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Sports Leagues and Video Game Licensing: Game Over or Game On?

How recent rulings could possibly devalue the NFL's video game agreement.

Nicholas De Palma

I. INTRODUCTION

Modern professional sports leagues are elaborate and complex entities. Over the years they have evolved from simple organizations that were tasked with creating uniform game regulations and arranging league schedules, to a series of lucrative and profitable businesses.¹ No other indicator illustrates this point as well as the revenues generated by leagues and their various subsidiaries. The National Football League (“NFL”), for example, collected an estimated \$9 billion in revenues in 2010.² Similarly, Major League Baseball (“MLB”) raised an estimated \$7 billion the same year.³ The National Basketball Association (“NBA”) and the National Hockey League (“NHL”) are ranked the third and fourth most profitable sports leagues in the United States, respectively.⁴ Together, these four entities collected approximately \$23.3 billion in revenues during the 2010/2011 season.⁵

Traditionally, leagues have generated their revenues through mechanisms such as television broadcasting, licensed goods, ticket sales, and stadium proceeds. Among these income generators, and thanks to high-viewership events such as the Super Bowl and World Series, broadcasting activities produce the largest amount of league income. Nevertheless, licensed goods have generated significant dollars for league coffers, utilizing the official league and/or team logos to move various types of merchandise. Some of these items include team jerseys, hats, official sporting goods (balls, bats, cleats, gloves, etc), franchise apparel, athletic footwear, team collectables, official DVD compilations, and tailgating items.

Over the last 25 years and more, however, video game licensing has become an increasingly important income generator. In some instances, the licensing revenue produced

from video game sales has only been eclipsed by broadcasting income or proceeds from licensed apparel.

Extending the presence of sports leagues into the video game market has become a natural extension of league branding. Video game publishers have typically sought licensing agreements to produce titles based on entertainment mediums such as movies, comic books, cartoons, and other amusements. The creation of games based on competitive sports is an obvious way to reach sports enthusiasts and consumers in the video game market.

Video game players, or gamers, purchase these licensed titles in order to play a game as a prominent player or pit one team against another in a simulated sports world. While playing the game, the participant essentially “assumes the role” of an athlete or directs a team’s game-play (very much like a virtual-coach) in order to compete against others playing the same game. The graphics, details, and imagery in these virtual simulations have captured the imagination and attention of children and adults alike. With a steady interest in sports-based video games, and as consumers seek new and updated titles every year to coincide with a given season, these agreements have become very profitable to pursue.

In the realm of U.S.-based professional leagues, the NFL ranks as the most lucrative sports enterprise⁶. Video game licensing contracts have generated significant revenue for the NFL, as game publishers have paid large sums of money to obtain the right to develop virtual depictions of teams, names, franchise colors, players, and related information in their games. As of 2004, the NFL has an exclusive licensing agreement with prominent video game developer Electronic Arts (“EA”).⁷ Developer EA reported paid approximately \$300 million for the license.⁸ Through this arrangement, which was extended to the 2012 season in 2008,⁹ the NFL licenses various trademarked properties to EA for use in games they develop and sell under their

EA Sports sub-brand. This arrangement includes the right to use the NFL emblem, team logos, franchise colors, stadium locations, team rosters, player likenesses and more. In return, EA pays the NFL royalties and other monies for using these trademarked properties.

Recently, however, new precedents established in the latest case law may have a significant impact on this NFL/EA licensing arrangement and others like it. In July 2011, the U.S. Supreme Court stated that video games enjoy First Amendment protection, much like other expressive types of art or entertainment.¹⁰ Following Brown, in September 2011, the United States District Court for the District of New Jersey ruled that a video game developer had a First Amendment right to use a college athlete's likeness without violating their right to publicity.¹¹ Taken together, some industry watchers believe that video game developers have now been given broadened powers to create games without fear of violating trademark and related property rights.¹²

Emboldened by the rulings in Brown and Hart, in January 2012, EA brought a suit against Textron, the corporate parent of Bell Helicopters, regarding a "trade dress" issue.¹³ EA used the depiction of several Bell Helicopter models in *Battlefield 3*, a war-themed video game.¹⁴ EA sued preemptively to seek a declaratory judgment against Textron to use the images of their helicopters without compensation, claiming it did not infringe on any trademark held by the company.¹⁵

This article seeks to argue that, in light of these recent rulings and a potential victory in the pending Textron litigation, future NFL video game licensing agreements may be diluted and become less profitable for the league. The expanded First Amendment rights and related defenses that new case law affords video game developers potentially makes it easier for game-makers to develop games without the full licensing approval of league entities like the NFL.

Though their current exclusive arrangement with EA is not likely to be impacted, the value of future NFL licensing agreements may diminish; creating a new paradigm in which the league may find it is unable to raise the same revenue through video game licensing contracts. Furthermore, if new case law ultimately relaxes the current licensing framework, other game-makers may become emboldened to sell games that are similar to NFL-licensed properties, without technically violating their trademarks.

Part I of this paper will discuss a general overview of both trademark law and the right to publicity for sports figures. Part II will consider current rulings that have recently changed the landscape. Part III will examine and analyze how these recent (and possible future rulings) may yet change the way video game licenses are negotiated and their value.

II. GENERAL OVERVIEW OF RELEVANT LAW

The issues surrounding the video licensing and game development are closely linked to rights of publicity and trademark-related issues. It is through these instruments that video games depicting famous athletes or featuring team logos and stadiums are able to be produced. In order to more fully grasp how recent court rulings may affect the league licensing landscape, it is important that we first review general intellectual property concepts that permeate this area of law.

A. RIGHT OF PUBLICITY

The right of publicity (also known as “right to publicity” and “personality rights”) is a form of intellectual property that has developed to protect ownership of property rights of valuable, but intangible assets.¹⁶ In the sports and entertainment world, the primary concern regarding right to publicity is controlling the image and representation of athletes or entertainers in a commercial setting. For sports stars, and other famous individuals in the public sphere, the

right of publicity is “the inherent right of every human being to control the commercial use of his or her identity.”¹⁷ Unlike trademark law which is a creature of federal and/or state statutes, however, the right to publicity is primarily derived from state law and common law.¹⁸ When an individual’s right to publicity has been infringed upon, a plaintiff may bring an action as a commercial tort of unfair competition.¹⁹

The central premise behind the right of publicity is to prevent one’s image from being exploited for commercial gain without the permission of that individual or a contractual relationship in exchange for consideration.²⁰ If one’s image is used without permission, it is akin to an “unofficial” endorsement of an idea, product, or service.²¹ The result is an exploitative situation, in which a party may be unjustly enriched by inappropriately make use of one’s likeness or reputation.²²

It is important to note that, as a state law and common law creation, the right of publicity varies from jurisdiction to jurisdiction. For example, Indiana has a broad right to publicity statute that recognizes a 100 year after the death of the famous personality.²³ Note that the code is inclusive enough to anticipate a number of possible celebrity “mediums” that could be exploited, include mannerisms, voices, and gestures.²⁴ The Indiana Code states:

(3) The use of a personality's:

- (A) name;
- (B) voice;
- (C) signature;
- (D) photograph;
- (E) image;
- (F) likeness;
- (G) distinctive appearance;
- (H) gestures; or
- (I) mannerisms;

in connection with the broadcast or reporting of an event or a topic of general or public interest.

Comparatively, California maintains both a statutory and common law right of publicity.²⁵ While not from the same jurisdiction and occurring later in time, the California Civil Code gives a larger idea of how a Right of Publicity protects against monetary or commercial exploitation. The California Code states:

(a) Any person who knowingly uses another's name, voice, signature, photograph, or likeness, in any manner, on or in products, merchandise, or goods, or for purposes of advertising or selling, or soliciting purchases of, products, merchandise, goods or services, without such person's prior consent, or, in the case of a minor, the prior consent of his parent or legal guardian, shall be liable for any damages sustained by the person or persons injured as a result thereof.

(d) For purposes of this section, a use of a name, voice, signature, photograph, or likeness in connection with any news, public affairs, or sports broadcast or account, or any political campaign, shall not constitute a use for which consent is required under subdivision (a).²⁶

Regardless of jurisdiction, however, most states recognize that a celebrity's right of publicity has been violated when weighed against a number of factors, including: 1) defendant's use of the plaintiff's identity; 2) the appropriation of plaintiff's likeness (or name) for defendant's commercial advantage; 3) lack of plaintiff's consent; and 4) a resulting injury (monetary or possible reputational harm).²⁷

Courts have found that a defendant's use of a celebrity's identity can be interpreted very broadly, and could possibly include not only exploiting his or her likeness, but also a design or depiction that closely resembles his or her physical form.²⁸ Furthermore, even imperfect depictions that draw inspiration from real-life celebrities – such as robots²⁹ or computer-generated images³⁰ – may also be prohibited depending on the factual circumstances.

B. TRADEMARK

The Lanham Act is a Federal law enacted in 1946, which was designed to protect against trademark infringement and dilution. The Act was intended to make “actionable the deceptive and misleading use of marks” and “to protect persons engaged in ... commerce against unfair

competition.”³¹ A trademark is defined as including “any word, name, symbol, or device or any combination thereof” used by any person “to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”³² In order to be registered, a mark must be capable of distinguishing the applicant's goods from those of others.³³

Stated differently, a trademark is about identifying the *source* of a particular good, so as to protect consumers and permit them to know what products (or services) they are purchasing. However, there are various degrees of a mark and not all marks qualify for trademark protection. Marks are often classified in categories of generally increasing distinctiveness, which may be (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful.³⁴ Typically, only the last three categories of marks are entitled to protection and registration since they are sufficiently unique enough to identify the particular source of a product³⁵. The first two categories of marks (generic and descriptive) are not distinguishing enough to warrant protection as they do not adequately identify the source of the product.³⁶ However, generic and descriptive marks may obtain protection through a “trade dress”, in which the visual appearance and packaging of a product that is unique enough to identify the source of the merchandise.³⁷ Originally, a trade dress pertained only to the packaging of a product or the “dressing” it was enveloped in.³⁸ For the purposes of the Lanham Act, courts have expanded the breadth of what constitutes a trade dress by including the product’s design.³⁹

Descriptive marks may acquire protection and become registered under Section 2 of the Lanham Act if it has become “distinctive of the applicant’s goods in commerce.”⁴⁰ Obtaining this distinctiveness requires a “secondary meaning” to be applied to a non-distinctive mark in

order to gain protection.⁴¹ This happens when “in the minds of the public, the primary significance of the mark is to identify the source of the product rather than the product itself.”⁴²

A court must also consider functionality in addition to the distinctiveness of a trade dress under § 43(a) of the Lanham Act. A trade dress cannot be “functional” in order to obtain trade dress protection since that functionality serves as an inherent function of the product.⁴³

It is important to note, however, that a “trademark fair use” defense exists to prevent from infringing the First Amendment freedom of speech. Essentially, this doctrine grants partial trademark protection to mark owners in a particular geographic region or product market. For example, the Lincoln automobile division of Ford Motor Company cannot sue Lincoln Financial Co. for using the name “Lincoln” since they are in different, unrelated market segments. Similarly, Commerce Bank of New Jersey was not permitted to expand their brand into New England when they were purchased by Toronto-Dominion bank due to a regional claim by Commerce Bank & Trust Co, a banking entity in Worcester, Massachusetts.⁴⁴

If a trademark is taken from a commonly used or culturally recognizable symbol or word, a trademark owner is not likely to control the use of that mark as if it were more unique. For example, the name Kodak is a distinct name that is unlikely to be confused with any another entity, thereby maintaining an inherent distinctiveness.⁴⁵ In this regard, Kodak is a “fanciful” mark since the name was invented for use as a company trademark.⁴⁶ Comparatively, a mark is unlikely to enjoy the same kind of distinctiveness if it is derived from a common source. The only way in which a court would take away this protection is if the use of such a mark could lead to consumer confusion and the intent behind such use.

Similarly, the courts recognize the nominative use of a trademark as an affirmative defense if the mark is used to refer or reference a trademarked product. Nominative trademark

use is permitted if 1) a good or service cannot be identified without referencing an established trademark; 2) the use of the mark is limited only for identification purposes; and 3) the person or entity using the mark does not imply any kind of sponsorship by the owner of that trademark.⁴⁷ Typically when a mark is used by a third-party, and assuming that the third-party use is within the same market or industry, a mark owner may bring a claim for infringement or face the possibility of trademark dilution. However, nominative trademark use cannot dilute a trademark or the owner's control over the mark.⁴⁸

A number of current court decisions have impacted and may continue to affect video game-related issues in the area sports and entertainment world. More specifically, cases dealing with rights of publicity and trademark-associated topics may hamper the NFL's ability to maximize revenue from its video game licensing agreements. These cases and their impact will be discussed further below.

C. RECENT CASE LAW: RIGHT OF PUBLICITY

Last year, in *Brown v. Entertainment Merchants Association* (“*EMA*”), the U. S. Supreme Court invalidated a California statute which prohibited the sale or rental of “violent video games” to children and minors.⁴⁹ In rendering their decision, the court expressly stated (and California state officials agreed) that video games are a protected medium of speech that should enjoy First Amendment protections.⁵⁰ As such, First Amendment considerations and compelling governmental interests must be overcome before limiting the free speech clause to “protect” children from “violent” games.⁵¹

The California law was passed with the intent to shield children from violent images and materials depicted in a number of video game titles.⁵² However, as well intentioned as the California Legislature was in trying to protect children from these scenes, it is ultimately not a

sufficient reason to impose a prohibition.⁵³ Since California could not demonstrate a valid compelling state government interest, which was narrowly drawn to serve those interests, the statute could not pass the strict scrutiny standards and was declared unconstitutional.⁵⁴

The United States District Court for the District of New Jersey rendered their decision in Hart only a few months after Brown was decided by the U. S. Supreme Court.⁵⁵ In this case, Ryan Hart, a former quarterback for the Rutgers University football team, was suing EA for “unauthorized” use of his likeness in a series of NCAA-specific games.⁵⁶ Hart argued that, aside from his likeness and image depicted in the game, a number of physical and related characteristics were nearly-identical to his own.⁵⁷ As such, Hart stated that his right to publicity was violated since EA did not have his expressed permission to use his image in the game.⁵⁸ Furthermore, Hart argued that EA was unjustly enriched by including his image in the video game title and that the image was used to increase sales of their game title.⁵⁹

In response, EA stated that, according to the recent decision in *Brown*, the company had a First Amendment right to artistic expression in producing the title.⁶⁰ To determine if EA had violated Hart’s right to publicity, the Hart court first considered if EA’s “speech” was commercial in nature.⁶¹ Generally, courts consider three factors in determining if speech is commercial or noncommercial: (1) is the speech an advertisement; (2) does the speech refer to a specific product or service; and (3) does the speaker have an economic motivation for the speech.⁶² What the court in Hart found was that there was a distinction between using someone’s image or likeness to entice a consumer to purchase a creative work and using that depiction in the work itself.⁶³ Stated differently, Ryan Hart’s image was not used to sell more video games; rather it was part of the game itself.⁶⁴ In the former were true, then Hart’s right to publicity would have been violated and the NCAA-title produced by EA would be considered

commercial speech. In the later, the image and likeness of Hart is merely a byproduct of the game itself, and as such, is an artistic depiction.⁶⁵

Under this lens, the court found that EA's production of the video game was non-commercial speech, and any challenge to their use of Hart's image must overcome heightened scrutiny under the First Amendment.⁶⁶ To determine if EA's use of Hart's image was protected, the court examined the game as a whole.⁶⁷ Two tests were applied to this analysis; the Rogers right of publicity test⁶⁸ and the transformative test⁶⁹.

The Rogers right-of-publicity test makes two inquiries to determine if one's right of publicity has been violated: 1) whether the work at issue is entirely unrelated to the underlying work; or 2) if the plaintiff's name is a disguised commercial advertisement.⁷⁰ In applying both elements of the test, the Hart court determined the use of Hart's image was clearly related to the game and was not an "advertisement for an unrelated product", thereby granting EA First Amendment protection under the Rogers test.⁷¹

Though the analysis passed the Rogers test, the Hart Court ultimately decided, that the transformative test was more appropriate. The transformative test takes into account the entire game as a whole to determine if the depictions of the celebrities were replicas of their real life personas or were adaptable.⁷² In *NCAA Football*, the Court observes that Hart's likeness was able to be changed by whoever was playing the game and even had alternative formulations of the same players.⁷³ Other creative elements, such as the design of the stadiums, fields, music, and related graphics are also expressive art forms.⁷⁴ While the Court does admit that there are many similarities between the Hart's depicted image and his real life personal, and though the Court acknowledges it walked a fine line, the Hart Court ultimately determined that EA use of his likeness is "transformative".⁷⁵

In utilizing a “transformative” test, the court seeks to determine if the artistic expression stems from a literal depiction or if Hart’s likeness is only a piece of the overall work that is being rendered into the game. If the former were true, Hart’s right to publicity claims would stand; if the later were true, then EA would have demonstrated that its work was transformative enough to warrant First Amendment protections. Here, in light of “virtual stadiums, athletes, coaches, fans, sound effects, music, and commentary, all of which are created or compiled by the games' designers" the court determines the work, overall, is transformative.⁷⁶ Looking at Hart’s depiction alone also passes this analysis; the real Hart was only a starting point, to create a new and different character.⁷⁷

Conversely, a recent case present an opposing view of the decisions reached in Hart and Brown. In the District Court for the Northern District of California, Keller held that EA’s *NCAA Football* video game was not a sufficiently transformative.⁷⁸ Rather than applying the transformative test, the Court in Keller looked solely at the individual characters to conclude that there were no transformative elements.⁷⁹ However, unlike the Court in Hart, the Keller Court reached a decision on a motion to dismiss and could only take into account the claims that were alleged in their complaint, therefore not considering ancillary materials that described the game and its development.⁸⁰ In addition, it should be noted that Keller was decided before Brown and Hart. As such, if Keller were decided today, they may have gone the exact same way as Hart did.

While the consolidated Keller/O’Bannon litigation is awaiting trial for March 11, 2013,⁸¹ many commentators believe that it is unlikely that the Northern District of California will apply the “transformative test” that was applied in Brown to the facts in the In Re NCAA Student-Athlete Name & Likeness Litigation.⁸² The California courts have already created a narrow

interpretation of what constitutes “transformative use” in videogames.⁸³ While the reasoning in Hart may be persuasive, it is not controlling precedent. Furthermore, since California is sensitive to celebrity rights of publicity, it is unlikely to place EA’s First Amendment speech rights above the collective former athletes’ rights of publicity. This will be especially true if the court finds that EA’s speech is of a commercial nature and that the depictions of the athletes were non-expressive, non-artistic representations.

Furthermore, Ryan Hart may have an opportunity to revive his lawsuit against EA Sports.⁸⁴ In February 2012, Hart filed an appellate brief in the 3rd Circuit claiming that the district court made a mistake in granting EA’s summary judgment motion in September 2011.⁸⁵

Taking into consideration these recent rulings, and in predicting the possible results of the cases still pending, it is likely that, taken together, these decisions will have a negative affect on the NFL’s video game licensing agreements.

D. RECENT CASE LAW: TRADEMARK

In January 2012, EA filed a lawsuit against Textron, the corporate parent of Bell Helicopters, regarding a “trade dress” issue. In creating a new war-themed video game, *Battlefield 3*, EA sought to use the images of several real-world helicopters made by Textron in the title, specifically the AH-1Z Viper, UH-1Y, and V-22 Osprey.⁸⁶ EA had been negotiating with Textron for months, but were unable to come to an agreement.⁸⁷ Rather than remove the video games from the final game, EA sued Textron in the Northern District of California to obtain a declaratory judgment to use these images.⁸⁸ Furthermore, in a counter suit, Textron sued EA in Texas Northern District Court.⁸⁹

EA claims they are not infringing on any trademark held by the company and are merely using the images of the helicopters as one part in a larger video war-themed video game.⁹⁰ In

other words, the focus of the game is not a flight simulator; the use of the helicopters image is merely secondary to the overall heart of the title.⁹¹

Though this case has yet to be litigated, it is likely that EA will win their suit against Textron/Bell Helicopters. If the suit is won by EA, it is likely to create new case law which will shield video game developers from other trade dress actions and possibly broaden the protections the recent rulings in favor of game-developers. As support for this position, consider that a number of industry watchers posit that Textron's argument is weak and that EA appears to have more solid footing heading into any possible litigation.⁹² Commentators state that, as it relates to the trade dress issue (and not the right of publicity issue discussed above), the U. S. Supreme Court's decision in Brown would seemingly strengthen EA's stance that video game works are protected by the First Amendment.⁹³ Furthermore, while trademarks are distinct marks and signs that help discern products or services in the market, trade dress issues are less tangible without a secondary meaning.⁹⁴

Moreover, in order to overcome EA's arguments, Textron would have to demonstrate that the use of their helicopters in an EA war-themed game would amount to Textron's endorsement of EA's product.⁹⁵ Legal scholars, including Stanford Law Professor Mark A. Lemley, believe that this is an example of "overreaching by the trademark owner" since there is no chance that a consumer will believe that Bell has endorsed the game or that somehow Bell has developed the title.⁹⁶

In addition, one must also take into consideration who the potential consumers are. Textron's objection to EA's use of their helicopter images may have more support if there was a real chance that a real issue of confusion could arise, but that is not likely in this case.⁹⁷ If, for example, the consumers were teenagers and young-adults who enjoyed playing war-games like

Battlefield 3, is there any likelihood that they will somehow confuse the appearance of the AH-1Z Viper, UH-1Y, and V-22 Osprey as Bell/Textron's endorsement of the video game? Taking this line of thinking a step further, would the intended consumers who purchase these types of video games be knowledgeable enough to notice the distinction between a Bell Helicopter product and aircraft manufactured by another company? While reasonable individuals could disagree on this point, it is probable that none of Textron's customers (military officials, corporate transportation companies, foreign governments, etc) would make the assumption that they had somehow endorsed EA's video game.

Additionally, helicopters and other aircraft are not as notable for the small, subtle differences in sheet metal or design as more common consumer products, such as automobiles, motorcycles, and other transportation products. This is partially due to the fact that there are inherent design-aspects that make helicopters function and leave very little room for alteration. Under this lens, what could be considered unique? The rotors, shape of the airframe or hull?

EA believes that the use of the helicopters in the game is nearly akin to a director deciding to use the same helicopters in a film.⁹⁸ What has become frustrating from video game makers like EA is that, in one instance, filmmakers are able to use products like helicopters or vehicles for free (and indirectly benefitting the manufacturer in the process through free advertising and product placement), while game-developers must pay a royalty or fee for using the same image in a virtual medium.⁹⁹

Finally, it is possible that in litigating these claims, both sides may ultimately decide to settle rather than pursue legal action. It is noteworthy to point out that not have both parties attempted to negotiate this aircraft-licensing arrangement in December 2011/January 2012, but that the parties headed to court in 2006 over a similar issue.¹⁰⁰

III. CONCLUSION

The United State Supreme Court recent ruling in Brown has had a wide-ranging affect on the video-game industry, sports leagues, and their relationship to each other. In light of the right of publicity and trade dress issues that are continuing to develop, it is likely that the NFL's licensing agreement with EA could diminish in value. The explanation for this rests entirely on the "rights" that are conveyed during licensing negotiations.

When leagues create contractual arrangements with video game publishers (or related entities), they are conferring a "bundle of sticks" for their business partners to utilize. A video-game publisher employs these valuable, but intangible property rights in their final creation to deliver a realistic product to consumers. Among these "sticks" are the right to the likenesses of professional athletes, team logos, league emblems, team colors, and the images of the physical stadium venues.¹⁰¹ That is the heart of the licensing arrangement; the property-owner grants permission to a licensee to use the trademark without fear of fear of a claim of infringement by the license owner.

Nevertheless, if these recent rulings and continuing developments are collectively taken into contemplation, the foundations under each element (with the exception of the trademarks on logos and league emblems themselves) are arguably less valuable than they were before Brown was decided by the U. S. Supreme Court. The underlying principle for this stems from the Court's conveyance of First Amendment safeguards to software developers. In recognizing this change, these companies now have a right to artistic protection that they previously lacked. Taken to its ultimate (yet unlikely) conclusion, EA and other game-makers now find themselves on an elevated footing with licensors and property-owners, enabling them to have a more enviable bargaining position to negotiate lower licensing arrangements.

Nonetheless, the amount of First Amendment protection, and the demarcation by which game-makers may shield themselves from scrutiny and legal action, still is unclear. Though the U. S. Supreme Court in Brown has drawn parallel between gaming companies and literature, how can this new-found protection exist alongside the right of publicity? Perhaps ironically, the U. S. Supreme Court has only addressed the right to publicity directly in one controversy,¹⁰² yet remained silent on where the dividing line between artistic expression and the right of publicity should be delineated.

Yet even with these possible obstacles remaining unresolved, even the most casual observer must recognize the far-reaching influence this new paradigm will have on future licensing agreements. Consider the reduced licensing fee that a developer should pay for the right to use team colors or a stadium design if EA should prevail over Textron; how does EA or a game developer quantify the cost of that “discount” when negotiating with the NFL?

The same could hold true for player likenesses and the right of publicity should EA (and by extension, the NCAA) fail to triumph in the cases currently at issue.¹⁰³ What would it cost the NCAA and EA to pay back-royalties for the use of these player likenesses if they should lose? While players’ associations like the NFLPA permit the use of player images in other entertainment mediums, the transformative test may be a way of circumventing the NFLPA’s approval to depict these players without the consent of the union.

Taken to its ultimate conclusion, this may dilute certain intellectual properties that the NFL covets and generate less revenue for the league and the NFL Players’ Association. In fact, there could be nothing to stop other video game developer (outside of EA) from making video games despite not having a license that come close to depicting recognizable NFL properties. The video game industry, like all other industries, is flush with both good corporate citizens and

less reputable competitors. If the use of the transformative test as employed in Hart were to gain acceptance with other jurisdictions, it could lay out a roadmap for developers to follow in making elements of games “different enough” to withstand judicial scrutiny, perhaps to overcome any objections without fear of a lawsuit.

Though this paper seeks to solely predict what could happen to the NFL’s licensing arrangement with Electronic Arts if case law continues to evolve in favor of video game developers, it would be shortsighted to not touch on the overarching (yet unspoken) disarray surrounding college student-athlete’s lack of a right to publicity. From a public policy perspective alone, many outside observers could view the entire arrangement as both unjust and unfair to those who play collegiate sports for the NCAA. And, strictly from an equitable standpoint, one would be hard pressed to argue against for such “inequality” between professional and amateur athletes.

Correcting this predicament may ultimately be more harmful than helpful in resetting the current norm. As professional sport leagues have demonstrated, the added element of compensation brings with it a host of additional obstacles that need to be remediated and addressed if “amateur” athletics were to survive. Some of these issues include, but are not limited to, labor issues, Title IX concerns, the possible creation of a student-athlete union or players’ association, implications for draft eligibility, and a myriad of other topics that would need to be resolved before “amateur” student-athletes became professionals on the college level.

Some spectators and sport commentators have suggested that any profits generated from an individual student-athlete’s right of publicity (assuming that the NCAA would not compel students to sign the 08-3a document that they are currently required to endorse¹⁰⁴), could be taken and invested in a trust for the student-athlete to receive after their college playing days

have concluded. However, even with such stipulation, it is likely that these impediments would still become an issue. Though it may seem like a plausible and manageable solution to the current framework, what would prevent some “star” student-athletes from “cashing in” while other, less gifted athletes are left unrewarded? This could create “two classes” of amateur athletes, with one faction resentful of the other.

With these public policy concerns in mind, would a possible “cure” for the current system be worse than the “disease” which afflicts amateur athletes? Though this paper does not seek to delve deeply into this tangent-subject, it is noteworthy to consider how public attitudes and legal scholarship may eventually tackle this issue in the years ahead.

Yet, it is remarkable to consider the role that video games and their popularity with consumers may have contributed to any eventual shift in the public mind-set on amateur college athletics. Over the last 25 years and more, the popularity of interactive video games has permeated through nearly every aspect of our culture and arguably contributed to this change in mind-set. Once seen as “something for kids” to play, today both children and adults enjoy playing video games. This popularity has driven software and game-developers to continually seek more realistic game play, graphics, and new approaches to make the consumer feel as though they are “part of” the game.

The drive to create a more realistic gaming experience coupled with ever-evolving technical abilities will continue to “stretch” what courts and scholars consider a mere “depiction” of an individual and what is truly “artistic expression” in the virtual world. The NFL’s licensing agreements, as well as the depiction of certain properties in future titles, may be diluted over time.

As such, it is highly unlikely that any short-term legal developments will impact EA's current licenses with the NFL (or other leagues). First, the current licenses have not expired and are still valid agreements. For EA to suddenly renege on their commitment to pay in the middle of their current contract would open up the company to litigation and bad publicity. This is especially true when you consider that the current NFL license is an exclusive agreement, which initially upset many industry spectators, and could potentially poison negotiations with other sports leagues in which it current has a similar relationships (such as the MLB, NBA, and FIFA).

Secondly, the supreme NFL-related franchise in the video game market *is* the Madden-series of video game. The series has a near-cult following among gamers, which is second to none in the market. The total number of sales last year on this single franchise alone is more than some video game developers sell in their entire portfolio combined.¹⁰⁵ It is unlikely that EA would risk this arrangement, and possibly risk raising the ire of the NFL in future negotiations, despite the new precedents they may have at their disposal.

Finally, it is important to remember that, even if trademark dilution were to occur, the NFL is not without other weapons in their arsenal. Before their exclusive arrangement was signed with EA in 2004, the NFL had multiple licensing agreements with a host of video game developers. If EA were to exercise some of these new-found tools at their disposal, the NFL could simply reject the current exclusive agreement and revisit signing multiple agreements in order to raise the appropriate amount of revenue in the future.

ENDNOTES

¹ See generally “Chronology of Professional Football: 2011 NFL Record & Fact Book”, http://static.nfl.com/static/content/public/image/history/pdfs/History/Chronology_2011.pdf (last visited Apr. 17, 2012).

² Cork Gaines, CHART OF THE DAY: NFL Players And Owners Are Fighting Over The Biggest Pie In Sports, BusinessInsider.com, Mar. 22, 2011, <http://www.businessinsider.com/nfl-biggest-pie-in-sports-2011-3>.

³ *Id.*

⁴ Plunkett Research, Ltd., Sports Industry Overview, <http://www.plunkettresearch.com/sports-recreation-leisure-market-research/industry-statistics> (last visited).

⁵ *Id.*

⁶ See Sports Industry Overview.

⁷ See Chris Morris, *EA's big deal: Touchdown or fumble?*, CNN MONEY (Dec. 14, 2004 10:14AM), http://money.cnn.com/2004/12/14/commentary/game_over/column_gaming/ (last visited Apr. 23, 2012).

⁸ Patrick Hruby, *The Franchise: The inside story of how "Madden NFL" became a video game dynasty*, ESPN.COM (Aug. 5, 2010), <http://sports.espn.go.com/espn/eticket/story?page=100805/madden> (last visited Apr. 19, 2012).

⁹ See Tor Thorsen, *EA Sports extends NFL deal through 2012 season*, GAMESPOT.COM (Feb. 12, 2008 6:15AM), <http://www.gamespot.com/news/ea-sports-extends-nfl-deal-through-2012-season-6185880> (last visited Apr. 23, 2012).

¹⁰ *Brown v. Entertainment Merchants Association*, 131 S.Ct. 2729 (2011) (stating that video game makers had a first amendment right to free speech and that a California statute banning the sale of violent games to minors could not overcome a strict scrutiny analysis for content-based speech).

¹¹ *Hart v. Electronic Arts, Inc.*, 808 F.Supp.2d 757 (2011) (holding that XXXX)

¹² See Owen Good, *EA Lawsuit Doesn't Mean Madden's Exclusive is a License to be Killed*, KOTAKU (Jan. 21, 2012 5:00 PM), <http://kotaku.com/5878160/ea-lawsuit-doesnt-mean-maddens-exclusive-is-a-license-to-be-killed> (last visited Apr. 20, 2012).

¹³ *Electronic Arts, Inc. v. Textron, Inc. et al*, No. 3:12-cv-00118-WHA (N.D. Cal filed Jan. 6, 2012).

¹⁴ See generally Battlefield3–About, <http://www.battlefield.com/battlefield3/1/about> (last visited Apr. 21, 2012).

¹⁵ Compl. at 1-3, *Textron*, No. 3:12-cv-00118-WHA (N.D. Cal filed Jan. 6, 2012).

¹⁶ *ETW Corp. v. Jireh Pub., Inc.*, 332 F.3d 915, 928 (6th Cir. 2003) (stating that the right of publicity is “an intellectual property right of recent origin which has been defined as the inherent right of every human being to control the commercial use of his or her own identity”); see also Ray Yasser, *Sports Law Cases and Materials, 7th Edition* 764 (Matthew Bender & Co., 2011).

¹⁷ McCarthy, *The Rights of Publicity and Privacy* 2d § 1:3.

¹⁸ *ETW*, 332 F.3d at 928 (stating that approximately half of all U.S. states have “adopted some form of the right of publicity either at common law or by statute”).

¹⁹ McCarthy, *The Rights of Publicity and Privacy* 2d § 3:1.

²⁰ Carson v. Here's Johnny Portable Toilets, Inc., 698 F.2d 831, 835 (6th Cir. 1983) (stating that famous celebrities have a “legal right during life to control and profit from the commercial use of their name and personality”).

²¹ Hirsch v. S.C. Johnson & Son, Inc., 90 Wis.2d 379, 386 (1979).

²² Ali v. Playgirl, Inc., 447 F. Supp. 723, 728 (S.D.N.Y. 1978) (In this case, Playgirl was unjustly enriched by printing the depiction a naked man sitting in the corner of a boxing ring; the man had facial features strikingly similar to Mohammed Ali).

²³ Ind. Code 32-36-1

²⁴ Ind. Code 32-36-1

²⁵ Kirby v. Sega of Am., Inc., 144 Cal. App. 4th 47 (2006) (citing both common law and statutory provisions under Cal. Civ. Code § 3344).

²⁶ Cal. Civ. Code §3344 a, d

²⁷ Eastwood v. Superior Court (National Enquirer, Inc.), 149 Cal. App. 3d 409, 416 (1983).

²⁸ Ali, 447 F. Supp. 729.

²⁹ White v. Samsung Electronics of America, 971 F.2d 1395 (9th Cir. 1992) (holding that a robot likeness of Vanna White illustrated sufficient facts for a possible right of publicity claim to go to a jury).

³⁰ Kirby, 144 Cal. App. 4th at 56.

³¹ 15 U.S.C. § 1127.

³² 15 U.S.C. § 1127.

³³ Two Pesos, Inc. v. Taco Cabana, Inc. 505 U.S. 763, 768 (1992).

³⁴ Id.

³⁵ Id.

³⁶ Id. at 769.

³⁷ Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205 (2000).

³⁸ Id.

³⁹ Id.

⁴⁰ Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189,194 (1985), citing §§ 2(e), (f), 15 U.S.C. §§ 1052(e), (f).

⁴¹ Inwood Laboratories, Inc. v. Ives Laboratories, Inc., 456 U.S. 844, 851, n. 11 (1982).

⁴² Id.

⁴³ Qualitex Co. v. Jacobson Products Co., 514 US 159, 164 (1995).

⁴⁴ *See generally, Merger creates naming hassles for TD*, THEFINANCIALBRAND.COM (Apr. 3, 2008), <http://thefinancialbrand.com/411/merger-creates-naming-hassles-for-td/> (last visited Apr. 19, 2012) (stating that when Toronto-Dominion Bank purchased Commerce Bank of New Jersey, it attempted to rebrand the TD Banknorth and all Commerce Bank branches as TD Commerce Bank. However, a local New England bank named Commerce Bank & Trust in Massachusetts objected to the rebranding since it infringed on a local trademark.

⁴⁵ Wal-Mart, 529 U.S. at 210.

⁴⁶ Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 11 (2d Cir. 1976).

⁴⁷ New Kids on the Block v. News America Publishing, Inc., 971 F.2d 302, 308 (9th Cir. 1992) (stating that a third party’s use of the “New Kids on the Block” mark was permitted for the purpose of identifying a consumer survey).

⁴⁸ Playboy Enters., Inc. v. Welles, 279 F.3d 796, 805 (9th Cir. 2002) (stating that Terri Welles, the 1981 Playboy Playmate of the Year, was permitted to use the Playboy name and watermark on her website through nominative use to identify who she was).

⁴⁹ Brown v. Entertainment Merchants Association, 131 S.Ct. 2729 (2011).

⁵⁰ Id. at 2733.

⁵¹ Id. at 2738.

⁵² Id. at 2736.

⁵³ Id. at 2738.

⁵⁴ Id.

⁵⁵ Hart v. Electronic Arts, Inc., 808 F.Supp.2d 757 (2011).

⁵⁶ Id. at 761 (stating that his likeness was used without his authorization in the game *NCAA Football*).

⁵⁷ Id. at 761 (stating that this height, weight, and features were nearly-identical to those of the “quarterback from Rutgers” depicted in the game).

⁵⁸ Id. at 762.

⁵⁹ Id. at 763.

⁶⁰ Id. at 770.

⁶¹ Id. at 770.

⁶² Id. at 769.

⁶³ Id. at 771.

⁶⁴ Id. at 771.

⁶⁵ Id. at 771.

⁶⁶ Id. at 771-72.

⁶⁷ Id. at 772.

⁶⁸ Id. (citing from Rogers v. Grimaldi, 875 F.2d 994 (2d Cir. 1989)).

⁶⁹ Id. at 782. (citing the transformative test was lifted from No Doubt v. Activision, Inc., 192 Cal.App.4th 1018, 122 Cal.Rptr.3d 397 (Cal.App.2011)).

⁷⁰ Id. at 772 (citing Rogers, 875 F.2d at 1004).

⁷¹ Id. at 793.

⁷² Id. at 784.

⁷³ Id.

⁷⁴ Id. at 787.

⁷⁵ Id.

⁷⁶ Id.

⁷⁷ Id.

⁷⁸ Keller v. Electronics Arts, Inc., No. C 09–1967, 2010 WL 530108 (N.D.Cal. Feb. 6, 2010)

(NOTE: This case has now been consolidated with O’Bannon v. National Collegiate Athletic Ass’n, ___ F.Supp.2d ___ (N.D.Cal. February 8, 2010) into In Re NCAA Student-Athlete Name & Likeness Litigation, 2011 WL 1642256 (N.D. Cal. May 2, 2011) and is slated for further proceedings. In addition to right of publicity claims, O’Bannon also makes anti-trust allegations regarding the NCAA’s treatment of current and former athletes, as well as alleging that EA Sports conspired with the NCAA to avoid paying former players for the right to use their image. As of Feb. 27, 2012, the parties were submitting pre-trial motions, with the latest action being an order denying motion to compel production of documents).

⁷⁹ Keller, 2010 WL 530108 at 5.

⁸⁰ Hart, 808 F.Supp.2d at 787 (NOTE: Unlike the Keller Court, which made a decision at a Motion to Dismiss, the Hart Court rendered its decision at a Motion for Summary Judgment).

⁸¹ See Libby Sander, *Judge Says NCAA Athlete-Likeness Lawsuit Will Proceed*, CHRONICLE.COM (Mar. 5, 2011, 3:33pm), <http://chronicle.com/blogs/players/judge-says-ncaa-athlete-likeness-lawsuit-will-proceed/28585> (last visited Apr. 20, 2012).

⁸² See, Ronald S. Katz, *Courts, Sports, and Videogames: What's in a Game?*, LAW360.COM (Jan. 4, 2012), <http://www.law360.com/articles/295743>, (last visited Apr. 2, 2012) (explaining that California courts are not as “overbroad” in their approach to expand First Amendment protections for videogame makers and are more protective of rights of publicity than other jurisdictions [implied: such as New Jersey]).

⁸³ *Keller*, 2010 WL 530108 at 5.

⁸⁴ See, *Former Rutgers Quarterback Seeks to Revive Flat-Lining Lawsuit Against Videogame Maker*, ARENTFOX.COM (Mar. 6, 2012), http://www.arentfox.com/publications/index.cfm?fa=legalUpdateDisp&content_id=3611 (last visited Apr. 17, 2012).

⁸⁵ *Hart v. Electronic Arts, Inc.*, No. 11-3750 (3d Cir. Feb. 10, 2012).

⁸⁶ See, Mike Murphy, *EA using First Amendment for Battlefield 3 defense*, GAMERMODE.COM (Jan. 9, 2012), <http://www.gamernode.com/ea-using-first-ammendment-for-battlefield-3-defense/> (last visited Apr. 11, 2012).

⁸⁷ See Owen Good, *supra*.

⁸⁸ Compl. at 1-3, *Textron*, No. 3:12-cv-00118-WHA (N.D. Cal filed Jan. 6, 2012).

⁸⁹ Compl. at 1-3, *Electronic Arts*, No. 4:12-cv-00113-Y (N.D. Tex. filed Feb. 24, 2012).

⁹⁰ See Owen Good, *supra*.

⁹¹ See generally *Battlefield3–About*, <http://www.battlefield.com/battlefield3/1/about> (last visited Apr. 21, 2012).

⁹² See, Andrew Farrell, *Electronic Art's Preemptive Strike*, JETLAW.ORG (Mar. 2, 2012), <http://www.jetlaw.org/?p=10414> (last visited Apr. 16, 2012).

⁹³ See Andrew Farrell, *supra*.

⁹⁴ *Taco Cabana*, 505 U.S. at 772.

⁹⁵ Compl. at 1-3, *Textron*, No. 3:12-cv-00118-WHA (N.D. Cal filed Jan. 6, 2012).

⁹⁶ See, Bobby Cervantes, *Bell, EA fight over aircraft imagery*, AMARILLO.COM (Jan. 18, 2012), <http://amarillo.com/news/local-news/2012-01-17/bell-ea-fight-over-aircraft-imagery>, (last visited Apr. 16, 2012).

⁹⁷ See, Bobby Cervantes, *supra*.

⁹⁸ See Owen Good, *supra*.

⁹⁹ See Owen Good, *supra*.

¹⁰⁰ See Andrew Farrell, *supra*.

¹⁰¹ Note that the issue of likenesses is only really settled at the moment for professional athletes. Student-athletes in the NCAA are a different matter. Though the NCAA makes them sign away their right to publicity, the Keller/O'Bannon case is ongoing and, on a separate matter, the court has to determine if the NCAA violated its own rules in assigning those rights to EA to use in the NCAA Football series.

¹⁰² *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977),

¹⁰³ These cases include *In Re NCAA Student-Athlete Name & Likeness Litigation*, a re-vived *Hart v. Electronic Arts*.

¹⁰⁴ The NCAA's Form 08-3a is a mandatory document that all student-athlete's must sign in order to be eligible to play college sports. In doing so, student-athlete's are not permitted to take

compensation for their participation in NCAA-sanctioned events. If they fail to maintain this requirement, or enters into an agreement with an agent, their amateur status will be revoked and they will no longer be able to play collegiate sports (as stated in NCAA Amateur Status Section 12.1.2).

¹⁰⁵ See *Madden NFL*, WIKIPEDIA.ORG, http://en.wikipedia.org/wiki/Madden_NFL#cite_note-thefranchise-0 (last visited Apr. 25, 2012) (which states “As of 2010 Electronic Arts has sold more than 85 million copies of Madden NFL, and as many as two million in one week, for more than \$3 billion in total sales.”).