



# NEWSLETTER

*A quarterly update on intellectual property topics.*

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## REAL WORLD IMPLICATIONS OF VIRTUAL TRADEMARK INFRINGEMENT

Internet-based virtual worlds, such as Second Life, are becoming fertile ground for intellectual property infringement. Launched in 2003, Second Life enables its users (“Residents”) to interact with one another through digital representations of themselves called “avatars.” As of November 29, 2007, there were 11,160,060 registered Residents.<sup>1</sup> Observers estimate that eighty percent of active Internet users will have a presence in a virtual world by 2011.<sup>2</sup>

Second Life Residents can create and trade virtual property and services from one another using the Second Life currency, the Linden dollar. In October 2007, approximately 22,971,499 transactions reportedly took place with 318,742 Residents spending money on virtual goods and property.<sup>3</sup> These goods include virtual knock-offs of high-end branded merchandise, such as ROLEX and CARTIER products. The emergence of “virtual counterfeiting” in Second Life and other virtual worlds shows that trademark owners need to start becoming aware of whether and how their brands are being used in virtual worlds, particularly as such infringement is becoming lucrative. As an example, the *Second Life Herald* recently reported that a jewelry designer is selling virtual copies of Cartier’s HIMALIA jewelry sets as limited editions for L\$10,000 each (approximately U.S. \$40).<sup>4</sup> Residents can purchase the necklaces to adorn and distinguish their Second Life avatars. Although “Cartier” is not referenced in the jewelry advertisements, the design of jewelry appears to be copied from Cartier’s HIMALIA line, and the HIMALIA trademark is used to promote and sell the virtual jewelry.

Because trademark owners must police their trademark rights or risk their forfeiture, failure to take action against virtual

infringement risks possible loss of valuable trademark rights. Trademark owners’ efforts to monitor virtual infringement may be assisted by the recently-created Second Life Patent & Trademark Office (“SLPTO”).<sup>5</sup> The SLPTO is a neutral non-governmental entity that affords Second Life Residents (including avatars representing real world trademark owners) the opportunity to register information about their intellectual property at no cost. The functions that the SLPTO may have beyond simply recording user-submitted information has not yet been determined.

Some companies are addressing virtual infringement in novel ways. For example, Herman Miller, the furniture designer, recently launched a campaign (called “Get Real”) to combat knock-offs of its furniture in the real world and in Second Life.<sup>6</sup> As part of this campaign, Herman Miller will offer a collection of fifteen virtual furniture pieces for L\$300-L\$850 (approximately U.S. \$1.40 to \$3.50). For a limited time, Residents who bought virtual counterfeit Herman Miller pieces can receive virtual genuine pieces at no cost if they delete the counterfeits.<sup>7</sup>

Commerce in branded merchandise, such as CARTIER necklaces and HERMAN MILLER furniture, is likely to grow as Second Life expands and Residents demand distinctive, technologically sophisticated personas, accessories, and unique Second Life “living” spaces. Although the virtual marketplace is still developing, it may soon become as important for trademark owners to monitor and engage the virtual world as it was for them to engage with the Internet in the 1990s.

– Alexis E. Payne and Joseph N. Welch II

1. See [http://secondlife.com/whatis/economy\\_stats.php](http://secondlife.com/whatis/economy_stats.php). However, only 445,542 Residents reportedly logged during the prior seven days.

2. Gartner Consulting. “Gartner Says 80 Percent of Active Internet Users Will Have A ‘Second Life’ in the Virtual World by the End of 2011.” Press Release. April 24, 2007. <http://www.gartner.com/it/page.jsp?id=503861> (accessed Nov. 27, 2007).

3. *Id.* Any income made inside Second Life can be cashed out through the company into the exchange rate of U.S. dollars and deposited directly into a checking account. See <https://secure-web16.secondlife.com/currency>.

4. Vielle, Tenshi. “Innovative... Beautiful... Timeless... Ripoffs?” *The Second Life Herald*. June 20, 2007. [http://www.secondlifeherald.com/slh/2007/06/innovative\\_beau.html](http://www.secondlifeherald.com/slh/2007/06/innovative_beau.html). (accessed Nov. 27, 2007).

5. See <http://www.slpto.com>. (accessed Nov. 27, 2007).

6. See <http://www.hermanmiller.com/CDA/SSA/Category/0,,a10-c2104,00.html>. See also Bauer, Julia. “Herman Miller Launches Virtual Showroom.” *The Grand Rapids Press*. Oct. 9, 2007. <http://www.mlive.com/business/grpress/index.ssf?base/business-5/1191936943124860.xml&coll=6>. (accessed Nov. 27, 2007).

7. See <http://www.hermanmiller.com/CDA/SSA/Category/0,,a10-c2104,00.html>.

# FIRM UPDATE / ANNOUNCEMENTS

## NEW ASSOCIATE

**Scott T. Lonardo** has joined the Firm as an Associate. Scott recently finished a two-year clerkship with the Honorable Kathleen M. O'Malley of the United States District Court for the Northern District of Ohio. Scott received his J.D. from the Georgetown University Law Center in 2005 and his B.A. from Georgetown in 1999. While in law school, he was a member of the Journal of International Law as well as a participant on the moot court team, competing at the Cardozo Entertainment and Communications Moot Court Competition.

## APPOINTMENTS

The International Trademark Association has appointed **Phillip Barengolts** to the Editorial Board Subcommittee of *The Trademark Reporter* for 2008-2009.

**Jonathan S. Jennings** was appointed by The International Trademark Association to chair the North American Subcommittee of the Parallel Imports Committee for 2008-2009.

**Jonathan S. Jennings** has been reappointed to The Center for Intellectual Property Law & Information Technology Board at the DePaul University College of Law for 2008.

## TEACHING

**David C. Hilliard** and **Uli Widmaier** will co-teach the Advanced Trademarks seminar at the University of Chicago Law School during the Winter Quarter 2008 term.

**Jonathan S. Jennings** will teach a three credit course on "Right of Publicity/Protection of Personality" at The John Marshall Law School during the Spring 2008 semester.

**Mark V. B. Partridge** will be teaching a course on trademark litigation at The John Marshall Law School during the Spring 2008 semester.

## PRESENTATIONS

**Bradley L. Cohn** spoke on "U.S. Trademark Law" on October 24, 2007, at the University of Los Andes, Bogota, Colombia.

**Ashly Iacullo** gave a presentation entitled "Hey That's My Trademark Dot Com: Strategies for Protecting and Managing Trademarks on the Internet" at the Illinois Paralegal Association Conference in Chicago, Illinois, on November 8, 2007.

**Jonathan S. Jennings** spoke on "New TTAB Rules of Practice: Greater Efficiency Or Greater Burden?" at the Chicago Bar Association on November 27, 2007.

**Mark V. B. Partridge** spoke on "Guiding Rights: Intellectual Property Is Your Greatest Asset" to the Vistage CEO and Key Groups in Westlake and Warrensville Heights, Ohio, on November 15 and 16, 2007.

**Robert W. Sacoff** will speak on "Trademark Cases in the International Trade Commission" at the AIPPI/ASIPI meeting in Mexico City, April 6-8, 2008.

## NOTEWORTHY

**David C. Hilliard, Raymond I. Geraldson, Jr., Jeremiah D. McAuliffe, Mark V. B. Partridge, Robert W. Sacoff** and **Joseph N. Welch II** were recognized in *The International Who's Who of Trademark Lawyers 2007*.

**Brett A. August, David C. Hilliard, Raymond I. Geraldson, Jr., Jonathan S. Jennings, Robert M. Newbury, Mark V. B. Partridge, Robert W. Sacoff,** and **Joseph N. Welch II** were named Leading Lawyers in Intellectual Property by *Leading Lawyers Network Magazine*. **Raymond I. Geraldson, Jr.** continues to serve on the Leading Lawyers advisory board in 2008.

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