Characters As Protectable Assets Do Not Survive Copyright Termination

Characters as protectable assets do not survive copyright termination of the works in which they appear even though they may continue to live on in works that continue in copyright. All works published prior to January 1, 1923 are in the public domain, a vast repository of cultural wealth available for exploitation by authors/publishers/entrepreneurs who can prepare derivative works without asking permission or paying licensing fees. As a result of extensions of the term of copyright for works published after 1923 the public domain will not be enlarged until at least January 1, 2019. Works published after 1923 can be used for derivative works only with the permission of the author; or if the author is deceased, his or her estate. There are a number of long deceased authors whose works straddle the magical divide as do characters who made their first appearance prior to 1923. This raises a "what if" question: What is protected if authors continue adding distinguishing features to characters in works published post-1923?

For works in copyright, authors (or in the case of deceased authors, their estates) own the rights to their characters. If those characters have continuing appeal to readers they are both culturally significant and marketable assets. Although there is no necrology of characters in the world of fiction (they are forever alive in readers' imaginations) there are a number of notable examples from Jane Austen (all of whose works are in the public domain) and Sir Arthur Conan Doyle (who straddles the copyright divide) whose characters have many times been reincarnated in contemporary works. No one has to pay the Austen estate for creating derivative works based on her novels or characters , but that has not been true for Sherlock Holmes and Dr John H. Watson. The Conan Doyle Estate has been aggressive in demanding license fees as demonstrated in a recent lawsuit, *Klinger v. Conan Doyle Estate, Ltd.*, 13 C 1226 (N.D. Eastern Div. Ill), aff'd 755 F.3d 496 (7th Cir. June 16, 2014)

An author's right to his or her characters should be retained and never unthinkingly be granted. However, characters, like the works in which they appear, can fall out of copyright. The issue presented in the Klinger lawsuit is whether the Holmes and Watson characters to the extent of their distinguishing features in pre-1923 works continue to be protected because they may have become "rounder" in post-1923 works. The district court said "no" to the characters as they were depicted in the pre-1923 works–their essential elements had already been drawn–and the judgment was affirmed on appeal. The reason for this as the Court of Appeals for the Seventh Circuit held is that "[o]nce the copyright on a work expires, the work becomes a part of the public domain and can be copied and sold without need to obtain a license from the holder of the expired copyright" (*Id*.).

As with other straddlers–P.G. Wodehouse for example with the incomparable Jeeves whose fictional life spanned 1915 to 1974 or Agatha Christie with Inspector Poirot who first appeared in 1920 and Miss Marple who first appeared in 1927 and who were still alive in 1964 and 1975–it is not inconceivable that characters who originally appeared in works published before 1923 have a continuing literary life, which raises an issue as to whether their earlier depictions are in the public domain. The legal (and metaphysical) question is whether characters who cross the divide continue to be protected until the copyrights in the works in which they appear after 1923 expire.

Klinger is an anthologist and editor of contemporary stories featuring Doyle's famous duo. He filed a complaint against the Doyle Estate after it asserted a right as copyright holder and threatened to prevent distribution if his anthology was published without payment of a license fee. Sir Arthur Conan Doyle wrote four novels and fifty-six short stores featuring Holmes and Watson. The duo were first introduced in 1887. The four novels and forty-six short stories were first published in the United States prior to January 1, 1923. The remaining ten short stories were published between 1923 and 1927. Conan Doyle died in 1930. In the lawsuit the Doyle Estate asserted that its right to collect license fees extends to the termination of copyright of the last story, which would be 2022, or 135 years from the copyright date of the first Holmes/Watson story in 1887. Klinger did not challenge the copyright on the post-1923 stories but claimed he was copying only the copyrightable distinguishing features in the pre-1923 stories. The Circuit Court's response to the estate's appeal was that it "bordered on the quixotic."

The contretemps between Klinger and the Doyle Estate began with the first anthology Klinger and his co-editor compiled for Random House. The district court summarized this earlier confrontation as follows:

Before Random House published A Study in Sherlock ... [the] Doyle [Estate] intervened to assert its exclusive copyright over the use of the characters Sherlock Holmes and Dr. Watson. [The Estate] informed Random House that it must enter into a licensing agreement with it in order to publish the anthology. *Although Klinger and [his co-editor] believed that the law did not require them to obtain a license, Random House disagreed and entered into a licensing agreement with Conan Doyle*. (Emphasis added).

Mr. Klinger was clearly exercised at having to pay licensing fees for reincarnating Holmes and Watson in contemporary stories whose essential characteristics were fleshed out in works published prior to 1923. However, Random House caved in, paid the license fee and published and distributed the anthology. The new anthology that triggered the lawsuit was offered to Pegasus Books for distribution by W.W. Norton & Company. After learning about the new anthology the Doyle Estate issued the following repeat threat:

If you proceed ... to bring out Study in Sherlock II ... unlicensed, do not expect to see it offered for sale by Amazon, Barnes & Noble, and similar retailers. We work with those compan[ies] routinely to weed out unlicensed uses of Sherlock Holmes from their offerings, and will not hesitate to do so with your book as well.

In the words of the Circuit Court (Judge Posner): "There was also a latent threat to sue Pegasus for copyright infringement if it published Klinger's book without a license." Out of fear of litigation the publisher refused to finalize its contract with Klinger and his co-editor. Thus, the lawsuit.

"Klinger seeks a judicial determination" quoting from the district court decision, that "the Sherlock Holmes Story Elements are free for public use because the stories in which the elements were first introduced have entered the publish domain." The phrase "Sherlock Holmes Story Elements" includes "specific characters, character traits, dialogue, settings, artifacts, and other story elements in the Canon. The argument in favor of the public domain is that Conan Doyle created these elements prior to 1923. The court agreed: "The law is clear that Klinger is entitled to use the Pre-

1923 Story Elements.... [This proposition] is 'so one-sided' that Klinger must prevail as a matter of law." Only subsequent incremental additions of originality to a character's features are protected by copyright.

"Essential elements" sufficient in delineation to support copyright registration do not survive copyright termination. The district court observed that "[s]torylines, dialogue, characters and character traits newly introduced by the [ten Stories] are examples of "increments of expression" which qualify for copyright protection." However, "[i]t is a bedrock principle of copyright that 'once [a] work enters the public domain it cannot be appropriated as private (intellectual) property.'" The Circuit Court added that the "ten Holmes-Watson stories in which copyright persists are derivative from the earlier stories, so only original elements added in the later stories remain protected."

In an attempt to circumvent this conclusion the Doyle Estate argued that "creativity will be discouraged if we don't allow such an extension [of copyright]." Its rationale is that "it may take a long time for an author to perfect a character or other expressive element that first appeared in his earlier work. If he loses copyright on the original character, his incentive to improve the character in future work may be diminished because he'll be competing with copiers." This could hardly apply to Conan Doyle since he died 84 years ago. It would never apply to living authors because they own their characters. In any event "extending copyright protection is a two-edged sword from the standpoint of inducing creativity, as it would reduce the incentive of subsequent authors to create derivative works (such as new versions of popular fictional characters like Homes and Watson) by shrinking the public domain."

Why should "shrinking the public domain" matter? It matters because "the longer the copyright term is, the less public domain material there will be and so the greater will be the cost of authorship [to create derivative works]." It would also contradict the reason set forth in the U.S. Constitution for establishing a copyright which protects the author for a limited time. The Holmes and Watson characters "were 'incomplete' only in the sense that Doyle might want to (and later did) add additional features to their portrayals.... The alterations do not revive the expired copyrights on the original characters."

In a sequel to the *Klinger* decision on August 4, 2014) the Court issued a further decision on the issue of attorney fees which are authorized by the Copyright Act. Judge Posner first noted that "the defendant's only defense bordered on the frivolous." The Estate's practice was "disreputable" and its business strategy "unlawful":

In effect [Klinger] was a private attorney general, combating a disreputable business practice — a form of extortion — and he is seeking by the present motion not to obtain a reward but merely to avoid a loss.... For exposing the estate's unlawful business strategy, Klinger deserves a reward but asks only to break even.

Interestingly, a derivative work was recently published featuring Agatha Christie's Hercule Poirot. If there was a peep from the Christie Estate about copyright protection and demanding a license fee it was too faint to be heard!

Post-script: The United States Supreme Court on November 3, 2014 declined to hear appeal by the Doyle Estate.