

Avatar IP Considerations For Music-Gaming Integration

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The video game industry is booming, with forecasts estimating that the global games market will generate revenues of \$159.3 billion this year and exceed \$200 billion by 2023.[1] Comparing these figures with the \$100 billion revenue of the film industry[2] and \$20 billion revenue of the recorded music industry,[3] the power of gaming to capture consumers' attention is undeniable.

The strong market and increased consumer interest in at-home entertainment — compounded by diminished opportunities to host in-person events — have inspired the music industry to collaborate with gaming companies.

Examples of these multidisciplinary integrations include hosting concerts within a video game's universe, or using virtual reality, augmented or extended reality platforms, at times requiring the reproduction of artists as avatars in the virtual universe, or metaverse.

Various legal considerations around the use of avatars may influence how an integration is structured and executed. Consider our tips for navigating this evolving space before planning a music-gaming integration that involves the use of avatars.

Tattoos on Avatars

Many entertainers have — and may even be famous for — tattoos, and so the question of whether tattoos can be reproduced on avatars without generating liability is a critical one. In March, in *Solid Oak Sketches LLC v. 2K Games Inc. and Take-Two Interactive Software Inc.*,[4] the U.S. District Court for the Southern District of New York dismissed the plaintiff's copyright infringement claims with respect to certain tattoos which appear on avatars.

However, the court's analysis demonstrates the fact-specific nature of this inquiry. The question is not conclusively settled, given the U.S. District Court for the Southern District of Illinois' recent decision to decline a motion for summary judgment in *Alexander v. Take-Two Interactive Software Inc.*[5]



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For a music-gaming integration, the number of tattooed avatars and each avatar's role in the game could prove relevant, e.g., whether the game features one avatar who is the primary focus of the integration vs. hundreds of avatars, each of which may or may not drive consumer interest in the integration. The goals of the integration may also be relevant.

The importance of realism in the game may be relevant for some integrations, but for others, surrealism may be the express goal. Before creating avatars that include tattoos or other copyrighted works, e.g., clothing that contains copyrighted images, consider the proposed use and surrounding context.

Use of Dance Moves and Distinctive Behaviors

Allowing entertainers' and audience members' avatars to engage in dance moves and other behaviors can substantially increase interactivity in an integration but may also pose legal risk. The March decision in *Leo Pellegrino v. Epic Games Inc.*[6] demonstrates some of these risks, as the U.S. District Court for the Eastern District of Pennsylvania found that use of Pellegrino's signature move as alleged in Pellegrino's complaint could create the impression that Pellegrino endorsed the game.

When evaluating the inclusion of a move or behavior, the facts surrounding the use, the distinctiveness of the move or behavior, and whether the move or behavior is recognizable as being associated with the plaintiff are key initial considerations. Consider also whether users may only perform the move with a character who embodies other elements of the plaintiff's likeness, or whether the move can be performed by various characters.

The broader context in which the users can perform the move may also be important. Can the user only perform the move in the same context in which it became famous, e.g., onstage, or can it be deployed in unrelated contexts, e.g., settings within the metaverse that are unrelated to the integration? Are there indicators in the integration or marketing materials which would suggest that the plaintiff is involved in, or otherwise approves of, the integration or the inclusion of the plaintiff's move or behavior?

Even where entertainers and game companies work collaboratively to incorporate moves or other behaviors into an integration, both sides must evaluate proposed uses to avoid unintended legal or reputational consequences.

For the entertainer, the focal point of the integration and often the highest-profile participant, the inquiry should involve an analysis of how the entertainer's avatar will be depicted. Entertainers should pay attention not only to the avatar's planned moves and behaviors, but also the avatar's surroundings, to be sure that the overall context does not suggest that the avatar endorses certain products or brands that are referenced within the game.

This is particularly important if the entertainer will not be controlling the entertainer's avatar in real time during the integration, and the entertainer's avatar is either controlled by a third party or is preprogrammed to behave in certain ways during the integration. The idea of an avatar jumping with joy or giving a thumbs up onstage might sound innocuous in isolation, but could be problematic if the avatar's reaction occurs in response to being handed a company's beverage.

The entertainer should also review its existing sponsorship or endorsement deals, which may restrict the entertainer from endorsing similar products or services. Even if the integration will not refer to any products or brands, entertainers should ensure that they have a clear understanding of the actions or

behaviors that the entertainer's avatar will take in the integration, and how the entertainer's avatar will interact with audience members, for reputational reasons.

Gaming companies must also be thoughtful about the moves and behaviors that they make available to audience members. Allowing audience members to actively participate and interact can be key for driving fan engagement and for amplifying publicity about the integration off the platform.

However, permitting audience members to create their own moves or behaviors may result in unexpected adverse consequences, particularly if the game publisher appears to have fostered an environment in which audience members could misappropriate a third party's trademarks or likeness.

Even if game publishers limit the audience members' moves and behaviors to those which the game publisher has designed and legally cleared itself, game publishers may wish to design the game so that audience members can only engage in certain moves or behaviors in particular contexts.

Technological limitations on how and when audience members may deploy moves or behaviors may help the game publisher to comply with its commitments to third parties. These limitations may also reduce the risk that audience members use the moves or behaviors in a manner that is inconsistent with the game's culture or the game publisher's reputation.

Use of Likenesses in Characters and Avatars

Inclusion of avatars based on actual persons may also generate legal risk. Recent case law demonstrates that the outcome of cases alleging the unauthorized use of a likeness depends on both the law that forms the basis of the cause of action — e.g., whether rooted in federal trademark law, or state publicity or privacy law — and the particular facts surrounding the use.

In the 2013 U.S. Court of Appeals for the Ninth Circuit decision in *Brown v. Electronic Arts Inc.*, [7] there was no dispute that Electronic Arts used Pro Football Hall of Famer Jim Brown's likeness, but the Lanham Act failed to provide meaningful relief for Brown because of the statute's focus on consumer confusion and countervailing First Amendment considerations.

In the 2018 New York Court of Appeals case *Lohan v. Take-Two Interactive Software Inc.*, [8] the applicable statute would have provided relief for the unauthorized use of a plaintiff's likeness for commercial purposes in a video game avatar, but the particular avatar at issue was not sufficiently distinctive to be recognizable as Lindsey Lohan, the plaintiff in this case.

The *Brown* and *Lohan* cases also demonstrate the power of the First Amendment as a potential defense to a rights of publicity claim. Courts have recognized that strict enforcement of rights of publicity may be in tension with the First Amendment, as the publicity right could narrow the ways that others can refer to individuals without seeking prior consent.

Per the *Brown* court:

The legal issues raised by this case are not novel, but their lack of novelty should not be mistaken for lack of difficulty. Significant judicial resources, including the resources of this Court, have been expended trying to find the appropriate balance between trademark and similar rights, on the one hand, and First Amendment rights, on the other.[9]

The Lohan court also noted the importance of First Amendment considerations, flagging that courts have cabined application of the New York statute "'to avoid any conflict with the free dissemination of thoughts, ideas, newsworthy events, and matters of public interest' guaranteed by the First Amendment" [10] because "freedom of speech and the press ... transcends the right to privacy".[11]

Brown and Lohan also demonstrate how choice of law and venue can yield strategic advantages and, in some cases, may be outcome determinative. Federal circuits differ on the standards on which they evaluate state rights of publicity claims.

While the Ninth Circuit in Brown applied the test from the 1989 U.S. Court of Appeals for the Second Circuit Rogers v. Grimaldi[12] decision, the U.S. Court of Appeals for the Third Circuit declined to adopt the Rogers test in Hart v. Electronic Arts Inc., on the grounds that it "would potentially immunize a broad swath of tortious activity." [13] The Hart court, instead, applied the transformative use test, which was again used in Pellegrino and was ultimately the basis on which Pellegrino's rights of publicity claims were dismissed.[14]

Because rights of publicity are rooted in state law, the contours of rights of publicity law vary by jurisdiction. To the extent that a plaintiff may have standing to bring a claim under the rights of publicity law in multiple jurisdictions, it may be advantageous for the plaintiff to consider whether a particular jurisdiction's body of law offers greater levels of protection, or a less burdensome analytical framework, before filing suit.

Given the broad distribution of music-gaming integrations, game publishers who wish to incorporate individuals as avatars can minimize legal risk by obtaining a license from the applicable individual. This is especially important where the integration is premised upon the presence of the avatar of a named individual. If a game publisher does not procure a license or later faces a claim regarding use of an individual's likeness, the game publisher may wish to consider whether the First Amendment, among other defenses, provides any avenues for relief.

The context of the use, and the relationship between the use and the broader purpose of the integration, may be critical factors. Whether an integration requires realistic portrayals of individuals to fulfill its purpose, and whether the game publisher is using the individual's likeness to communicate an expressive message, or to derive a commercial benefit, may influence a court's analysis.

Conclusion

The creative possibilities for music-gaming integrations may be expansive, but the associated legal risks do not have to be. Careful planning, a concerted effort to obtain appropriate permissions, and active collaboration among the creative, business, legal and technical teams can enable game publishers and entertainers to create an authentic virtual experience while minimizing the risk of legal problems.

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[1] Tom Wijman, *The World's 2.7 Billion Gamers Will Spend \$159.3 Billion on Games in 2020; The Market Will Surpass \$200 Billion by 2023*, Newzoo (May 8, 2020), <https://newzoo.com/insights/articles/newzoo-games-market-numbers-revenues-and-audience-2020-2023/>.

[2] Rebecca Rubin, *Global Entertainment Industry Surpasses \$100 Billion for the First Time Ever*, Variety (Mar. 11, 2020, 11:00 AM), <https://variety.com/2020/film/news/global-entertainment-industry-surpasses-100-billion-for-the-first-time-ever-1203529990/>.

[3] IFPI Issues Annual Global Music Report, IFPI (May 4, 2020), <https://www.ifpi.org/ifpi-issues-annual-global-music-report/>.

[4] 449 F. Supp. 3d 333 (S.D.N.Y. Mar. 26, 2020).

[5] No. 18-cv-966-SMY, 2020 WL 5752158 (S.D. Ill. Sep. 26, 2020).

[6] 451 F. Supp. 3d 373 (E.D. Penn Mar. 31, 2020).

[7] 724 F.3d 1235 (9th Cir. 2013).

[8] 97 N.E.3d 389 (N.Y. Mar. 29, 2018).

[9] Brown, 724 F.3d at 1240–41.

[10] Lohan, 97 N.E.3d at 393 (quoting *Ann-Margret v. High Soc. Magazine, Inc.*, 498 F. Supp. 401, 404 (S.D.N.Y. 1980) (quoting *Time, Inc. v. Hill*, 385 U.S. 374, 382 (1967))).

[11] *Id.* at 394 (quoting *Namath v. Sports Illustrated*, 363 N.Y.S.2d 276, 280 (N.Y. Sup. Ct. 1975)).

[12] *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989).

[13] 717 F.3d 141, 154–55 (3d Cir. 2013).

[14] *Id.* at 165; *Pellegrino v. Epic Games, Inc.*, 451 F. Supp. 3d 373, 380–82 (E.D. Penn. Mar. 31, 2020).