

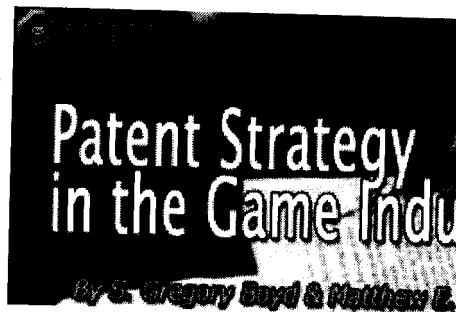


Patent Strategy in the Game Industry

By S. Gregory Boyd and Matthew Moersfelder

Patents have always had an important role in the game industry and that role is growing in importance each year. People in the industry have mixed feelings about using patents, and everyone agrees the patent system could use some structural improvement. Yet, the game industry is becoming a mature business and with that maturity comes more resources and intellectual property sophistication.

Beyond our collective reservations about the patent system and any moral notions about the "rightness" of patents, we all have to deal with the practicalities associated with the growing competitiveness of the marketplace. One of those practicalities and the main point of this article is that an introductory understanding law is important for every game company.



For most small and mid-sized companies patents do not play as large a role as the other forms of intellectual property: copyright, trademark, and trade secret. However, as the importance of patents continues to grow, it becomes more important to understand what a patent is and what patents can do for your game company.

What is a patent?

In legal language, a patent is a statutory grant from the United States government that gives an inventor a limited monopoly for the subject matter of the patent. In regular language, a patent is a deal with the government where the inventor tells the public about an invention and in exchange for that information, the government grants protection for a certain time over that invention.

While this seems like a simple concept, when examined against the backdrop of the intense distrust of monopoly power in the United States, the power and significance of the patent emerges. One may ask, if the United States distrusts monopoly power so much, why is it willing to give an inventor exclusive rights to a life saving drug or other revolutionary invention? While there are many possible answers, two come immediately to light: 1) providing the limited monopoly to a person provides tremendous incentive for individuals and companies to develop new and useful inventions that otherwise never have been discovered; and 2) providing the limited monopoly granted under a patent occurs after full disclosure of the invention to the public. This disclosure ensures that once the term of the patent has expired the invention will be put in the public domain, where it will be freely usable and accessible to everyone.

The limited monopoly of the patent is just that, limited. Contrary to what many people believe, a patent does not give a person the right to do anything. Instead a patent gives a person the right to prevent people from practicing the subject matter of the invention. This is a very important, but rarely grasped, distinction. A patent is merely a means to prevent others from practicing an invention. The following example will attempt to clarify this point.

Example A. Monopoly Power of the Patent.

Andy invents and obtains a patent on an input device for games. Andy is not guaranteed that he can raise the money to manufacture his invention. The patent merely gives Andy the right to prevent others from making the same controller. If Beth raises money and makes the same controller, Andy has the right to stop her. He also has the right to license the patent to Beth so that Andy can receive a share of the sales from the production of the controller.

As Example A illustrates, obtaining a patent will not necessarily lead to instant riches. Instead a patent must be part of an overall business plan that will capitalize on the unique monopoly granted by the patent. Some other ways of exploiting a patent will be discussed later in this article.

Just as it is important to understand that a patent does not give the right to do anything, it is equally important to understand what types of inventions can get a patent. What is eligible for the limited monopoly granted by the United States patent law states that anyone who invents a new and useful process, machine, manufacture, or any new and useful improvement thereof, is entitled to receive a patent on that invention from the United States Patent and Trademark Office (USPTO). But what does this actually mean?

The invention must be new and useful. "New" means both that it has not been invented previously and that it was not obvious to someone familiar with the relevant field. "Useful" means that the invention has to have some identifiable use that is beyond a merely speculative use. To understand what these terms mean we return to the example. In Example A, Beth had developed a new controller for the input device. In Example B, we will examine separate controllers to determine whether they would be patentable.

Example B. New and Useful.

Beth comes with two ideas to improve Andy's input device: 1) taking an Atari 2600 standard joystick and pairing it with the input device; and 2) developing a controller that responds to a user's body odor.

If Beth attempts to patent the Atari 2600 joystick paired with Andy's input device, the United States Patent and Trademark Office (USPTO) is likely to reject the invention because even though Andy's input device did not previously use an Atari 2600 joystick, it would be obvious for an Atari 2600 joystick to be used as an input device and therefore Beth would have added nothing new to the art.

On the other hand, if Beth sought to patent the body odor activated improvement to the input device, the USPTO would find the invention new,¹ but Beth may have difficulty convincing the USPTO of the utility of such a controller.

Even being new, useful, and non-obvious will not allow a person to obtain a patent if the subject matter is not allowed by the patent statute. The patent statute allows patents on any process, machine, manufacture or composition of matter, and any new and useful improvement thereof. For instance, algorithms or other pure mathematical or scientific concepts are not patentable. These concepts need to be put into direct tangible applications to be eligible for patent protection.

¹ To the best of the authors' knowledge there is thankfully no computer or console control that utilizes the body odor of an individual.

The good news for the game industry is that much of the new creative work that is done in this industry may be patentable. For example, as discussed earlier a new controller may be patentable or a new video card or even a new method of visually displaying the graphics on a computer. Patents have been granted on such things as the rumble feature on some video consoles as well as the way that the three dimensional graphics are displayed via camera function.

Even though the scope of possible subject matter is very broad, not everything is subject to the grant of a patent. To understand what is not covered by a patent it is helpful to examine the other areas of intellectual property. Trademarks, for example, cover the identifying marks on goods and services of a company. These marks are indications of source.

allow the consumer to recognize a source of consistent quality. These marks however, would not normally be covered by patent law because they are not adding any new and useful technology.

In the context of the game industry, copyright and patent law may be considered to be different sides of the same coin, both potentially protecting separate and distinct portions of the same work. Copyright is directed to the protection of work of authorship or expression. Specific to the game industry, copyright can be used to protect the underlying code used to write software, hardware design, or the specific story involved in a game.

To understand how these three types of intellectual property work together, we revisit our friend Beth who has taken her new controller to market.

Example C. Patents and Trademarks and Copyright Oh My!

By some future miracle, body odor is actually useful in gameplay mechanics. In this alternate universe, Beth manages to patent her body odor controller. Now, armed with a patent Beth is ready to market her new controller to the odoriferous public. To make sure that the new controller will interface correctly with any computer, she writes a program containing complex and specific code which she then includes with every controller.

During one of her many brainstorming sessions, Beth decides to name her unique controller the ODORFRON 2010. Days before the ODORFRON 2010 is going to market, Beth suddenly realizes that she only has applied for a patent on the controller and seeks advice on how to protect the rest of her intellectual property. Her legal counsel tells her that she will not be able to protect the name ODORFRON 2010 through the patent law. The name ODORFRON 2010 may, however, be registered as a trademark.

Depending on the software implementation, the invention embodied in the code might be patentable in some countries. In addition, copyright protection is also available because copyright for source code is allowed in some countries.

This example hopefully has provided a general understanding of some of the differences between and applications of copyright, patents, and trademark.

Anatomy of a patent: What does a patent look like?

Every patent is composed of the same general parts. On the first page or "face" of every patent issued by the USPTO, the title of the patent, the patent number and the date on which the patent was granted. The inventors of the patent are also listed on the face of the patent. This includes anyone who contributed to conception of any part of the invention.

Immediately below the inventors is listed the entity to whom the rights in the patent were given at the time the patent was issued, also known as the assignee. This can be deceiving because this information does not change if the rights in the patent are given to another entity after the grant of the patent. Therefore, there is no guarantee that the assignee appearing on the face of the patent has not given its rights to another entity who has in turn granted its rights to another entity. The current owner of the patent rights can be crucial information if the patent covers subject matter that your company needs or would like to use. To assist with this issue, the USPTO provides on its website information on how to determine the current assignee.² The face of the patent also contains the abstract of the invention which is a very brief summary of what is protected by the patent.

On the pages following the face of the patent is the section called the specification. This section includes the background of the invention including the state of the technology on which the patent is based. The specification then explains the invention that is the subject of the patent. The purpose of this portion of the specification is to allow a person in the same field that the patent pertains to be able to carry out the invention based solely on the specification. The specification typically will also include technical drawings and examples to assist in the understanding of the invention.

² This information is available generally at <http://assignments.uspto.gov/assignments/q?db=pat>. Although the PTO attempts to keep information up to date, it may not always be 100% accurate. Nevertheless, it is the place to start looking for the current owner of the

Patent Claims – The Most Important Part

The final section of a patent is the most important but also potentially the most confusing to persons not familiar with patent law. This section is the patent claims. The claims of the patent are the numbered sentences at the end of the specification that actually define what is protected by the patent; if an invention is not in the claims then it is not protected. The invention disclosed in the specification but not contained in the claims will not be protected by that patent.

Indeed, if something is disclosed in the specification but not in the claims it may constitute a dedication to the public of the disclosed but unclaimed subject matter, thereby making it impossible to ever obtain a patent on those portions of the invention. It is crucial that every aspect of the invention that an inventor wants protected is included in the claims.

Yet even with the clear guidelines that all the protected subject matter must be contained in the claims, the claims themselves may be incomprehensible without a firm understanding in patent law. Imagine trying to read a story in a language that you are not fluent in; you may know at least one translation of each of the words, but without a firm understanding of all possible definitions and how the words and sentences interrelate it is difficult to completely understand what is being said.

This can be especially dangerous in attempting to decipher the scope of protection of a patent because the wrong interpretation may open an individual or company to millions of dollars of liability. As discussed below, this is a good reason to seek specialized help when dealing with patents.

How does my company get a patent?

Process

Obtaining a patent is done through the USPTO through a process known as prosecuting the patent. Prosecuting typically begins with filing an application with the USPTO. The application can be a standard patent application or a provisional application. A provisional application is similar to a standard patent application but the USPTO does not examine the application.

Instead it serves to hold a priority date for one year which allows the filer to decide whether to pursue the application. A provisional application is often an attractive option for small and mid-sized game companies as it costs significantly less than filing a normal non-provisional application. If the filer ultimately determines to go ahead with a regular application, the provisional application gives one year to raise funds for the application process.

Once a standard patent application is filed or a provisional application is converted to a standard application, an examiner of the USPTO will examine the application to determine whether the claims contained in the application can be allowed. When the examiner has made her determination regarding the patent she will issue what is known as an Office Action.

The Office Action sets forth the USPTO's decision regarding the patentability of the subject matter of the application. If the examiner finds the application objectionable, the patent can either be allowed, rejected for failing to meet the requirements of the statute, or objected to for failing to comply with the rules and formalities of the patent statute. If the patent application is allowed, the patent is allowed to issue. On the other hand, if the examiner finds that the application is unacceptable, then the applicant has the opportunity to address the examiner's concerns either by arguing that the examiner is wrong or by amending the application to comply with the patent statute.

It is rare that a patent will issue on the first office action. More commonly, several exchanges between the examiner and the applicant are required before both parties can agree on a specification and claims that are allowable.

This is not a perfect process. Examiners frequently have less than 8 hours to review a patent and the relevant technology before making a determination on whether a patent should be granted. This can lead to patents not being allowed that should be allowed, and patents being allowed that on closer examination should not have been allowed.

To some degree this is addressed by the applicant's duty of candor to disclose anything that it is aware of that the USPTO might need to make its decision fairly and efficiently. However, unlike some foreign countries, the applicant has no duty to conduct an affirmative search for art that may be relevant to the determination. This has created in the United States a situation where it is often better to do no searching so as not to find anything that may potentially prevent a patent from being granted.

Timeline and Patent Term

The timeline to obtain a patent can seem very daunting. From the time a patent application is submitted to the grant of the patent can take several years. This can be both beneficial and detrimental to a patent applicant. It is beneficial because this allows the applicant to spread the cost of the prosecution of the patent out through many years. While this may help the applicant financially it may not be the best strategy because of how the term of the patent is calculated. Generally the patent term is 20 years from the filing date of the patent.³ This is important because the issued patent expires 20 years from *application* for the patent, no protection is provided by the patent until it is issued.

³ Although this can be extended based upon delay by the USPTO (delay attributable to the applicant will not increase the term of the patent), 20 years is a good rule of thumb.

Cost

Of all types of intellectual property, patent protection is the most expensive and most time intensive to obtain. Having an attorney who specializes in patent law file a patent will cost between \$12,000 and \$22,000. The cost will vary depending on the complexity of the claims that the applicant is trying to get and the number of responses that must be drafted to address the USPTO's Office Actions.

As the complexity and number of responses increase the number of billable attorney hours required on the patent increases, which increases the cost. The costs above include the fees charged by the USPTO, which can be substantial.

Those price numbers tend to give people a bit of a shock especially in light of the relative cheapness of obtaining a trademark or copyright registration. It is possible that at this point in the article you are certain that you have better "deals" for obtaining a patent. Perhaps you have been up late at night wondering if your fledgling competitor to survive with all the bigger fish in the sea, and out of nowhere, as if in answer to your prayers, the man on the street promises to help protect your inventions on the cheap! Also, there are all those websites that promise to do a patent application for \$4,000. Are those advertisers lying to you about the cost?

Before you call that number on your screen, there are a couple of considerations that should be kept in mind before enlisting the service of a bargain basement provider of patent services. There is an old joke about tires for sale at a low price. After you are on the hook, you find you have to pay for all the extras, like "Do you want them on the car at the beginning it may seem like the best way to save money, the low cost patent drafter may not be a bargain in the long run. Once an inventor has paid for the drafting of a patent, the drafter loses incentive to spend time on the patent application.

This can be especially detrimental when the patent application is in a field that is unfamiliar to the drafter and the patent is very complicated. Furthermore, many times the costs quoted by these services contain fine print that

that the "fixed" cost is only for the services provided by the drafter. This means that all the costs levied by the drafter are to be passed on to the applicant on top of the quoted price. The fixed costs also do not usually include answering questions, any patent searching, and other parts of patent prosecution that are commonly necessary.

It is possible that in some circumstances a fixed cost or lower priced patent drafter may save your company significant money. Just be very careful about interviewing these potential candidates on their background in patent drafting and exactly what is covered in the services for the quoted price.

Do I need an attorney?

The answer is that having an attorney for this job is usually a good idea.⁴ After reading about the cost of having a patent prosecuted and the pitfalls of going to a low cost patent drafter, you are probably asking whether you would be better off drafting the patent yourself. Well, you can take out your own infested appendix but it probably isn't the best idea if you do own the complete set of Do It Yourself Home Surgery Books. Unfortunately for small companies and individuals, patent law is one of the most complex areas of the law. Although an individual is allowed to file for a patent in their own name with no formal training, the authors strongly recommend against it.

Patent law is one of the few areas of law that requires an additional test, beyond the regular bar exam, in order to be allowed to practice before the USPTO. Furthermore, only people with scientific backgrounds are allowed to take the examination and even then, the test has a low pass rate. This ensures that only people with scientific training, a deep understanding of the rules of the patent office, and an understanding of patent drafting are allowed to help others draft a patent. When an individual passes the test he or she is assigned a Registration number that allows him or her to practice in front of the PTO.⁵

Having an experienced practitioner will make the process much smoother and help to ensure that the broadest scope of patent protection is obtained. Recall earlier where the patent claims were analogized to a foreign language; attorneys are your interpreters for this world. If you do choose to go it alone there is every possibility that one day your competitors will make your patent essentially unenforceable and allow competitors to appropriate your technology freely.

⁴ Some types of intellectual property protection, like copyright registration, are fairly straightforward and most people can handle the project on their own. Patent applications are much more complex.

⁵ Incidentally, whenever you seek help drafting a patent you should inquire as to whether the person has passed the USPTO examination to be eligible to practice before the USPTO.

Now that I have my patent, what do I do with it?

Swinging the hammer

Now that your company has a patent, it is time to retire and buy that private island, right? Wrong. Metaphorically, the hammer is tough to build and it takes even more strength to swing it.

As discussed earlier, contrary to popular belief, a patent does not give a company the right to do anything. Instead, a patent gives a company the right to prevent others from doing something. Specifically, a patent gives a company the right to prevent others from making, using, selling, or importing a patented invention. Keeping others from practicing an invention usually means litigation or at least the threat of litigation.

Patent litigation is expensive. How expensive? As a general rule, it is fair to say that patent litigation is the most expensive type of intellectual property litigation and one of the most expensive types of litigation in any area of law. It is jokingly called "The Sport of Kings" among attorneys.

Completing a patent case in the early stages with a quick injunction, summary judgment, or settlement is possible but rare. Even then, the costs for such action are minimally several hundred thousand dollars. More likely patent litigation budgets range from 1 million to as much as 8 million dollars depending on issues like the number of parties involved, the possibility of appeal, the complexity of the technology, the number of patents, and the market size of the product(s) being attacked.

This budget range makes more sense when we put it in context of recent game industry litigation where damages and threatened damages were more than 90 million dollars. We have had more than one example of that type of case in the last five years. In those instances it makes sense for the plaintiff and defendant to have a large budget to fight a case of that amount of money. The main point here is that very few companies can truly afford patent litigation. In the game industry, only the most successful hardware manufacturers, developers, and publishers could use patent litigation as a primary enforcement mechanism.

Alternatives to Swinging the Hammer

So we have gone through this entire discussion, and then told you that you are not going to be able to afford to sue anyone. Does that mean that your patent is totally worthless? No; it means that understanding how to use your patent is that much more important. Without a true understanding of the power of your newly acquired patent, it is nothing more than a pretty piece of paper to hang on the wall. Below, we discuss some ways that patents can be used by small companies.

Financially speaking, a patent is an asset. Because patents are assets, they have financial implications for the companies that own them. It is possible to use patents to secure loans from individuals or financial institutions. Patents also add value to a company for investment purposes.

If a company is interested in taking a round of investment, public or private, the patents a company owns will be considered in that valuation, almost certainly increasing that valuation. A patent is also an excellent way to set a company apart from the other companies also seeking investment. It can show that you are both dedicated to your intellectual property as well as sophisticated in how you go about doing so.

A patent can also be used as a strong marketing tool. "Protected by U.S. Patent" sends a little shiver of anticipation down the back of the consuming public. "Patent Pending" has a similar effect. It tells the consumer that they will not get this controller or this type of game experience from anyone else. The patent can also be used to set your price because no one else will be able to use its particular features (without your permission).

The perception associated with patents is real and should be an important consideration. Therefore, in the eyes of current or potential investors, some may believe your patent protected ODORFRON 2010 must be better than the competition. Thus the patent can serve to increase interest in your products and be used to charge a premium for those same products.

A patent can also be used in licensing situations. People are often intimidated by the word license. Licenses can be complicated and they can involve extensive obligations on behalf of all the parties.

However, the basic notion of a license that all other notions spring from is really an uncomplicated one. At root, it is a promise not to sue. That is all. When one company gives another company a license, the first company is merely promising not to sue the second company for using some protected information/technology (e.g. a patented invention). And this promise not to sue can be extremely lucrative.

There are several ways to realize the value of a patent through licensing. The first way is to simply license the patent to other companies who pay for that right. This method has the advantage that it is generally the holder (i.e. you) who is in control of the arrangement. More likely for a small and midsize game company, the patent is on technology that improves other patented technology.

This opens up the opportunity to enter into a cross-license with the other patent holder. Both parties can benefit if both parties will be agreeing not to sue under their respective patents so that one or both can use both patents to create a super product. This has the potential to lead to increased revenues for both parties.

Finally a patent can be used as defensively against competitors entering your field or asserting patents against you. Whether a competitor is trying to enter into your technological niche or threatening to sue you, having a patent and some evidence that you have the right to do what you are doing and no one else does.

The patent acts as a symbol of intellectual property sophistication and is a threat that may keep other parties out of your space. Even when a patent is just sitting on the shelf, it is in the public record and may be working for you in ways you will never fully appreciate. Specifically, other companies may be considering moving into your space, but the discovery of your patent may dissuade them. The other companies know that while the patent can be challenged, the cost of litigation makes it unlikely that it will be.

There are many uses of patents outside of litigation. If understood and used correctly a patent can have value that exceeds the cost of the prosecution of that patent.

Conclusion

Whether we like it or not, patents absolutely have an important place in the game industry. As the industry continues to mature, that place will grow in importance. Without question there will be more patents in the game industry than there are currently in the industry. This means it is critical to understand how patents can work for or against your game company. Part of this understanding is knowing that the purpose of patent protection varies based on a company's goals, resources, and position in the industry.

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It's Just a Game, Right? Top Mythconceptions on Patent Protection of Video Games

By Ross Dannenberg, Esq. and Steve Chang, Esq.¹

Gamasutra

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This article addresses the sometimes controversial area of software patents from a lawyer's perspective, and in relation to this, we're asking a new Question Of The Week to run alongside this piece: "Do you agree with the concept of patenting specific video game concepts, either game design ideas or technical innovations?"

The video game business is no game: it's a business, and a large one at that. In 2004, the video game industry sold over \$6.9 billion worth of games for game consoles, portable devices, and personal computers.² Throw in the additional amounts spent on the consoles themselves, extra game controllers, and other peripherals, and it becomes easy to see that the stakes are enormous. Not surprisingly, competition is fierce. Companies spend millions of dollars developing new and innovative games, and everyone is looking for an angle to secure a larger portion of the video game market. In the video game industry the slightest edge can translate into serious dollars. For example, industry giant Electronic Arts recently secured an exclusive license from the National Football League, making EA the only supplier of authentic NFL football games for the near future. As another example, film director John Woo (*Mission Impossible 2*), who made popular the slow motion movie special effect turned video game resource, recently started his own video game development company, Tiger Hill Entertainment, and immediately teamed up with video game publisher Sega. With all this money being invested in video games, why haven't more video game developers been turning to patents to help give them a competitive edge?

Our informal review of the records at the U.S. Patent and Trademark Office (PTO) revealed a relative dearth of patent applications for the video game industry, especially considering how technology-dependent the video game industry is, and given its size in terms of annual sales.³ Why is that? Patents, by their very nature, grant the right to *exclude* your competitors from stealing the fruits of your labor, and yet this powerful tool appears to be overlooked by the majority of the industry. In an effort to answer this question, we set out below to dispel what we see as the top myths surrounding patent protection of video games, and hope to encourage innovative game developers to take steps to protect their valuable innovations.

Myth #1. Video games are just computer programs, and you can't patent those, right?

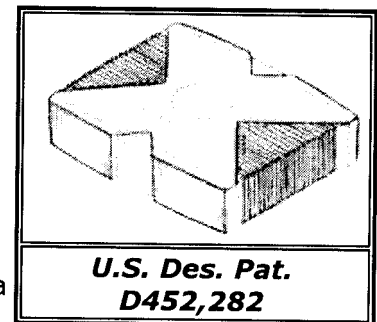
Many in the industry feel that games are simply software, and that they cannot be patented. This is untrue. To the contrary, patents may be obtained on "anything under the sun that is made by man,"⁴ and computer programs are no exception. Indeed, the Patent and Trademark Office has expressly stated that "computer programs embodied in a tangible medium, such as floppy diskettes, are patentable subject matter."⁵ This means that you can patent that game disc, or the computer system's memory that has the game software loaded. You can also patent a method or process performed by a game, as instructed by the object code executing on a computer or game console.

Several savvy game developers have recognized this, and patents have recently been issued on a number of now-popular video game concepts and peripherals. Can you name the patented game (answers appear at the end of this article)?:

1. United States Patent No. 6,604,008, entitled "Scoring based on goals achieved and subjective elements," and assigned to Microsoft Corp., describes a method of determining points to be awarded to a player, where the points are based in part on style. (Hint: Speed through the town of a certain caped crusader)
2. United States Patent No. 6,695,694, entitled "Game machine, game device, control method, information storage medium, game distribution device and game distribution method," and assigned to Konami Corporation, describes a game method that detects whether a player has placed his/her foot on a plurality of step positions, and calculates an amount of energy consumed by the player. (Hint: Groovy!)
3. United States Patent No. 6,200,138, entitled "Game display method, moving direction indicating method, game apparatus and drive simulating apparatus," and assigned to Sega Enterprises, Ltd., describes a game method in which movable objects automatically move away from an approaching character. (Hint: Fare approaching!)
4. United States Patent No. 6,729,954, entitled "Battle method with attack power based on character group density," and assigned to Koei Co., Ltd., describes a method of calculating attack or defense strength of a character based on its proximity to other characters in a three-dimensional battlefield. (Hint: Shang, Zhou, Qin, Han, anyone?)

You can even get patent protection on purely ornamental designs associated with games. These patents, known as "design patents," protect ornamental aspects of items, such as the distinct appearance of a game console (U.S. Design Patent No. D452,282) or an onscreen icon (U.S. Design Patent No. D487,574).

The bottom line here is if you can make it, you can patent it. Video games are a multi-billion dollar industry, with millions being spent on development, and the fruits of that labor can certainly be protected by a U.S. patent.



Myth 2. Ok, even if you can patent computer programs, my video game is based on old stuff, and is nothing new.

All inventions nowadays build on the work of others, and this myth is just a classic example of selling yourself short. Inventions come in all shapes and sizes, and if your game does nothing more than add one novel concept to a mountain of old game concepts, that novel concept may be patentable. So, for example, if your video game is an automobile racing game, you might use familiar concepts such as turbo boosting your car, damaging your car when collisions occur, and displaying a racer's progress on a map of the race track. However, maybe your particular racing game has a novel way of granting or implementing the boost; maybe your game has a unique way of handling or showing damage; or maybe your game uses a novel approach to displaying the race track progress. Whatever novel aspect you've added, if that aspect is something that will help set

your game apart from others, and help sell your game in the marketplace, then that novel aspect may be protectable by a patent.

Indeed, if your game is different from other games in any way, then you have possibilities for a patent covering those differences as inventions. The invention need not even be something immediately apparent to the player. Perhaps your software algorithm takes an approach that maximizes the available resources of a game console, or performs certain functions faster. Maybe your game uses a novel method of loading and discarding content to avoid load times during gameplay, or has a novel control scheme. If it will help you sell the game, it is probably worth protecting by patent.

Myth 3. The patent process is slow, and the industry is fast – by the time the patent issues, it will be worthless.

True, a typical patent application can take three years or more to endure the examination process and emerge from the U.S. Patent & Trademark Office as an issued U.S. patent. However, recent developments have quickened the rate at which you can have patent rights. In 1999, Congress amended the patent laws to provide so-called provisional rights⁶ that can afford you protection beginning just 18 months after you file your application (sometimes even sooner). Of course, there are steps one needs to take to preserve those rights, and your patent application still has to eventually issue as a patent, but these provisional rights can give your patent application “teeth” far sooner than the patents of old. If you time it right, and get your patent application process moving early enough in the video game development cycle, you might begin to have provisional rights at the same time as your game's release.

The length of the examination process is a well-known concern, and the PTO has taken steps to speed up its examination process by setting a timeline for acting on applications. If the PTO fails to meet the deadlines in its timeline, your resulting patent may actually be given extra time to add on to its enforceable term to make up for the delay. Who knows, if your game concept catches on, those extra days/months of term at the “back end” of the patent term may be extremely valuable.

Additionally, this may be another example of selling yourself short. Many inventions are broader in scope than the particular embodiment first produced by the inventor, and a good patent attorney can help an inventor identify the true, full scope of the idea that has been invented. So if the industry happens to slightly modify your original idea, a patent covering the broader concept may still encompass those modifications. Furthermore, many innovative game ideas last far longer than the few years that a patent takes to issue – concepts such as the mouselook control scheme, “rag doll” physics, and real-time resource gathering simulations will likely be around for many many more years, and that next great concept might just be lurking in your next game.

Myth 4. I'd never sue someone for patent infringement anyway - the courts are too slow and lawyers are too expensive.

You don't have to sue someone to benefit from your patent. Being able to say “this game is protected by a U.S. patent” can do wonders for marketing, attracting investors and financing, and can give your company negotiating credibility, leverage and strength in the marketplace. You may choose to simply license your patent to others, collecting licensing fees in the process (and making the patent pay for itself). A patent portfolio is also a good defensive tool. Competitors, who will no doubt take advantage of the patent process for themselves, will think twice about suing you if there's a threat of you suing them back (i.e., a countersuit). Remember, the best defense is often a good offense.

Of course, sometimes you do have to sue to enforce your patent rights. However, that suit does

not always have to be lengthy, and does not always have to be costly. Some forums (e.g., the District Court for the Eastern District of Virginia and the International Trade Commission, to name two) are well-versed in patent litigation mechanics, and can handle cases relatively quickly. Additionally, legal fees can be included in the damages sought in a patent infringement suit, and some attorneys may agree to take your infringement case on a contingency basis (meaning they get paid only if you win the suit).

Myth 5. The "spirit of innovation" works best when there is a free market of ideas, and consumers are better off if video games are not patented.

A classic argument among those who feel that the entire patent system should be abolished. You might want to make that argument to your representative in Congress, because unless the Constitution is amended to do away with patents, they're here to stay. In drafting the Constitution, our founding fathers recognized that the best way to promote progress in the "useful arts" was to reward inventors who come forward and share their inventions with the public by granting them a limited period of exclusivity in which they can exploit the fruits of their labor.⁷ In other words, discouraging slavish copying encourages innovation.

This debate is largely academic - the patent system is here now, and it's here to stay. Most important to the game developer, however, is the fact that there are others in the industry who will inevitably seek more and more patent protection on their own game ideas. The annals of patent history are full of examples of individuals who lost out, in some cases losing out big, to others in the business who took advantage of patent protection. Indeed, the history of video games bears this out. Ralph Baer is largely credited as the father of video games, having conceived of creating video games in 1966, and making millions for the game *Pong*. Baer was meticulous in his recordkeeping, and took advantage of the patent system to help develop his fledgling business. However, four years earlier, another individual named Steve Russell finished work on his own computer game: *Spacewar*. Unfortunately for him, Russell did not seek patent protection on his concept, and did not document his development efforts as well as Baer. We will never know how history may have been rewritten had Russell sought patent protection on *Spacewar*.⁸ The moral of the story is simple: you should act to protect your inventions.

Myth 6. It costs a lot of money to even get a patent in the first place, and I can't afford that.

True, patents don't come cheap. But when you compare the costs of obtaining a patent to the amount of money often spent on development of modern computer games, it's a reasonable expense for the protection it can provide.⁹ There are also approaches you can take that are less expensive, and still don't require you to entirely give up on the patent system. For example, game developers can implement simple internal procedures, and educate their engineers, on how to recognize potentially patentable innovations in their games. Relatively inexpensive patentability searches can be performed, where a search is conducted to see if your particular concept is already out there in the public domain, or in someone else's patent. These approaches are less expensive than pursuing a full-blown patent on all of your potentially patentable ideas, and they at least give your company a chance at identifying and pursuing key innovations.

Video game innovations will play a large role in determining who shares in the ever-growing multi-billion-dollar video game industry. As more and more companies enter the market, and spend more and more resources developing those innovations, protecting those innovations will become even more critical. We hope this article has been helpful in dispelling some of the myths surrounding patents and video games, and we encourage all software game developers to take their intellectual

property rights to heart. For more helpful articles and research information on various aspects of patent law, feel free to check out PatentArcade.com, a site dedicated to intellectual property protection of video games.

Last, but not least, we have the answers to our "name the game" questions:

1. This patent relates to games that reward players with style points for achieving feats with panache, such as Microsoft's *Project Gotham Racing® II* for the Xbox.¹⁰
2. This patent relates to games that include a workout mode for a dance pad, such as Konami's *Dance Dance Revolution®*.¹¹ Incidentally, Konami recently filed a lawsuit against Roxor Games for allegedly infringing another one of Konami's patents on the *Dance Dance Revolution* game.¹²
3. This patent relates to computer characters who scramble out of the way of your taxi in Sega Enterprises' game, *Crazi Taxi®*.¹³
4. This patent relates to battlefield strength and morale, as used in Koei's *Dynasty Warriors®* series of games.¹⁴

End Notes

¹ Ross and Steve are Shareholders with the law firm Banner & Witcoff, Ltd. in Washington, DC. The views expressed in this article are those of the authors, and should not be attributed to either Banner & Witcoff, Ltd. or to any of its clients. This article is for information purposes only, and does not establish an attorney-client relationship with anyone.

² M. Richtel, "Video Game Industry Sales Reach Record Pace in 2004," New York Times, January 19, 2005 .

³ By comparison, the U.S. toothbrush industry is estimated to make \$1.9 billion in sales in 2005 for manual and power toothbrushes (a fraction of the video game industry), but our search found nearly the same number of patents that mentioned "toothbrush" (4600) as those mentioning "video game" (4873). Dental industry estimate obtained from Euromonitor Market Research; patent searches conducted at www.uspto.gov.

⁴ *Diamond v. Chakrabarty*, 447 U.S. 303, 309 (1980).

⁵ *In re Beauregard*, 35 USPQ2d 1383 (Fed. Cir. 1995) (the PTO's concession is reported in the decision for this case).

⁶ 35 U.S.C. 154(d), enacted Nov. 29, 1999.

⁷ U.S. Const. Art. I, §8 "The Congress shall have Power ... To 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."

⁸ For an excellent discussion of this history, see *The Ultimate History of Video Games*, by Steven Kent, Three Rivers Press (2001).

⁹ It has been reported that Id Software spent in the order of \$15M to develop *Doom III*, whereas a typical patent application can be prepared and filed for around \$10k-\$15k, with perhaps another \$3k-\$5k spent per year in responding to actions by the patent examiner. See Hermida, A, "Long Awaited *Doom 3* Leaked Online," BBC News, World Edition, August 2, 2004 , printed from <http://news.bbc.co.uk/2/hi/technology/3527332.stm> . Cost estimates of obtaining patents varies. See, e.g., <http://www.depts.ttu.edu/transferandintellectualproperty/faq.html>.

¹⁰ *Project Gotham Racing* and Xbox are registered trademarks of Microsoft Corporation.

¹¹ *Dance Dance Revolution*® is a registered trademark of Konami Corporation.

¹² *Konami v. Roxor Games*, 2-05CV-173 (E.D. Tex, filed May 9, 2005).

¹³ *Crazy Taxi*® is a registered trademark of Sega Enterprises, Ltd.

¹⁴ *Dynasty Warriors*® is a registered trademark of Koei Corporation.

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