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## Micro Star v. FormGen, Inc. 154 F.3d 1107 (9th Cir. 1997)

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## *Micro Star v. FormGen, Inc.*

154 F.3d 1107 (9th Cir. 1997)

### INTRODUCTION

Micro Star filed suit in the United States District Court for the Southern District of California, seeking a declaratory judgment that its video game “Nuke It” did not infringe on any of FormGen’s copyrights. FormGen counter-claimed, seeking a preliminary injunction barring further production and distribution of “Nuke It”. The district court held for Micro Star when it stated that “Nuke It” was not a derivative work and did not infringe on FormGen’s work.<sup>1</sup>

The district court, however, ruled in favor of FormGen when it granted a preliminary injunction as to the screen shots on the packaging of “Nuke It.” The court found that Micro Star violated FormGen’s copyright because these pictures reproduced the images of the characters in FormGen’s “Duke Nukem 3D” video game without a license or permission from FormGen.<sup>2</sup> In addition to holding that Micro Star infringed upon FormGen’s copyright, the court further rejected Micro Star’s claims that it was entitled to the fair use of these images.<sup>3</sup> Both Micro Star and FormGen appealed the district court’s ruling.<sup>4</sup>

### FACTS

FormGen is a computer software company that created, distributed, and owns the rights to “Duke Nukem 3D” (“D/N-3D”), an incredibly popular computer game.<sup>5</sup> D/N-3D is played from the first person perspective of the title character, Duke Nukem, who is seen on the screen as a pair of hands.<sup>6</sup> The purpose of the game is to explore a futuristic city infested with Aliens, and to “zap them

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1. *Micro Star v. FormGen, Inc.*, 154 F.3d 1107, 1109 (4<sup>th</sup> Cir. 1997).

2. *Id.*

3. *Id.*

4. *Id.*

5. *Id.*

6. *Micro Star*, 154 F.3d at 1109

before they zap you, while searching for a hidden passage to the next level.”<sup>7</sup>

The basic game consists of twenty-nine levels, and each level consists of a different combination of scenery, Aliens, and other challenges.<sup>8</sup> D/N-3D also includes a “Build Editor”, which is a utility that enables players to create their own levels.<sup>9</sup> Players can make the levels as easy or challenging as they wish.<sup>10</sup> FormGen encouraged players who created their own levels to post these creations on an Internet website that was established for players of D/N-3D.<sup>11</sup> This website allowed other players of D/N-3D to download these levels and attempt to beat them.<sup>12</sup> There was no additional charge to players for this service.<sup>13</sup>

Micro Star, a computer software distributor, entered this Internet website and downloaded 300 of the levels that had been created by players of D/N-3D.<sup>14</sup> Micro Star then transferred these user-created levels onto a CD-ROM, mass-produced the CD-ROM, and sold it commercially as “Nuke It.”<sup>15</sup> “Nuke It” was then packaged in a box decorated with numerous images of the scenes that had been created for D/N-3D.<sup>16</sup> Both parties filed their respective law suits shortly after the creation of “Nuke It”.

### *The Operation of D/N-3D*

In order for the court to better understand the claims of each party, the court felt it was necessary to address the intricate details of how D/N-3D operates. The game consists of three separate components: the game engine, the source art library, and the MAP files.<sup>17</sup> The game engine is the heart of the computer program and it tells the computer when to read data, save and load games, play

7. *Id.*

8. *Id.*

9. *Id.*

10. *Id.*

11. *Micro Star*, 154 F.3d at 1109.

12. *Id.*

13. *Id.*

14. *Id.*

15. *Id.*

16. *Micro Star*, 154 F.3d at 1110.

17. *Id.*

sounds and project images on the screen.<sup>18</sup> In order to create the audiovisual display for a particular level, the game engine invokes the MAP file that corresponds to that level.<sup>19</sup> Each MAP file contains a series of instructions that tell the game engine where to place each image.<sup>20</sup> The game engine then goes to the source art library, finds the image it is looking for, and puts it in the proper place on the screen.<sup>21</sup> The map file describes the level in great detail, even though it does not contain any of the copyrighted art itself.<sup>22</sup>

Everything that appears on the screen comes from the art library.<sup>23</sup> The court analogizes this process to a paint-by-numbers kit.<sup>24</sup>

The MAP file might tell you to put blue paint in section number 535, but it doesn't contain any blue paint itself; the blue paint comes from your palette, which is the low-tech analog of the art library, while you play the role of the game engine. When the player selects one of the "Nuke It" levels, the game engine references the "Nuke It" MAP files, but still uses the D/N-3D art library to generate the images that make up that level.<sup>25</sup>

Copyright law holds that the copyright holder enjoys the exclusive right to create derivative works based on the original creation.<sup>26</sup> FormGen argued that the audiovisual displays generated when D/N-3D is run in conjunction with the "Nuke It" CD MAP files, are derivative works of FormGen's original creation and therefore must be protected forms of expression.<sup>27</sup>

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18. *Id.*

19. *Id.*

20. *Id.*

21. *Micro Star*, 154 F.3d at 1110.

22. *Id.*

23. *Id.*

24. *Id.*

25. *Id.*

26. 17 U.S.C. § 106 (1994).

27. *Digital Storm*, 154 F.3d at 1110.

## LEGAL ANALYSIS

For FormGen to succeed with its preliminary injunction to bar Micro Star from producing and selling “Nuke It” it had to show that it was likely to succeed on the merits once the issues were presented to the court.<sup>28</sup> Moreover for FormGen to withstand Micro Star’s summary judgment motion it had to prove that it was the owner of the copyright to D/N-3D and that Micro Star had copied the protected expression.<sup>29</sup>

The 9th Circuit held that three issues needed to be analyzed to determine whether Micro Star had copied FormGen’s protected property. First, the court must look to see if “Nuke It” was a derivative work according to 17 U.S.C. §106 (1994).<sup>30</sup> Second, the court needed to address whether Micro Star’s use of D/N-3D was permissive use.<sup>31</sup> Third, the court had to decide if Micro Star was the beneficiary of the implicit license FormGen gave to its customers.<sup>32</sup>

*Copyright Infringement Claim*

The Copyright Act uses a broad definition of a derivative work.<sup>33</sup> The court narrowed the definition to two major requirements:<sup>34</sup> First, the derivative work must exist in a concrete and permanent form;<sup>35</sup> Second, the derivative work must substantially incorporate protected material from the preexisting work.<sup>36</sup> Micro Star argued that “Nuke It” was not a derivative work because the audiovisual displays generated when D/N-3D is

28. *Id.*

29. *Id.*

30. 17 U.S.C. § 107 (1994).

31. *Micro Star*, 154 F.3d at 1110.

32. *Id.*

33. *Id.*

34. *Id.*

35. *Micro Star*, 154 F.3d at 1110, (citing *Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.*, 964 F.2d 965, 967 (9th Cir. 1992)).

36. *Micro Star*, 154 F.3d at 1110, (citing *Litchfield v. Spielberg*, 736 F.2d

1352, 1357 (9th Cir. 1984)).

run with the “Nuke It” MAP files are not incorporated in any concrete or permanent form.<sup>37</sup>

In regard to the first issue the court determined that the “Nuke It” MAP files did exist in a concrete and permanent form because they were burned onto a CD-ROM.<sup>38</sup> Micro Star cited the decision in *Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.*,<sup>39</sup> to argue that the audiovisual displays generated when D/N-3D ran the “Nuke It” MAP files were not in a concrete or permanent form.<sup>40</sup>

In *Galoob* the court addressed the audiovisual displays created by the Game Genie, for the Nintendo Entertainment System.<sup>41</sup> The Game Genie altered certain aspects of the various games played on the system, such as a character’s speed or strength.<sup>42</sup> By entering any one of over a billion codes, the player could temporarily alter the game they were playing.<sup>43</sup> For example, a player could enter a code giving their character infinite strength. This would allow a game to be played for a longer period of time. The most important distinction with the Game Genie was that after the players shut off the game on their Game Genie, the players would have to reenter the code the next time they played.<sup>44</sup> Therefore, because the alteration was temporary in nature the court held that the Game Genie did not incorporate a protected work in “some concrete or permanent form.”<sup>45</sup>

The Ninth Circuit held that audiovisual displays generated by D/N-3D from the “Nuke It” MAP files were distinguishable. The audiovisual displays on D/N-3D differed from the Game Genie because they were recorded in a permanent form in the MAP files.<sup>46</sup>

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37. *Id.* at 1111.

38. *Id.*

39. 964 F.2d 965 (9th Cir. 1992).

40. *Micro Star*, 154 F.3d at 1111.

41. *Galoob*, 964 F.2d at 967.

42. *Id.*

43. *Id.*

44. *Id.*

45. *Id.*

Secondly, the court rejected Micro Star's argument that the MAP files were not derivative works because they did not incorporate any of D/N-3D's protected expression.<sup>47</sup> Micro Star claimed that D/N-3D was not reproduced on the MAP files because the "Nuke It" MAP files reference the source art library, and did not actually contain any art files themselves.<sup>48</sup> The court rejected Micro Star's argument by redirecting the focus to the true protected work at issue, which was the story itself.<sup>49</sup> According to copyright law a copyright holder owns the rights to sequels.<sup>50</sup> The court concluded that the stories told in the "Nuke It" MAP files were sequels to D/N-3D and thereby were derivative works.<sup>51</sup>

#### *Fair Use Doctrine Argument*

The doctrine of fair use permits the unauthorized use of copyrighted work for purposes such as criticism, comment, news reporting, teaching, scholarship, or research. There are four factors listed in the code: (1) the purpose and character of the use, including whether it is commercial in nature; (2) the nature of the copyrighted work; (3) the amount and substantiality of the copied material in relation to the copyrighted work as a whole; and (4) the effect of the use on the potential market for the copyrighted work.<sup>52</sup> The court looked at these factors in turn.

The first factor favored FormGen because Micro Star's main purpose was financial gain.<sup>53</sup> In *Sony Corp. of America v. Universal City Studios Inc.*, the Supreme Court decided that every commercial use of copyrighted material was determined to be presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright.<sup>54</sup>

In *Stewart v. Abend* the Supreme Court held that the fair use doctrine would be less likely to succeed when applied to works of

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47. *Id.*

48. *Id.*

49. *Id.*

50. *Id.*

51. *Micro Star*, 154 F.3d at 1113.

52. *Id.*

53. *Id.*

54. 464 U.S. 417, 451, 78 L. Ed. 2d 574, 104 S. Ct. 774 (1984)).

fiction or fantasy.<sup>55</sup> The Court held that Duke Nukem's world was fantasy, even by Los Angeles' standards, and therefore excludable from the fair use doctrine.<sup>56</sup> According to the Court, "Nuke It" not only used the story of D/N-3D but the original artwork. This caused the Court to hold that the "quantity and importance" of the material Micro Star used was substantial.<sup>57</sup> Finally, the last factor under Fair Use was satisfied because the court held that Micro Star encroached upon FormGen's ability to market new versions of the D/N-3D story.<sup>58</sup>

### *The Beneficiary of Implicit License Argument*

Micro Star's final argument was that it was the beneficiary of an implicit license that FormGen gave to its customers by authorizing them to create new levels.<sup>59</sup> The court saw nothing that indicated FormGen granted Micro Star a written license and there was no evidence of a "nonexclusive oral license."<sup>60</sup> Users were allowed to create and submit their new levels with the knowledge that they would be offered free of any cost to FormGen.<sup>61</sup>

Micro Star argued that FormGen abandoned all rights to its protected expression by providing the Build Editor and encouraging players to create their own levels.<sup>62</sup> The court held that abandonment of rights must be intentional through an overt act.<sup>63</sup> The court found no such overt act by FormGen and noted that FormGen had been active in enforcing its copyright through similar suits.<sup>64</sup>

## CONCLUSION

The Court of Appeals held that Micro Star's "Nuke It" infringed upon FormGen's copyright by creating an unauthorized derivative

55. 495 U.S. 207, 237, 109 L. Ed. 2d 184, 110 S. Ct. 1750 (1990)).

56. *Micro Star*, 154 F.3d at 1113.

57. *Id.*

58. *Id.*

59. *Id.*

60. *Id.*

61. *Micro Star*, 154 F.3d at 1113.

62. *Id.*

63. *Id.* at 1114.



work. The court rejected Micro Star's argument that "Nuke It" was permitted to market "Nuke It" because of the doctrine of fair use. Finally, the court held that no license was overtly granted by FormGen's allowance of Micro Star to gain financially from D/N-3D. The court found that FormGen would likely succeed on the merits and reversed the district court's order. FormGen was granted a preliminary injunction and Micro Star was stopped from selling "Nuke It." Accordingly, the court affirmed the preliminary injunction barring Micro Star from selling "Nuke It" in boxes decorated with screen shots of the game.

*Brett Leibsker*