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Questions & Answers -- Copyright Column

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Softbelly Inc. makes a very similar bit of animal kitsch called "Screenie Babies" with chamois bellies. These are sold by computer stores for wiping your computer screen.

Yes, it seemed pretty open and shut to the district court judge who didn't let the case go to the jury, meting out injunctive relief and \$700,000 in damages on his own.

Softbelly moved to vacate the judgment under FRCP 60(b)(3) based on **Ty** doing some witness tampering. The judge denied that.

Now the Issues

Ty, Inc. owned by **Ty Warner**, has a trademark on "Beanie Babies" and claims a common-law trademark on "beanies." **Softbelly** claimed beanies had become a generic term for small plush toys filled with bean-like stuff.

As in "would you like a beanie with that?"

To prove "beanies" is not generic, **Ty** commissioned a survey in nine malls throughout the USA of 220 men and women over the age of 18. Sixty percent thought the word was a brand name. But, of course, that leaves forty percent that thought the contrary.

In fact, 36% thought it was generic. Four percent were clueless as to the meaning of words like generic. Which is pretty amazing it was that small.

Ty also had phone surveys, **eBay** and **Yahoo** auction samplings, and news articles in which the overwhelming reference of "beanies" was to **Ty's** products.

And the test is "primary significance." *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938); 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 12:6 (4th ed. 2003). Which **Ty** had in spades.

The judge figured **Softbelly's** evidence didn't present a triable issue of fact and the 7th Cir. agreed. **Softbelly** surveyed 13- to 18-year-old girls which the 7th Cir. felt was an "arbitrary subset of consumers." **Softbelly** said that was the market for beanies, but **Ty** insisted its market ran all the way to women of 80.

Good grief. Tennessee Williams could write Beanie Menagerie.

The 7th Cir. was loathe to toss beanies into the public domain calling it a "penalty for success." This should only happen when the trademark is such an exclusive descriptor that competitors can't compete without using it.

Brassiere, cellophane, escalator, thermos, yo-yo and dry ice were all once trademarks. And where would we be without those words? **Sanka** was saved by the emergence of the term "decaf," and **Xerox** pushed hard to get "copier" in general use.

But Not So Fast Here

It seems our district court judge had excluded a whole bunch of **Softbelly** evidence including a raft of **Ty** internal memos using "beanies" as generic. For ex.: "We want to emphasize our Beanies are not just any Beanies — But special." The 7th Cir. could find no legal authority for him doing this.

Additionally, he had set a date for trial that gave less than 90 days for **Ty** to disclose its expert witnesses. Rule 26(a)(2)(C) FRCP. And **Ty** had sure enough held back the identities of its witnesses for over a year. **Ty** was fined \$20,000 for this stunt, but that didn't help **Softbelly** prepare for trial.

More Procedural SNAFUs.

Softbelly's star witness was one **Harold Nizamian**, a competitor to **Ty**. And interestingly, **Ty Warner** had worked for **Nizamian** in the early days. **Nizamian** was scheduled to say that as early as 1998 before the birth of "Beanie Babies," beanies was a generic name for plush beanbag animals.

Softbelly was all set to schedule **Nizamian's** testimony when he announced he had been called by **Warner** and would not appear.

Yes, you're remembering Paul Newman in The Verdict where he didn't take a deposition of his M.D. expert and the guy got paid by the insurance defense to take a Caribbean vacation. It would seem Softbelly's lawyer was equally negligent.

At trial, **Softbelly's** lawyer asked **Ty Warner** what he had been up to, **Ty** objected and the judge sustained.

The 7th Cir. was staggered by this. "An attempt by a litigant to persuade a witness not to testify is properly admissible against him as an indication of his own belief that his claim is weak or unfounded or false." *Newark Stereotypers' Union No. 18 v. Newark Morning Ledger Co.*, 397 F.2d 594, 599 (3d Cir. 1968).

Those in the trade know a great deal about what consumers think. *Central Illinois Light Co. v. Consolidation Coal Co.*, 349 F.3d 488, 492-93 (7th Cir. 2003).

Warner admitted the phone call to **Nizamian**. Post-trial, **Softbelly** deposed **Nizamian** who said **Warner** told him his testimony would cost him a whole bunch of money. Not long before the two had discussed doing business together. So he decided to not get involved.

All this together required a new trial. And even without that, the likelihood of confusion issue still existed. **Ty** had the burden of proof and had some evidence that folks thought "Screenie Babies" a **Ty** product. But there was still a question of fact for a jury. Screenies cost twice as much, had a different tag from Beanies, and were sold in computer stores where Beanie fanatics wouldn't be likely to shop.

Which is a curious observation. Those 80-year old women collectors are computer illiterate.

Rule 60(b)(3)

Under the rules of Federal Civil Procedure, a district court can set aside a judgment for fraud or other misconduct by a party. **Softbelly** moved for this on the grounds of **Ty's** witness tampering with **Nizamian**.

Some cases find witness tampering a fraud, *King v. First American Investigations, Inc.*, 287 F.3d 91, 94 (2d Cir. 2002), or it may be "other misconduct." Either way it's real serious. And the victim need only show it hindered his ability to present his case, not that he otherwise would have won. *Lonsdorf v. Seerfeldt*, 47 F.3d 893, 897 (7th Cir. 1995).

Warner's admission and the **Nizamian** deposition should have brought a severe sanction, possibly the dismissal of **Ty's** suit. *Weibrecht v. Southern Illinois Transfer, Inc.*, 241 F.3d 875, 884 (7th Cir. 2001).

Questions & Answers — Copyright Column

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QUESTION: A hobby group has a listserv with active discussions. A librarian member of the group located articles that answer some of the questions the group has been discussing. Is it infringement to supply these articles as PDF files to the listserv so that everyone in the group can see them?

ANSWER: Yes, if it is without permission of the copyright holder. Attaching a PDF file is a mass reproduction since current case law indicates that a copy in computer RAM is a copy for copyright purposes. Thus, anyone who opens the file is considered to have made a copy. If the article is available online from the publisher or legitimately from the author, providing a link to the members of the hobby group by email or otherwise is a good alternative. If

the articles come from licensed products, the license agreement prevails about whether it can be uploaded to a listserv without further royalties.

QUESTION: In a medical school, may a faculty member insert a figure from a textbook into a PowerPoint presentation to use in a medical school class? What about then placing the PowerPoint presentation that incorporates the figure on Blackboard or other course management software so students can access it?

ANSWER: Under section 110(1) of the Copyright Act, in a nonprofit educational institution engaged in face-to-face teaching, a teacher may display a graphic to a class. Although copying the figure for incorporation into

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a slide is a reproduction, most copyright scholars posit that this is fair use since it simply permits the use of modern technology in order to make the figure visible to the class.

The issue is more complicated when a faculty member then places the PowerPoint presentation that includes the copyrighted figure, available via course management software. At this point there are two possible sections of the Copyright Act that apply: (1) fair use and the Classroom Guidelines negotiated under fair use or (2) the **TEACH Act**. Providing student access to a copy of the figure goes beyond display in the classroom. It has become course material that the student can print out, etc. Therefore, it may have become the equivalent of electronic coursepack material. If this is the case, then the various requirements of the Guidelines must be met, including only one term use without permission from the copyright owner for subsequent uses on Blackboard.

If placing the figure on course management software for student access remains a display only, then the **TEACH Act** requirements must be met. It requires that nonprofit educational institutions implement reasonable controls to prevent retention of the work in accessible form (the reproduction of the figure) beyond the class session and to prevent unauthorized dissemination of the work in accessible form.

QUESTION: *A public library has an extensive vertical file consisting of pamphlets, photocopies of articles, photographs, and staff-produced bibliographies. Most of the material in the files deal with local and regional history, industries and institutions. The library now wants to digitize this material and make it available on the Web. Are there copyright problems with this?*

ANSWER: The issue of vertical files in libraries is an interesting one and the practice of maintaining them goes back many years. When vertical files were conceived, materials placed in them were original copies of works such as pamphlets, publishers' reprints of articles and actual newspaper clippings. After photocopiers became ubiquitous in libraries, much of the material in vertical files was replaced with photocopies as opposed to original copies. This practice is not mentioned in section 108 and whether this copying was fair use or not has never been litigated.

Reproducing this material in digital form raises typical copyright concerns. If the works reproduced are still under copyright, permission should be sought for the reproduction and display of the material on the Web. Many of these works may be out of print or the publisher may have disappeared. For these materials the library should perform a risk analysis, and may determine that there is little risk in digitizing an old photograph of local interest and mounting it on the Web. In other words, the chance that anyone will complain about the reproduction

and display is slight. Or the library simply may be willing to assume the risk involved because of the importance of the material to the library and its users even though there may be some liability should the copyright owner complain.

QUESTION: *A library has subscriptions to periodicals databases (Wilson, Proquest, etc.), and all of the university's satellite locations also have access to them. The university is now opening a new satellite location in a foreign country. Will the university be in compliance with the database licensing agreement if students in the new satellite location overseas are given access to the databases?*

ANSWER: The answer depends on the license agreement itself. Does the library have separate license agreements for each satellite location or is there one license that covers the university's main campus and all satellite campuses? The language of the contract controls. The contract could state that access is limited to students of the university and be silent about the satellites. This would mean that any enrolled student, regardless of the branch or satellite at which she attends classes, is covered under the agreement.

Or the license might state that it covers only the main campus or the main campus and its satellites in a particular state or country. As a rule of thumb, if the license agreement does not contain any geographical restriction, one should assume that it is world wide in geography but limited to enrolled students, faculty and staff of the university. 🐼

Biz of Acq — The Effect of the Consolidation of Acquisitions and Serials/Periodicals Units on the Management of Electronic Resources

by **Xiaoyin Zhang** (Head of Materials Ordering and Receiving, University of Nevada, Las Vegas)

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Column Editor's Note: *Xiaoyin Zhang and Michaelyn Haslam describe and explain the transition process at the Acquisitions and Serials/Periodicals units of the University of Nevada, Las Vegas Libraries merged. New positions, responsibilities and reporting structures streamlined workflow and enabled the consolidated department to take full responsibility for checking links, confirming access, and maintaining connectivity to electronic resources. — AF*

The University of Nevada, Las Vegas (UNLV) is a research intensive institution with 24,000 students and over 700 full-time faculty. The UNLV Libraries' collections contain over 950,000 volumes and 5,800 subscriptions. The Libraries' materials budget is about \$4.4 million including soft money. One of the goals resulting from the strategic plan of the UNLV Libraries was to increase access to digital collections. A big step in this direction is the decision to prefer online to print resources where both are available. As most libraries are experiencing, different skills and processes are required for the acquisition and maintenance of electronic resources. At the UNLV Libraries continuing evaluation of organizational structure to assist the Libraries in achieving strategic goals has resulted in

several major changes. One of the changes was to consolidate the Technical Services units of acquisitions, serials, periodicals, and bindery into a new department named **Materials Ordering and Receiving (MOR)** in 1999. MOR became part of a new division called Collection Development and Management along with collection development and document delivery services.

After the establishment of the new department, further organizational refinements were made. MOR staff spent a substantial amount of time analyzing existing tasks to identify similar functions to see if they could be combined, streamlined, or eliminated. Lines of supervision were adjusted. Staff cross-training was implemented to expand employee skills and expose them to all aspects of materials ordering and receiving.

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