

**RANDORNZK: MEASURES AFFECTING THE ONLINE GAMING
INDUSTRY**

WT/DSxxx

Note to Participants: The moot problem is based in the year 2025. Participants should refer to WTO treaty texts and other international treaty rules applicable as on July 15, 2013.

The Parties

1. **Roderlam** is a developed island country located in North America. The Gross Domestic Product (GDP), after years of stagnation, has steadily increased by 6-8% between the years 2020-2025. In particular, Roderlam has a highly developed software industry and a well developed banking sector. The currency of Roderlam is Roda.
2. **Drastord** is a developing country in an advanced stage of development, located in Africa. Since 2015, Drastord's economy has developed at a rapid pace. Much of the development has been attributed to a high level of foreign direct investment (FDI). Since 2015, when Drastord substantially liberalized its FDI policy, several capital exporting states have invested heavily in the Drastord economy.
3. **Randornzk** is a developed country located in Southeast Asia. 75% of the population follows the religion Timor. The currency of Randornzk is Randzk.
4. Randornzk has a nascent video games industry. *GenX Gaming Inc (GenX)* is one of the biggest developers of videogames in Randornzk. As of date, *GenX* embeds the software of its games on Blue-Ray disks. The games cannot be downloaded directly from the internet. The disks are designed to be compatible with the video games platform of Papel Inc and Box Z, both fully domestically owned companies. Both companies allow multiplayer gaming. GenX has created a niche in the local market by producing gaming content which is inspired by Randornzk mythology. One such game is *Mystical Assassins*.

Mystical Assassins: *Mystical Assassins* is inspired by the character of Raga. Raga is considered to be the last prophet by followers of the Timor religion. Raga is considered to have fought a fifteen year war against the Devil himself. As per Timor mythology, after his victory in the fifteen year war, Raga encouraged his followers to give up violence and concentrate on economic pursuits.

The game itself focuses on the fifteen year war. The user may opt to play the role of Raga or the Devil. The game combines elements of strategy and action. For example, the character may strategize to form alliances or betray allies. They may also engage in violent battles against enemies.

5. The public reaction to the game has been mixed. Whereas the game has been popular among gamers, many non-governmental organizations have criticized the high degree of violence that has been depicted in the games. Some of them have even gone on to suggest that the worst thing about these games is that they give a "religious justification" for "senseless violence". There is still a high degree of support among religious groups who feel that the games are a modern way of educating the children about "their roots". The popularity of *Mystical Assassins* has driven the sales of compatible consoles produced by Papel Inc and Box Z.

6. In 2022, the government of Randornzk enacted a ban on *Mindless Assassins*. This ban was overturned by the Randornzk Supreme Court which gave a novel interpretation to the fundamental right of "freedom of religion" guaranteed in the Constitution of Randornzk. It accordingly held that considering the undeniable link between *Mystical Assassins* and Timor mythology, a ban unreasonably interfered with the freedom of religion of the Timor people.

All three countries are founder Members of the World Trade Organization (WTO).

The Gaming Industry in Roderlam

7. **Kiwi Incorporated (Kiwi)** is a developer, publisher and distributor of video games based in Siliconia, Roderlam. The company has been a pioneer in the gaming industry. The staff at Kiwi comprises of a team of software engineers, graphic designers and psychologists. Prior to commercial release, every game developed at Kiwi is analyzed by a team

of psychologists. As per the 2023-2024 Annual Reports published by Kiwi, prior to release, *"the psychologists are required to examine whether the game is immersive enough for the user"*. Neither the Reports nor any other investor document provides any clarity as to the nature of the data examined by the psychologists to conclude whether a game meets the release criteria or not.

8. In 2017, Kiwi started investing heavily in virtual gaming. Shortly afterwards, the company realized that the commercially available hardware drastically limited the full potential of the games it developed. Whereas the business model of the company had been traditionally restricted to developing games alone and making it available through the digital gaming and media platform of other companies, in 2019, Kiwi decided to change this model. In its Annual Shareholders' Conference in March, 2019, the Chairman of the company, Sumit Grover released the following statement:

"As an avid gamer since the age of 15, I find it difficult to conceal my disappointment. Despite living in a world very different from the one we inherited at the beginning of our professional lives, the development in the gaming industry has only been incremental. I am here to tell you that this is going to change."

Kiwi has invested heavily in virtual gaming since 2010. The essence of virtual gaming is that users should not feel, even for a second that they are actually playing a game. They want to be pilots and they want to be athletes; they want to be Muhammad Ali and they want to be Armstrong. They want, even if only for a moment, to move away from their everyday lives. Unfortunately, despite the high caliber of our software, the hardware limits this possibility.

*We have decided to take things in our own hand. Two months back, we acquired a 100% stake in a company called **Gaming Paradise (GP)**, based in Siliconia. As you may know, GP is a videogame brand. Their remarkable team of engineers are developing next generation consoles and are also manufacturing a prototype for *Reality GP*, a head mounted display, twenty years ahead of its competition. The company has set up a manufacturing unit in Libasa, Drastord for production of Reality GP.*

Yesterday, we filed a patent for Reality GP, right here at Roderlam. From 2020, Kiwi games shall only be available through the GP platform including their videogame console. I am happy to inform you that we have received clearance from the National Competition Commission."

9. After an extended development phase, Reality GP commenced commercial sale in January, 2022. The manufacturing unit for Reality GP is located in Libasa and the unit supplies the gadget to both Roderlam and other international markets. Reality GP is only compatible with a GP console.

10. In January, 2022 Kiwi also launched two games which were fully compatible with Reality GP. The games were *Roderlam Gangsters* and *Agency Z*.

Roderlam Gangsters: *Roderlam Gangsters* is a multiplayer game which allows players to form part of a virtual street gang. Players can choose to be a part of any of four gangs. Each gang controls a part of the town. A minimum of two and a maximum of five players can form part of the gang. The gang members can coordinate amongst themselves for various "hits". The winner is the team which either controls the entire town or failing that has the highest amount of money. A gang member who is killed more than three times during a "hit" can no longer continue to play in that session.

Agency Z: *Agency Z* is also a multiplayer game. In this game, players can choose to be members of an elite spy agency called *Agency Z* who find themselves behind enemy lines. Alternatively, they can form part of an elite military team which seeks to apprehend the spies. *Agency Z* is an action rather than a strategy game. It allows players to engage in a fight with an adversary, with or without guns. Furthermore, it allows players to use one interrogation technique called sleep deprivation to get useful information.

11. The multiplayer games can be played online by multiple users or by two to three users using a single console. The online games are played on GP Live, an online multiplayer gaming and digital media service. While

earlier games were hosted on one of the participant consoles, in order to improve the user experience, GP Live set up dedicated servers for every multiplayer game. These servers are located in four different parts of Roderlam.

12. Players can only purchase the games through GP Live Market, an online market for console purchasers alone. The games are updated with more features periodically and may be updated for a fee. Besides Roderlam Gangsters and Agency Z, about 50 other games are sold on GP Live Market. The other games are not as popular as these two games.

13. In addition, through GP Live Market, Gaming Paradise also provides a service called Clones. The service allows players, for a charge, to create a virtual character which very closely resembles them. In order to offer complete personalization, players may upload photographs of themselves. The Clone is designed by a team of graphics designers based in company headquarters in Siliconia and is designed to have the physical attributes of the user. In order to perform all these transactions, the players need access to the internet. Furthermore, for all purchases on GP Live Market, users need access to a credit card. Such transactions are always in the Roda currency.

14. Credit card users making such a transaction may typically expect to pay the issuing institution a currency conversion fee in addition to the market currency exchange rate. The fee is 0.10% of the transaction value. This is the case in Randornzk.

15. After the introduction of Reality GP and the two games, the market share of Kiwi Inc increased dramatically in Roderlam. In 2023, Kiwi started making available Roderlam Gangsters and Agency Z to international users including users located in Randornzk. It also started exporting Reality GP to various countries from the manufacturing unit in Drastord including to Randornzk. All services offered in Roderlam were available for users in Randornzk. By end of 2023, 75% of the gamers in Randornzk had a GP console. Reality GP was available in Randornzk for a cost of 300 Randzk. The online gaming market in Randornzk is valued to be worth one billion U.S. Dollars.

The Issues

Issue 1

16. By the end of 2023, various non-governmental organizations in Randornzk became highly critical of Kiwi Inc, which in their opinion made money by developing an “affinity for violence” in impressionable minds.

17. In January, 2024, the Randornzk Government set up a three Member Committee to investigate the psychological effect of Reality GP and the Kiwi games, Roderlam Gangsters and Agency Z. The Committee was chaired by R. Ravi, a qualified psychiatrist and head of the Randornzk Psychiatrist Association. The other two Members were psychologists qualified in Randornzk. In March, 2024, the Committee submitted its findings. The relevant excerpts are reproduced below:

Reality GP is a head mounted display through which users can play the games Roderlam Gangsters and Agency Z. Furthermore, Kiwi through GamingParadise allows users to create a virtual persona that they can very closely relate with. Indeed, it is someone who looks just like them.

The patent filed in Roderlam shows that Reality GP is designed to remove all peripheral vision and immerse the player in this virtual universe. We are of the considered opinion that the combined effect of Reality GP and the Kiwi games – Roderlam Gangsters and Agency Z is complete desensitization towards violence. Needless to say, desensitization towards violence is highly undesirable from a societal point of view. We recommend a ban on both the Kiwi games and on Reality GP.

18. After consideration of the findings, the Randornzk government enacted a ban on import of Reality GP, head mounted display on June, 2024. It permitted the sale of the Kiwi games concluding that the ban on the games itself would not be equitable unless the government “*shut down a substantial part of the gaming industry*”. Kiwi described this as an “empty gesture” as programming content designed for viewing with Reality GP could not be viewed without it. Instead, the screen shall only display blurred images. Kiwi described the experience as “watching a 3D movie without 3D glasses”. In order to retain market share, Kiwi started marketing non 3D versions of the two games. There has been little to no enthusiasm for these versions.

19. The government also launched a door to door campaign to collect the Reality GP gadget from users who currently possessed it. Failure to disclose was made punishable with a fine up to 30000 Randzk. Compliance has been considered to be almost 90%.

20. In the absence of Reality GP, players could still play Roderlam Gangsters and Agency Z. A market survey among gamers indicated that in the *"absence of Reality GP, the Kiwi games were not substantially better than the games available through other consoles"* and therefore there was *"limited incentive to invest in a GP console"*. Over the period 2024-2025, the number of new purchasers preferring a GP console to any other console fell to 15%. This also limited the ability of Kiwi to increase the user base for its games in Randornzk.

Issue 2

21. In June, 2024, concerned with the high level of online financial fraud, the RBB issued the *RBB Policy Directive 2024*. The relevant excerpts from the Directive are reproduced below:

(...)

1. No issuing institutions in Randornzk shall authorize a transaction on an online merchant site unless the credit card user submits a unique ten digit password assigned to him.
2. All issuing institutions shall collect and maintain a quality control data for all online transactions. This data shall track all user complaints and report them to RBB.
3. All online merchant sites against which more than five complaints are filed in a year shall have to file a compliance report with the RBB. Such filing shall be followed by a mandatory physical inspection by RBB to ensure that the highest data protection standards are enforced by the company. Such inspection may also be carried out at the premises of any other party involved in such a transaction.
4. Since this physical inspection cannot be carried out outside Randornzk, any transaction on an online merchant site located outside Randornzk shall not be allowed unless a specific warning is issued to the user. The following standard warning shall be issued:

The online merchant is located outside the territory of Randornzk and therefore, does not need to comply with Randornzk's strict financial data protection laws. You may proceed at your own risk.

Abort

Proceed Anyway

22. After the issuance of this Directive, users have been extremely circumspect in using their credit card on non Randornzk online merchant sites. The online purchases of Kiwi games or Clones through the GP Live Market fell by 90% after the introduction of the Directive. At the beginning of 2025, Kiwi reported that online purchase on GP Live was as less as 100 transactions in a month in comparison to 10000 transactions a day in the beginning of June, 2024.

Challenge before the WTO

23. On February, 2025, Roderlam and Drastord requested consultations with Randornzk under the WTO Dispute Settlement Understanding (DSU). Drastord continues to hold secret negotiations with Randornzk and has not requested for the establishment of a panel.

24. The consultations with Roderlam were unsuccessful. In the meeting of the Dispute Settlement Body, Roderlam requested for the establishment of a Panel. Randornzk did not object to this request. The DSB established a panel on August, 2025. The WTO Director General composed the Panel on September, 2025.

25. In its request for a Panel, Roderlam alleged the following:

Ban on Import of Reality GP

- a. Randornzk by banning the import of Reality GP violated Article XVI of the GATS by failing to respect the market access commitment prescribed in its schedule of commitments.

- b. Randornzk violated Article XVII of the GATS by “depriving Kiwi of the market advantage accruing from use of Reality GP”¹ and “forcing equal treatment of unequal situations”.²

RBB Policy Directive 2024

- c. Randornzk through the RBB Policy Directive 2024 violated its obligations under Articles VI.1, XVI.1, XVI.2 and XI of the GATS.

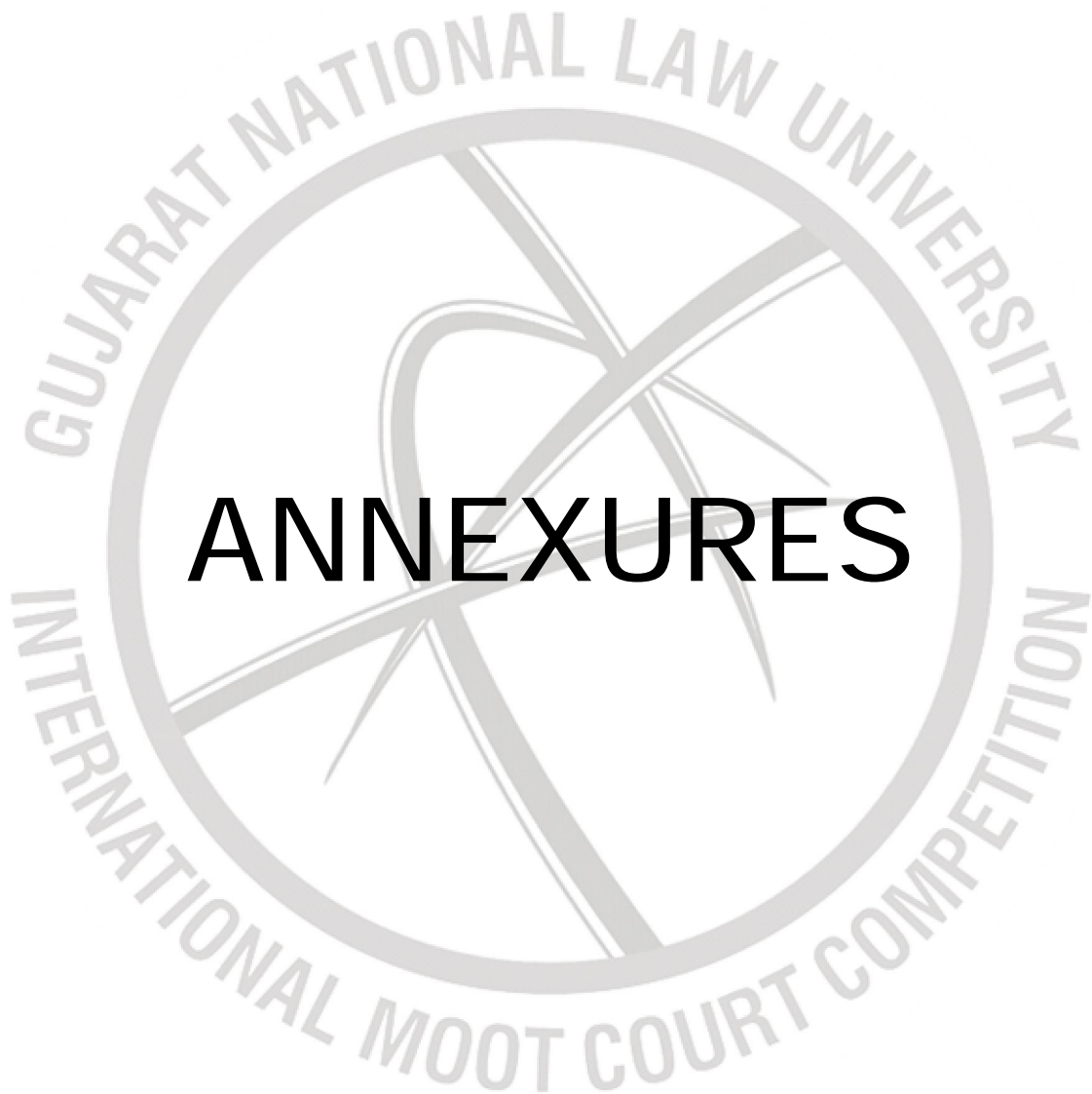
26. In addition to rejecting the substantive claims raised by Roderlam, Randornzk claims that its measures are justifiable either under Article XIV (a), (b) or (c).

Indicative References:

1. Panel Report, *US - Gambling* (WT/DS285/R)
2. Appellate Body Report, *US – Gambling* (WT/DS285/AB/R)
3. Panel Report, *China – Publications and Audiovisual Products* (WT/DS363/R)
4. Appellate Body Report, *China – Publications and Audiovisual Products* (WT/DS363/AB/R)
5. Panel Report, *EC – Bananas III* (WT/DS27/R/ECU)
6. Appellate Body Report, *EC – Bananas III* (WT/DS27/AB/R)

¹ Request for establishment of Panel filed by Roderlam, para xxx

² Ibid



ANNEXURES

Randornzk

Schedule of Specific Commitments

(This is authentic in English only)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or Subsector	Limitation on Market Access	Limitation on National Treatment	Additional Commitments
2.COMMUNICATION SERVICES D. AUDIOVISUAL SERVICE a. Motion Picture & Video Tape Production & Distribution Services	(1) None (2) None (3) None (4) None	(1) None (2) None (3) None (4) None	
b. Motion Picture Projection Service	(1) None (2) None (3) None (4) None	(1) None (2) None (3) None (4) None	
c. Radio & Television Services	(1) Unbound (2) Unbound (3) Unbound (4) Unbound	(1) Unbound (2) Unbound (3) Unbound (4) Unbound	
d. Radio and Television Transmission Services	(1) Unbound	(1) Unbound	

		(2) Unbound (3) Unbound (4) Unbound	(2) Unbound (3) Unbound (4) Unbound	
e. Sound Recording		(1) Unbound (2) Unbound (3) Unbound (4) Unbound	(1) Unbound (2) Unbound (3) Unbound (4) Unbound	
f. Other Services	Audiovisual	(1) Unbound (2) None (3) Unbound (4) Unbound	(1) Unbound (2) None (3) Unbound (4) Unbound	

PATENT APPLICATION FOR REALITY GP

FILED IN RODERLAM

(Excerpt)

(...)

Abstract

A 3D head mounted display (HMD) for use in virtual reality games. The head mounted display displays 3D images of games which are specially developed for use with the HMD. The HMD has to be plugged into a compatible games console. The HMD is designed to be compatible with consoles manufactured by Gaming Paradise Incorporated alone.

The HMD has a horizontal field of view of 90 degrees which very closely approximates the horizontal field of view of the human eye. The vertical field of view is 110 degrees. The HMD is bound through a strap and is designed to remove all peripheral vision which may interfere with the field of view.

The HMD uses a 6.5 inch LCD display. The HMD possesses a head tracking and eye tracking hardware which realigns the screen display in accordance with the head and eye movement of the user. Through inbuilt stereoscopic imaging technology, the HMD adds an illusion of depth to the displayed image and creates an immersive virtual universe. (...)