

Case brief

Parties

669 F2D 852 Stern Electronics Inc. v. Kaufman

Plaintiff-Appellee: Stern Electronics Inc.

Defendant-Appellant: Omni Video Games Inc.

Facts

“Scramble” an electronic video game developed by Konami Industry was distributed in North and South America by Stern Electronics which secured an exclusive sub-license to distribution.

“Scramble” quickly became hit and initial sales were up to \$20 million.

Omni started to sell video game called “Scramble” which was identical in the sounds and sight to Stern’s “Scramble”. This copy was so called “knock-off” and was sold several hundred dollars less than original “Scramble”.

Legal issues

Copyright issue

Omni claimed that program they created on their own is in fact same in the sounds and sight but it was result of different approach. Furthermore this replication is possible because many different programs can have the same result.

To secure its video game Konami registered the sight and sounds of “Scramble” as an audiovisual work. Omni contended that Konami was not entitled to secure a copyright in the sight and sounds of its “Scramble” because the audiovisual work was neither “fixed in any tangible medium of expression” nor “original”.

The issue in this case is whether video game can be protected as an audiovisual work or just as a literary work.

Trademark issue

The question before court was whether Omni had superior common law rights in the mark “Scramble” based on their prior use.

Procedural history

In the first instance, the court issued preliminary injunction against Omni.

Court of Appeals for the Second Circuit affirmed preliminary injunction and in matter of originality ruled that “Scramble” is an original work. In trademark issue Court ruled that appellant’s prior use was not bona fide.

Reasoning of the court

Court reasoned that the audiovisual work is permanently embodied in a material object, the memory devices, from which it can be perceived with the aid of the other components of the game. During the game some of the objects on the screen do not change, so not all of the player actions have affect. And these not changing objects can be protected as an audiovisual work. The Court also ruled that it is eligible for copyright protection due to its originality. This originality is caused by idea someone had about how audiovisual display would look like and sound like. Then the program was written.

The Court thought that idea of "Scramble" and production of game with same features would be an incredible coincidence and more likely Omni acted against bona fide when it tried to secure name "Scramble" for itself. And Omni so far marked 5 of its machines "Scramble" whereas Stern made a substantial investment in its "Scramble".