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Cases of Note -- Trademark Dilution

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Questions & Answers — Copyright Column

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QUESTION: *A faculty member at the college has videotaped a performance of all of plays performed at the school over the past few years. He uses these videotapes in his classes and has recently offered to donate them to the library.*

ANSWER: Surely the college is obtaining rights to perform these plays publicly. The performance rights normally do not include the right to videotape the performance, although the school may be able to obtain a license for this. The copyright holder likely would be concerned about how the videotape was going to be used. For example, if the purpose of the videotape is to permit the drama faculty to critique the performance, then making the tape may be permitted. Using the tapes for showing to classes raises other issues, and copyright holders may be far less likely to grant permission for this.

The *Guidelines on the Educational Uses of Music* contain permission to record student music performances for purposes of critique, but there is nothing similar for dramatic works.

QUESTION: *A donor recently gave the library a collection of newspapers from the 1960s, but they are in bad condition. If the library digitizes the newspapers in order to preserve them, what kind of permissions are required?*

ANSWER: The first question is whether the newspaper issues are still protected by copyright. If they were published before 1964, they received 28 years of protection and had to be renewed for an additional 28 years. If not so renewed, they are in the public domain. However, those published from 1964 forward would still be under copyright. Under Section 108(c) the library may preserve the copyrighted newspapers digitally, after it first makes a reasonable effort to acquire unused copies of the works. If such copies are not available at a fair price, then the library may take advantage of Section 108(c) to replace the deteriorating copies either with photocopies, microfilm or by digitizing them. The analog copies may be used just as any other work, but the statute restricts the digital copies to in-library use. The digital copy may not be used outside the premises of the library. If the library wanted to make the digitized newspapers available on the Web, it would need to have permission from the newspaper, even though no permission was required to digitize the work, i.e., make the copy.

QUESTION: *The university has an extensive distance learning program, and the library is asked to serve the needs of these*

students. How can the library provide copies of materials to these students?

ANSWER: Library service to distance learners is treated the same as service to on-campus students. Consider two traditional services provided by libraries: (1) access to reserve collections and (2) assisting students with research projects. Services to distance education students can be offered on a similar basis. The difference, of course, is that students are unable to reproduce their own copies of works from the library's print reserves or from the collection. So, the library must act for the student in many instances.

For example, the library will have to send copies of print reserve materials to distance learners. If the works are included in the electronic reserves system, then the student may access the materials directly and whatever permission or royalty arrangements the institution has for those works also covers all enrolled students. For research projects, remote students may access online catalogs and periodical indexes and use those to identify materials he or she needs. When the student forwards a request for these materials, the library should treat the request as a Section 108(d) or (e) transaction and reproduce a copy of the article or book chapter and send it to the student. Another alternative is to check out the bound volume to the student and send it to him or her. If needed materials are licensed to the university, enrolled distance education students should be covered by the license agreement.

QUESTION: *A librarian has been asked to present a paper at a conference. The association that sponsors the conference has*

asked her to bring 25 copies of the paper to sell. What copyright symbol should be placed on the copies?

ANSWER: Although notice of copyright is no longer required, it is a good idea to include notice on such papers. As the author, the librarian owns the copyright, not the association. A notice alerts anyone who purchases the paper that the librarian holds copyright in the work. The notice is more than the "symbol." It consists of three elements: (1) the "C" in a circle, the word copyright or the abbreviation *copr.*; (2) the name of the copyright holder; and (3) the year of first publication.

QUESTION: *Last year a narrative written by a woman slave from the 1840s was discovered and published. Since it has now been published, it is in the category of works that existed as an unpublished work on January 1, 1978, but which was published before the end of 2002. Therefore, it will not enter the public domain until the end of 2047. Who owns the copyright in this newly published work?*

ANSWER: The heirs of the author would hold the copyright in the work even though it has just been published. If the author has no heirs or they cannot be identified, then the editor may hold the copyright based on the work he or she contributed to the work. That work must be original and have at least minimum creativity in order to be eligible for copyright protection.

Cases of Note — Trademark Dilution

Beanie Babe Battles

by **Bruce Strauch** (The Citadel) <strauchk@earthlink.net>

Ty Inc. v. Ruth Perryman, US Court of Appeals for the Seventh Circuit, 2002 U.S. App. Lexis 20870, Oct. 4, 2002.

Ty Inc. makes the famous cute & cuddly **Beanies Babies**. **Perryman** is in the Internet second hand stuffed toy business with a major part of it being the said Babes. You can find her infuriating Ty at bargainbeanies.com.

Ty sued for the "dilution of the distinc-

tive quality of the [ir] mark" under 15 U.S.C. § 1125(c). See *Nabisco, Inc. v. PF Brands, Inc.*, 191 F3d 208, 214-16 (2d Cir. 1999). Ty won summary judgment and an injunction against her using "Beanie" or "Beanies" either alone or in conjunction with any other words and in connection with any other than Ty products.

Perryman appealed arguing that "beanies"

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had become generic for any beanbag stuffed critters and so is no longer a trademark.

Trademark Public Policy

The purpose of trademark is to provide a clear identifier of the source of goods and thereby reduce search time and cost for the consumer. With the purchaser fully aware of who is delivering good or shoddy products, pressure is brought to bear on the producer to maintain high quality. And naturally, a quality brand will bring the cheap imitators out of the underbrush with a trademark designed to sow confusion.

But confusion was not really the issue as Perryman did not produce a rival Bean Baby product. Plus her website disavowed all relationship with Ty. But there are other forms of dilution.

Dilution Its Ownself

Blurring dilution through the name attaching to a variety of unrelated products. No one will believe a restaurant named "Tiffany" is owned by the jewelry store. But the consumer will have two images in mind when "Tiffany" comes up and have to "think harder." *Exxon Corp. v. Exxene Corp.*, 696 F.2d 544, 549-50 (7th Cir. 1982).

*And God forbid that should happen!
Which sounds kind of funny, however ...*

cf. Mead Data Central, Inc. v. Toyota Motor Sales, 875 F.2d 1026, 1031 (2d Cir. 1989) ("The [legislative] history [of New York's antidilution statute] disclosed a need for legislation to prevent such 'hypothetical anomalies' as 'Dupont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, Bulova gowns'"); 4 *McCarthy on Trademarks and Unfair Competition*, § 24: 68, pp. 24-120 to 24-121.

Tarnishment would occur if the Tiffany restaurant included lap-dancing. Given the human tendency to associate the trash with Tiffany, the original gold standard name would turn to brass. 4 *McCarthy*, supra, § 24: 95, pp. 24-195, 24-198.

The free rider problem would pop up whenever the jewelry store's investment in its quality mark was appropriated by someone else even if not in direct competition. For this, put the Tiffany restaurant in Kuala Lumpur without the lap dancing. And imagine no one who eats there will ever buy jewels at Tiffany's, but they have heard the name and know its aura.

Does Perryman Fit These?

But none of these seem to apply. Perryman is selling Beanie Babies, and she can't sell a branded product without using its name. This

is no different from a used car dealer pointing to a Ford and saying that's what I'm selling. The aftermarket only exists because there was an original market which makes all second hand dealers free-riders. But by that analysis, too many sellers are free-riding to be able to deal with the matter.

Perryman exists because Ty had a marketing strategy that intended to create Perryman. Ty wants kids to crave the entire collection and thus to ferociously nag their parents who cave in because the price is so cheap. *Ty, Inc. v. GMA Accessories, Inc.*, 132 F.3d 1167, 1173 (7th Cir. 1997).

The secondary market is either intended or certainly foreseen by Ty. Perryman can't sell Beanies without using the name. Which is the same as the used car seller advertising Fords in the newspaper.

Cybersquatters try to capture domain name variations and then sell them at high price to the companies who need them to identify their product. The Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d) was designed to put a stop to that. But it was not designed to allow trademark owners to also own their aftermarket.

So Is Beanie a Yo-Yo?

"Thermos," "yo-yo," "escalator," "cellophane," and "brassiere" all began as trademarked brand names. Due to their wild popularity, they became generic or product names and lost trademark protection. Public policy favoring competition, rivals had to use those names or be mute.

Those names are descriptive or at least suggestive of the product and more apt to become generic than "Kodak" or "Exxon." "Beanie" is descriptive and not "inherently distinctive" like Kodak and thus in the yo-yo danger. Beanies could only be protected if Ty shows the public has a mental lock on "Beanie Babies" and Ty's product. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992).

Which the court found to be true at this point. But given how catchy the name is, it may one day become a yo-yo.

When a mark turns generic, the mark owner has to reinvest in a new trademark. But the public benefits by adding a word to our vocabulary. See, e.g., Shawn M. Clankie, "Brand Name use in Creative Writing:

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Genericide or Language Right?" in *Perspectives on Plagiarism and Intellectual Property in a Postmodern World* 253 (Lisa Buranen and Alice M. Roy eds. 1999).

Wow. Did you catch that "Genericide" and "Postmodern World?" That sounds like it was presented at a heavy-weight scholarly conference. Or else somebody has a sense of humor. Which is rare in the egg-head profession.

The court used the old floodgate of litigation argument in refusing Ty the right to litigate against uses that are not confusing but might tend to make the mark generic. It was particularly bugged by Ty's assertion of a right to enjoin a dictionary publisher from defining "beanie" as a beanbag stuffed animal. And cited 2 *McCarthy* supra § 12: 28, pp. 12-79 to 12-81.

So Let's Get Back to Confusion

Ty was particularly bothered by Perryman's 20% of sales of rival products which she listed as "Other Beanies."

"Planet Plush" & "Rothschild Bears" if you want to broaden your collection as well as dilute the heck out of Rothschild banking.

The Court saw this as false advertising and allowed that part of the injunction to stand. However, Perryman could continue to use her domain name.