranked ninth. *See id.*

132*. See Microstar*, 942 F. Supp. at 1315.

133*. See id.*

134*. Id.*

135*. See id.* at 1314.

136*. See id.*

137*. See id.* By June, 1997, *Nuke It* had sold over 60,000 units. *See Counterstrike*, *supra* note 9.

138*. See Microstar,* 942 F. Supp. at 1316.

139*. See id.* The rights granted to copyright owners are limited by proper fair uses. *See* 17 U.S.C. § 107 (1994). Section 107 states, in relevant part, that:

   [T]he fair use of a copyrighted work, including such use by reproduction in
   copies or phonorecords or by any other means specified by that section, for
   purposes such as criticism, comment, news reporting, teaching (including mul-

LICENSE.DOC was an invalid licensing agreement.[140]

B. *The District Court*

The court held that the data sequence in the *Nuke It* ".MAP" files[141] were not subject to copyright protection.[142] The court determined that the audiovisual elements, which appeared when *Nuke It* was played, originated from *Duke Nukem* itself.[143] The court was persuaded by the reasoning in *Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.*,[144] which concerned the Game Genie device created by Galoob Toys, Inc. ("Galoob") to control games manufactured by Nintendo of America, Inc. ("Nintendo").[145] The Game Genie allowed players to alter three features of a Nintendo game.[146] The Game Genie, however, did not alter the data con-

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tiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—-

   (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.

Id. The typical example of a fair use is photocopies made for educational instruction. *See* Basic Books v. Kinko's Graphics Corp., 758 F. Supp. 1522 (S.D.N.Y. 1991).

   140*. See Microstar,* 942 F. Supp. at 1316.

   141. .MAP files are the files that are created by the *Duke Nukem* map editor for each new map that is created. *See id.* at 1314.

   142*. See id.* at 1317. The Software Publisher's Association disagreed with this finding. *See Micro Star Reiterates Lack of Infringement By User-Created Levels*, ANDREWS COMPUTER & ONLINE INDUSTRY LITIG. REP., June 3, 1997, at 24,244. The Software Publisher's Association stated that computer games consist of both computer programs and audio-visual works, and that computer programs are protected regardless of what form they take. *See id.* They further argued that regardless of the fact that .MAP files do not contain data consisting of the audio-visual aspects of the game, the .MAP files are still copyrightable as computer programs or files. *See id.*

   143*. See Microstar*, 942 F. Supp. at 1316.

   144. 964 F.2d 965 (9th Cir. 1992).

   145*. See Microstar*, 942 F. Supp. at 1316.

   146*. See Nintendo*, 964 F.2d at 967. The Game Genie altered such areas as power, speed, weapons, and lives. *See Galoob Toys Has Big Sales Up Its Sleeve*, PLAIN DEALER, Dec. 7, 1993, at F14. In 1992, the Game Genie grossed $65 million. *See id.*

tained in the Nintendo cartridge itself.[147] The *Nintendo* court held that Galoob's modifications constituted a fair use, especially because the source of the display was the original Nintendo cartridge.[148] The court therefore held that Galoob did not infringe Nintendo's copyrights in their games.[149]

Next, the Microstar court turned to the issue of the thirty screen savers included on the *Nuke It* CD ROM.[150] The court found that the thirty screen savers and scenes which appeared on the *Nuke It* packaging violated FormGen's right to distribute derivative works.[151] In addition, the court held that the use of the screen savers and scenes on the *Nuke It* packaging were not fair uses.[152] In a copyright fair use analysis, the courts look primarily to the market impact of the alleged infringing use.[153] In this case, the court determined that the use of those items would have had an adverse effect on FormGen's potential market for the copyrighted works.[154]

The court addressed two of Microstar's claims, namely, that (1) by allowing users to create new levels, FormGen waived or abandoned copyright protection in *Duke Nukem*[155] and (2)

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147. *See Nintendo*, 964 F.2d at 969.

148. *See id.* at 972.

149. *See id.*

150. *Microstar*, 942 F. Supp. at 1316.

151. *See id.* at 1316-17.

152. *See id.* at 1317.

153. *See* Stewart v. Abend, 495 U.S. 207, 238 (1990) (White, J., concurring) (stating that the most important factor in determining a fair use is the impact on the potential market for the value of the copyrighted work). The Supreme Court elaborated:

> Thus, although every commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright, noncommercial uses are a different matter. A challenge to a noncommercial use of a copyrighted work requires proof either that the particular use is harmful, or that if it should become widespread, it would adversely affect the potential market for the copyrighted work. Actual present harm need not be shown; such a requirement would leave the copyright holder with no defense against predictable damage. Nor is it necessary to show with certainty that future harm will result. What is necessary is a showing by a preponderance of the evidence that *some* meaningful likelihood of future harm exists. If the intended use is for commercial gain, that likelihood may be presumed. But if it is for a noncommercial purpose, the likelihood must be demonstrated.

Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 451 (1984).

154. *See Microstar*, 942 F. Supp. at 1317.

155. *See id.* at 1317-18.

LICENSE.DOC was not a valid license agreement because the information contained in the file was not mentioned on the box, not necessary for game play, and unlikely to be opened by the average user.[156] The court rejected Microstar's contentions because it determined that by sanctioning the creation of new levels, FormGen did not waive its copyrights, and that Microstar did not have an implied license to use elements of *Duke Nukem* for commercial purposes.[157] Therefore, the court held that FormGen did not waive its copyright in the images and sounds that were contained in the *Nuke It* screen savers and packaging.[158] The court avoided the question of whether the license agreement was valid.[159]

After discussing the copyright issues, the court addressed the trademark infringement claims. For the likelihood of confusion analysis, the court used the eight part test employed in *Metro Publishing, Ltd. v. San Jose Mercury News*.[160] Microstar introduced into evidence the declarations of independent consumers who testi-

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156. *See id.* at 1317.

157. *See id.* at 1318.

158. *See id.*

159. *See id.* The court stated:

The court, however, disagrees with Microstar's proposition that by permitting users to create works for non-commercial purposes, movants have impliedly licensed commercial competition. Waiver is defined as "an intentional relinquishment or abandonment of a known right or privilege." *Campbell v. Wood*, 18 F.3d 662, 672 (9th Cir. 1994) *cert. denied*, ___ U.S. ___, 114 S. Ct 2125 (1994), citing *Johnson v. Zerbst*, 304 U.S. 458, 464 (1938). The court notes that regardless of who else might have read LICENSE.DOC, Microstar has conceded that it had knowledge of the restrictions contained therein. While the court agrees that movants could have done a better job in ensuring that Duke 3D users assented to the LICENSE.DOC restrictions, the court is not willing to conclude that Microstar has an implied license to use the product for commercial competition. As such, the court finds that Microstar has not made a sufficient showing that movants waived all of their rights as to the commercial competition with their product.

The court also notes here its earlier holding that the MAP files which Duke 3D users place on the Internet do not contain any copyrightable material. Therefore, Microstar's claim that movants waived or abandoned their copyright protection by encouraging its users to share new levels, or MAP files, with the rest of the world is rendered moot by the fact that what the users create and share is not protected in the first place.

Id. at 1318.

160. 987 F.2d 637, 640 (9th Cir. 1993).

fied that there was no possibility of confusion.[161]   The only evidence of confusion FormGen introduced was the statement of the president of a related company.[162]   The court agreed with Microstar that FormGen's evidence did not reflect the views of the purchasing public.[163]   The court examined both *Duke Nukem* and *Nuke It*, and determined that "when the red sticker disclaimer is attached there is not 'a likelihood of confusion.'"[164]

The court also rejected FormGen's trade dress infringement claim.[165]   FormGen claimed that the images on the package, the similar logo, and the mushroom cloud imagery caused consumer confusion.[166]   The court, however, thought that the three disclaimers, different pictures, fonts, logos, and colors on the *Nuke It* packages safely protected against consumer confusion.[167]

The last claim that the court dealt with was a claim for false advertising. The *Nuke It* package stated that there were 300 "new" levels to play. FormGen argued that those levels were not new because they were simply modified existing levels.[168]   The court determined that to the consuming public those were new levels and, therefore, the false advertising claim failed.[169]

In the end, the court issued a preliminary injunction, which barred Microstar from using screen scenes on its packaging, recalled all packages with such screen scenes, and barred the use of the infringing screen savers.[170]   In addition, Microstar was required to remove or cover up any packaging that made reference to the infringing screen savers.[171]

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161. *See Microstar*, 942 F. Supp. at 1318.

162*. See id.*

163*. See id.*

164. *Id.* at 1319. The *Nuke It* package had a different type of font, logos, graphics, and colors. *See* David J. Loundy, *Duke Nukem Battle Radiates With Issues*, CHI. DAILY L. BULL., Dec. 12, 1996, at 6. The packaging had at least two disclaimers. *See id.* The sticker that was added constituted a third disclaimer. *See id.*

165*. See Microstar*, 942 F. Supp. at 1319.

166*. See id.*

167*. See id.*

168*. See id.*

169*. See id.*

170*. See id.*

171. *See id.* at 1319-20.

III. TRADEMARK, COPYRIGHT, AND SHRINK-WRAP LICENSING LAW SHOULD NOT PROHIBIT THE CREATION OF ADD-ON GAMES

Trademark and copyright law should not bar the development of add-on games. Because .MAP files are not derivative works, and the creation of .MAP files does not constitute copyright infringement. Intellectual property law policies favor the production of unauthorized add-on games. In addition, shrink-wrap licensing agreements should not preclude the creation of add-on games.

A. *Trademark Law Should Not Bar Add-on Games*

The main trademark issue in *Microstar* was trade dress.[172] As with any other product, trade dress of computer software packaging must not confuse consumers as to the source of the goods.[173] As was seen in *Microstar*, guarding against consumer confusion in software packaging is not particularly difficult.[174] Manufacturers of add-on games can make packaging that is quite distinct from the original product.[175] Distinctive features may include different colors, fonts, shapes and sizes of the packaging.[176] In addition, as discussed in *Microstar*, the use of disclaimers can further prevent consumer confusion.[177] "[I]t is only 'unfair competition' to trade off another's good will and in the process dupe consumers into mistaking one's products for another's."[178]

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172. *See* discussion *supra* notes 165-167 and accompanying text (describing how the *Microstar* court addressed the trade dress issue).

173. *See supra* Part I.A.2 (describing how trade dress applies to the packaging of computer software).

174. *See* discussion *supra* notes 165-167 and accompanying text (discussing why there was no trade dress infringement or likelihood of confusion between *Duke Nukem* and *Nuke It*). In some cases, however, the application of the likelihood of confusion analysis can get quite involved. *See* Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961). The *Polaroid* court listed only a few of the possible factors to be considered. *See id.* at 495. The court stated that "[e]ven this extensive catalogue does not exhaust the possibilities—the court may have to take still other variables into account." *Id.*

175. *See supra* Part I.A.2 (describing how trade dress applies to the packaging of computer software).

176. *See supra* Part I.A.2 (describing the elements of trade dress).

177. *See* discussion *supra* note 164 and accompanying text (describing the use of a red sticker disclaimer on the *Nuke It* software box).

178. Duraco Prod. v. Joy Plastic Enters., 40 F.3d 1431, 1448 (3d Cir. 1994).

Many purchasers of computer software can distinguish be-
tween software producers.[179] In addition, many game packages
have the name of the manufacturer promptly displayed on the front
side.[180] Nevertheless, it would be prudent to require add-on game
manufacturers to have both disclaimers on the packaging as well as
colorful stickers disclaiming all associations with the original crea-
tor.[181] Additionally, the "traditional" trademark analysis should be
used to evaluate the names of add-on products to make certain that
they do not infringe the original creator's mark.[182] With those pro-
visions, there is no valid trademark reason for preventing the crea-
tor of an add-on game from selling her product on the market.[183]

B. *Copyright Law Should Not Bar Add-on Games*

There are several copyright issues concerning the marketing of
add-on games.[184] First of all, as decided in the *Microstar* case,
copyrighted pictures may not be used on the packaging of add-on
games.[185] This would not constitute a fair use primarily because
the images would be used in commerce and have an adverse effect
on the marketing of the original game.[186] The same analysis would
apply to the creation of screen savers using copyrighted material
from the original game.[187] The use of unauthorized screen savers

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179*. See* discussion *supra* note 24 and accompanying text (discussing how it was
unlikely that consumers would be confused between *Nuke It* and *Duke Nukem* packag-
ing).

180*. See* discussion *supra* note 25 and accompanying text (discussing trademark
law and computer software packaging).

181*. See supra* note 167 and accompanying text (detailing the reasons why the *Mi-
crostar* court did not find trade dress infringement); *see also* Home Box Office, Inc. v.
Showtime/The Movie Channel, Inc., 832 F.2d 1311, 1315 (2d Cir. 1987) ("[W]e have
found disclaimers to be adequate in certain cases, each case must be judged by consider-
ing the circumstances of the relevant business and its consumers. We have found the use
of disclaimers to be an adequate remedy when they are sufficient to avoid substantially
the risk of consumer confusion.").

182*. See supra* Part I.A (providing the traditional trademark infringement analysis).

183*. See supra* Part I.A.

184*. See supra* Part I.B.2 (discussing copyright law and computer programs).

185*. See supra* notes 150-154 and accompanying text (discussing the use of copy-
righted pictures on the *Nuke It* packaging).

186*. See supra* notes 153-154 and accompanying text (discussing the impact on the
market of the alleged copyright infringing works and the fair use doctrine).

187*. See supra* notes 150-154 and accompanying text (discussing the use of copy-

would constitute copyright infringement if put on the CD-ROMs containing add-on games.[188]

The more fundamental question is whether making or copying .MAP files would constitute copyright infringement.[189] The *Microstar* court clearly did not think so.[190] There are two levels on which this issue can be explored. The first level is the audiovisual level.[191] Cases such as *Williams Electronics* and *Atari* are indicative of this type of copyright protection.[192] The problem with applying this type of analysis to .MAP files, as determined in *Microstar*, is that the sounds and images produced come from the original game itself.[193] A user must own a copy of the original game in order to play the add-on disk.[194] The .MAP file is simply a set of instructions that tell the original game program how to configure a level.[195] Therefore, the creator of an add-on disk is not engaging in copyright infringement because there is no copying of any audiovisual aspects of the original game.[196]

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righted pictures on the *Nuke It* packaging).

188. *See supra* notes 150-154 and accompanying text (discussing the use of copyrighted pictures on the *Nuke It* packaging); *see also* Jefferson Airplane v. Berkeley Sys., 886 F. Supp. 713 (N.D. Cal. 1994) (holding that a class N copyright registration did not protect against the creation of "flying toaster" screen saver).

189. *See supra* notes 141-149 and accompanying text (discussing the copyrightability of .MAP files).

190. *See supra* notes 141-149 and accompanying text (discussing the copyrightability of .MAP files).

191. *See supra* notes 48-77 and accompanying text (discussing copyright infringement of the audiovisual aspects in *Williams* and *Atari*).

192. *See supra* notes 48-77 and accompanying text (discussing copyright infringement of the audiovisual aspects in *Williams* and *Atari*).

193. *See supra* note 143 and accompanying text (explaining that the audiovisual aspects displayed in *Nuke It* were actually coming from *Duke Nukem* itself).

194. *See supra* note 121 and accompanying text (describing that in order to play *Nuke It*, users were required to own the original game *Duke Nukem*).

195. *See supra* note 142 and accompanying text (stating that the Software Publishers Association argued that regardless of the fact that .MAP files do not contain data consisting of audio-visual aspects of the game, they are still copyrightable as computer programs or files).

196. *See supra* note 143 and accompanying text (explaining that the audiovisual aspects displayed in *Nuke It* were actually coming from *Duke Nukem* itself). This is the view the Nintendo court adopted. *See* Galoob v. Nintendo, 964 F.2d 965, 969 (9th Cir. 1992). According to the court:

The Game Genie is useless by itself, it can only enhance, and cannot duplicate or recast, a Nintendo game's output. It does not contain or produce a Nintendo

The second level of analysis involves the literal copying of computer code. This type of analysis was employed in *Apple Computer* and *Tandy*.[197] When .MAP files are produced, computer instructions are created.[198] If this code is reproduced without permission, one could argue, there is copyright infringement.[199] This analysis is dependent on several factors. First, arguably, the manufacturer of the original game is not the author of the .MAP file because the manufacturer did not author the file—the user did.[200] Second, even if there is a licensing agreement that states any .MAP files are the property of the original game creator, this contract may not be valid.[201] Finally, the actual copying may not be a substantial taking, because all that is copied are instructions on how a game should operate.[202]

In order to avoid the issue of the actual copying of code, perhaps add-on disk manufacturers could create their own editors, thus evading any potential liability for the actual copying of code.[203] In this way, the manufacturer of an add-on disk would avoid breach of contract concerns as well as literal copying claims.[204] For the preceding reasons, it appears that a copyright infringement argument based on the literal copying of .MAP files is

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game's output in some concrete or permanent form, nor does it supplant demand for Nintendo game cartridges. Such innovations rarely will constitute infringing derivative works under the Copyright Act.

Id.

197. *See supra* notes 29-47 and accompanying text (describing the application of copyright law to the literal copying of computer code).

198*. See supra* note 120 and accompanying text (describing how instructions for new levels are saved as .MAP files).

199*. Cf.* discussion *supra* notes 141-149 and accompanying text (explaining the perspective of the *Microstar* court that Microstar did not infringe FormGen's copyrights by making .MAP files).

200. The question of whether a user can claim copyright protection for authoring this .MAP file is a question that is beyond the scope of this Note.

201*. See supra* Part I.C (discussing shrink-wrap license agreements).

202*. See* Feist Publications, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340 (1991) (holding that facts alone cannot be copyrighted); *see also supra* note 26 and accompanying text (same).

203*. See* Vault Corp. v. Quaid Software, 847 F.2d 255 (5th Cir. 1988) (holding that the Copyright Act preempted a shrink-wrap license agreement barring the copying or reverse engineering of plaintiff's software). Add-on game manufacturers should thus be able to figure out how the original editor works, and then make their own editor. *See id.*

204*. See id.*

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not particularly persuasive.

C. *Intellectual Property Policies Favor the Production of Add-On Games*

Intellectual property policy considerations are implicated by the production of unauthorized add-on games. The incentive to create and disseminate intellectual property affects whether both computer games and add-on products will be created. The property concept of natural law has a similar impact on the production of intellectual property. In addition, the advancement of technology policy can determine whether games are produced. These intellectual property policies favor the production of unauthorized add-on games.

According to the Copyright Act, authors are given a limited monopoly that provides an incentive for them to create their works.[205] Included in those incentives are reproduction, performance, and distribution rights.[206] Those rights also apply to copyrighted computer programs such as computer games.[207] Since the Copyright Act was enacted, technology has made it much easier for people to reproduce works and distribute them electronically. Protecting authors' rights in their computer programs encourages them to design new and improved programs.[208]

Some claim, however, that strictly enforcing copyright rights would be too costly to society because society would lose works that build upon already copyrighted material.[209] This argument is supported by the claim that authors would have other incentives to produce their works, and that they would produce their works re-

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205. *See supra* note 11 and accompanying text (describing the exclusive rights granted to copyright owners).

206*. See id.*

207. *See supra* Part I.B.2 (discussing copyright law and computer programs). The Copyright Office began registering computer programs in 1964. *See* Diamond v. Dieher, 450 U.S. 175, 195 n.2 (1981).

208*. See* Benjamin Ely Marks, *Copyright Protection, Privacy Rights, and the Fair Use Doctrine: The Post-Salinger Decade Reconsidered*, 72 N.Y.U. L. REV. 1376, 1376-77 (1997).

209*. See* Stephen M. McJohn, *Fair Use of Copyrighted Software*, 28 RUTGERS L.J. 593, 602 (1997) (discussing the economic incentives of copyright protection).

gardless of the protection they were afforded.[210]

Others argue that only strong copyright laws would provide the incentive for the dissemination of information to society.[211]   If computer game manufacturers thought they would be unable to make a profit from their computer games, they would probably be unwilling to create their games.

Strong protection, however, does not necessarily mean that there would be more and better games available. Unauthorized add-on games do not always adversely affect the sales of the original game. In fact, add-on games may actually increase demand for the original game.

On the other hand, it is possible that unauthorized add-on games will affect the market for add-on games produced by the original manufacturer. To avoid this, the original creator of the game can add additional features to its add-on games to make them more desirable to a consumer. Unauthorized add-on games simply provide additional maps for users to play.[212] Add-on games may not impact the market because the maps contained in the add-on games may be less desirable due to their inferior quality.[213]   In short, there still will be demand for the authorized add-on games. It is likely that manufacturers of computer games will continue to have the incentive to produce their games as well as market their own add-on games.

Another policy behind intellectual property law worth consideration with regard to add-on games is natural law. Natural law is a property concept that developed during the seventeenth century by philosophers such as John Locke.[214] Natural law dictates that

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210*. See* Michael J. Meurer, *Price Discrimination, Personal Use and Privacy: Copyright Protection of Digital Works*, 45 BUFF. L. REV. 845, 857 n.51 (1997).

211*. See* McJohn, *supra* note 209, at 602 (describing how protection serves as an incentive to produce works); *see also* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 599 (1994) ("[U]nderprotection of copyright disserves the goals of copyright just as much as overprotection, by reducing the financial incentive to create.") (Kennedy, J., concurring).

212*. See supra* note 143 and accompanying text (describing how all of the images and sounds used by an add-on game come from the original game itself).

213*. See Nuke It*, PC MAGAZINE, Nov. 5, 1996, at 462 (stating that most of the levels found on *Nuke It* were not worth downloading).

214*. See* Wendy J. Gordon, *A Property Right in Self-Expression: Equality and Indi-*

the person who labors to create something is the owner of that thing.[215] For instance, if someone finds an empty field and works it into a farm, Natural law would say the farm is his.[216]

Natural law can be applied to the authorship of computer programs. When someone takes a copyrighted picture and copies it, according to natural law, that person is doing a great harm to the owner of the copyright. Computer programmers put a tremendous amount of time into their programs, and the programs created are sometimes quite valuable. From this perspective, it is clear that natural law would favor strong protection of computer programs.

From a different perspective, it can be argued, manufacturers of add-on games are not taking anything from the original game.[217] All images and sounds that are created by the use of an add-on game come from the game itself.[218] The manufacturer of an add-on game is not claiming to create anything but the new map. Thus, there is no taking when an add-on game is created. For these reasons, natural law would not prohibit the manufacturing of add-on games.

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vidualism in the Natural Law of Intellectual Property, 102 YALE L.J. 1533, 1540 (1993).

215. *See id.* at 1540.

216. *See id.* at 1544; *see also* White v. Samsung Elecs. Am., Inc., 989 F.2d 1512, 1513 (9th Cir. 1993).

> Private property, including intellectual property, is essential to our way of life. It provides an incentive for investment and innovation; it stimulates the flourishing of our culture; it protects the moral entitlements of people to the fruits of their labors. But reducing too much to private property can be bad medicine. Private land, for instance, is far more useful if separated from other private land by public streets, roads and highways. Public parks, utility rights-of-way and sewers reduce the amount of land in private hands, but vastly enhance the value of the property that remains.
>
>   So too it is with intellectual property. Overprotecting intellectual property is as harmful as underprotecting it. Creativity is impossible without a rich public domain. Nothing today, likely nothing since we tamed fire, is genuinely new: Culture, like science and technology, grows by accretion, each new creator building on the works of those who came before. Overprotection stifles the very creative forces it's supposed to nurture.

White, 989 F.2d at 1513(footnote omitted).

217. *See supra* note 143 and accompanying text (describing how all of the images used by an add-on game come from the original game itself).

218. *See supra* note 143 and accompanying text (describing how all of the images used by an add-on game come from the original game itself).

Another policy behind copyright law is the advancement of technology, which concerns the promotion and development of new technologies. Advocates of this policy believe that overly protective copyright laws would inhibit the development of technology by stopping people from accessing information or greatly inhibiting access to information.[219] At first glance, this policy implicates the problem of strong copyright laws: People will not be able to build upon what has come before.

By having stringent copyright laws, some argue, new developments will be stifled. New technology is often the product of building on what is already known.[220] Creators of add-on games make new maps, but they also may discover new ways to design features of those levels, or make those games more exciting. Technological advances will be inhibited if information is made unavailable due to copyright law.

Unrestrained pirating of information, however, will chill the advancement of technology.[221] If people are not secure in the fact that they will reap the benefits of their investment in intellectual property, they will cease to make their information available.[222] What is needed then, is a balance between protection and dissemination.

The proper balance is to continue to protect the original game, but also allow for new innovations through the development of add-on games. Manufacturers of the original games would still produce their games because they would be rewarded with profits from their original game sales. Sales of unauthorized add-on games may actually promote the sale of the original game. Allowing the creation of add-on games could help the computer gaming industry develop further technologies that would help both the manufacturers of computer games and the computer industry as a

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219. *See* David A. Rice, *Licensing the Use of Computer Program Copies and the Copyright Act First Sale Doctrine*, 30 JURIMETRICS J. 157, 187 (1990).

220. *See id.*; *see also supra* note 216 and accompanying text (describing natural law and the incentives for authors to create their works).

221. *See* Pierre N. Leval, *Nimmer Lecture: Fair Use Revised*, 44 U.C.L.A. L. REV. 1449, 1458 (1997) (describing economic incentives to create works in the context of governmental leaders writing memoirs).

222. *See id.*

whole.

D. *Shrink-Wrap Licensing Agreements and Add-on Games*

The *Microstar* court did not fully address the issue of shrink-wrap licensing agreements.[223] The LICENSE.DOC file accompanying the map editor in *Duke Nukem* prohibited the commercial use of the new map levels created.[224] Although LICENSE.DOC was not an actual shrink-wrap agreement because its terms were not on the outside of the package, computer software packages often have shrink-wrap license agreements.[225] The *Microstar* court simply decided that .MAP files were not copyrightable.[226] The court did not determine whether LICENSE.DOC was enforceable.[227] It is important to note that Microstar downloaded many of the .MAP files from the Internet, which means they did not violate the terms of LICENSE.DOC because they were not in privity.[228]

The harder case to decide is whether an add-on game manufacturer may disregard the terms of a shrink-wrap license. On the enforceability of shrink-wrap license agreements, courts have held both ways.[229] As stated earlier, courts have held that shrink-wrap licenses are contracts of adhesion, preempted by the Copyright Act, and the last shot in a battle of the forms.[230] On the other hand, at least one court has held that shrink-wrap licenses are not preempted by the Copyright Act, are necessary and common commercial contracts, and are enforceable regardless if all the terms are stated in full on the package.[231] As the law of shrink-wrap licenses seems to be in flux, perhaps Congress's new initiative or the

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223. *See supra* notes 155-159 (discussing the role of shrink-wrap licenses in the *Microstar* decision). For this reason, this Note only briefly discusses this issue.

224. *See* Microstar v. FormGen, 942 F. Supp. 1312, 1315 (S.D. Cal. 1996).

225. The license agreement in ProCD is a good example of a computer shrink-wrap agreement. *See* ProCD v. Zeidenberg, 86 F.3d 1447 (7th Cir. 1996).

226. *See Microstar*, 942 F. Supp. at 1316.

227. *See id.*

228. *See id.* at 1315.

229. *See supra* Part I.C (discussing the holdings of the various courts concerning the enforceability of shrink-wrap license agreements).

230. *See supra* Part I.C (discussing the enforceability of shrink-wrap licensing agreements).

231. *See supra* Part I.C (discussing the holding in *ProCD*).

American Law Institute's proposed section 2-2203 or a new article 2B would provide better guidance to the courts.[232]

The proposed Uniform Commercial Code provision could solve many of the problems associated with shrink-wrap licenses. A purchaser of a game would have the opportunity to get the software package, read the terms, and return the package for a full refund if she did not agree to the terms.[233] The normal use provision would mean that if someone used the map editor one year after she started using the program, and only then learned of its terms (because it is only displayed upon use), she could return the product for a refund.[234]

Like the court in *ProCD* and the drafters of the proposed Uniform Commercial Code section,[235] some believe that shrink-wrap agreements should be binding. If shrink-wrap licenses are not enforceable, they argue, it places software manufacturers in a difficult position. They would not know what price to sell products at because they would not know what provisions of the contract would be held enforceable. One suggestion is to balance the en-

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232. *See supra* Part I.C (discussing the American Law Institute's proposed section 2-2203). The Digital Era Copyright Enhancement Act will likely be hotly debated in Congress. *See* Ronald J. Palenski, *Pending Bills Cover Click-wrap Licenses, Unsolicited E-Mail, Web Material "Harmful to Minors," Online Gambling and Privacy*, NAT'L L.J., Feb. 2, 1998, at C1. The Digital Era Copyright Enhancement Act covers both "traditional" shrink-wrap license agreements as well as "click-wrap" license agreements. *See id.* Click-wrap license agreements are similar to shrink-wrap agreements except that acceptance of the offer is made on the computer screen by clicking acceptance rather than by opening or buying a software package. *See id.*

233. *See supra* Part I.C (discussing shrink-wrap licenses and the proposed Uniform Commercial Code provision).

234. *See supra* note 113 and accompanying text (stating that under the proposed Uniform Commercial Code section 2-2203, a user could return the software package if the terms of the contract were not listed on the outside of a software package and discovered only through normal use of the program).

235. *See* Richard Raysman & Peter Brown, *Shrink Wrap Licenses Revisited*, N.Y.L.J., Aug. 13, 1996, at 3. According to Raysman and Brown:

> This type of Uniform Commercial Code provision would directly apply to *ProCD*'s shrinkwrap license situation. The responsibility to review the terms, and to reject the product if the terms are unsatisfactory, would be placed on the buyer. This Uniform Commercial Code provision, if enacted, would effectively codify the Seventh Circuit's declaration in *ProCD* that shrinkwrap licenses are enforceable.

Id.

forceability of shrink-wrap licenses by allowing end-users to get a refund for a reasonable time if they disagree with the terms of the contract.[236] Supporters of the enforceability of shrink-wrap agreements argue that if end-users already know, and therefore consent to the terms of the contract, they should be bound by it.[237]

In the balance of the equities, it appears that shrink-wrap licenses should not be enforceable. Many people do not read the fine print or other messages when installing computer software.[238] Shrink-wrap licenses could be considered contracts of adhesion because it is hard, if not impossible, to bargain for terms when purchasing computer software. In some cases, shrink-wrap agreements could also be the last shot in the battle of the forms. Perhaps the most persuasive argument why shrink-wrap licensing agreements should not bar the creation of add-on games is that those contracts should be preempted by the Copyright Act.[239] As previ-

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  236*. See supra* notes 113 and accompanying text (stating that under the proposed Uniform Commercial Code section 2-2203, a user could return the software package if the terms of the contract were learned in the course of normal use).

  237*. See* Step-Saver Data Syss. v. Wyse, 939 F.2d 91, 99-100 (3d Cir. 1991). The court stated:

> The reasons that led to the rejection of the last shot rule, and the adoption of section 2-207, apply fully in this case. TSL never mentioned during the parties' negotiations leading to the purchase of the programs, nor did it, at any time, obtain Step-Saver's express assent to, the terms of the box-top license. Instead, TSL contented itself with attaching the terms to the packaging of the software, even though those terms differed substantially from those previously discussed by the parties. Thus, the box-top license, in this case, is best seen as one more form in a battle of forms, and the question of whether Step-Saver has agreed to be bound by the terms of the box-top license is best resolved by applying the legal principles detailed in section 2-207.

Id.

  238*. See supra* note 13 and accompanying text (explaining that many consumers don't read the terms of software agreements).

  239. By enforcing the terms of shrink-wrap licenses, states are expanding the exclusive rights granted to authors by the Copyright Act. The Copyright Act clearly prohibits this expansion. *See* Vault v. Quaid Software Ltd., 655 F. Supp. 750 (E.D. La. 1987); 17 U.S.C. § 301 (West 1994). Section 301 states, in relevant part:

> (a) On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no

ously discussed, Congress balanced the needs of society against the rights of authors in the ownership of their works in drafting the Copyright Act. Any contract that corrupts this delicate balance is abhorrent to public policy.

CONCLUSION

In drafting the copyright and trademark statutes, Congress balanced the needs of society as a whole against the owners of intellectual property rights. Those rights should not extend to the marketing of add-on games for computer programs. Basically, the *Microstar* court was correct in its analysis; creating and marketing .MAP files does not constitute copyright infringement. In addition, so long as there are adequate disclaimers, distinguishing packaging, and no likelihood of confusion by consumers, trademark law should not bar this practice. The Uniform Commercial Code and federal copyright law, however, should be revised to limit the protections afforded by shrink-wrap license agreements. It is immaterial whether the revision is accomplished through a new article 2B of the Uniform Commercial Code, the proposed section 2-2203 of the Uniform Commercial Code, the Digital Era Copyright Enhancement Act or some other legal authority.

In the final analysis, software creators may benefit from allowing the commercial distribution of add-on games. Besides any lost revenue from competition with their own add-on games, the additional levels available may actually promote the original game and therefore induce further sales. Although scattered, many of those additional levels are available on the Internet anyway. In addition, there is nothing preventing companies from licensing the right to make add-on games, and thereby securing profits from royalties.

When the video cassette recorder ("VCR") was introduced, many thought that it would devastate Hollywood. To the contrary, film revenues have sky-rocketed in the past couple of decades. Perhaps add-on games will spark a similar revolution. Nevertheless, the decision as to whether add-on game manufacturers will

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person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

Id.

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have the opportunity to test this hypothesis lies in the hands of the Ninth Circuit in *Microstar v. FormGen*.

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APPENDIX

FULL TEXT OF CLICK-WRAP LICENSE AGREEMENT

The License.doc file of Blizzard Entertainment's game "Starcraft" states:[240]

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240. *See supra* note 126 and accompanying text.

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241. Starcraft Licensing Agreement (on file with author).