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Paramount Pictures Corporation v. Carol Publishing Group, and Ty, Inc. v. West Highland Publishing, Inc., and Highview Recording, LLC

by **Bruce Strauch** (the Citadel) <strauchb@citadel.edu>

And now for all you obsessive-compulsives out there who carry your entire Beanie Baby collection with you to each Star Trek convention, these are must-read cases.

Copyright — Star Trek Guide for the Love lorn

Paramount Pictures Corporation v. Carol Publishing Group, 11 F.Supp.2d 329 (S.D.N.Y.1998).

Paramount Pictures holds copyright to that subculture phenomenon—the **Star Trek** movies and most importantly the TV series that ran from 1966 to 1969 and made pointy-eared Dr. Spock (not the no-spanking guru) so famous. Paramount spends a million bucks a year defending its rights in the intellectual property and the sale of related toys and gear.

In 1997, author **Sam Ramer** and **Carol Publishing Group** published *The Joy of Trek*. In three distinct divisions, it has (1) pop culture analysis, (2) synopses of major plots plus character descriptions and (3) helpful advice on relating to Trekkers for romantic purposes.

Curiously the author refers to these rabid fans as “Trekkers” and I’ve always known them as “Trekkies.” Does this call into question the book’s core authenticity?

Paramount sued for an injunction to block publication and won. And here’s why.

Injunction

To prevail it is necessary to show: (a) irreparable harm if injunction not granted, and (b) likelihood of success on the merits. **ABKCO Music, Inc. v. Stellar Records, Inc.**, 96 F.3d 60, 64 (2d Cir.1996).

Likelihood of success on the merits depends on (a) ownership of copyright and (b) copying of constituent original elements. **Feist Publications v. Rural Telephone Serv.**, 499 U.S. 340, 361, (1991). Ramer undoubtedly copied in that the book contains numerous direct quotes from the screenplays and the middle third of the book tells the plotlines. See **Castle Rock Entertainment v. Carol Publishing Group, Inc.**, 955 F.Supp. 260, 264 (S.D.N.Y.1997). But was it actionable copying?

The Joy of Trek is substantially similar to the **Star Trek** properties which is defined by the average lay observer being able to spot the appropriation. **Knitwaves, Inc. v. Lollytogs Ltd.**, 71 F.2d 996, 1001 (2d Cir.1995). The

middle third of the book takes characters, devices and plot lines straight from the **Star Trek** properties.

Carol Publishing offered up the same losing argument it had tried in another of its infringements—**Castle Rock**, a suit over a **Seinfeld** trivia book called *The Seinfeld Aptitude Test*. **Carol** claimed it was printing “facts” about a show and facts are uncopyrightable. The Court disagreed, finding **Seinfeld** to be fiction and the “facts” a copying of **Castle Rock**’s creation.

The fictitious history of the exploits of the crew of the **Starship Enterprise** is owned by **Paramount** and the characters, devices and plots are the original elements. 11 F.Supp.2d at 333.

The Arcane Bit You Can Probably Skip

Carol’s infringement is called “fragmented literal similarity.” Literal similarity is exact copying of a portion of a work. **Ringgold v. Black Entertainment Television, Inc.**, 126 F.3d 70, 75 n. 3.

The Joy of Trek lifted exact dialogue and fictitious facts that are “the heart” of the **Star Trek** stories. Because it is presented in different order from the TV series, it is “fragmented.”

The other form of copying is “comprehensive nonliteral similarity.” In **Twin Peaks Productions, Inc. v. Publications International, Ltd.**, 996 F.2d 1366 (2d Cir.1993), there was likewise analysis of the sudden phenomenon of a big hit TV show and summaries of the then existing plots (comprehensive). The plot outlines were extremely detailed but no exact copying was present (nonliteral).

Fair Use

But was the use a fair one?

• Purpose and character of use, including whether such use is of a commercial nature. The Court stated that even education publishers are profit motivated. And the author “was motivated, to a large extent, by a genuine desire to help others to understand the idiosyncracies of the typical Trekker.” 11 F.Supp.2d at 335. An elitist notion of an educational work should not discount works of mass appeal. **Twin Peaks**, 996 F.2d at 1374.

YES! The author wanted lonely hearts to meet and mate with Trekkies. That’s got to be educational!

A transformative work adds something new with “a further purpose or different char-

acter, altering the first with new expression, meaning or message.” **Campbell v. Acuff-Rose Music, Inc.**, 510 U.S. 569, 579. *The Joy of Trek* added only a few side wise-cracks. Otherwise it merely retold the plots in condensed version.

The idea here is a college prof of pop culture leanings could write the big book deconstructing Star Trek or giving the Freudian, Marxist or Feminist interpretation and in the process use a lot of the material. But it would be transformed into a new originality. And of course wouldn’t sell worth squat.

The plots were not transformed by being sandwiched between two non-infringing parts of the book. **Judge Learned Hand** once quipped, “no plagiarist can excuse the wrong by showing how much of his work he did not pirate.” **Sheldon v. Metro-Goldwyn Pictures Corp.**, 81 F.2d 49, 56 (2d Cir. 1936) aff’d, 309 U.S. 390 (1940).

That’s pretty cute actually. You don’t think so? That’s because you don’t read this bilge for a living.

Defendants called their work a parody, but “[p]arody needs to mimic an original to make its point ...” **Campbell**, 510 U.S. at 580. *The Joy of Trek* poked some fun at Trekkers, but the real point was to equip the novice to have a love affair with a **Star Trek** obsessive.

Which is certainly plumbing the depths of romantic desperation.

• Effect of defendant’s use upon the potential market for copyrighted work. The right to create derivative works is a thing of great value. **Paramount** licenses guide books such as *The Star Trek Encyclopedia*. *The Joy of Trek* actually boasts that the reader needs no other books.

The Last Gasp

As a last gasp, defendants argued abandonment by **Paramount**.

Give me a break.

Abandonment requires: (1) intent to sur-

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render the rights, and (2) an overt act showing that intent. *National Comics Publication, Inc. v. Fawcett Publications*, 191 F.2d 594, 598 (2d Cir.1951). To the contrary, Paramount spends a whole bunch of money protecting its copyright. And the copyright notice is evidence of intent to not abandon the rights. See *Marvin Worth Prods. v. Superior Films Corp.*, 319 F.Supp. 1269, 1273 (S.D.N.Y.1970).

Knowing they were sunk, defendants dreamed up something called limited abandonment. And here comes the real wit & wisdom from that irrepressible Southern District of New York.

"Defendants invite the Court to boldly go where no court has gone before and recognize the doctrine of limited abandonment. The Court declines the invitation." 11 F.Supp.2d 337.

*A real knee-slapper, huh? Well, it is for a judge. But if you want your gut-buster humor, you've got to read **Learned Hand**.*

Copyright - Beanie Baby Love Slaves

Ty, Inc. v. West Highland Publishing, Inc., and Highview Recording, LLC, 1998 WL 698922 (N.D.Ill.).

Ty, Inc. manufactures Beanie Babies and has sold over one hundred million since 1993. Naturally it markets through a fan club and a Web site. To protect its property, it has registered copyright for each of the baby characters and trademark for "Beanie Babies."

West Highland is a publisher that sells **Beanie Baby Trading Cards**, coloring books and a newsletter. And it has sold three million copies of *The Beanie Baby Handbook*. **Highview** markets "Beanie Baby Songs." Both are the alter egos of **Leslie** and **Sue Fox**.

The Foxes slid into this by being avid collectors of all manner of stuff and publishing some collector's guidebooks such as a coin collection handbook. Their conversion to Beanie Babies occurred at a birthday party in 1997 where they witnessed kids going berserk over the "plush toys."

I haven't thought about the word "plush" since Mr. Plushbottom in a comic strip I used to read. It means a fabric with an even pile longer and less dense than velvet pile.

Leslie Fox wrote **Ty** offering to make **Ty** a "partner" in the forthcoming *West Highland Beanie Babies Handbook*. The Foxes took the position that Beanie Babies were in the public domain "if used editorially as opposed to being used for marketing purposes." Their handbook was to be a collector/investor's guide.

Ty ignored the first letter. More letters

followed and were likewise ignored. Finally in a phone call, **Ty** said fine, submit your proposal for an official Beanie Baby handbook to be endorsed by **Ty**. **Fox** said he was not interested in "competitive bidding" for **Ty**'s endorsement.

Yes, that made me pause for a moment there too.

Meanwhile, **Fox** waded into the market and scooped up **Beanie Babies** until he had one of each. He photographed them and contracted for the publishing of the handbook. 900,000 copies were printed and the book hit number eight on the *NY Times* Bestseller List for "How To/Advice Paperback Sellers." Over time, **Fox** was to sell three million copies of various editions.

Then **Fox** wrote to **Ty** requesting information, photos and sample toys "on a priority and confidential basis." He wanted his handbook to have photos of new products before they hit the market. **Fox** also stated his intention of publishing songs and had formed **Highview** for this purpose. The next letter announced **Fox** was going to publish trading cards.

Ty basically drifted along with this, but finally got a lawyer into the act who sent a letter saying they "generally" had no objection "to third party endeavors that promote ... Beanie Babies ..." but wanted to be sure there was no copyright or trademark infringement.

In a further exchange, **Ty** okay'ed the publication of the songs but wanted to be sure there was nothing that implied an affiliation of their companies.

In 1998, **Ty**'s tolerant attitude ceased. **Ty** wrote and said the products infringed copyright and trademark. **Fox** sent back copies of a slew of letters that confirmed **Ty** had not objected before.

Ty wrote that he had learned **Fox** was selling coloring books, a cook book and trading cards and had formed a fan club. Whatever limited permission had been granted was only for the C.D.s and the handbook. And that permission was ended.

Fox got huffy and **Ty** sued, asking for a preliminary injunction. Which he won.

Likelihood of success on the merits. Copyright holders own the exclusive right to prepare derivative works based upon the copyrighted work. A substantially similar work that is unauthorized is an infringement. 17 U.S.C. §§ 106, 501(a); *Wildlife Express Corp. v. Carol Wright Sales, Inc.*, 18 F.3d 502 (7th Cir.1994).

A "derivative work" is a "work based upon... existing works ..." 17 U.S.C. § 101. But because of its modifications, it represents an original work of authorship in itself.

Originality is the key to copyright. And originality only requires independent work and a minimum level of creativity. *Feist Publications, Inc. v. Rural Telephone Serv. Co.*, 499 U.S. 340, 358-59 (1991).

Did **Fox**'s photos of the babies have that minimal creative spark? **Fox** himself admitted his products "add something new."

"Elements of originality in a photograph may include posing the subjects, lighting, angle, selection of film and camera, evoking the desired expression, and almost any other variant involved." *Rogers v. Koons*, 960 F.2d 301, 306 (2d Cir.1992).

Affirmative Defense: Laches

Fox raised the defense of laches (sleeping on your rights) because **Ty** failed to object to his products and even seemed to imply his consent. And meanwhile **Fox** had spent money developing products.

"Laches 'bars a party's rights when the party has unreasonably delayed their [sic] assertion so as to cause prejudice to the opposing party.'" *Anderson v. Bd. of Regents of Univ. of Illinois*, 140 F.3d 704, 706-07 (7th Cir.1998) (quoting *Hawxhurst v. Pettibone Corp.*, 40 F.3d 175, 181 (7th Cir.1994)).

I love that their [sic]. All of America has blurred singular and plural in a badly muddled attempt to avoid sexist language. Now scholarly writing will be riddled with their [sic].

In fact, **Ty** did not diddle around for too long. Sixteen months was the entire time period and all of **Fox**'s activities were not known for much of that.

"Laches will not protect a progressive encroacher who does not arouse hostile action by the plaintiff until the infringement is fully developed." *Harmony Gold U.S.A., Inc.*, 95 C 2972, 1996 WL 332689, at *3 (N.D.Ill. June 13, 1996).

While there was that unfortunate letter from **Ty** that said he did not "generally object" to third party promotions, the same letter said he didn't want infringement.

And though **Ty** never commented on the trading cards, **Fox** knew a license was required and asked for one by letter.

Affirmative Defense: Fair Use

(1) **Purpose/Character of Use.** **Fox** said his purpose was an editorial guide for fans and collectors. But that limited any fair use purely to the handbook. All the other products were outside the bounds.

Copies made for profit are presumptively unfair. *Koons*, 960 F.2d at 309. But commercial exploitation is not given undue weight

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"Originality is the key to copyright. And originality only requires independent work and a minimum level of creativity."

Questions and Answers — Copyright Column

by **Laura N. Gasaway** (Director of the Law Library & Professor of Law, CB # 3385, University of North Carolina, Chapel Hill, NC 27599; phone: 919-962-1049; fax: 919-962-1193) <laura_gasaway@unc.edu>

Question: Is it necessary to keep a paper record of ILL borrower requests that are submitted by our patrons or is an electronic record of the past three years' requests sufficient?

ANSWER: Records in any form are just fine. The **CONTU Interlibrary Loan Guidelines** simply say that the borrowing library must retain records for three calendar years. Certainly the intent of the guidelines is that the library be able to search the records by title in order to determine when the library has reached its "suggestion of five" for that journal title for the calendar year. The guidelines, however, are silent as to the format in which records must be retained.

Question: I want to use an audio recording from 1899 of an evangelist reading a portion of the Bible. Has the copyright expired? The U.S. Copyright office says they do not deal with anything prior to 1972. They wrote to me the following: "There is no federal copyright protection for a U.S. sound recording fixed prior to 1972. It is possible that material recorded (such as music, spoken words, etc.) may be protected. However, if the material in question consists of Bible verses, then no federal copyright protection exists." This work was put on a record in the

1950s by Word Records with Paul Harvey, but they do not know anything back that far. The original recording was apparently made in the State of Illinois, but the state says that state laws do not apply.

ANSWER: Sometimes it is simply worth assuming the risk when one wants to use a work such as this 1899 recording. The great likelihood is that if there ever was a copyright, it has expired. As the **Copyright Office** indicated, sound recordings were not protected in this country before 1972. Therefore, even the 1950 placement of the recorded reading on a record was not eligible for copyright protection. The State of Illinois has already indicated to you that state law does not apply to the 1950 record. Thus, there is no protection for the sound recording. If the words were simply being read from the **Bible**, then there is no copyright in the text. Fixing the reading of the text in the sound recording in 1950 does not change the fact that the underlying work is from the **Bible**.

Question: There is a faculty member who would like several popular videos placed on reserve (e.g., "The Crying Game"). (1) Can a library purchase the videos so that a faculty member can show them in class? (2) Can the library lawfully put these titles on reserve so that students can check them out and view them either in the library or at home?

ANSWER: Yes to both Questions. Section 110(1) of the **Copyright Act** permits a nonprofit educational institution to perform videos in class if showing the tape to the class is a part of instruction. The school could either purchase or rent the videos that are shown in the classroom. Note, however, that performance of videos in distance learning classes is not permitted without a license according to Section 110(2).

Only public performances are reserved for the copyright holder. Placing videos on reserve so that students may check them out to view them either at home or in individual viewing stations in the library is just fine. These are private as opposed to public performances. If your library should indeed offer a public performance, then royalties would have to be paid.

Question: If a for-profit library sets up vertical files on main subjects, areas of interests, trends, in the industry, etc., may it photocopy journal and newspaper articles to place in the vertical file?

ANSWER: Section 108 does not mention the issue of copying for vertical files. Section 108(f)(4) indicates that libraries also have fair use rights, and making single copies for a vertical file is probably fair use. A court would apply the four fair use factors to make this determination. There is one thing that might lead a court to find that vertical file copying is not fair use, and that is because there were vertical files in libraries prior to the advent of the photocopier. Libraries used to put original copies of articles torn from journal issues and actual clippings from newspapers. If your company has an annual authorization license from the **Copyright Clearance Center**, then such copying of works covered by the license is permitted under the terms of the license.

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(whatever that means) since nearly all fair use is for commercial purposes. The question is whether **Fox** will profit from exploiting **Beanie Babies** without paying a licensing price. *American Geophysical Union v. Texaco*, 60 F.3d 913, 922 (2nd Cir.1994).

Fox was not making editorial commentary. He could have done that without photos. The photos of the babies were designed to make obsessed fans cuddle up with images of babies they hadn't located or couldn't afford. The infringing photos were included to achieve commercial success. No one would be real interested in a **Beanie Baby** trading card without a photo on it.

Fox was not transforming the work to serve a broader public purpose. He was not writing *Deconstructing The Beanie Baby Buying Frenzy*. He was not offering a 12-step program to break addicts of the **Beanie Baby** buying habit.

(2) **Amount and Substantiality of Work Used.** **Fox** argued all he used was an image. But the images were verbatim copies of the protected babies which shows the great value of those images to both the originator and the

plagiarist. Was the copying more than necessary to further the "fair use" of the plagiarist? *Castle Rock Entertainment, Inc. v. Carol Publishing Group, Inc.*, 150 F.3d 132, 144 (2nd Cir.1998).

Fox could have merely listed names and prices of babies. But that would have sold poorly. He wanted the charm and delight of the protected babies.

(3) **Effect of the Use on the Market Value of Beanie Babies.** **Fox** said the handbooks had no negative effect on the sale of babies. A handbook is not a substitute for a toy.

The Court said, true, but **Fox** was ignoring **Ty's** exclusive right to create derivative works. The fact that **Ty** hadn't done so was meaningless. At any time in the life of the copyright, **Ty** could develop his own handbook or license someone to do it.

There was no evidence of **Fox** aiding in the sale of babies. The fact the handbook was on the bestseller list merely reflected the popularity of the babies themselves. And that was done by the shrewd tactic of not flooding the market—indeed to the contrary, creating artificial shortages. See *Ty, Inc. v. GMA Accessories, Inc.*, 132 F.3d 1167, 1171 (7th Cir.1998). **Fox** creating derivative works could flood the market and drive down demand.