

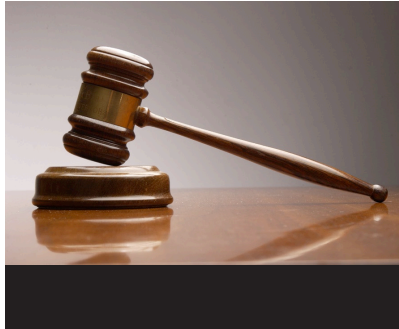
LAWSUITS AND NINTENDO

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Throughout the era of the Nintendo Entertainment System, Nintendo was ever vigilant against companies who tried to make a profit off of creating and distributing unlicensed products for their system. A multitude of lawsuits were filed throughout the lifespan of the NES, mainly targeted towards unlicensed videogame makers (Tengen, Camerica and Color Dreams to name a few) and overseas pirate companies, but were also aimed towards other businesses, most notably Blockbuster, whom Nintendo deemed to be in violation of their copyright patents. Nintendo's legal team put forth so much effort into attacking these companies that most of them either decided to bend to Nintendo's demands or spent so much in legal fees trying to fight back that they eventually went out of business. Through all of their lawsuits filed, few people realize that Nintendo itself was sued for a number of various reasons.

The most prolific of these was a lawsuit filed against Nintendo by a large number of states, the claim being that Nintendo was bullying retail stores into adhering to a strict policy of pricing videogames and systems. It was alleged that if the stores deviated from the suggested retail prices given, Nintendo threatened to cease its relationship with that particular chain and would no longer send them any licensed merchandise. It was also claimed that if stores were caught selling any unlicensed software for use on the NES, Nintendo would cut ties from that store in the same fashion.

Nintendo's official statement was



that they didn't do anything wrong and the lawsuit was unfounded but since their number one priority was their customers, they decided not to fight back. After talks between government officials and Nintendo's legal team, the end settlement was a 5 million dollar fine in addition to Nintendo having to mail out \$5 rebate coupons. These coupons were sent to any customer who had purchased a licensed Nintendo Videogame between June 1st, 1988 and December 31st, 1990. With them was an attached legal notice from their corresponding state official explaining the details of the settlement and why they were receiving the notice. Of course, in the end many customers never received a rebate due to the fact that not everyone decides to register their products when they are purchased. In return, rights the government had that allowed a lawsuit to be filed against Nintendo in regards to them being an antitrust were given up. This slap on the wrist was a wake up call for Nintendo, and since then they have enacted internal policies which have prevented a lawsuit like this from being brought to them again.

