

## The Second Life PTO: Do Real-World Trademark Offices Have Competition?

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Second Life (SL) is an online virtual world with more than 10 million members. It permits users to create online personas who can interact with one another and their environments. SL is owned and operated by a company called Linden Lab, which distinguishes itself from other virtual-world games by giving its members intellectual property rights to the content that they create in SL. SL members can create and sell virtual “goods and services” as diverse as home furnishings, cars, jewelry, tattoos, clothes and shoes. SL members who develop goods for use “in-world” are known as “content creators.” In-game currency, called Linden dollars, is easily exchanged for actual legal tender. Therefore, not surprisingly, business within SL is booming. In 2006, SL-related transactions totaled more than US \$20 million. See Alan Sipress, “Where Real Money Meets Virtual Reality, the Jury Is Still Out,” *Washington Post*, Dec. 26, 2006, at A1.

Predictably, when significant sums are at stake, SL members are attempting to use traditional IP tools, such as registering their marks and designs. Merchants of virtual goods and services are venturing into uncharted waters when they attempt to use traditional trademark tools for decidedly nontraditional products and services.

### Second Life PTO Is Open for Business

Recognizing a need for the protection of virtual intellectual property, two entrepreneurs have established the “Second Life Patent and Trademark Office” at <http://www.slpto.com>. The site boasts that it allows users to “register, protect, and add value to your Second Life creations to protect your intellectual property rights,” and claims to offer “tools” to assist in the protection of virtual creations.

The SLPTO bills itself as a neutral third-party where SL members can register their SL marks and designs. Among other alleged benefits, the SLPTO claims that it will store privately held information detailing the source materials of the original design—for example, evidence that can be used against a seller of a counterfeit product that was created through an “exploit” (a software glitch in SL). At the moment, SLPTO is a free service while the owners try to figure out exactly how to monetize “IP protection.”

However, in any reality, the protections afforded by the SLPTO are likely illusory. The SLPTO is not affiliated with a real-world IP office or Linden Lab, and has no legal authority whatsoever. There are no “courts of law” in SL in which to enforce a SLPTO registration; this seriously limits the utility of registering anything with the SLPTO. This is simply a self-appointed watchdog group in SL. Additionally, it remains unclear how persuasive SLPTO evidence could be in a real-world proceeding, such as a trademark or copyright infringement action.

### SL Members Also Try to Protect Themselves in the Real World

Some SL members have decided to go the traditional route of protecting their marks with governmental authorities, such as the

U.S. Patent and Trademark Office (USPTO). One of the first users to file a U.S. trademark application (77/110,299) for her avatar (an avatar is the digital likeness a SL member creates to represent herself in the virtual world) originally listed “computer services” in her intent-to-use application. Not surprisingly, the USPTO required that the recitation be narrowed, and the approved application lists the following: computer programming services, namely content creation for virtual worlds and three-dimensional platforms. Therefore, it appears that this user intends to provide the service of creating virtual content using her avatar as a trademark.

But the question remains—how does one protect the virtual products themselves, for example, virtual clothing purchased by and worn by virtual people?

Recently, six purveyors of virtual goods in SL sued other SL members in a New York federal court under the Lanham Act, Copyright Act and other laws for improper use of plaintiffs’ marks, designs and trade dress. *Eros, LLC v. Simon*, No. 1:07-cv-04447 (E.D.N.Y. complaint filed October 24, 2007). Notably, one of the plaintiffs, Eros LLC, the maker of virtual sex toys and other adult-oriented products in SL, alleged that it has a pending U.S. application for the mark SEXGEN (Ser. No. 77/202601) for “scripted animation system utilizing a defined menu to actuate avatars within a virtual world accessed through a 3-dimensional virtual platform” in Class 9. The USPTO initially rejected the application because, among other issues, the goods description was too vague. However, consider that if Eros had instead applied to register the mark in Class 10 for adult sexual aids, certainly the specimen would have been rejected for failure to demonstrate use of the mark on the goods described.

As of yet, there is no international classification for “virtual products,” which would arguably solve the problem of accurately describing the goods at issue and make searching for relevant conflicting marks easier. More important, it would likely encourage virtual brand owners to protect themselves the “old fashioned” way. Hopefully, with the increase in virtual branding and awareness of the issues, the USPTO and trademark offices in other jurisdictions will address this fascinating and evolving issue.

### What’s Next?

While introducing real-world brands into virtual reality is nothing new, the opposite situation—virtual products making an appearance in the real world—has not yet been explored. A 2006 *Harvard Business Review* article suggested that “Sprunk,” a fictional brand of soda in the popular game “Grand Theft Auto,” would make an ideal candidate for implementing the “reverse product placement” strategy (David Edery “Reverse Product Placement in Virtual Worlds” (December 2006)). Reverse product placement can catapult a new product developed and branded in a virtual world into a competitive and crowded field in the real world.

Until trademark law catches up with the phenomenon of virtual branding, owners of brands in virtual worlds must consider creative ways of ensuring that their brands are protected in the event they want to expand into the real world.

To learn more about trademarks in Second Life, see “Brand Promotion and Unauthorized Trademark Use in Virtual Worlds” *INTA Bulletin* Vol. 62 No. 17 (September 15, 2007).