

# From Pixels to Property: The Role of Intellectual Property Law in E-Sports

Delaney Reynolds\*

*People have enjoyed playing video games as a hobby for decades. However, the rapid rise of e-sports has transformed that pastime into a multi-billion-dollar industry that has just as quickly raised intellectual property (IP) rights concerns. This analysis begins by mapping e-sports' inception, highlighting its evolution due to gaming's widespread attraction along with intricate IP rights that support its financial triumph, and exploring how copyrights, trademarks, and patents serve as fundamental elements for driving innovation and brand development in e-sports and enabling the commercial exploitation of the industry. The analysis methodically investigates significant intellectual property challenges that affect the industry, such as ownership conflicts and licensing problems, while evaluating the effects of fan-created content to reveal gaps in current legal structures governing e-sports. Through a study of significant IP disputes in e-sports, this Article demonstrates how creative freedom interacts with proprietary control and outlines dispute resolution methods. The conclusion examines upcoming trends and obstacles in e-sports IP while considering the effects of emerging technologies, including AI and VR, changing commercial models, and the need for legal changes. E-sports and IP have a distinct relationship that requires legal approaches to evolve to match progressive digital entertainment industries.*

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\* © 2025 Delaney Reynolds. Reynolds is a Ph.D. Candidate at the University of Miami's Abess Center for Ecosystem Science and Policy studying the viability of man-made sea level rise solutions. She graduated from the University of Miami in 2024 with a Juris Doctorate and in 2021 with a Bachelor of Science in Marine and Atmospheric Science. She is the fourth generation of her family to live in Miami, Florida and is passionate about working, through her nonprofit organization The Sink or Swim Project, to educate others on the plight South Florida faces and implement the climate change and sea level rise solutions the state needs to survive extinction. When not working to save our planet, she is an avid enjoyer of video games.

## I. INTRODUCTION

The e-sports industry has transformed from a minor hobby to a global sensation during the digital era. Competitive gaming originated in the late twentieth century and has grown into a multi-billion-dollar industry that captivates millions of viewers and reshapes the entertainment and sports sectors.<sup>1</sup> The industry thrives economically<sup>2</sup> because gaming has universal appeal, and securing IP rights simply establishes a protective framework that fosters innovation and creativity.

The e-sports industry's economic success is intricately tied to protecting and promoting innovation and creativity through intellectual property rights. Copyrights and trademark patents are essential for industry growth into empires. Protecting IP rights goes beyond game development creativity, including safeguarding logos and brand identities representing e-sports teams and figures.<sup>3</sup> E-sports operates in an interactive and rapid environment with elements like live-streaming content and fan-made materials that create distinct IP management challenges as well as opportunities.<sup>4</sup> The growth of e-sports has surpassed the development of legal frameworks addressing specific IP challenges. Because there is a lack of clear guidance, industry stakeholders are left to navigate legal disputes related to unauthorized game content usage and international licensing agreements and, as a result, the industry's reliance on legal protection is directly tied to its future economic success.<sup>5</sup>

## II. TYPES OF INTELLECTUAL PROPERTY RELEVANT TO E-SPORTS

The success of the e-sports industry depends on innovation, creativity, and brand identity, which requires substantial IP rights to maintain stability. Copyright law protects original works, including video

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1. Alexander Tu, *Pausing the Game: Esports Developers' Copyright Claims to Prevent or Restrict Tournament Play*, 24 VAND. J. ENT. & TECH. L. 191-220 (Apr. 13, 2022), <https://www.vanderbilt.edu/jetlaw/2022/04/13/pausing-the-game-esports-developers-copyright-claims-to-prevent-or-restrict-tournament-play/>.

2. See generally Simon Read, *Gaming Is Booming and Is Expected to Keep Growing. This Chart Tells You All You Need to Know*, WORLD ECON. F. (July 28, 2022), <https://www.weforum.org/stories/2022/07/gaming-pandemic-lockdowns-pwc-growth/>.

3. Dave Gravely, *Discovering the Governing Forces of eSports, an Intellectual Property Gold Mine*, 54 ST. MARY'S L.J. 574, 597 (Mar. 23, 2023), <https://commons.stmarytx.edu/thestmaryslawjournal/vol54/iss2/8>.

4. Juho Hamari and Max Sjöblom, *What Is eSports and Why Do People Watch It?*, INTERNET RSCH. 27(2) (Apr. 3, 2017), <https://doi.org/10.1108/IntR-04-2016-0085>.

5. Gravely, *supra* note 3.

games, which build the foundation for the e-sports industry.<sup>6</sup> Games qualify as copyrighted works due to their complex code, creative design, and narrative elements, which protect developers from unauthorized copying.<sup>7</sup> Live e-sports competition broadcasts incorporating commentary analysis and in-game footage receive copyright protection that allows organizers, broadcasters, and content creators to manage the distribution and use of their creative products. Developers maintain exclusive control over their video game creations, which dictates how e-sports events are structured and monetized. Organizers of tournaments must secure licensing agreements to use these games as their event's core.<sup>8</sup> Controlling broadcast and stream copyright becomes crucial when e-sports events attract viewership numbers like traditional sports events. Copyright protection even extends beyond the live event, including highlights, replays, and imitative fan-created work.<sup>9</sup>

Brands can secure trademarks to legally protect stylized identifiers such as symbols, names, and slogans and to distinguish their products and services from those of other companies. Specifically, the gaming industry relies on trademarks to safeguard team logos, player nicknames, specialized phrases used within gaming communities, and more.<sup>10</sup> Trademarks build a brand's identity and sustain fan loyalty as they open up opportunities for product merchandising. Trademark protection secures exclusive rights for e-sports teams and players to prevent unauthorized use that might deceive fans or diminish brand value. The merchandise protection granted to e-sports organizations for products like apparel and accessories also aids in improving their financial results.<sup>11</sup> Trademark protection is the foundation for achieving commercial success with e-sports merchandise. Authentic products protect their market position through trademark legal exclusivity, which fights counterfeit products and maintains quality control.<sup>12</sup>

6. Nicole McNew Chen, *Find Video Games in Copyright*, LIBR. OF CONGR. BLOG (Sept. 12, 2022), <https://blogs.loc.gov/copyright/2022/09/find-video-games-in-copyright/>.

7. Jenny Park, *Copyright and the Esports Industry*, COLUM. BUS. L. REV. (Dec. 15, 2019), <https://journals.library.columbia.edu/index.php/CBLR/announcement/view/252>.

8. Gravely, *supra* note 3, at 592.

9. Dan L. Burk, *Owning E-Sports: Proprietary Rights in Professional Computer Gaming*, 161 U. PA. L. REV. 1537-1577 (Jan. 28, 2014), [https://scholarship.law.upenn.edu/cgi/viewcontent.cgi?article=1022&context=penn\\_law\\_review](https://scholarship.law.upenn.edu/cgi/viewcontent.cgi?article=1022&context=penn_law_review).

10. John Bat, *Pre-Game Strategy for Long-Term Win: Using Trademark Registration and Right of Publicity to Protect Esports Gamers*, 29 CATH. U. J. L. & TECH. 203, 213 (2020), [https://scholarship.law.edu/jlt/vol29/iss1/7?utm\\_source=scholarship.law.edu%2Fjlt%2Fvol29%2Fiss1%2F7&utm\\_medium=PDF&utm\\_campaign=PDFCoverPages](https://scholarship.law.edu/jlt/vol29/iss1/7?utm_source=scholarship.law.edu%2Fjlt%2Fvol29%2Fiss1%2F7&utm_medium=PDF&utm_campaign=PDFCoverPages).

11. *Id.* at 235.

12. *Id.*

Patents provide legal protection for inventions spanning modern technologies, devices, and processes. The e-sports industry sees patents utilized for hardware advancements like gaming peripherals, virtual reality headsets, and software algorithms that improve gameplay experiences or enable streaming services for competitions.<sup>13</sup> Patent protection of novel video game technology allows companies to recover development expenses and encourage further innovation while maintaining market advantages.<sup>14</sup> As an example, virtual reality is becoming increasingly crucial for e-sports. At the same time, patents safeguard the immersive technology that delivers a distinctive viewing experience through tools like virtual reality (VR) headsets and interactive spectator interfaces.<sup>15</sup>

### III. KEY INTELLECTUAL PROPERTY ISSUES IN E-SPORTS

Because of IP rights concerns, video game developers are having difficulty protecting their work, educating players on their rights, and allowing organizers to host live shows. Consequently, it is imperative to consider the real-world effects on the people who are the foundation of e-sports. Ownership and licensing conflicts, infringement issues with fan-generated content, and complex sponsorship deals represent intellectual property challenges in e-sports.

Several IP challenges in e-sports arise from ownership and licensing disputes. The exclusive ownership of video games prompts inquiries into who is authorized to hold tournaments and stream gameplay while using the game for commercial activities. Game developers maintain their authority over the use of their games in tournaments, which requires organizers to obtain licensing agreements that often lead to disputes because they involve revenue distribution and broadcasting rights arrangements.<sup>16</sup> The rights of players concerning their likeness and in-game performances usually become contentious issues. Players must

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13. Tom Daniels, *Why Esports Organisations Should Protect Their IP Rights*, ESPORTS INSIDER (Mar. 28, 2023), <https://esportsinsider.com/2023/03/esports-ip-rights>.

14. David Nathaniel Tan, *Owning the World's Biggest eSport: Intellectual Property and DOTA*, 31 HARV. J. L. & TECH. 965, 987 (2018), available at <https://jolt.law.harvard.edu/assets/articlePDFs/v31/Owning-the-Worlds-Biggest-eSport-David-Tan.pdf>.

15. Sparshy, *VR eSports: A Look into the Future of Competitive Gaming*, MEDIA AND DIGITAL TRANSFORMATION IN SPORT (Jan. 16, 2023), <https://sportdigitaltransformation.media/2023/01/16/vr-esports-a-look-into-the-future-of-competitive-gaming/>.

16. Elizabeth Chung, *Gotta Catch 'Em All! The Rise of eSports and the Evolution of Its Regulations*, 22 SMU SCI. & TECH. L. REV. 231, 245 (Jan. 2019), <https://scholar.smu.edu/cgi/viewcontent.cgi?article=1296&context=scitech>.

receive fair compensation for their e-sports contributions, which requires thorough, detailed negotiation of their contracts and licensing terms.<sup>17</sup>

The online nature of e-sports creates plenty of opportunities for IP violations through unauthorized use of game content and related merchandise. Streamers and fans, often with innocent intentions, have been known to showcase or use video game footage in streams or edits posted on social media.<sup>18</sup> Doing so can lead to unauthorized usage disputes that, without any legal basis, blur the legal distinction between fair use and copyright infringement. Counterfeit merchandise sales have also increased. Such sales diminish a company's official product sales and brand prestige.<sup>19</sup> Additionally, fan-generated content (fan art and modifications, or "mods") forms the backbone of e-sports communities, allowing fans to show their support for their favorite teams, players, and games. Thus, this predicament generates complex IP management challenges for companies trying to balance an interactive fan community with the protection of their products. Creating fan content helps expand a game's popularity and community participation. However, it creates risks of breaking copyright regulations and often diminishes the original IP value.<sup>20</sup> The value streamers and commentators bring through their game analysis demands a meticulous balance between advancing e-sports and observing copyright laws when using protected materials.<sup>21</sup>

E-sports organizations depend on sponsorships and endorsements for financial survival, yet they must handle IP rights carefully to protect brand representation. Brands gain access to engaged audiences through e-sports partnerships.<sup>22</sup> Yet, these collaborations need careful design to protect the IP rights of game content and team trademarks. E-sports content featuring products and advertisements should always respect game developers' IP rights and avoid breaking exclusive rights contracts.<sup>23</sup>

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17. John Bat, *Pre-Game Strategy*, 29 CATH. U. J. L. & TECH. 213, 233 (2020).

18. Hamari & Sjöblom, *supra* note 4.

19. *See* Bat, *supra* note 10, at 235.

20. *See* Daniel Ross, *The Rise of Esports and the Growing Role of Intellectual Property*, Daniel Ross & Associates Law Firm (Dec. 8, 2023), <https://www.danielrosslawfirm.com/2023/12/08/the-rise-of-esports-and-the-growing-role-of-intellectual-property/>.

21. *See* Park, *supra* note 7.

22. Gravely, *supra* note 3, at 582-83.

23. *Id.*

## IV. INTELLECTUAL PROPERTY DISPUTES IN E-SPORTS

E-sports stakeholders must manage the complicated relationships between innovation and competition within IP disputes while respecting legal rights. Multiple significant disputes demonstrate the difficulty of conflict resolution in this area, yet established mechanisms exist to address these disputes. Legal battles in the e-sports industry, such as those detailed below, provide examples of the continuing IP struggle companies face when trying to balance creative freedom with exercising proprietary control.

A. *Riot Games*

Riot Games generates an annual revenue of \$1.5 billion from developing popular games like *League of Legends* and *VALORANT*.<sup>24</sup> The company also organizes e-sports tournaments for these titles and has faced multiple legal battles regarding IP. For example, in 2018, Riot sued Moonton Technology over their game *Mobile Legends: Bang Bang* for copyright infringement. Riot Games asserted that *Mobile Legends* replicated key elements from *League of Legends*, and the court verdict resulted in Moonton Technology paying Riot Games a substantial settlement.<sup>25</sup> This rather recent copyright infringement case shows that video game companies must invest in strong copyright protection that helps defend themselves from companies that produce strikingly similar content.

B. *Epic Games*

Epic Games created the extremely popular game *Fortnite* and in 2024 generated over \$5 billion in revenue.<sup>26</sup> While they have pursued numerous legal actions concerning likeness issues, Epic Games has also actively targeted multiple organizers who host unofficial *Fortnite* events. The legal cases typically involve unauthorized promotion of *Fortnite* IP

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24. *Riot Games Revenue*, ZIPPPIA (July 21, 2023), <https://www.zipppia.com/riot-games-careers-36774/revenue/>.

25. *Riot Games, Inc. v. Shanghai Moonton Tech. Co., Ltd.*, No. CV-22-3107-MWF (JPRx), 2022 U.S. Dist. Lexis 216832 (C.D. Cal. Nov. 8, 2022).

26. *Epic Games Revenue and Growth Statistics*, SIGNHOUSE (Aug. 1, 2024), <https://use.signhouse.com/blog/epic-games-stats/#~:text=Epic%20Games%20revenue%20is%20%245.76,had%20a%20pretty%20signinifac%20increase.>

for events or live streams, using trademarks<sup>27</sup> and characters<sup>28</sup> without prior approval from Epic Games. Epic Games's assertive approach highlights the difficulties of maintaining IP protections within a worldwide, decentralized market.

### C. *Blizzard Entertainment*

The Santa Monica, California-based Blizzard Entertainment, which produced popular games like *World of Warcraft* and *Overwatch*, recorded \$8.7 billion<sup>29</sup> in annual revenue during 2023 before being acquired by Microsoft for \$68.7 billion in the same year.<sup>30</sup> Blizzard Entertainment filed a lawsuit against Bossland GmbH, a German company that created and distributed cheats and hacks for multiple Blizzard games.<sup>31</sup> Blizzard Entertainment claimed Bossland's products violated copyright protections while undermining game integrity.<sup>32</sup> A California U.S. District Court judge awarded Blizzard millions of dollars in damages and, as a result, established a legal standard for enforcing end-user license agreements and prohibiting cheat creation and distribution.<sup>33</sup>

### D. *Nintendo*

The Japanese gaming giant Nintendo, which earned \$11 billion in 2024,<sup>34</sup> sued MariCar for trademark infringement. The Japanese go-kart rental service MariCar allowed customers to drive through Tokyo dressed as characters from Nintendo's *Mario Kart* series without obtaining

27. Epic Games, Inc. v. Sykes, Civil Action No. 5:19-cv-0476-FL, 2019 U.S. Dist. Lexis 215171 (E.D.N.C. Dec. 12, 2019).

28. Pellegrino v. Epic Games, Inc., 451 F. Supp. 3d 378, 381 (E.D. Pa. Mar. 31, 2020). Disagreed with by MLB Players Inc v. DraftKings, Inc, 2025 WL 834201, E.D. Pa. (Mar. 17, 2025).

29. CompaniesMarketCap, *Revenue for Activision Blizzard* (Oct. 25, 2023), [https://companiesmarketcap.com/activision-blizzard/revenue/#:~:text=Revenue%20in%202023%20\(TTM\)%3A,TTM%20\)%20is%20%248.70%20Billion%20USD](https://companiesmarketcap.com/activision-blizzard/revenue/#:~:text=Revenue%20in%202023%20(TTM)%3A,TTM%20)%20is%20%248.70%20Billion%20USD).

30. Tom Warren, *Microsoft Completes Activision Blizzard Acquisition, Call of Duty Now Part of Xbox / Microsoft Now Publishes Franchises Like Warcraft, Diablo, Overwatch, Call of Duty, and Candy Crush*, THE VERGE (Oct. 13, 2023), <https://www.theverge.com/2023/10/13/23791235/microsoft-activision-blizzard-acquisition-complete-finalized>.

31. Blizzard Ent't, Inc. v. Bossland GmbH, No. SA CV 16-1236-DOC (KESx), 2017 U.S. Dist. Lexis 58185 at \*1 (C.D. Cal. Jan. 25, 2017).

32. See *id.* at 4.

33. See *id.* at 16-18.

34. Ahmed Sherif, *Revenue of Nintendo Worldwide 2008-2024*, STATISTA (Nov. 1, 2024), <https://www.statista.com/statistics/216622/net-sales-of-nintendo-since-2008/>.

Nintendo's authorization.<sup>35</sup> The Tokyo District Court delivered a victory to Nintendo based on trademark infringement concerns and possible damage to Nintendo's brand reputation.<sup>36</sup> This example demonstrates the necessity for companies to secure trademark protection against privatized paid experiences using their trademarks without authorization.

E. *Capcom*

Capcom, the Osaka-based developer of *Street Fighter* and *Resident Evil* series which earned nearly \$1 million in fiscal year 2023-2024,<sup>37</sup> filed a patent infringement lawsuit against Koei Tecmo. According to the lawsuit, Koei Tecmo's video games copied Capcom's patented methods, including unlocking game content and using controller vibrations to represent game actions.<sup>38</sup> The Osaka District Court issued a partial decision that favored Capcom and underscored how patents protect gaming mechanics and technological advances while demonstrating that patent claims in the gaming industry allow for extensive interpretation.<sup>39</sup>

Through these examples, the gaming and e-sports industry demonstrates the complex and diverse nature of intellectual property conflicts. Legal cases, ranging from copyright and trademark infringement to patent violations, offer insight into corporate challenges in the e-sports industry and demonstrate why practical legal approaches are imperative to managing complex IP rights. E-sports IP disputes can be resolved through multiple mechanisms, including litigation and alternative dispute resolution (ADR) options such as arbitration and mediation. The judicial system frequently serves as the ultimate decision-maker in intellectual property disputes, with court rulings establishing legal benchmarks that influence industry regulations. Litigation results may produce financial settlements and injunctions to prevent further infringement, potentially leading to restructuring licensing agreements in some disputes.<sup>40</sup> The e-sports industry often chooses arbitration and mediation over litigation because of legal proceedings' expensive and

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35. Aisha Hassan, *Nintendo Wins Lawsuit Against Alleged "Mario Kart" Impersonators in Japan*, QUARTZ (Oct. 11, 2018), <https://qz.com/1404997/nintendo-wins-lawsuit-against-alleged-mario-kart-impersonators-in-japan>.

36. *Id.*

37. *Business Performance (Japan GAAP)*, CAPCOM (Oct. 29, 2024), <https://www.capcom.co.jp/ir/english/finance/review.html>.

38. *See Capcom Wins Patent Infringement Lawsuit*, CAPCOM (Sept. 11, 2019), [https://www.capcom.co.jp/ir/english/news/html/e190911.html?\\_pb\\_uid=1776](https://www.capcom.co.jp/ir/english/news/html/e190911.html?_pb_uid=1776).

39. *See id.*

40. *See Tan, supra* note 14.



complicated nature. Alternative dispute resolution methods deliver solutions adaptable to industry needs while maintaining confidentiality. As one example, lawyers commonly recommend arbitration by lawyers because the process includes efficient proceedings and arbitrators have specialized legal knowledge helpful to resolving IP legal disputes.<sup>41</sup>

## V. FUTURE TRENDS AND CHALLENGES

The future of the e-sports industry presents promising potential and faces substantial challenges linked to IP management. Advancements in technology drive changes in the e-sports landscape by transforming gameplay methods, viewer experiences, and audience interaction with content. The new progressions in the field bring thrilling possibilities and create challenging intellectual property issues. Artificial intelligence (AI) reshapes game development to provide players with more interactive and adaptable gaming environments. AI application in gaming generates meaningful discussions about copyright regulations in game design and who owns the content created by AI systems.<sup>42</sup> Augmented reality (AR) and VR technologies establish immersive experiences. However, integrating them into e-sports results in specific IP protection challenges. They create new rights for virtual environments and use real-world trademarks in digital spaces.<sup>43</sup>

The evolution of e-sports commercialization and consumption generates new management challenges and opportunities for IP rights. Operating subscription models and microtransaction-based revenue systems will require thoroughly analyzing digital content licensing structures and protection measures.<sup>44</sup> Independent game developers and e-sports event organizers now commonly turn to crowdfunding platforms to secure financial support. The crowdfunding approach raises IP ownership and rights distribution issues between backers, developers, and players.<sup>45</sup>

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41. Alexia Gkoritsa, Oscar Suarez, and Leandro Toscano, *Resolution of Video Games and eSports Disputes Through WIPO ADR: A Game Changer*, WOLTERS KLUWER ARBITRATION BLOG (July 18, 2023), <https://arbitrationblog.kluwerarbitration.com/2023/07/18/resolution-of-video-games-and-esports-disputes-through-wipo-adr-a-game-changer/>.

42. See CreatorsLegal, *Navigating the Legal Minefield: How Copyright Law Is Struggling to Keep up with AI-Generated Content*, LINKEDIN (Dec. 18, 2022), <https://www.linkedin.com/pulse/navigating-legal-minefield-how-copyright-law-struggling-/?trk=pulse-article>.

43. Sparshy, *supra* note 15.

44. See Chung, *supra* note 16.

45. See Tom Daniels, *The Growth of Crowdfunding in Esports*, ESI ESPORTS INSIDER (Jan. 18, 2021), <https://esportsinsider.com/2021/01/the-growth-of-crowdfunding-in-esports>.

The e-sports industry's development demands more explicit regulations and policies that handle IP matters while safeguarding stakeholders and ensuring fair competition. National and international regulatory bodies acknowledge the significance of e-sports, which drives policy creation that affects intellectual property rights through copyright protection, trademark registration, and digital goods regulation.<sup>46</sup> E-sports presents unique challenges that necessitate the reformation of IP law for better alignment with the digital and interactive characteristics of the industry, necessitating regulatory framework that protects digital copyright, manages user-generated content, and safeguards virtual goods.<sup>47</sup>

## VI. CONCLUSION

The evolving relationship between the e-sports industry and intellectual property combines technological advancements and innovative business approaches with a global audience. The intersection of this field presents diverse challenges alongside equally significant opportunities. E-sports stands at the leading edge of novel legal challenges, which range from traditional copyright and trademark protection matters to modern dilemmas about artificial intelligence and virtual reality technology. The e-sports industry needs to develop cooperative IP rights management systems while pushing for legislation that captures the distinctive nature of digital entertainment. The industry's capability to handle legal obstacles will be essential for determining its future path as e-sports sustains its dynamic presence in the global digital culture during its growth phase.

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46. See *Navigating Legal Challenges in Sports Licensing and IP*, YELLOWBRICK (Nov. 11, 2023), <https://www.yellowbrick.co/blog/sports/navigating-legal-challenges-in-sports-licensing-and-ip>.

47. Park, *supra* note 7.