

BUSINESS

HL retreat U.S. may it UPS deal

Associated Press
A move that could greatly back a possible venture between UPS and Deutsche's DHL, the German company said Monday that it will significantly reduce its air and land operations in the U.S. cut 9,500 jobs.

The DHL-UPS deal was expected to last up to 10 years and infuse Atlanta-based UPS with up to \$1 billion in annual revenue, if completed as first proposed in May.

UPS, the world's largest shipping carrier, has said the contract with DHL would mostly involve the transport of DHL packages between airports in the U.S. — not the pickup or delivery of DHL packages to customers.

If DHL made significant cuts to its ground operations in the U.S., it wouldn't necessarily affect UPS and DHL reaching a deal since their talks have heavily involved air delivery of packages, not ground delivery.

Deutsche Post said it will continue U.S. domestic-only air ground products Jan. 30 to use entirely on its international offering.

Mattel: Seize all Bratz

SUIT: Toymaker wants rival dolls off shelves.

By Gillian Flaccus
The Associated Press

RIVERSIDE — The maker of Barbie dolls is taking the next step in its lengthy quest to sweep the rival Bratz line from toy store shelves after winning \$100 million in a copyright infringement lawsuit earlier this year.

Attorneys for Mattel Inc., the world's largest toymaker, appeared before U.S. District Judge Stephen Larson on Monday and asked him to ban competitor MGA Entertainment Inc. from making the pouty-lipped Bratz dolls. In court papers, they also asked the court to impound and destroy the Bratz products.

The motion for an injunction was filed after a federal jury ruled that Bratz doll designer Carter Bryant came up with the edgy concept while working for Mattel. The same jury later awarded Mattel \$10 million for copyright infringement and \$90 million for breach of contract after a lengthy trial that ended in August.

Larson said he would decide on the injunction within two weeks, but added

that any court order wouldn't apply until after the holidays to spare retailers already being battered by the economic downturn.

The current dispute centers on whether the jury found that only the first generation of four Bratz dolls — which debuted in 2001 — infringed on Mattel's copyright, or whether all the dolls in the line are in violation.

MGA has since marketed more than 40 Bratz characters and developed a number of spinoffs and related products, including Bratz Boyz, Bratz Petz and Baby Bratz.

Los Angeles-based MGA, which no longer makes the first-generation dolls, has argued that the later toys in the Bratz line don't violate the copyright and that it can continue to sell them.

Its attorneys also point out that jurors only awarded a fraction of the \$2 billion in damages Mattel had requested.

"The jury almost entirely rejected Mattel's request, awarding only \$10 million for copyright infringement, with 0 awarded for future Bratz profits," MGA attorneys wrote in papers filed in U.S. District Court in Riverside.

But Mattel argues that all Bratz dolls are based on Bryant's original doll "sculpt," with its exaggerated, anime-style eyes, puffy lips, small nose and petite, curvy body.

"From the core Bratz dolls, the sculpt never changed to this day," John Quinn, a Mattel attorney, argued Monday. "If you compare the facial images that are on sale today with Mr. Bryant's drawings, they are substantially similar. The fact that they paint it doesn't change the fact that it is our sculpt."

Larson pressed both sides on how he was supposed to decipher the jury's intent when the verdict form asked for damage amounts, but didn't ask where the panel saw copyright violations.

"I can't tell from the verdict form which of these the jury found infringement on," he said.

MGA attorney Raoul Kennedy argued that Larson had the discretion to determine which dolls violated Mattel's copyright. Mattel's attorneys disagreed, saying the court does not have the authority to interpret the jury's findings after the fact.

Both companies have a lot riding on the judge's decision.



LARRY STEVEN LONDRE
CSUN DIALOGUE

Americans still count the penny

We have a love/hate relationship with pennies. They accumulate in drawers and jars, glove compartments and car doors, pants pockets and suit jackets. Yet as I recently eyed a tray of pennies near the cash register of a convenience store, I pondered... it looks like we hate pennies.

Marketing is using communications and promotion to get the right product or service to the right people, at the right time, at the right place, at the right price.

One way to do this with the Nine P's: Products (or services), People, Price, Promotion, Place/Distribution, Partners, Planning, Passion.

Where does the penny fit in? Price — along with Passion, or lack of it.

You can't buy much with one penny. Does price affect your purchase if it's 99 cents versus a buck? Probably not. What does matter is the product selection at "99 cents" stores or "Dollar and More", or "98 or 97 cent" stores or "Mas or Menos" stores. I'm sure the people running the 99 Only stores would argue that they have better product selection than their competitors.

It's not always about price. Some people have passion in using up pennies, but that doesn't affect price, it affects service. It has been reported that the collection of a penny or two adds 2 to 2½ seconds to each transaction.

From everything I read, while we don't like to use them, Americans want to keep the penny. Coinstar, a Washington-based company that puts coin-counting machines in supermarkets, found in its research that three out of four people will stop to pick up a penny. I only stop if it's heads-up.

Do we need pennies? The copper-coated coins cost more than 1 cent each to make. Bills have been introduced in Congress to retire the coin, but they never gain traction. The bottom line may be that when it comes to the penny, Americans don't want change. Indeed, the United States did get rid of the half-cent coin in 1857. Will the penny be next?

Larry Steven Londre is a marketing consultant who teaches marketing, advertising, and media classes at Cal State University, Northridge. He also owns Londre Marketing Consultants LLC, a marketing and advertising consultancy.

Circuit City files for bankruptcy

The Associated Press

Facing pressure from anxious vendors and cautious consumers, Circuit City Stores Inc. filed on Monday for bankruptcy protection as it heads into the busy holiday season with hopes that the move will help it survive.

Under Chapter 11 protection, the nation's second-biggest electronics retailer can keep operating while it develops a reorganization plan.

The company also said it cut 700 more jobs at its Richmond, Va., headquarters, after announcing a week earlier that it would close 20 percent of its stores and lay off thousands of workers.

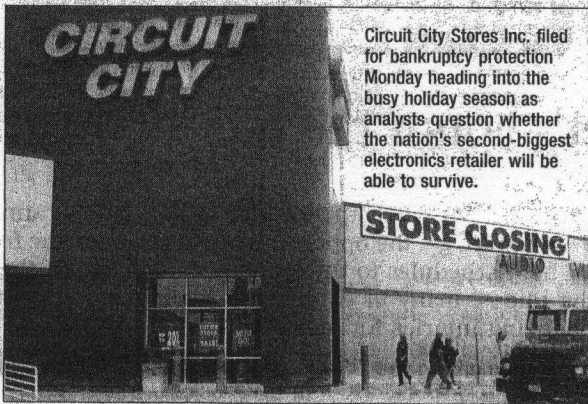
Its Thousand Oaks store is among those being closed.

In court documents, CFO Bruce H. Besanko cited the erosion of vendor confidence, decreased liquidity and the global economic crisis.

"Without immediate relief, the company is concerned that it will not receive goods for Black Friday and the upcoming holiday season, which could cause irreparable harm to the company and its stakeholders," Besanko said in the filing.

Its shares fell 14 cents, or about 56 percent, to 11 cents on Monday before trading was halted.

While the retail industry is facing



Circuit City Stores Inc. filed for bankruptcy protection Monday heading into the busy holiday season as analysts question whether the nation's second-biggest electronics retailer will be able to survive.

LM Otero/The Associated Press

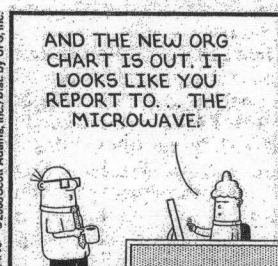
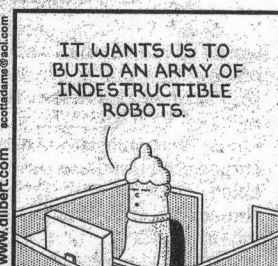
what's expected to be the weakest holiday season in decades, Circuit City's struggles have intensified as nervous consumers spend less and credit has tightened.

A bankruptcy judge granted Circuit City interim approval to secure \$1.1 billion in debtor-in-possession loans while it is in bankruptcy. Those funds, needed to stock merchandise and pay employees, replace a \$1.3 billion asset-backed loan the company had been using.

Circuit City also was granted interim approval to abandon 150 leases at locations where it no longer operates stores, which it said costs \$40 million annually.

The company, which said it had \$3.4 billion in assets and \$2.32 billion in liabilities as of Aug. 31, hopes to exit court protection by next summer, putting it in a position to find a buyer for the chain or operate as a stand-alone business.

DILBERT



By Scott Adams

Amex request granted

The Associated Press

The Federal Reserve on Monday granted a request by American Express Co. to become a bank holding company, opening the door for the credit-card giant to accept deposits and permanently access financing from the Fed.

The Fed's approval was similar to action in September that transformed Goldman Sachs and Morgan Stanley into bank holding companies.

The OK represented the latest reshaping of the financial services industry.

THE MARKET IN REVIEW

STOCK EXCHANGE HIGHLIGHTS

NVCE ▲ AMFY ▼ NASDAQ

DAILY DOW JONES

16,000

STOCK MARKET INDEXES

52-Week	Low	High	Name	Last	Net Chg	%Chg	YTD %Chg	12-mo %Chg
19,768.14	7,899.61	19,768.14	Dow Industrials	8,870.54	-73.27	-.82	33.13	-11.70