

Intellectual Property Ethics Case Study - Debrief

Part A

The instructor should promote discussion over the questions provided and the actions of the companies. The discussion should focus on issues related to intellectual property rights specifically in the context of:

- IP rights in Europe vs US
- Tracking infringement is a challenge
- Comparing the selling of a products and its rights vs selling licensing rights
- The concept of unethical behavior and actions in business-focused

Part B

The instructor can direct the discussion by focusing on issues of IP rights written into contracts and non-disclosure agreements. Also corporate Code of Conduct rules can be included in the discussion. Once a student becomes an employee their work may not belong to them but the company they work for. Additional discussion on how the courts view a situation along with how deep the pockets are of the litigants can be brought in.

The big reveal and story:

In the late 1950's Greiner & Hauser, a small family owned company in Germany, introduced Bild-Lilli a novelty doll designed to be a gag gift for executives...giving them a sexy secretary in their office. There was a corresponding comic in the newspaper as well.

<Show Bild Lilli Image>

It garners some success for several year's with both adults and children until it is 'discovered' by Ruth... Ruth the wife of the owner of.. Mattel... She brings it back to the USA and has the company start to manufacture their own version.... marketed directly to young girls....Barbie..... Barbie becomes the number 1 selling toy of all time!

<Show Barbie image>

Since news and information traveled much slower in the early 1960s Barbie takes off with Greiner & Hauser unaware...until it 'jumps the pond' and ends up in European toy stores.. They see it and sue for infringement of their intellectual property... While in litigation G & H sell some of their rights to a competitor... they also sell some of the rights to companies owned by Mattel but that was not completely clear. The courts dismiss the case and Mattel makes a one time offer to buy all of the rights. G & H agrees to this. G & H finally folds several years later and its remaining assets are purchased by some other company.

Mattel goes on to sell millions of Barbies. Now we jump to the early 2000s when an employee of Mattel while working on a side consulting project creates.... Bratz..

<Show Bratz image>

Bratz begins to kick Barbie's ass and takes a huge chunk of the market share. Mattel sues over ownership of the intellectual property. At the same time they develop their own competing product.. the MyScene dolls

<Show MyScene image>

MGA countersues for stolen trade secrets. The litigation goes back and forth with Mattel winning an injunction blocking the sale of Bratz. MGA appeals and gets the injunction lifted. Mattel is awarded the rights to the initial version of the Bratz doll but not the subsequent versions. MGA is awarded compensation for legal costs related to the litigation. All of this legal fighting stretches out from 2008 until 2013, with both sides gaining some victories.

And in an additional twist, the company that purchased the assets of G & H Corp sues Mattel one more time, in 2003, for patent infringement. The case is dismissed.