

No 14-1128

IN THE UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT

LESLIE S. KLINGER,)
)
Plaintiff-Appellee,)
)
v.)
)
CONAN DOYLE ESTATE, LTD.,)
)
Defendant-Appellant.)

Appeal from the United States District Court
for the Northern District of Illinois, Eastern Division
Case No.: 1:13-CV-01226
The Honorable Ruben Castillo Magistrate Judge: Sheila Finnegan

MOTION TO STAY MANDATE

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Defendant-Appellant Conan Doyle Estate Ltd. moves this Court under Federal Rule of Appellate Procedure 41 and respectfully requests entry of an order staying the issuance of the mandate of the Court's June 16, 2014 decision minimizing the Estate's copyright in the literary character Sherlock Holmes. (Exhibit A.) The Estate seeks this relief so that it may file a petition for certiorari with the United States Supreme Court. Counsel certifies that a petition for certiorari to the Supreme Court is being filed and is not merely for delay.

In support of its motion for stay, the Estate argues the following:

1. From 1887 to 1927, Sir Arthur Conan Doyle published 56 stories and four novels featuring the literary character Sherlock Holmes. The final 10 stories were published between 1923 and 1927. The American copyright on these works expires 95 years after the date of original publication.

2. Plaintiff Leslie S. Klinger intends to publish a book, *In the Company of Sherlock Holmes*, featuring the Sherlock Holmes character and other characters from the Sherlock Holmes canon. The book is not yet finished, yet Mr. Klinger filed this action seeking a declaratory judgment that he is free to use material in the 50 Sherlock Holmes stories and novels that have entered the public domain, and to do so without entering into a license with the Estate.

3. The district court granted summary judgment to Klinger, and this Court affirmed in its June 16, 2014 opinion.

4. Specifically, this Court held that (1) Klinger's suit was ripe (Slip op. at 4-7), and (2) the Estate no longer had a copyright in the Sherlock Holmes character depicted in the first 46 stories and four novels, even though the Court acknowledged that the later stories provided a "fuller" portrayal of the Holmes and Watson characters (*id.* at 8-15).

5. Consistent with Supreme Court Rule 10(a)'s considerations governing review for certiorari, the Estate plans to file a petition for a writ of certiorari because the Court's decision creates a circuit split on the justiciability of declaratory judgment actions under Article III, and presents important questions regarding the scope of the nation's copyright laws. Specifically, the Estate's petition will present two important questions meriting Supreme Court review.

6. The first important question is whether a plaintiff's request to invalidate a defendant's intellectual property rights presents an actual case or controversy when the plaintiff offers no fixed and definite new work for a declaration of noninfringement. Here, this Court concluded that it could adjudicate Klinger's claim even though "the editors hadn't finished the book" (Slip op. at 2-3), and no new book—finished or unfinished—had ever been presented to the Court.

7. Plaintiff's Complaint alleged that the "actual controversy" was "whether the publication of [his new book] by Plaintiff, his co-editor, and their licensees infringes any copyright of Defendant." (R.26.) This was the only actual controversy possible, because the Copyright Act provides only an action for infringement. While

the validity of copyrights frequently needs to be decided in infringement decisions, the Copyright Act provides no independent cause of action for invalidity of a copyright.

8. The Court's holding that invalidity can be decided apart from the ultimate issue of infringement conflicts with the decisions of numerous other circuits (including a decision of this Court) that have rejected similar invitations to adjudicate intellectual property disputes when the plaintiff's proposed new work is not yet final. *E.g., Matthews Int'l Corp. v. Biosafe Eng'g, LLC*, 695 F.3d 1322 (Fed. Cir. 2012) (no justiciable controversy where declaratory-judgment plaintiff's new product was not in fixed and final form; "a party has no right to obtain declaratory relief when it provides 'insufficient information for a court to assess whether [its future activities] would be infringing or not.'" (quotation omitted); *Vantage Trailers, Inc. v. Beall Corp.*, 567 F.3d 745, 751 (5th Cir. 2009) (affirming dismissal for lack of subject-matter jurisdiction because the declaratory-judgment plaintiff "failed to meet its burden to show that its design was substantially fixed as to the potentially infringing elements," even though defendant had threatened to sue for infringement); *Benitec Australia, Ltd. v. Nucleonics*, 495 F.3d 1340, 1346 (Fed. Cir. 2007) ("The fact that Nucleonics may file a [new drug application] in a few years does not provide the immediacy and reality required for a declaratory judgment."); *International Harvester Co. v. Deere & Co.*, 623 F.2d 1207, 1216 (7th Cir. 1980) (holding that because plaintiff's potential new work was still in process of revision, legal dispute over defendant's patent validity was not yet justiciable: "to be anything other than an advisory opinion, the plaintiff must establish that the product

presented to the court is the same product which will be produced if a declaration of noninfringement is obtained”); *Wembley, Inc. v. Superba Cravats, Inc.*, 315 F.2d 87, 89-90 (2d Cir. 1963) (where plaintiff made a prototype necktie but had not “entered upon an actual manufacture, use or sale of its necktie,” case was dismissed without prejudice until such time as plaintiff filed a new complaint alleging that it was about to infringe).

9. The Court’s opinion distinguished these precedents because Mr. Klinger told the Court that his request for declaratory relief was not based on infringement, but rather involved the validity of the Estate’s continuing copyright in the Sherlock Holmes character depicted in the earlier Holmes works. (Slip op. at 7.) Leaving aside that there is no such thing as a stand-alone claim for invalidity under the Copyright Act (*i.e.*, a claim of invalidity divorced from a claim seeking a declaration of noninfringement), there is no basis to relieve Klinger of his burden to prove that his proposed infringing work is fixed, definite, and finished. Even where a plaintiff intends to re-publish an exact copy of defendant’s copyrighted work, and the only issue is the validity of that copyright, a justiciable claim requires a plaintiff to show that its new work is fully prepared and ready for immediate publication. *Re-Alco Indus. v. Nat’l Center for Health Educ., Inc.*, 812 F. Supp. 387, 395 (S.D.N.Y. 1993) (quoting this Court’s decision in *International Harvester* and citing the Second Circuit’s decision in *Wembley* to hold that “even if [a] plaintiff ha[s] stated a claim for copyright invalidation, a declaratory judgment would be inappropriate [when] plaintiff has failed to meet the requirements for obtaining declaratory relief,” *i.e.*, to “have actually

produced the [potentially infringing] article or have engaged in preparations for production such that [plaintiff could begin production immediately].”). *See also Texas v. West Publ’g. Co.*, 681 F. Supp. 1228, 1230-31 (W.D. Tex. 1988) (following the two-part *International Harvester* test for justiciability of intellectual-property claims and holding it improper for the court to issue an advisory opinion where the only effect “would be to invalidate a claimed copyright”). When an intellectual-property plaintiff’s claims lack “sufficient immediacy and reality,” it is inappropriate for federal courts to exercise declaratory-judgment jurisdiction. *Matthews*, 695 F.3d at 1325.

10. As a result of concluding that Mr. Klinger’s request was justiciable in the absence of an infringement analysis of his new work, the ultimate issue between the parties has still not been resolved. That issue, as alleged in plaintiff’s own Complaint, is whether his forthcoming book infringes any copyright of the Conan Doyle Estate Ltd. This Court recognized that its decision did not decide that issue and that another action may have to be filed to resolve what this action put in issue. (Slip Op. at 7 (“If he’s lying, the estate will have a remedy when the book is published.”).) The Case or Controversy Clause of the Constitution requires a plaintiff to do more to get a judgment than simply represent that a future new work will not infringe—thus necessitating a second lawsuit over whether that representation was accurate.

11. The substantial issue presented on justiciability also involves whether this Court’s decision comports with the teaching of *Calderon v. Ashmus*, 523 U.S. 740 (1998). *Calderon* held that a declaratory judgment action that seeks to have a legal

dispute decided—when that dispute is carved out of the ultimate controversy between the parties—is a request for an advisory opinion. But this Court’s ruling holds that the parties’ legal disagreement over the scope of the Estate’s copyrights may be decided as an abstract matter, without deciding the ultimate issue of whether Mr. Klinger’s forthcoming book infringes the Estate’s copyrights.

12. The second important question presented is when an evolving, copyrighted character enters the public domain. This Court held that the character copyright ends based on the date the character first appears in a publication. (Slip op. at 8-15.) Professor Nimmer ultimately reaches the same conclusion, though he explains this is a difficult question: “Assuming the character to be sufficiently developed as to be protectable,” copying a character depicted in multiple works, only some of which have entered the public domain, “arguably . . . would constitute an infringement of those works that remain in copyright.” 1 *Nimmer* § 2.12, at 2-178.31 (2013).

13. Consider the analogous circumstances in *Warner Brothers Entertainment, Inc. v. X One X Productions*, 644 F.3d 584 (8th Cir. 2011). The defendant, a film memorabilia company, licensed merchandise containing images found in lobby cards and movie posters for *Gone with the Wind*, *The Wizard of Oz*, and several *Tom and Jerry* cartoons. The lobby cards and posters had entered the public domain under the 1909 Copyright Act because they were published without the requisite copyright notice, but the copyright in the films remained. The *Warner Brothers* court started in the same place as this Court, noting that the public is generally free to make derivative works by

taking public-domain materials and altering them so long as the derivative work does not infringe a valid copyright. *Id.* at 596. But the Court declined the defendant's invitation to hold that the entire characters were thrust into the public domain, because the poster and lobby-card characters did not "anticipate the full range of distinctive speech, movement, and other personality traits that combine to establish a copyrightable character." *Id.* at 598. Thus, said the Court, merchandise that evoked the character delineation that occurred in the film (such as a picture of Dorothy with the phrase "There's no place like home") was infringement. *Id.* at 603.

14. Other courts have similarly considered a character's evolution and growth over time (or lack thereof) when determining whether a character has fallen into the public domain. *E.g., Harvey Cartoons v. Columbia Pictures Indus.*, 645 F. Supp. 1564 (S.D.N.Y. 1986) (cartoon ghost character "Fatso" did not evolve and was therefore in the public domain based on date of first publication).

15. This kind of analysis raises a substantial question as to whether a dynamic and changing Sherlock Holmes character should receive copyright protection in its entirety that runs from the latest publication date, *i.e.*, the date when the character's development stopped. But at a bare minimum, there is a substantial question as to whether federal courts should stay their hand in circumstances like those here until the plaintiff presents a fixed, finished work to evaluate, and then compare that finished work to the character attributes that are undisputedly protected. This Court's nod to the characters in the *Star Wars* movies (Slip op. at 11-12) provides

an excellent example. The character Darth Vader changes significantly from Episode IV to Episode VI, transforming from a force of evil to a loving father redeemed by his son. Assume that through the passage of time, Episode IV is in the public domain but Episode VI is not (a scenario that would be possible under the 1909 Act but not the 1976 Act). It is very difficult to impossible to evaluate whether a proposed work based on the Darth Vader character violates the protected elements of the Episode VI Darth Vader until the proposed work is final. In other words, even if a plaintiff has the right to use the Episode IV Darth Vader, it would deprive George Lucas (or his estate) of the ability to fully exploit the evolved Episode VI Darth Vader if the plaintiff is not required to come forth with a final work that allows a court to set that work next to Episode VI Darth Vader and compare protected and unprotected elements. Yet that is precisely the burden this Court relieved Klinger of here.

16. The Supreme Court is also likely to reject this Court's suggestion that the Estate's appeal "borders on the quixotic" (Slip op. at 15) by seeking a virtually perpetual copyright, because that is not what the Estate is seeking. First and foremost, the Estate seeks merely to put Klinger to his proofs: the courts should require Klinger to come forward with a fixed work and compare it to the protected elements of the Sherlock Holmes character set forth in the last 10 stories. Alternatively, the Estate seeks a ruling that its copyright in the fully formed Sherlock Holmes character runs from the date the last Sherlock Holmes story was published. Neither of these requests suggests that a perpetual copyright is appropriate.

17. Finally, the Estate has good cause for a stay. Recent movies and television shows demonstrate that the Sherlock Holmes character is more popular than ever. Allowing the Court's opinion to have immediate effect will have a chilling effect on the Estate's ability to manage the fully developed character's further promotion and development through licensing agreements.

18. In sum, this motion shows that the Estate's petition for a writ of certiorari will present two important questions meriting Supreme Court review. The Court should grant the motion for stay pending the Estate's filing of a petition for certiorari in the Supreme Court. *See McBride v. CSX Transp., Inc.*, 611 F.3d 316 (7th Cir. 2010) (Ripple, J., in chambers); *Bricklayers Local 21 v. Banner Restoration, Inc.*, 384 F.3d 911 (7th Cir. 2004) (Ripple, J., in chambers).

Respectfully submitted,

Dated: July 3, 2014

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CERTIFICATE OF SERVICE

I hereby certify that I electronically filed the foregoing with the Clerk of the Court for the United States Court of Appeals for the Seventh Circuit by using CM/ECF system on July 3, 2014.

I certify that all participants in the case are registered CM/ECF users and that service will be accomplished by the appellate CM/ECF system.

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No. 14-1128

LESLIE S. KLINGER,

Plaintiff-Appellee,

v.

CONAN DOYLE ESTATE, LTD.,

Defendant-Appellant.

Appeal from the United States District Court for the
Northern District of Illinois, Eastern Division.
No. 13 C 1226 — **Rubén Castillo**, *Chief Judge*.

ARGUED MAY 22, 2014 — DECIDED JUNE 16, 2014

Before POSNER, FLAUM, and MANION, *Circuit Judges*.

POSNER, *Circuit Judge*. Arthur Conan Doyle published his first Sherlock Holmes story in 1887 and his last in 1927. There were 56 stories in all, plus 4 novels. The final 10 stories were published between 1923 and 1927. As a result of statutory extensions of copyright protection culminating in the 1998 Copyright Term Extension Act, the American copyrights on those final stories (copyrights owned by Doyle's estate, the appellant) will not expire until 95 years after the

date of original publication—between 2018 to 2022, depending on the original publication date of each story. The copyrights on the other 46 stories and the 4 novels, all being works published before 1923, have expired as a result of a series of copyright statutes well described in *Societe Civile Succession Guino v. Renoir*, 549 F.3d 1182, 1189–90 (9th Cir. 2008).

Once 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. Leslie Klinger, the appellee in this case, co-edited an anthology called *A Study in Sherlock: Stories Inspired by the Sherlock Holmes Canon* (2011)—“canon” referring to the 60 stories and novels written by Arthur Conan Doyle, as opposed to later works, by other writers, featuring characters who had appeared in the canonical works. Klinger’s anthology consisted of stories written by modern authors but inspired by, and in most instances depicting, the genius detective Sherlock Holmes and his awed sidekick Dr. Watson. Klinger didn’t think he needed a license from the Doyle estate to publish these stories, since the copyrights on most of the works in the “canon” had expired. But the estate told Random House, which had agreed to publish Klinger’s book, that it would have to pay the estate \$5000 for a copyright license. Random House bowed to the demand, obtained the license, and published the book.

Klinger and his co-editor decided to create a sequel to *A Study in Sherlock*, to be called *In the Company of Sherlock Holmes*. They entered into negotiations with Pegasus Books for the publication of the book and W.W. Norton & Company for distribution of it to booksellers. Although the editors

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hadn't finished the book, the companies could estimate its likely commercial success from the success of its predecessor, and thus decide in advance whether to publish and distribute it. But the Doyle estate learned of the project and told Pegasus, as it had told Random House, that Pegasus would have to obtain a license from the estate in order to be legally authorized to publish the new book. The estate didn't threaten to sue Pegasus for copyright infringement if the publisher didn't obtain a license, but did threaten to prevent distribution of the book. It did not mince words. It told Pegasus: "If you proceed instead to bring out *Study in Sherlock II* [the original title of *In the Company of Sherlock Holmes*] 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." There was also a latent threat to sue Pegasus for copyright infringement if it published Klinger's book without a license, and to sue Internet service providers who distributed it. See Digital Millennium Copyright Act, 17 U.S.C. § 512(i)(1)(A). Pegasus yielded to the threat, as Random House had done, and refused to publish *In the Company of Sherlock Holmes* unless and until Klinger obtained a license from the Doyle estate.

Instead of obtaining a license, Klinger sued the estate, seeking a declaratory judgment that he is free to use material in the 50 Sherlock Holmes stories and novels that are no longer under copyright, though he may use nothing in the 10 stories still under copyright that has sufficient originality to be copyrightable—which means: at least a tiny bit of originality, *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 345 (1991) ("at least some minimal degree of crea-

tivity ... the requisite level of creativity is extremely low”); *CDN Inc. v. Kapes*, 197 F.3d 1256, 1257, 1259–60 (9th Cir. 1999).

The estate defaulted by failing to appear or to respond to Klinger’s complaint, but that didn’t end the case. Klinger wanted his declaratory judgment. The district judge gave him leave to file a motion for summary judgment, and he did so, and the Doyle estate responded in a brief that made the same arguments for enlarged copyright protection that it makes in this appeal. The judge granted Klinger’s motion for summary judgment and issued the declaratory judgment Klinger had asked for, thus precipitating the estate’s appeal.

The appeal challenges the judgment on two alternative grounds. The first is that the district court had no subject-matter jurisdiction because there is no actual case or controversy between the parties. The second ground is that if there is jurisdiction, the estate is entitled to judgment on the merits, because, it argues, copyright on a “complex” character in a story, such as Sherlock Holmes or Dr. Watson, whose full complexity is not revealed until a later story, remains under copyright until the later story falls into the public domain. The estate argues that the fact that early stories in which Holmes or Watson appeared are already in the public domain does not permit their less than fully “complexified” characters in the early stories to be copied even though the stories themselves are in the public domain.

But jurisdiction first. Article III of the Constitution limits the jurisdiction of federal courts to cases or controversies (terms that appear to be synonyms), which is to say to actual legal disputes. It would be very nice to be able to ask federal judges for legal advice—if I do thus and so, will I be subject

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to being sued and if I am sued am I likely to lose and have to pay money or even clapped in jail? But that would be advisory jurisdiction, which, though it exists in some states and foreign countries, see, e.g., Nicolas Marie Kublicki, "An Overview of the French Legal System From an American Perspective," 12 *Boston University Int'l L.J.* 57, 66, 78–79 (1994), is both inconsistent with Article III's limitation of federal jurisdiction to actual disputes, thus excluding jurisdiction over merely potential ones, and would swamp the federal courts given these courts' current caseload, either leaving the judges little if any time for adjudicating disputes or requiring that judges' staffs be greatly enlarged.

So no advisory opinions in federal courts. Declaratory judgments are permitted but are limited—also to avoid transgressing Article III—to "case[s] of actual controversy," 28 U.S.C. § 2201(a), that is, actual legal disputes. Had Klinger had no idea how the Doyle estate would react to the publication of *In the Company of Sherlock Holmes*, he could not have sought a declaratory judgment, because he would not have been able to demonstrate that there was an actual dispute. He could seek advice, but not from a federal judge. But the Doyle estate had made clear that if Klinger succeeded in getting his book published the estate would try to prevent it from being sold by asking Amazon and the other big book retailers not to carry it, implicitly threatening to sue the publisher, as well as Klinger and his co-editor, for copyright infringement if they defied its threat. The twin threats—to block the distribution of the book by major retailers and to sue for copyright infringement—created an actual rather than merely a potential controversy. This is further shown by the fact that Klinger could have sued the estate for having

committed tortious interference with advantageous business relations by intimidating his publisher.

So he's been injured and seeks a judicial declaration that the conduct by the Doyle estate that caused the injury violated his legal rights because the threat was based on a groundless copyright claim. Only if Klinger obtains the declaration will he be able to publish his book without having to yield to what he considers extortion.

Compare the more common example of a suit by an insurance company seeking a judicial declaration that it has no obligation to defend or indemnify its insured. The company prefers to seek declaratory relief rather than waiting to be sued by the insured and defending against the suit because if it lost that suit it might be ordered to pay punitive damages. This case is similar. Klinger doesn't want to publish his book before his controversy with the Doyle estate is resolved, for if he does he'll be facing the prospect not only of being enjoined from selling the book but also of having to pay damages if the estate sues him for copyright infringement and wins. Even if the book's sales turn out to be modest, and actual damages (as measured by losses of sales by competing editions licensed by the estate) therefore small, the estate would be entitled, for each copyrighted work infringed, to up to \$30,000 in statutory damages and up to \$150,000 if the court determined that Klinger had infringed the estate's copyrights willfully. 17 U.S.C. §§ 504(c)(1), (2). Anyway he *can't* publish his book; his publisher is unwilling to take a chance on publishing it, given the estate's threat to impede distribution. And to be effective and thus harm the person seeking declaratory relief, a threat need not be a

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threat to sue. See, e.g., *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 132 (2007).

The estate argues that Klinger's suit is premature ("un-ripe" in legal jargon), and therefore not yet an actual controversy and so not within the jurisdiction of the federal courts, for until the book is completed (and thus can be read), how is one to decide whether it infringes? That would be a good argument in many cases but not in the present one, because the only issue presented by Klinger's quest for a declaratory judgment is one of law: whether he is free to copy the characters of Holmes and Watson as they are depicted in the stories and novels of Arthur Conan Doyle that are in the public domain. To answer that question requires no knowledge of the contents of the book. A different question is whether the book will infringe the estate's unexpired copyrights, and to answer *that* question would require knowledge of the contents. But that question is not presented by this suit. Klinger avers that his book will contain no original and therefore copyrightable material that appears only in the last ten stories, which are still under copyright, but only material that appears in the public-domain works. If he's lying, the estate will have a remedy when the book is published. To require him to defer suit until he finishes the book would gratuitously discourage declaratory-judgment suits by authors and publishers threatened with suits for copyright infringement or with boycotts by distributors—and so would discourage authors from ever writing such works in the first place.

There is still another jurisdictional wrinkle. Apparently because of a mislabeling of certain exhibits, the district judge was under the impression that Klinger's suit was challenging the copyrights on the ten stories published after 1922,

and so he denied summary judgment insofar as those stories were concerned. That makes it seem as if there were no final judgment in the district court, in which event we would not have jurisdiction of the appeal, as there is no suggestion that there is any basis for an interlocutory appeal. The plaintiff claims, however, not to be challenging the copyrights on the last ten stories. And the claim is correct, for he acknowledges that those copyrights are valid and that the only copying he wants to include in his book is copying of the Holmes and Watson characters as they appear in the earlier stories and in the novels. The summary judgment ruling on the last ten stories was a mistake, and can be ignored. Nothing remains in the district court. The declaratory judgment issued by the district judge, limited entirely to the earlier works, ended the litigation in that court.

So the judge was right to assert (and retain) jurisdiction over the case, and we come to the merits, where the issue as we said is whether copyright protection of a fictional character can be extended beyond the expiration of the copyright on it because the author altered the character in a subsequent work. In such a case, the Doyle estate contends, the original character cannot lawfully be copied without a license from the writer until the copyright on the later work, in which that character appears in a different form, expires.

We cannot find any basis in statute or case law for extending a copyright beyond its expiration. When a story falls into the public domain, story elements—including characters covered by the expired copyright—become fair game for follow-on authors, as held in *Silverman v. CBS Inc.*, 870 F.2d 40, 49–51 (2d Cir. 1989), a case much like this one. At issue was the right to copy fictional characters (Amos and Andy)

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who had appeared in copyrighted radio scripts. The copyrights covered the characters because they were original. As in this case the characters also appeared in subsequent radio scripts that remained under copyright, though the copyrights on the original scripts in which the characters had appeared had expired. The court ruled that “a copyright affords protection only for original works of authorship and, consequently, copyrights in derivative works secure protection only for the incremental additions of originality contributed by the authors of the derivative works.” *Id.* at 49; see Leslie A. Kurtz, “The Methuselah Factor: When Characters Outlive Their Copyrights,” 11 *U. Miami Entertainment & Sports L. Rev.* 437, 447–48 (1994). The copyrights on the derivative works, corresponding to the copyrights on the ten last Sherlock Holmes stories, were not extended by virtue of the incremental additions of originality in the derivative works.

And so it is in our case. 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. *Id.* at 49–50. The “freedom to make new works based on public domain materials ends where the resulting derivative work comes into conflict with a valid copyright,” *Warner Bros. Entertainment, Inc. v. X One X Productions*, 644 F.3d 584, 596 (8th Cir. 2011)—as Klinger acknowledges. But there is no such conflict in this case.

Lacking any ground known to American law for asserting post-expiration copyright protection of Holmes and Watson in pre-1923 stories and novels going back to 1887, the estate argues that creativity will be discouraged if we don’t allow such an extension. It may take a long time for an

author to perfect a character or other expressive element that first appeared in his early 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, such as the authors whom Klinger wishes to anthologize. Of course this point has no application to the present case, Arthur Conan Doyle having died 84 years ago. More important, 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 Holmes and Watson) by shrinking the public domain. For the longer the copyright term is, the less public-domain material there will be and so the greater will be the cost of authorship, because authors will have to obtain licenses from copyright holders for more material—as illustrated by the estate's demand in this case for a license fee from Pegasus.

Most copyrighted works include some, and often a great deal of, public domain material—words, phrases, data, entire sentences, quoted material, and so forth. The smaller the public domain, the more work is involved in the creation of a new work. The defendant's proposed rule would also encourage authors to continue to write stories involving old characters in an effort to prolong copyright protection, rather than encouraging them to create stories with entirely new characters. The effect would be to discourage creativity.

The estate offers the hypothetical example of a mural that is first sketched and only later completed by being carefully painted. If the sketch is allowed to enter the public domain, there to be improved by creative copiers, the mural artist

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will have a diminished incentive to perfect his mural. True; but other artists will have a greater incentive to improve it, or to create other works inspired by it, because they won't have to pay a license fee to do so provided that the copyright on the original work has expired.

The estate asks us to distinguish between "flat" and "round" fictional characters, potentially a sharper distinction than the other one it urges (as we noted at the beginning of this opinion), which is between simple and complex. Repeatedly at the oral argument the estate's lawyer dramatized the concept of a "round" character by describing large circles with his arms. And the additional details about Holmes and Watson in the ten late stories do indeed make for a more "rounded," in the sense of a fuller, portrayal of these characters. In much the same way we learn things about Sir John Falstaff in *Henry IV, Part 2*, in *Henry V* (though he doesn't actually appear in that play but is merely discussed in it), and in *The Merry Wives of Windsor*, that were not remarked in his first appearance, in *Henry IV, Part 1*. Notice also that *Henry V*, in which Falstaff is reported as dying, precedes *The Merry Wives*, in which he is very much alive. Likewise the ten last Sherlock Holmes stories all are set before 1914, which was the last year in which the other stories were set. One of the ten, *The Adventure of the Veiled Lodger* (published in 1927), is set in 1896. See 2 William S. Baring-Gould, *The Annotated Sherlock Holmes* 453 (1967). Thus a more rounded Holmes or Watson (or Falstaff) is found in a later work depicting a younger person. We don't see how that can justify extending the expired copyright on the flatter character. A contemporary example is the six *Star Wars* movies: Episodes IV, V, and VI were produced before I, II, and III. The Doyle estate would presumably argue that the copyrights on the charac-

ters as portrayed in IV, V, and VI will not expire until the copyrights on I, II, and III expire.

The estate defines “flat” characters oddly, as ones completely and finally described in the first works in which they appear. Flat characters thus don’t evolve. Round characters do; Holmes and Watson, the estate argues, were not fully rounded off until the last story written by Doyle. What this has to do with copyright law eludes us. There are the early Holmes and Watson stories, and the late ones, and features of Holmes and Watson are depicted in the late stories that are not found in the early ones (though as we noted in the preceding paragraph some of those features are retrofitted to the earlier depictions). Only in the late stories for example do we learn that Holmes’s attitude toward dogs has changed—he has grown to like them—and that Watson has been married twice. These additional features, being (we may assume) “original” in the generous sense that the word bears in copyright law, are protected by the unexpired copyrights on the late stories. But Klinger wants just to copy the Holmes and the Watson of the early stores, the stories no longer under copyright. The Doyle estate tells us that “no workable standard exists to protect the Ten Stories’ incremental character development apart from protecting the completed characters.” But that would be true only if the early and the late Holmes, and the early and the late Watson, were indistinguishable—and in that case there would be no incremental originality to justify copyright protection of the “rounded” characters (more precisely the features that makes them “rounder,” as distinct from the features they share with their earlier embodiments) in the later works.

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It's not unusual for an author to use the same character in successive works, yet with differences resulting, in the simplest case, just from aging. In Shakespeare's two *Henry IV* plays, the Henry who later becomes Henry V is the Prince of Wales, hence Crown Prince of England; in *Henry V* he is the King of England. Were *Henry IV* in the public domain and *Henry V* under copyright, Henry Prince of Wales could be copied without Shakespeare's permission but not Henry V. Could the Doyle estate doubt this? Could it think Holmes a more complex and altered character than Henry?

The more vague, the less "complete," a character, the less likely it is to qualify for copyright protection. An author "could not copyright a character described merely as an unexpectedly knowledgeable old wino," but could copyright "a character that has a specific name and a specific appearance. Cogliostro's age, obviously phony title ('Count'), what he knows and says, his name, and his faintly Mosaic facial features combine to create a distinctive character. No more is required for a character copyright." *Gaiman v. McFarlane*, 360 F.3d 644, 660 (7th Cir. 2004); see also *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930) (L. Hand, J.). From the outset of the series of Arthur Conan Doyle stories and novels that began in 1887 Holmes and Watson were distinctive characters and therefore copyrightable. They were "incomplete" only in the sense that Doyle might want to (and later did) add additional features to their portrayals. The resulting somewhat altered characters were derivative works, the additional features of which that were added in the ten late stories being protected by the copyrights on those stories. The alterations do not revive the expired copyrights on the original characters.

We can imagine the Doyle estate being concerned that a modern author might write a story in which Sherlock Holmes was disparaged (perhaps by being depicted as a drug dealer—he was of course a cocaine user—or as an idiot detective like Inspector Clouseau of the *Pink Panther* movies), and that someone who read the story might be deterred from reading Doyle's Sherlock Holmes stories because he would realize that he couldn't read them without puzzling confusedly over the "true" character of Sherlock Holmes. The analogy would be to trademark dilution, see, e.g., *Hyatt Corp. v. Hyatt Legal Services*, 736 F.2d 1153, 1157–59 (7th Cir. 1984), as if a hot-dog stand advertised itself as "The Rolls-Royce Hot-Dog Stand." No one would be confused as to origin—Rolls-Royce obviously would not be the owner. Its concern would be that its brand would be diminished by being linked in people's involuntary imagination to a hot-dog stand; when they thought "Rolls-Royce," they would see the car and the hot-dog stand—an anomalous juxtaposition of high and low. There is no comparable doctrine of copyright law; parodies or burlesques of copyrighted works may or may not be deemed infringing, depending on circumstances, see *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 580–81 and n. 14, 588, 591 (1994), but there is no copyright infringement of a story or character that is not under copyright. Anyway it appears that the Doyle estate is concerned not with specific alterations in the depiction of Holmes or Watson in Holmes-Watson stories written by authors other than Arthur Conan Doyle, but with *any* such story that is published without payment to the estate of a licensing fee.

With the net effect on creativity of extending the copyright protection of literary characters to the extraordinary lengths urged by the estate so uncertain, and no legal

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grounds suggested for extending copyright protection beyond the limits fixed by Congress, the estate's appeal borders on the quixotic. The spectre of perpetual, or at least nearly perpetual, copyright (perpetual copyright would violate the copyright clause of the Constitution, Art. I, § 8, cl. 8, which authorizes copyright protection only for "limited Times") looms, once one realizes that the Doyle estate is seeking 135 years (1887–2022) of copyright protection for the character of Sherlock Holmes as depicted in the first Sherlock Holmes story.

AFFIRMED.