

# Copyright and the Sequel: What Happens Next?

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## WORK IN PROGRESS

*Given the economic importance of the sequel and its resonance in popular culture it may seem counter-intuitive to argue that copyright owners might not (and perhaps should not) have the exclusive right to authorise the production of future sequels or prequels to the narratives embodied in works they already own. That, however, is the thesis advanced in this paper. To the extent that sequels and prequels have attracted academic or judicial attention in common law jurisdictions they are generally seen as the accidental beneficiaries of a more narrowly framed debate on the copyright status of the fictional characters on which financially successful sequelisation often (but not always) depends. This focus on purloined characters is unfortunate, not only because of its limited focus but also because it is in itself incapable of principled resolution. This is due not only to the inability of courts and commentators to distinguish clearly between subsistence and infringement in their search for the protectable character but also a widely shared starting assumption that any resulting uncertainty is a lacuna which copyright law is obliged to fill in favour of copyright owners by importing into the analysis notions of consumer confusion and misappropriation of goodwill more properly belonging to the law of trade marks and passing off. This paper seeks to offer a corrective to these viewpoints by: (1) widening the discussion to encompass the fictional world that characters inhabit rather than using the latter as a surrogate for protecting the former; (2) identifying the potential winners and losers in this wider debate; and (3) assessing the consequences for the future of copyright law of favouring one set of stakeholders or one mode of protection (or indeed no protection) over the alternatives. The question posed throughout is not so much what copyright can do for the sequel but rather what the sequel might do to copyright.*

### 1. THE SEQUEL IN POPULAR CULTURE

#### 1.1 Introduction

Few of us are so reclusive as to be unaware of the marketing barrage which accompanies the launch of a sequel to an already successful work. Sequels, if they prosper, rescue writers and film makers from a life of financial uncertainty. For film studios and publishers they are the perfect vehicle for projecting today's literary and cinematographic triumphs into tomorrow's profit streams by converting the one off viewer or reader into the devoted fan, eagerly awaiting the next slice of what it is hoped will be a continuing saga whose eventual end can be indefinitely deferred in the mind of its new devotees. Given the financial stakes involved, it is scarcely surprising that investors and owners attempt to cast the protective mantle of copyright over the whole series before it is fully played out (or in some cases before it is even embarked upon). How the law might respond to such attempts is a question with which American (and to a much lesser extent, Canadian) courts have long been engaged, if usually only as the accidental by product of a sometimes distracting inquiry into the copyright status of fictional characters.

Elsewhere in the common law world the forensic record is largely silent even on this subject.<sup>1</sup> Given the expansionary dynamic now built into copyright law in which any unprotected intellectual product is seen as a problem in need of a solution rather than as a necessary public domain stimulus to further creativity<sup>2</sup> this silence is unlikely to last. (Indeed there are already signs of stirring in the commentary, at least in relation to characters.<sup>3</sup>) It is no accident that copyright law's admittedly tangential involvement with the sequel has gone further in the United States than in other jurisdictions given the size of that country's film industry and the risky front end financing which characterises it. Looked at from a longer term historical perspective this may be unfortunate. It is not altogether wise to start with the assumption that legal solutions found to be appropriate for the film sequel can be uncritically applied to its literary counterpart. There is after all nothing new about the sequel.<sup>4</sup> It was with us long before the age of printing and the fact that publishers have until very recently tended to be less litigious about unauthorised sequels than film companies has some lessons for today's copyright lawyers, not least of which is that sequels do not automatically damage the interests of authors and owners and that left alone by the law the unauthorised sequel will often fail to thrive in the marketplace. Historically speaking, the legal system's pursuit of doctrinal unity across all categories of copyright work is a fairly recent phenomenon,<sup>5</sup> one which flies in the face of copyright's highly subject specific evolution and which is only imperfectly reflected in the internal structure of copyright statutes. If North American experience is any guide, the absorption of the sequel into copyright doctrine may be accompanied by a re-

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<sup>1</sup> The issue makes a cameo appearance in *Bolton v British International Pictures* [1936-1945] Mac G Cop Cas 200 in which it was unsuccessfully argued that stage characters had been reused in a later play. It was also the subject of some inconclusive and obiter musings by Maugham J at first instance and Lord Hanworth MR on appeal in *Kelly v Cinema Houses* [1928-1935] Mac G Cop Cas 362.

<sup>2</sup> I Eagles, "Intellectual Property and Competition Policy: The Case for Neutrality" in CER Rickett & G W Austin (eds) *International Intellectual Property Law and the Common Law World* (Hart Publishing, Oxford, 2000) 285, 309.

<sup>3</sup> A McGee and G Scanlon "Copyright in Character: Intellectual Property Rights and the Internet" (2005) 16 Ent L R 209 (Part 1) ??? (Part 2)???; H Porter, "UK Design Copyright and Cartoon Characters" [200?] EIPR 542; A McGee and G Scanlan, "Copyright in Character" [2003] JBL 470.

<sup>4</sup> Even Chaucer had to endure (albeit posthumously) the penning of plodding continuations of *The Canterbury Tales* at the hands of others. A Taylor, "The Curious Eye and the Alternative Endings of *The Canterbury Tales*" in P Budra and B Shellenburg (eds) *Part Two: Reflections on the Sequel* (Uni Toronto Press, Toronto, 1998) 34. Chaucer of course promised his readers (or more usually listeners, the *Tales* being mostly designed to be read aloud) a sequel of sorts, having indicated in the Prologue that tales would be told on the journey back from Canterbury as well as on the journey there. In the event he abandons his pilgrims on the outskirts of Canterbury. Interestingly the anonymous author of one of the sequels also hints at a return journey which is never completed (*ibid*, 42). While he manages to get his pilgrims into town and on a tour of the cathedral they get no further. *The Canterbury Tales* was not the only work of Chaucer to attract a sequel. His *Troilus and Criseyde* was subjected to similar treatment at the hands of the Scots poet Robert Henryson in the *Testament of Cresseid*.

<sup>5</sup> B Sherman and L Bently, *The Making of Modern Intellectual Property Law* (Cambridge, 1999) 97, 111.

segmentation of principle. Should such re-segmentation occur the divisions would not simply lie between the worlds of print and film. Distinctions are also likely to be made between visual and non visual appropriation along the fault lines created by the different statutory treatments of artistic and other works. Nor is this the only danger posed by the sequel. Also at risk are copyright's core concept, the idea/expression dichotomy and its traditional tests of infringement based on side by side comparison of competing works. Indeed the whole notion of the "work" as the basic currency of copyright law may be under assault. Hitherto its boundaries, undefined in legislation, have been largely set either by a physical object ("the book", "the tape" or "the script"<sup>6</sup>) or a particular event ("the release", "the publication" or "the performance") The significance of the sequel is that by transcending both object and event it makes the search for alternative parameters both more urgent and more difficult.

## 1.2 A Framework for Discussion

Before we can make legal sense of the sequel, however, we need an understanding not only of the various forms in which a sequel might enter the market but also of the potential impact on actual and perceived interests of particular market players and (a very different thing) the effect on those markets themselves. We also need to be aware of the temptations and dangers of seductive but conceptually empty alternatives to this utilitarian and largely economics based analysis in the form of largely rhetorical invocations of debased versions of natural law theory which would see sequels as progeny of the original precociously propertised *in vitro*. All of this in turn depends on some idea of the building blocks from which authors construct their narratives and from which continuing or parallel stories may be constructed.

### 1.2.1 The Building Blocks of Narrative Fiction

To be effective a sequel must have some recognisable connection with the original narrative. It can only do this by incorporating in its own structure enough identifiable elements of the original's structure to link the two together in the minds of readers and audiences. In constructing these signals, sequel creators may choose to absorb into their own story one or more of the following from the original.<sup>7</sup>

(a) Some part, however small, of the original's plot or story line

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<sup>6</sup> While a clear distinction has always been made between property in the physical object and property in the intellectual creation (see *Pacific Film Laboratories Pty Ltd v FCT* (1970) 121 CLR 154; *Barson Computers (NZ) Ltd v John Gilbert and Co Ltd* (1984) 4 IPR 533; *WGN Continental Broadcasting Co v United Video Co* (1982) 693 F 2d 622, 628; *United States v Goss* (1986) 803 F 2d 638; *Rockford Map Pub Inc v Directory Service Co of Colorado* (1985) 768 F 2d 145, 148) this has not prevented the use of the former to determine whether the latter begins and ends (for a latter day example of this process at work see *Newspaper Licensing Agency Ltd v Marks and Spencer* [2001] 3 WLR 290).

<sup>7</sup> It also fortunately this time ignores the wilder shores of literary theory. For an ingenious attempt to marry infringement rules and a particular literary theory, in this case structuralism, see S Reibkoff, *Restructuring the Test for Copyright Infringement in Relation to Literary and Dramatic Plots*" (2001) 25 *Melb Uni L Rev* 340. While such views are interesting we need to remind ourselves that literary theory like law or economics has its own squabbling sectarians. In the authorless world of the deconstructionist, plots and settings are reader and audience supplied not candidates for propertisation.

(b) Characters (identified by name, appearance, speech patterns, skills and powers) both in their individual aspects and in their relationship with each other and their relative importance in the story as originally told.

(c) Historical or geographical setting. These may be real or artificially constructed. If the latter they may be presented either as real or as visibly fantastical. (They may or may not be named.)

This crudely reductive list does scant justice to the complexities of real world literary, dramatic or cinematic creativity. Still less does it describe in any meaningful way the process by which these elements are assembled into the overarching fictional world which makes a work ripe for sequelisation. It does, however, reflect those aspects of narrative fiction on which claimants in copyright cases tend to settle when asked to pinpoint precisely what it is that the defendant has allegedly taken from a novel, play or film and on which judges sometimes seize in deciding issues of subsistence, infringement and fair dealing. Allegations of plot or setting theft are of course no stranger to the courtroom. Nor are suggestions that A' characters are thinly disguised versions of B's. What is different about the unauthorised sequel is that while there is no attempt at subterfuge or disguise, commonality of setting or character may not be enough to demonstrate substantial similarity in the absence of quantitatively or qualitatively significant plot overlap.

### 1.2.2. Stakeholders in the Sequel Debate

Sequels only raise legal issues when they are not authorised by authors or copyright owners (not always occupiers of the same legal space it needs to be remembered) of the original<sup>8</sup> work. This does not mean that a dispute over sequelisation is always or only a simple contest between the creator of an original work and the maker of an unauthorised sequel. Indeed to present it as such is dangerous because it rhetorically clothes the former with the attributes of the creative innovator and the latter with those of the opportunistic and parasitical pirate. In these highly charged exchanges it becomes all too fatally easy for the rhetoric to become the law's driver, pushing legal outcomes towards feel good solutions with little or no grounding in either principle or policy.

We need to step outside this misleading paradigm of worthy creator versus unworthy imitator and recognise that there are other protagonists with equally defensible claims on the law's attention. Readers and audiences<sup>9</sup> also have interests to which the law must pay

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<sup>8</sup> For want of a better word "original" is used here to describe the work which gives rise to the sequel or sequels. This says nothing as to the originality of any of the works involved as that term is technically understood in copyright law. Most sequels will display enough creativity to mount this low threshold.

<sup>9</sup> Audience and author can even become one in cyberspace. We now have the prospect of the do it yourself sequel where the audience is invited to extend the narrative using a computer program provided for the purpose. *Micro Star v. FormGen Inc.*, 48 USPQ2d 1026 (9th Cir.1998). In this case Duke Nukem 3D was the plaintiff's (that is FormGen's) computer game in which the player assumes the personality of the title character, who roams a futuristic Los Angeles seeking to zap various evil aliens and other hazards. The software allowed users to mix and match situations, scenery and aliens. Users became authors and were

heed at least in the abstract (real life adversarial processes offering few opportunities for their actual intervention). Nor does this exhaust the list of potential stakeholders. Those who inherit an author's copyright (or seek to assert the author's moral rights post mortem) may have objectives which diverge from the author's stated wishes as to the future treatment of their work. There may also be a tension between the viewpoints of earlier and later audiences or readerships<sup>10</sup> (especially when looked at across the now greatly extended copyright period). Nor should we have much truck with the comforting myth that in banning the unauthorised sequel we are protecting the author of the work from which it is derived. As at least one North American case demonstrates<sup>11</sup> authors who assign copyright in the original may find themselves locked in battle with the assignee if the former seek to reuse scenes or characters in a sequel of their own and the latter assume that the right to future sequelisation has come to them along with the copyright. One can also imagine the reversal of these forensic roles so that it is authors or their heirs<sup>12</sup> who seek to enjoin the continuation of "their" story at the hands of others hired for the purpose.

### 1.2.3 Towards a Taxonomy of the Sequel

"Sequel" has become something of a term of art in the film industry and is routinely applied to a range of works some of which might not strike fans of the original as sequels

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encouraged to post their versions on the Internet for other users to download. The defendant Microstar downloaded about 300 versions from AOL and other services, compiled them in a CD called "Nuke It" which it sold directly to the public. At first instance, the District Court held that "Nuke It" was not an adaptation or copy of "Duke Nukem 3D," but the Ninth Circuit reversed this finding that the user-created levels were sequels and thus, in United States copyright terms, derivative works (ie adaptations). Fan fiction of this kind is not only a child of the modern era. The practice was known in the eighteenth century, See DA Brewer, *The After Life of Character, 1726–1825* (University of Pennsylvania Press, Philadelphia, 2005). Richardson's epistolary novel *Pamela* in particular generated a considerable volume of "lost" Pamela letters which the writers/readers despatched to the novelist to fill in gaps (or continue) the narrative. Ibid, 142. Richardson also had to suffer unauthorised sequels both parodic (*Shamela*) and straight. Ibid, 137. As to whether when and whether modern fans' own efforts might be fair use in the United States see R Tushnet "Legal Fictions: Copyright, Fan Fiction, and a New Common Law" (1997) 17 Loy LA Ent L J 651.

<sup>10</sup> See *Les Miserables* decision discussed below.

<sup>11</sup> *Warner Bros Pictures v CBS* 216 F 2d 945 (1954).

<sup>12</sup> Post-mortem sequel factories are common enough in the world of book publishing. There are even examples of publishers being less than frank about an author's death for a time to facilitate this process. (Such, for example, was the posthumous fate of Virginia Andrews author of best selling stories of incestuous teenage entanglements, *Guardian*, 24 November 2001.) In the film industry the identity of directors, scriptwriters *et al*, while a matter of great importance to initiates and film buffs is usually of little significance to the non art house audiences who, blissfully ignorant of both "auteur" notions of filmmaking and copyright law's artificial ascription of authorship to directors and producers, bolt from the cinema as the credits roll endlessly on and on and who would mostly be happily indifferent as to who worked on the sequel and who worked on the original. A change in the actors playing key roles is more likely to attract their attention.

at all. Judicial usage in North America is equally eclectic<sup>13</sup> This all embracing terminology masks three quite distinct literary and cinematic techniques.

### 1. The Time Shift

This involves a continuation of the narrative beyond the point at which the original stops or taking it back to a time before the original story starts (the ‘prequel’ to use an industry neologism). For film producers and publishers this is the most effective form of sequel because it aims to build on the original audience or readership. For this reason time shifts usually aim (not always successfully) to preserve the style or ethos of the original.<sup>14</sup>

### 2. The Perspective Shift

This is the same story told from a different vantage point. Instead of using the original’s hero or narrator the story is presented through the eyes of a different (sometimes minor) character or characters taken from the original. While authors of the original work will sometimes use the perspective shift themselves<sup>15</sup> it is more commonly found when another author takes up an under utilised or marginal character from a well known but out of copyright work.<sup>16</sup> As the copyright term becomes longer (a seemingly unstoppable

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<sup>13</sup> For a not entirely tongue in cheek reconstruction of the bargaining process through which the constituent elements of the “sequel” might be traded in the real world, see R Wincor, “Review of B Kaplan, *An Unhurried View of Copyright*” (1967) 76 Yale L J 1473, 1478. The now standard terminology used in film contracts is outlined by Nimmer 10-14L Sequels need to be distinguished from remakes, where the same story is simply re-shot, see L A Kurtz, “The Independent Lives of Fictional Characters” [1986] Wisc L Rev 429,458. An increasingly common form of remake is to take a successful European film and transpose the setting to an American one. Sometimes this may involve a time shift as well as in the case of *The Return of Martin Guerre* where the action is moved from sixteenth century France to the American Civil War. A key difference between remakes and sequels is that in the former case the audience is either unaware of, or indifferent to, the earlier work while in the latter they will both know of the link between the two works and applaud it.

<sup>14</sup> One of the more successful examples of stylistic mimicry is *Emma Tennant’s Emma in Love: Jane Austen;s Emma Continued* (Fourth Estate, London, 1996) whose faithfulness to the tone of the original seems to placate even the sternest Janeites. A less successful attempt may be found in the work of Arielle Eckstut, a Californian literary agent who boldly seeks to provide modern readers with the sex scenes that Jane Austen was unwilling or unable to give them. *Pride and Promiscuity: The Lost Sex Scenes of Jane Austen* (Canongate, London, 2003.)

<sup>15</sup> As in Lawrence Durrell’s *Alexandria Quartet* where the same events are played out across three novels each centred around the character who provides the title. The series is then concluded by a fourth book which both dissects the preceding perspectives and continues the story in time. A perspective shift commonly occurs within the confines of a single work as traditionally conceived (the viewpoints of male abductor and female victim in John Fowles’ *The Collector* to take one example). This merely serves to underline the points made earlier and developed below as to the artificiality and instability of the lines the law has to draw around the work for copyright purposes. Mention should also be made here of the technique of providing alternative endings (John Fowles’ *The French Lieutenant’s Woman* ) or even alternative lives (the films *Sliding Doors*; *I, Myself, Me*) . While in theory this could be done across different works, the need for an audience to have both “lives” clearly in front of them for best effect makes this unlikely.

<sup>16</sup> These have become a genre of their own. Thus we have Defoe’s *Robinson Crusoe* told through the mouth of Mrs Crusoe and Daphne Du Maurier’s *Rebecca* told from the perspective of the first rather than the second wife. Sometimes a minor character in the original will spawn its own sequel series as with George

trans-jurisdictional trend) the temptation to resort to works still in copyright for this purpose becomes greater. While the perspective shift has not historically produced a rush to the courtroom this quiescence may not last.<sup>17</sup>

### 3. The Tone Shift

A tone shift sets out to send up or mock the original or its author either as an end in itself or in order to deliver a wider social or political message. (American courts sometimes seek to characterise the former as a “parody” and the latter as a “satire” sometimes giving them different legal treatment in the process. On other occasions the labels are less discriminatingly applied as we shall see.) In tone shift cases the legal focus moves away from infringement and towards fair dealing and free expression.

These narrative devices are not mutually exclusive. They can be used in combination and often are. What they have in common is a conscious determination by the later author to in some sense ‘move’ the story (backwards, forwards or sideways) while holding all or part of the fictional background against which that story is played out sufficiently steady to be recognisable as coming from the original. It is this elusive common fictional background which holds the key to the sequel. Sequels do not attempt to hide their connection with the original. To do so would destroy their appeal. In this they differ from the age old practice of retelling the same old stories in new historical, geographical or social settings,<sup>18</sup> a practice that long predates the Statute of Anne and with which the courts are well accustomed to dealing. Most cases of plot theft involve an attempt to disguise what the works have in common and although sometimes posing evidentiary and doctrinal difficulties of their own<sup>19</sup> do not require courts to rethink copyright infringement fundamentals on quite the same scale. Matters are otherwise with the sequel. Even those which involve the wholesale lifting of narrative (as perspective and tone shifts must), rather than seeking to conceal the deed, tend to glory in the fact. (Time

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MacDonald Fraser’s *Flashman* novels in which the bully in *Tom Brown’s Schooldays* is given a highly successful career of his own despite (or perhaps because of) what his original creator intended to be seen as his vices (cowardice and mendacity being the chief of these). An interesting subspecies of perspective shift is the fictionalised counter diary or memoir composed around events presented as real in the original. *Mrs Pepys’ Diary* [publisher, year??] This kind of work has interesting implications. While there is no copyright in the events of one’s own life (*Donoghue v Allied Newspapers* [1938] CH 106) selection, style and structure could raise copyright issues.

<sup>17</sup> There are signs that things may be changing. Witness the copyright owner’s response to Pia Pera’s 1999 rewriting of Nabokov’s *Lolita* in *The Story of Lolita*. After some forensic huffing and puffing the dispute was settled. Publication went ahead but royalties were paid to the plaintiffs and their side of the story was set out in a preface to the published version. The technique of retelling a male centred narrative from the perspective of his spouse or lover is not uncommon in relation to out of copyright works.

<sup>18</sup> An obvious example is the transfer of *Romeo and Juliet*, the tale of the star crossed lovers and feuding families from a Shakespeare’s imagined fifteenth century Verona to the twentieth century streets of Manhattan in *West Side Story*.

<sup>19</sup> These are illuminatingly explored in S Rebikoff, “Restructuring the Test for Copyright Infringement in Relation to Literary and Dramatic Plots” (2001) 25 Melb U L Rev 340.

shifts, while they require of audiences and readers a knowledge of tales already told do not need to retell these same tales in any detail<sup>20</sup> in order to be effective.)

Most sequels are first presented to the public in the same medium as the original at least initially (book follows book, film follows film). There will be situations, however, in which the sequel will leap directly to a different medium. Thus a literary narrative may be continued on film or stage without an intervening book. While in principle this should not affect the analysis, it can assume an artificial significance in jurisdictions such as the United Kingdom, which vary their adaptation rules according to the nature of the transposition effected.<sup>21</sup>

#### 1.2.4 The Indeterminate Economics of Sequelisation

The economics of copyright is more than usually contentious even for that disputatious discipline. While there is general agreement among economists on the need to restrict copying and derivative use to protect what would otherwise be almost costlessly appropriable creative goods there is little consensus on the economic effects attributable to particular types of restriction. In large part this lack of consensus is due to the near impossibility of verifying or disproving contending economic theories empirically in the absence of a control group of countries, firms or individuals (be it in time or space) lacking the particular aspect of copyright protection which it sought to put under the economic microscope. Before and after tests are of little assistance when change comes slowly and fuzzily through the cases rather than by legislative fiat. Trans-jurisdictional surveys become pointless when rules converge across jurisdictions and difficult when the extent of convergence is unclear due to *lacunae* in domestic law.

For most of copyright's history the question economics had to answer (or thought it had to answer) was: "Is some copyright better than no copyright?"<sup>22</sup> Only in recent years has attention shifted to a different (and more intractable) question: "How much and what kind of protection do particular markets (or indeed markets in general<sup>23</sup>) need to work efficiently?" Sadly for present purposes the sequel is yet to figure directly in these investigations. Likely responses can, however, be gauged from the attitude of individual

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<sup>20</sup> Sequel authors may of course resort to memory jogging and scene setting in the form of prologues and flashbacks but this is a matter of authorial preference. It does not define the time shift. It does, however, increase the risk of infringement if unauthorised. See text accompanying n ??? below. I Eagles, Dr Zhivago's Children: Some Lessons from German Law's Encounter with the Sequel" (2004) 10 NZBLQ 109.

<sup>21</sup> Trans-media shifts also complicate the analysis of indirect copying but that is an evidentiary issue.

<sup>22</sup> G Hadfield, "The Economics of Copyright: An Historical Perspective" (1992) 38 ASCAP Copyright Law Symposium 1.

<sup>23</sup> The failure to distinguish between the particular and the general complicates the discussion mightily. A true empiricist would insist on the former. Most economists who take an interest in copyright matters seem to be of a more deductive bent and hence gravitate more naturally to the latter. I Eagles, "Intellectual Property and Competition Policy: The Case for Neutrality" in CER Rickett & G W Austin (eds) *International Intellectual Property Law and the Common Law World* (Hart Publishing, Oxford, 2000) 285, 290-291.

law and economics scholars to derivative uses in general. Most of these have a common starting point in Coasean neutrality, the presumption that markets work best when legal rules are qualitatively and distributively blind<sup>24</sup> so that price, source and quality are competitively determined through voluntary bargaining rather than legally stipulated. In this avowedly value free world an ideal copyright law would be content neutral. Its only proper objective would be to increase the sum of creative outputs to a level and at a cost which approximates that which would have obtained in an imagined world where such outputs were not freely appropriable.<sup>25</sup> (The aim is not, be it noted, to increase creative outputs for their own sake.) Neutrality as to content requires courts and legislators to avoid aesthetic or qualitative judgments and (importantly for present purposes) to ignore matters of technique or form. Coasean logic further assumes that the law should be neutral as to persons and hence ultimately indifferent both as to who authors a work and who owns it.<sup>26</sup> Indeed in this way of looking at legal issues the concept of the “work” is problematical. In economic terms it is the product or “good” which counts. “Work” is an artificial legal construct<sup>27</sup> which may or may not correspond with what is purchased in the marketplace. It acts an arbitrary limitation in the same way as the rules governing the duration of copyright. Like those rules the concept of a work is designed to reduce transaction costs by setting what is hoped are easily recognisable limits<sup>28</sup> to the exploitation of a particular resource. Without such limits owners and authors would seek to capture whole genre and users and competitors would treat every manifestation of creativity as being forever up for grabs. As with duration rules predictability inevitably comes at the cost of under or over protection in individual cases.<sup>29</sup> Economists cannot tell us what a work is. They can only attempt to indicate what the cost of defining it in a particular way (or not defining it at all) might be on the basis of whatever empirical evidence they can find.

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<sup>24</sup> This being a by-product of a wider assumption that it is the existence of property rights which makes markets work not the fairness or otherwise of their initial allocation. This ferocious functionalism also tends to assume that the content of such rights stays relatively stable after first allocation, an assumption not borne out by the history of intellectual property in general and copyright law in particular where right allocation tends to be continuous as the scope of protection expands and the myth of notional first allocation thus more difficult to sustain.

<sup>25</sup> In any other economic context this would be called regulation. The property label is an historical accident. P Drahos, *The Philosophy of Intellectual Property* (Dartmouth, Aldershot, 1996) 13, 223.

<sup>26</sup> P Goldstein *Copyright's Highway: From Gutenberg to the Celestial Jukebox* (Hill and Wang, New York, 1994) 192.

<sup>27</sup> *Idem*.

<sup>28</sup> Coaseans sometimes underestimate the recognition problem. T W Merrill and H E Smith, “What Happened to Property in Law and Economics” (2001) 110 Yale L J 357.

<sup>29</sup> As with duration, some rule is thought to be better than no rule. Without some such device owners, users and competitors would have no way of accurately weighing the costs of negotiation against the risks attached to enforcing in legal terms what would be a mere obligation or liability rule rather than a property right.

When the sequel is put under this unashamedly utilitarian microscope the following propositions emerge:

- (a) Net social worth is neither increased nor decreased by the existence of a sequel. Whether an author chooses to create a sequel or embark on another type of work entirely is not the concern of the legal system.
- (b) Whether it is the author of the original or someone else who creates a sequel goes merely to the allocation of royalties and requires no legal prescription (or to put it another way, one sequel is as good as another).
- (c) Form and technique being a matter of consumer preference, there is no obvious reason for preferring one type of sequel over another. Parody, on this analysis, is not more or less economically virtuous than a simple time or perspective shift.

These are propositions on which most schools of economic thought could agree at least to the extent that departures from them require justification. Justification is precisely the point at which, however, that this negative consensus falls apart, a situation which will continue until the points of disagreement are empirically tested and resolved. In the meantime copyright theory has no alternative but to take these differences as a given.

For ease of analysis and at the risk of considerable over-simplification,<sup>30</sup> law and economics writers in this area can be divided into copyright minimalists and copyright maximalists. Minimalists hold that copyright should interfere as little as possible with the normal competitive response when innovative goods are released into the marketplace, that is deconstruction, emulation and (hopefully) improvement. Any expansion of protection beyond what is necessary to induce authors to create a work in the first place is to be resisted where it can be found.<sup>31</sup> Their attitude to derivative use is therefore permissive, taking the view that few authors are entirely uninfluenced by the works of others and that imitation and creativity are not easily uncoupled. Minimalists can therefore be expected to be sceptical of extending authors' rights beyond the boundaries of works already in existence and they are also likely to insist that those elements of a work alleged to have been copied be identified with some particularity. Forced to choose between over and under protection minimalists would opt for the latter. Maximalists on

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<sup>30</sup> For a much more thorough and nuanced dissection of the various sects and sub-sects, see N W Netanel, "Copyright and a Democratic Civil Society" (1996) Yale L J 283, 308.

<sup>31</sup> Minimalists have to concede that isolating cases of over protection can be difficult when dealing with property rules, which, by definition have to lay down uniform standards of protection rather than seek to balance pro and anti competitive effects case by case. This sometimes leads them to prefer an obligationist approach in some copyright contexts. W J Gordon "An Inquiry Into the Merits of Copyright: The Challenges of Consistency, Consent and Encouragement Theory" (1989) 41 Stan L Rev 1343, 1435. The legislature having sold the property-obligation pass, this is not an avenue of inquiry which it is fruitful to pursue here, see Copyright, Designs and Patents Act 1988 (UK), s 1(1). It does, however, raise the question as to whether the concept of property changes its meaning when applied to intangibles. If it does not change its spots in this way then the alternative can only be to push the whole of property analysis further in a Hohfeldian direction.

the other hand would in most situations incline towards the former, an inclination which they would justify by directing our attention to investors rather than creators. On their view the artificial scarcities (and hence the prospect, if not always the reality of monopoly rents) do not exist only, or even mainly, to increase the production of works across the economy as a whole by spurring authors into action. Their more important function is to signal (to investors more than creators) the kind of work for which readers and audiences are prepared to pay<sup>32</sup> and thus allow effective price discrimination between different users and uses.<sup>33</sup> Maximalists would accordingly allow authors (and through them investors) to capture through ownership any potential use to which a work can predictably be put and frame copyright rules in a way which made such prediction reliable.

When the sequel is inserted into this wider debate the likely points of friction between the two camps can easily be anticipated. Maximalists would treat the power to control sequelisation as just another way of developing the full market potential of the original, no different in principle from such mundane spin-offs as the T shirt or the stuffed toy.<sup>34</sup> On this view of things the posthumous fiction factory is a perfectly rational response to the death of original authors and the survival of their copyright. By concentrating control of protection, the legal system encourages authors to write (and more significantly in maximalists' eyes, investors to back) the kind of originals which are most likely to lend themselves to future sequelisation. In response minimalists would no doubt insist that a pre-planned sequel is no more obvious a contributor to net social worth than an unplanned sequel. Indeed they would go further and point out (invoking for the purpose that branch of microeconomics known as investment displacement theory<sup>35</sup>) that encouraging the production of sequels deflects authors (and with them investors) from production of other works whose appeal to consumers might be as great or greater. Attempting to orchestrate consumer preference by manipulating copyright is, they would say, precisely the sort of regulatory overreach which maximalists would decry in other contexts.

This is not to say that maximalists and minimalists are doomed to disagree on every aspect of the sequel. Both would concur that sequels that supplant the demand for the original need to be suppressed because of the uncertainty they introduce into the minds of

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<sup>32</sup> Netanel, n 30 above.

<sup>33</sup> This kind of reasoning assumes that derivative uses will not be cut off by expanded rights. Owners are always presumed to prefer some royalties to no royalties. In the case of parody this may not be so and may lead to market failure.

<sup>34</sup> The first instance court in *Suntrust Bank v Houghton Mifflin Co* (2001) 136 F Supp 2d 1357, at 1383 seems to have endorsed this particular economic equation, albeit without attribution.

<sup>35</sup> Eagles, n 1 above, 297; M Hurt and R M Schuhman, "The Economic Rationale of Copyright" (1966) 56 Am Ec Rev 421, 430 and S Lunney, "Re-examining Copyright's Incentives Access Paradigm" (1996) 49 Vand Law Rev 483.

investors as to whether the fixed costs associated with the original can be recovered.<sup>36</sup> They would also agree in characterising refusals by copyright owners to either provide their own sequels or licence others to do so (assuming that the original can readily support a sequel) as examples of market failure.

Even in these cases, the consensus is likely to prove narrower on the ground than pure theory would seem to dictate. Minimalists would be sceptical as to whether as a matter of fact sequels often have a negative effect on demand for the original. They would point to the possibility that the sequel could equally well enhance that demand (or in the case of parody be neutral in its effect because it feeds into a different market). Maximalists would seize on the kind of fears expressed by some litigants in the United States that an unauthorised sequel can effectively inhibit the narrative direction taken by authorised sequels<sup>37</sup> (by marrying or killing off a character, for example<sup>38</sup>).

Analytical paths are also likely to diverge on the suppression issue. Maximalists would take account only of copyright owners' non economic reasons for prohibiting sequels. While prepared to find such reasons in parody cases (it being conceded that most authors would not licence a parody at any price) they would regard permanent refusals to licence sequelisation in other cases as so irrational<sup>39</sup> as to be outside the economic debate altogether. Minimalists would be concerned only with the fact of market failure, not the motives of market players and would prescribe compulsory licensing (anathema to maximalists<sup>40</sup>) to cure it particular cases rather than a blanket writing down of fair dealing rules. Given the unlikelihood of immediate empirical rescue for either camp<sup>41</sup> the

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<sup>36</sup> Such fears may be overstated. In the case of books being first to the market will usually be enough to ensure the recovery of fixed costs if they are recoverable at all. See S Breyer, "The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies, and Computer Programs" (1970) 84(2) Harvard Law Review 281 and W M Landes and R A Posner, "An Economic Analysis of Copyright Law" (1989) 18 J Legal Stud 325, 354. The argument has more force in relation to films with their massive upfront investment and careful division of exploitation rights. In this environment it is conceivable that an unauthorised sequel could sufficiently dampen demand for the original in rental and television re-run markets to make the films' backers think twice. (Foresight not hindsight being the operative factor here.)

<sup>37</sup> This would fit the maximalist preference for preplanning of and centralised control over future uses in general.

<sup>38</sup> As in the first instance decision in *Suntrust Bank v Houghton Mifflin Co* (2001) 136 F Supp 2d 1357. This perhaps underestimates audiences' willingness to suspend disbelief when say a popular soap opera character is killed off and then implausibly resurrected in a later series.

<sup>39</sup> Temporary suppression until the copyright owner fulfils his or her own sequelisation plans they would regard as perfectly defensible in economic terms.

<sup>40</sup> Because it prevents protagonists from finding market solutions for market failure and drives them to invest in the uncertain science of prophesising the outcome and cost of litigation.

<sup>41</sup> Trans-jurisdictional comparisons, while they might seem promising given the judicial silence on the subject of sequels outside the United States, are illusory for two reasons. Effective comparison requires a positive difference in treatment between the jurisdictions not merely silence at one end and uncertainty at the other. It also assumes that investment decisions are jurisdiction specific, manifestly not the case for English language books or films.

economic debate, however useful in illuminating the issues, offers copyright law no easy or immediate exit from the sequel problem.

### 1.2.5 Sequelisation and the Rhetoric of Natural Rights

### 1.3 Possible Legal Responses to Unauthorised Sequels

Without theoretical reference points the law's reaction to the sequel is not easily confined by principle. The problem is compounded by the doctrinal elasticity of copyright and the availability of alternative heads of legal protection which while functionally distinct have the potential to infect copyright theory with inappropriate policy justifications.

#### 1.3.1 Alternatives to Copyright

One possible response of the legal system to the unauthorised sequel would simply be to ask: "Why copyright?" There are after all alternative avenues of protection which seem on the face of it both more satisfactory from a policy perspective and less given to doctrinal overreach. Investors in the original may invoke trademark law, passing off or other as yet largely inchoate aspects of unfair competition.<sup>42</sup> For authors there are the traditional protections of defamation and injurious falsehood, now supplemented by a range of moral rights which allow them to more directly control attribution and limit derogatory treatment.<sup>43</sup> Unlike copyright these conceptually congruent but historically disconnected causes of action do not protect form or expression as such. The object of their solicitude is the reputation and goodwill already invested in the original (and by extension in any existing authorised sequel). The harm against which they seek to protect is confusion in the minds of readers and viewers as to either the provenance or content of particular works.

While no doubt glad of the existence of alternatives to copyright, investors and authors are well aware that such rules can give them only a fraction of what copyright is capable of delivering into their admittedly self interested hands. Even in its current expansionary mode, trademark law has to focus on peripheral and hence registrable aspects of the work such as the name of a character ("Frodo Baggins") or a fictional place ("Middle Earth") or the collective title for a series ("The Lord of the Rings"). Even in the case of such crude signifiers there are limits to what is practical here. Registering every minor

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<sup>42</sup> In some jurisdictions unfair competition is merely a convenient portmanteau description for the rules governing trademarks and passing off and their statutory extension into the realm of consumer protection and fair trading. In others the term is used as a wider organising principle capable of extending existing obligations and creating new ones. A judicial roadmap of the various usages may be found in the judgment of Deane J in *Moorgate Tobacco Co Ltd v Phillip Morris Ltd* (1984) 3 IPR 545 at 562.

<sup>43</sup> Moral rights in most common law jurisdictions are conceptually closer to the traditional reputational torts than to copyright proper. The anomalies of post mortem transmission apart, moral rights most nearly resemble liability rules. They are not property in any meaningful sense of that overstretched term. I Eagles, "New Zealand Moral Rights Law: Did Something Get Lost in Translation?" (2002) 8 NZBLQ 26.

character<sup>44</sup> or piece of fictional geography in a work of science fiction or fantasy would quickly empty even the deepest of Hollywood pockets. It also requires that a work's suitability for sequelisation be known in advance. Practicalities apart, there are doctrinal obstacles to use of trademarks in this way.<sup>45</sup> In many jurisdictions registration can only be obtained in relation to stated goods and services to which the mark is extrinsic rather than functional and while this requirement may have been statutorily dented in the United Kingdom<sup>46</sup> it still precludes the registration of a character's name in relation to a book or film<sup>47</sup> (rather than, say, as regards toys or clothing). Similarly for mark owners to make out infringement they must still arguably show either that the putative infringer is using the name as a trademark<sup>48</sup> or in the case of a well known mark, be using it in a way which is unfair or derogatory. Incorporating characters in a new story is never the first and only seldom the second.

At first sight passing off (and its statutory fair trading analogues in jurisdictions where they exist) looks more promising for authors and investors, especially in jurisdictions where courts are prepared to credit the public with an awareness of licensing practices in the film and television industries on the basis of little or no evidence.<sup>49</sup> The promise is deceptive. All of the presumed licence cases involve spin offs into other activities (T shirts, toys, games) rather than sequels. Courts may not be prepared to make similar assumptions about films or novels. It cannot always be plausibly argued that the public

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<sup>44</sup> Fictional species or races such as Orcs, Klingons or Ewoks may be more amenable to trade mark protection. Usually it will be a character's name which is registered although it could be a distinctive visual representation.

<sup>45</sup> See generally R Stone, "Titles, Character Names and Catch Phrases in the Film and Television Industry: Protection under the Trade Marks Act and Alternative Registration Systems [1997] 2 Ent L R 34; M Bartholemew" *Protecting the Performers: Setting a New Standard for Character Copyrightability* (2001) 41 Santa Clara L Rev 341, 362

<sup>46</sup> At least in relation to smells and sounds. Trade Marks Act 1954, s 3(1). But not perhaps shapes, *ibid*, s 3(2).

<sup>47</sup> *Tarzan Trade Marks* [1970] RPC 450. See also *Pussy Galore Trade Mark* [1967] RPC 265 The ground given in these cases is lack of distinctiveness. They are better explained as an inherent externality requirement of which the Trade Marks Act 1954 (UK), s 1(2) is but one manifestation .

<sup>48</sup> The law's response to well known characters or fictional places is double edged. If well known before registration the application to register them may fail for lack of distinctiveness. *Elvis Presley Trade Marks* [1997] RPC 545, 551; [1999] RPC 567, 585, 592.

<sup>49</sup> See *Mirage Studios v Counter Feat* [1991] FSR 145 (the *Ninja Turtles Case*) where the court thought it was for the defendant to rebut such inferences. Australian cases do not offer defendants even this minimal opportunity from what in that jurisdiction seems to be hardening into a presumption of law. See *Children's Television Workshop Inc v Woolworths (NSW) Ltd* [1981] RPC 187; *Hogan v Koala Dundee Pty Ltd* (1988) 83 ALR 187; *Pacific Dunlop Ltd v Hogan* (1989) 87 ALR 14; *Mirage Studios v Counterfeat Clothing* [1991] FSR 145. The tide, however, may be ebbing from this protectionist high water mark, see *Time Warner Entertainment Co LP v Stepsam* [2003] FCA 1502. For a detailed discussion of the reasoning involved in these cases, see R Stone, "Titles, Character Names and Catchphrases in the Film and Television Industry: Protection Under the Law of Passing Off" [1996] 7 Ent L R 263.

will assume that all films with the same characters come from the same studio or that authors always remain with the same publisher. Even more fatal to plaintiffs' hopes is the prospect that disclaimer and dissociation will defeat a passing off action if big, bold and brassy enough. Armed with this foreknowledge, authors and film makers who loudly proclaim: "This is an unauthorised sequel by another author which is not licensed in any way by the publisher or producer of the original" have a reasonable chance of escaping liability. (The more canny among them may also calculate that disclaimers are a good sales ploy as well as an effective defence if they generate a loud and acrimonious enough public debate in the media.) While there may well be debates about the adequacy or timing of disclaimers in individual cases,<sup>50</sup> the principle is not in issue.<sup>51</sup>

Moral rights, although yoked to copyright by statute, are of little use to investors who find themselves to be copyright owners.<sup>52</sup> By definition they cannot be wielded against authors of the original and can only be used against third parties with the co-operation of those same authors or their post mortem successors.<sup>53</sup> Even in an author's hands there are limits to what moral rights can do to keep unwanted sequels in check. As long as the original and the sequel are treated as separate works the right to be positively identified as author of the original<sup>54</sup> carries with it no implication of primary authorship of the

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<sup>50</sup> Disclaimers cannot be tentative or ambiguous and must be as obvious and visible as the offending suggestion of a trade connection. *Norman Bennett* [1974] 3 ALL E R 351, 353. They must also reach all those likely to be confused, *Miller Britt Allcroft* (2001) 52 IPR 419. Disclaimers on the cover of a book are likely to be viewed as more effective than slipping something into film credits. There is also the risk that a disclaimer may compound rather than cure public confusion. They may be seen as a particularly convoluted in-joke by the authors or producers of the original. *Twentieth Century Fox Film Corp v South Australian Brewing Co Ltd* (1996) 34 IPR 247, 254. Disclaimers are particularly problematical when attached to material played on radio and television given the likelihood that listeners and viewers will be doing something else as the disclaimer is run, *New Line Cinema Corp v Bertlesman Music Group* (1988) 693 F Supp 1517, 1520, 1524 n 8. Disclaimers are not entirely without relevance to copyright law. They can sometimes be used to sustain a fair use argument by downplaying suggestions of market usurpation.

<sup>51</sup> *Norman Bennett ibid*; *Sony Music Productions Pty Ltd v Tansing* (1993) 27 IPR 64.0

<sup>52</sup> Only film directors can appoint others to enforce their moral rights directly.

<sup>53</sup> It cannot be assumed that the views of author and successor will always converge. A recent attempt by Victor Hugo's great-grandson to prevent the publication of a sequel to *Les Miserables* as a breach of the author's right of integrity is a case in point. Claiming that Francois Ceresa's two sequels *Cossette* or *The Time of Illusions* and *Marius* or *The Fugitive* had "kidnapped" the original characters (even resurrecting the dogged Inspector Javert who had supposedly drowned himself at the end of the original), the great grandson dismissed the sequel as a mere money making operation. Hugo had stated publicly at a literary conference during his lifetime that inheritors of an author's property rights were not "heirs of his spirit" and should not be able to control his posthumous reputation, views which the first instance court found to be determinative but which was ignored by the appellate court who preferred to rely on other statements by the author asserting the finality of a work once finished. Paris Court of Appeal, 31 March 2004. The effect of the decision was considerably softened by an award of only two euros and both books continued to be sold in France.

<sup>54</sup> Copyright, Designs and Patents Act 1988, s 77.

sequel and no right to be identified as its ultimate progenitor.<sup>55</sup> Conversely while authors can resist an unwanted imputation that they themselves have had any part in writing or making the unauthorised sequel,<sup>56</sup> attempts to enforce the misattribution right are just as likely to fall at the disclaimer hurdle as they would in a passing off action. Thus while courts may be prepared to infer a false attribution of authorship from silence or ambiguity as to the provenance of the sequel, an effective disavowal<sup>57</sup> of any connection will pull in the opposite direction.<sup>58</sup>

All of this no doubt explains why authors and investors might wish to extend the reach of copyright ownership so that it unequivocally embraces an exclusive right to produce a sequel rather than relying on the constrained and unfocused protection collectively offered by reputational rules.<sup>59</sup> From the perspective of would be consumers, however, reputational rules deliver precisely what they want, honesty and openness as to a given sequel's provenance. Would be consumers, however, cannot be plaintiffs in a passing off action. Their interests while sometimes part of the court's analysis are protected only at second hand. This is not to say that their presumed views and wishes should be elevated over those of authors, publishers or film makers. It does, however, point up the dangers of conceptual leakage from one cause of action to another especially when they are combined in the same proceedings. Plaintiffs eager to correct the deficiencies of reputational rules (as they see them) may succeed in persuading courts that copyright has the same objective, namely the protection of the goodwill generated by the original and its projection into the future through control over sequelisation, a form of doctrinal slippage already detectable in some of the American cases.<sup>60</sup>

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<sup>55</sup> This result could only be achieved by treating sequel and original as a single work, a step which although judicially foreshadowed has yet to be taken by any court.

<sup>56</sup> Copyright, Designs and Patents Act 1988, s 84.

<sup>57</sup> Just as with passing off the courts will wish to be satisfied that disassociation is complete and that it will reach that section of the public likely to be interested in future authorised sequels. *Clark v Associated Newspapers* [1998] 1 All ER 959, 962.

<sup>58</sup> Parodists may be unwilling to make such a disavowal where the joke lies in a pretended identity between two authors. This did not save them in the *Clark* case where the court presumed a literal mindedness on the part of readers which some might find improbable. *Id.*

<sup>59</sup> That is not to say that reputational rules have no advantage over copyright from an owner's perspective. Copyright is famously unclear as to whether names and titles of books and films are separately copyrightable (see text accompanying n ? below). Even in such situations, however, sequel investors may find that others have got there before them as the recent Harry Potter trade mark litigation in Australia demonstrates. *Time Warner Entertainment Co LP v Stepsan* [2003] FCA 1502.

<sup>60</sup> Text accompanying n ????? below. Doctrinal slippage is made all the easier in the United States because of the existence in that jurisdiction of doctrines of misappropriated value sounding in "quasi-property" which might be used to protect the investment in what for want of a better word we might call sequelability. *International News Service v Associated Press* (1918) 248 US 215. More latterly, unjust enrichment theory has been suggested as a theoretical justification for such protection. For a critique of this approach see W J Gordon "On Owning Information: Intellectual Property and the Restitutionary Impulse" (1992) *Virg L R* 149. Even if such theories were to be conceded a doctrinal coherence which is not always

### 1.3.2 Stretching Copyright to Fit the Sequel

The creeping expansion of copyright protection is a phenomenon well chronicled in the commentary<sup>61</sup> if not always perceived by the courts while it is happening. This has been a gradual process, advancing on a series of narrow fact bound fronts without any quantum leap of principle and thus holding out the prospect (if not yet the forensic reality) of the law's beating an equally case by case retreat as the risks of over extension become more apparent (assuming of course that retreat is not blocked off by statute. Judicially driven expansionism is often retrospectively blessed by legislatures). If the risks posed to copyright's internal coherence by the sequel are of a different order it is because the techniques available to courts for bringing the original and the sequel under the same protective umbrella require significant shifts in the traditional copyright paradigm to make them work. Once these shifts became an accepted part of the analytical landscape their impact would extend far beyond the issues raised by the sequel to embrace the whole of copyright law, further weakening the distinction between idea and expression and drastically constricting the public domain in the process. This is why evaluation of the sequel's role in copyright law should not start with the proposition that lack of protection is a problem requiring a solution. Instead of asking as courts in Canada and the United States all too often seem to have done "What can copyright do for the sequel?" it might be more useful (and certainly less question begging) to inquire "What might the sequel do to copyright?" To better appreciate these dangers we need to look first at the *ad hoc* and uncoordinated attempts by North American courts to accommodate the sequel within existing copyright doctrines with a view to teasing out the sometimes startling (and often conflicting) reasoning used in that process. The objective here is not so much to evaluate the North American jurisprudence on its own terms but to predict where the sketchily articulated methodologies used by judges in these cases might lead if turned loose in jurisdictions where copyright law has yet to confront the sequel issue directly and where there are fewer doctrinal barriers to over protection

### 1.4. Subsistence and Infringement Distinguished

Litigants who seek to persuade judges to extend copyright protection to the sequel have a variety of forensic techniques available to them. They can isolate a functional aspect of the original and treat it as a free standing work in its own right whenever it turns up in a sequel or combine it with other such extracted elements to make a "new" work. Alternatively they may lump some or all of an author's fictional outputs together as a single work. These are matters which go to copyright subsistence, at least in the first instance. Tacking another tack entirely, courts might want to come at the problem by way of direct infringement and hold that some or all of the sequel is substantially similar to whole or part of the original or amounts to an adaptation of the same (assuming these to

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apparent they are too under developed in other common law jurisdictions to offer much comfort to those who would use them against the unauthorised sequel.

<sup>61</sup> D Vaver, "Intellectual Property: State of the Art (2000)" 116 LQR 621; H Laddie, "Copyright: Over Strength, Over Regulated, Over-rated" (1996) 18 EIPR 253.

be different questions).<sup>62</sup> Subsistence and infringement need to be kept conceptually distinct even though they sometimes involve a similar methodology and are sometimes applied sequentially.<sup>63</sup> They also tip the balance of bargaining power between authors and owners in different ways. When the court reaches into the original and pulls out one or more of its defining aspects and constitutes them as distinct pieces of property then the author will be their presumptive first owner and will retain that ownership until it is bargained away. Conversely, if sequels are treated as potentially infringing copies or adaptations of the original then every sequel unauthorized by the copyright owner will infringe even when crafted by the author of the original. On this approach authors would have to contract affirmatively for the right to go on using a character or further exploring a fictional world once they part with the copyright.

### **1.5 Deconstructing Judicial Methodologies**

Given that the distinction between subsistence and infringement is so fundamental, why is it so easily blurred. The answer perhaps lies in the way in which judges and commentators run the two together under the common rubric of “protection.” But this is to treat the symptom as a cause. The reasons are perhaps better sought in the judicial reluctance to describe in any detail their thought processes when deciding copyright cases. Even when appellate courts do tease out a particular methodology resorted to in the court below and hold up to the light for inspection and ultimate approval or blame they will sometimes pass over rejected methodologies in silence in later cases, or resort to them themselves (again *sub silentio*) without apparent embarrassment. If, however, we stand back and look at what judges actually do, we can see five distinct processes at work:

1. Dissection
2. Comparison
3. Extraction
4. Reassembly
5. Conflation

## **2. SEQUELS AND CHARACTERS IN NORTH AMERICA**

### **2.1 Introduction**

Over the seventy years of their encounter with the sequel American and Canadian courts have evolved a variety of techniques for subsuming it within the traditional copyright

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<sup>62</sup> American courts consistently run the two issues together, so much so that one commentator suggests that they are really applying a single composite test under which a character is separately copyrightable but that infringement of that separate copyright can only occur when there is infringement of the work or works in which the character appears. D Feldman, “Finding a Home for Fictional Characters: A Proposal for Change in Copyright Protection” (1990) 78 Calif L Rev 687, 691. This seems difficult to square with cases where the character could not have survived a double barrelled test. Nor is such a test articulated in the cases. See text accompanying nn ?? below.

<sup>63</sup> All subsistence analysis has of necessity been followed by comparison of the parts extracted to test for similarities in the usual way.

paradigm as they see it. Time shifts are almost always approached as attempts to steal a title, character or some other element of the original. Perspective and tone shifts are more likely to be dealt with as simple instances of plot and dialogue theft. These choices are largely unexamined and do not always distinguish clearly between subsistence and infringement. Doctrinal imprecision is further heightened by the existence (at least in the United States) of a safety net in the form of constitutionally mandated principles of fair dealing and free expression mediated through an open textured fair use defence which some courts have been reluctant to read down in any way. On other occasions courts have sought to trim back these open ended limitations on owners' rights by reconstituting them as a more restricted "parody defence" Other judges uncomfortable with the narrowness of this approach but constrained by its authority, have attempted to soften its rigidities through increasingly implausible findings of parodic intent. Over all this there hovers an imperfectly articulated but potent distinction between visual and non visual appropriation. Despite very different statutory structure and language some of this jurisprudence has been picked up by Canadian courts.

## 2.2 From Plot Theft to Character Snatching

Looked at from a long historical perspective all copyright regimes display a movement over time from tests of infringement based on near literal copying to those which seek to identify some core quality which can stand as a surrogate for the work as a whole. In the case of literary and dramatic works the progression is from an early concern with the verbatim rendering of extended passages of prose or dialogue to an emphasis on the reproduction of a work's whole narrative structure. What is unusual about American and Canadian copyright law is that it takes this development one stage further by moving beyond plot theft to the appropriation of characters and (if only by inference and indirection) the fictional worlds they inhabit. In arriving at this particular historical destination, however, North American judges have not always taken the same analytical road.

### 2.2.1 In Search of The Distinctive Character

North American sequel jurisprudence had its unlikely beginnings in a dictum of Judge Learned Hand in *Nichols v Universal Pictures*.<sup>64</sup> Ironically, given what was to be its enduring influence, the case itself did not concern a sequel in any sense of that soon to be overstretched word. On its facts *Nichols* was a simple case of plot theft (from the plaintiff's perspective) or genre capture (as the defendant saw it) an admittedly fine line which American courts had, however, been accustomed to walk, even by this relatively early date. The allegedly infringing work was a film *The Cohens and the Kellys* which the plaintiff playwright viewed as a crudely disguised cinematic version of her Broadway success of the 1920s, *Abie's Irish Rose*, itself a comic reprise of that age old dramatic staple of lovers separated (or in this case united) by feuding families. The first instance court found that although both works centred on the bickerings and misunderstandings between two Irish and Jewish families whose children had fallen in love, this was no more than the mutual mining for comic effect of a stock dramatic situation, a finding

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<sup>64</sup> (1930) 45 F 2d 119.

which was briskly upheld on appeal. Had matters rested there the case would have been no more than a minor (albeit negative) milestone in the courts' zigzag journey (in all jurisdictions) away from notions of literal copying towards more open textured tests of infringement. Judge Learned Hand, however, went on to speculate as to whether characters might not also be taken independently of any theft of the narrative in which they are first found.<sup>65</sup>

“[W]e do not doubt that two plays may correspond in plot close enough for infringement... [T]he same may be [true] as to the characters, quite independently of the plot, though as far as we know such a case has never arisen. If *Twelfth Night* were copyrighted it is quite possible that a second comer might so closely imitate Sir Toby Belch or Malvolio as to infringe but it would not be enough that for one of his characters he cast a riotous knight who kept wassail to the discomfort of the household, or a vain and foppish steward who became amorous of his mistress. These would be no more than Shakespeare's “ideas” in the play, as little capable of monopoly as Einstein's doctrine of Relativity or Darwin's theory of the Origin of the Species. It follows that the less developed the characters, the less they can be copyrighted; that is the penalty an author must pay for making them too indistinct.”

If this particular piece of thinking aloud had come from a jurist less eminent than Learned Hand it might have faded into that historical limbo where most such musings reside.<sup>66</sup> Within a year, however, the dictum was applied to absolve Eugene O'Neill of character theft in his play *Strange Interlude* on the grounds that the hapless plaintiff's characters were too stereotyped to be protectable in their own right.<sup>67</sup> This negative use of the *Nichols* test was to be widely followed in succeeding years partly because of a confusion between distinctiveness and literary merit<sup>68</sup> but more often because of the difficulties of demonstrating infringement (on any test) where characters' names are not explicitly reused and proof of similarity depends on finding sufficient visual, verbal and contextual images to establish a copyrightable identity of some kind<sup>69</sup> or the converse problem of showing that there was anything behind a character's name, appearance or speech mannerisms which would stand separate protection.<sup>70</sup> In other cases the plaintiff failed

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<sup>65</sup> *Ibid*, 121.

<sup>66</sup> His Honour's ponderings in *Nichols* on the subject of characters may also been given more force because they are preceded by his now famous attempt to make sense of the idea-expression dichotomy by redefining it as a spectrum of more or less protectable abstractions rather than a self defining test. *Idem*.

<sup>67</sup> *Lewys v O'Neill* (1931) 49 F 2d 603, 612.

<sup>68</sup> *Ibid*. ????. This may have had something to do with Judge Learned Hand's selection of Shakespearean exemplars of distinctiveness in *Nichols*.

<sup>69</sup> *Burns v Twentieth Century Fox Film Corp* (1948) 75 F Supp 986; *Caruthers v RKO Radio Pictures* (1937) 20 F Supp 906; *Burtis v Universal Pictures Co Inc* 40 Cal 2d 823, 256 P 2d 933 (1953) suggest the ease with which a group of unnamed characters could be shifted from their original context to a new setting demonstrated their lack of distinctiveness .

<sup>70</sup> See *Lone Ranger Inc v Cox* (1941) 39 F Supp 487 in which the eponymous plaintiff's name and character's mode of addressing his horse at key moments with the catch phrase “Yi Ho Silver” were held to be inappropriate subjects for separate copyright protection. (The case also raised trademark and unfair competition issues.) See also *Rokeach v Avco Embassy Pictures* (1978) 3 Med L Rep (BNA) 1774.

because plot and character were based on real events or people.<sup>71</sup> There was also a prevailing notion that moving characters and situations from one genre to another demonstrated an inherent lack of distinctiveness.<sup>72</sup>

The use of *Nicolls* to deflect claims of separate copyrightability for titles and characters, did not last forever. In later years the distinctiveness test was to be turned upside down to bestow copyright protection on an increasing number of decidedly unliterary but eminently reusable characters.<sup>73</sup>

### 2.2.2 Weighing Character Against Plot

Lack of distinctiveness was not the only ground on which separate copyright protection was denied to characters. A parallel line of authority emerged to challenge *Nicolls* in *Warner Bros Pictures v CBS* (“*Sam Spade*”).<sup>74</sup> The case was unusual in that it pitted the original author against later right holders in a tussle over sequel rights which owed as much to contract as copyright. The character being fought over was Sam Spade the hard boiled but essentially honourable private detective created by Daniel Hammett in his 1931 novel *The Maltese Falcon*. Hammett one of the most successful crime writers of his generation had granted, in tandem with his publisher<sup>75</sup>, Warner Brothers radio, silent and talking motion picture and (presciently) television rights in the novel.<sup>76</sup> During the 1930s and 1940s Warner Brothers made three feature films based on the Maltese Falcon.

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<sup>71</sup> *Carruthers v RKO Radio Pictures* (1937) 20 F Supp 906; *Funkhouser v Loews Inc* (1955) 208 F 2d 185, 189. It was also sometimes successfully argued that shifting characters from one era to another defused any claim for separate protection. *Midas Products v Baer* (1977) 437 F Supp 1388, 1390.

<sup>72</sup> *Burns v Twentieth Century Film Corp* (1948) 85 F Supp 986 (the tone shift here was from romance to fantasy). This was later to lead to some very fine parsing of genre. See *Burtis v Universal Pictures*, n 64 above, in which the court sought to draw a distinction between a “serious drama with minor comic relief” and another work described as “essentially a comedy.”

<sup>73</sup> The inversion of *Nichols* may reflect a shift in the focus of litigation from stage productions to more easily serialised forms of popular entertainment such as the comic strip and the weekly radio (and later television) show. One should, however, be wary of too much economic determinism here, especially when market analysis figures nowhere in the cases and contrary examples can be found (as with the Lone Ranger litigation referred to above). Again, as the earlier rise and fall of the serialised Saturday film matinee demonstrates, the dates do not quite fit all aspects of the serial phenomenon and while it would not be unusual for the law to lag behind the economic trend it needs to be remembered that the *volte face* in the protection of characters did not manifest itself before 1967 at the earliest while the serial in all its various forms has a much longer history.

<sup>74</sup> (1954) 216 F 2d 945.

<sup>75</sup> Hammett had first assigned copyright in *The Maltese Falcon* to his publisher A Knopf Inc. Two documents were thus executed in favour of Warner Brothers, one by the author expressing itself as a ‘grant of rights’ over the novel, the other by the publisher similar in its terms but calling itself an ‘assignment’. *Ibid*, 947. The court treated author and publisher as ‘joint beneficial owners’.

<sup>76</sup> In the teeth of their characterisation of the agreement with the publisher as an assignment (*idem*) the Ninth Circuit also found neither document was anything more than a grant of specific rights to do specific things with the “writings” constituting the novel. Conceptually what was executed seemed to the court closer to licence than assignment, *ibid*, 948.

The first two of these did not use the title of the novel and enjoyed only indifferent success. The final version in 1941 starring Humphrey Bogart and Mary Astor and directed by John Hudson reverted to the title of the original book<sup>77</sup> and was a runaway hit both at the box office and with the critics. (It was to be part of the plaintiff's case that the success of the film had sparked a renewed public interest in the novel's main protagonist.)

Whatever rights Warner Brothers thought it had received under its agreements with Hammett and his publisher it quickly became apparent that Hammett felt in no way inhibited by those agreements from recycling Sam Spade and other characters from the novel and this he proceeded to do in other stories that he later authorised CBS to use in a series of radio broadcasts.<sup>78</sup> Warner Brothers sued, claiming that the characters were its alone to use under the 'assignment' from the publisher, a claim it was able to sustain neither at first instance nor on appeal to the Ninth Circuit.<sup>79</sup> While it chose to decide the case on purely contractual grounds<sup>80</sup> the appellate court did canvass the copyright issue at some length. While not disowning *Nicolls*, their approach to separate copyright protection for characters was very different. Describing Hammett's characters as 'vehicles for the story told' they concluded that these purely instrumental constructs could not have been intended by the legislature to be fortuitously appropriable by anyone who happens to acquire the copyright in a work in which the characters appear. The reasoning by which they reached this conclusion seems to owe as much to restraint of trade doctrine as copyright theory. As they put it:<sup>81</sup>

"Authors work for the love of their art no more than other professional people work in other lines of work for the love of it. There is a financial motive as well. The characters of an author's imagination and the art of his descriptive talent, like a painter's or like a person with his penmanship, are always limited and always fall into limited patterns, The restriction argued for is unreasonable, and would effect the very opposite of the statute's purpose which is to encourage the production of the arts"

On this view most characters are techniques or tools of trade, mere chess pieces as the Court put it 'in the game of telling the story'<sup>82</sup> and thus not within ambit of copyright

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<sup>77</sup> The right to use the title *The Maltese Falcon* had been specifically granted to Warner Bros in the dual agreements.

<sup>78</sup> To add insult to injury these were collectively entitled 'The Adventures of Sam Spade'.

<sup>79</sup> There was also an unfair competition claim, not the last time in which the two causes of action were to be yoked together in sequel cases. *Idem*.

<sup>80</sup> Holding that 'characters 'were not expressly among the rights granted to Warner Brothers in the otherwise detailed agreement drafted by it and accordingly to be construed *contra proferentum*. *Ibid*, 149. Any ambiguity in the grants collapsed in the ubiquity of sequelisation in crime fiction generally and Warner Brothers' failure to protest Hammett's use of the characters in three other stories written in 1932 some 14 years earlier than the broadcasts. (There are hints of quasi estoppel here.)

<sup>81</sup> *Ref?*

<sup>82</sup> *Ref?*

protection. Whether the Ninth Circuit was here rejecting separate copyrightability or opining that Hammet's reuse of Sam Spade would have infringed copyright in the original had copyright been directly in issue, is unclear, a conceptual ambivalence (present also in *Nicolls*) which was destined to have a long life. Further uncertainty is introduced by the Ninth Circuit's cryptic concession that there might be situations in which the 'character really constitutes the story being told'<sup>83</sup> thus leaving the door ever so slightly ajar for future infringement actions, albeit on grounds which later courts found it difficult to further elucidate or consistently apply. Since the totally plotless film was assumed to be rare (not to say unmarketable) judges who were minded to apply the 'story being told' test tended to interpret it as an instruction to weigh the relative importance of character and narrative to the work. What was seldom made clear in these cases, however, was the calculus by which relative importance was to be judged. Were courts required to assess the respective contributions of character and plot to present or (in some cases future) commercial success, or should they set themselves up as literary or cinematic theorists and make their choice according to their own notions of how a film or novel works. It was not long before they were doing both. There was also a not always resisted temptation to treat all of the characters in a work as a collective entity so that they might more easily outweigh whatever storyline the work contained. Such theorising as existed was further impoverished by the factual anorexia typical of interlocutory proceedings, which most of these cases were.

### 2.3 Doctrinal Disintegration in the North American Character Cases

While seen by most commentators as a deliberate corrective to the doctrinal slippage which overtook *Nicolls*,<sup>84</sup> *Sam Spade* was itself open to subversion in a number of ways. Nor were the two lines of authority always kept distinct. Even when they were the (never more than tentative) search for an exclusionary principle was apt to be blown off course by various side winds most notably the need to characterise a sequel as a parody before fair use rules could apply and a tendency to treat visual appropriation of characters differently from non visual appropriation stemming from (but not in the end confined by) the separate status of cartoon and comic strip characters as artistic works. Further distractions were provided by an inability to distinguish between characters and the actors portraying them and inappropriate analogies drawn (often *sub silentio*) from the law of trade marks and unfair competition. The primary obstacle facing anyone seeking to use North American jurisprudence to provide an analytical calculus through which the copyright consequences of sequelisation can be assessed, however, is the emphasis on characters in the first place. Indeed many of these later decisions do not bear directly on the sequel issue at all, dealing as they do with situations in which the putative character snatcher has sought to conceal any connection with the narrative from which the character was supposedly snatched, usually by giving such characters different names (or even by not naming them at all).<sup>85</sup> This means that even when a true sequel does surface post *Nicolls* and *Sam Spade*, the now mandated search for the protected character

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<sup>83</sup> Ref?

<sup>84</sup> Nimmer???

<sup>85</sup> In the case of parody such disguises are thin, the whole point being to conjure up the original.

overshadows all of the other factors which might make a work ripe for sequelisation. The reasons for this focus on characters are unclear. It may only owe something to the fact that in the United States judges who are minded to protect characters independently from the works in which they are found do not have to find a home for them in an exhaustive list of works entitled to copyright protection. This, however, really only explains the how, not the why, and would not explain a similarly narrow focus on the part of courts in Canada where the statutory list of protected subject matter is exhaustive. The real reason is probably economic: characters are the only aspects of a work which can easily be separately recognised and traded outside it.

### 2.3.1 The Judge as Critic

One of the difficulties with both the *Nicolls* and *Sam Spade* tests was that they tempted (or even required) judges to set themselves up as *ersatz* book critics or film reviewers by making statements about literary or cinematic worth or authorial or audience attitudes which in other copyright contexts are downright discouraged or even denounced.<sup>86</sup> Thus in *Burroughs v Metro Goldwyn Mayer*<sup>87</sup> the court of first instance, when required to assess the copyrightability of Edgar Rice Burroughs' Tarzan, delivered itself of the following rather startling speech to justify a finding of distinctiveness under the *Nicholls* test:<sup>88</sup>

“Tarzan is the ape-man. He is an individual closely in tune with his jungle environment, able to communicate with animals yet able to experience human emotions. He is athletic, innocent, youthful, gentle and strong. He is Tarzan.”

Apart from reading like a particularly cloying (not to say adolescent) film review this passage is a complete inversion of Judge Learned Hand's warning in *Nicolls* against mistaking the type for the character. As one commentator has pointed out, the courts' pen portrait of Tarzan could equally well be applied to Kipling's Mowgli<sup>89</sup>. An equally dubious judicial foray into the role of critic is to be found in *Metro Goldwyn Mayer v American Honda Motor Co*<sup>90</sup> when the court refers to the Bond character's “grace under pressure” and “dry sense of humour and wit,” scarcely identifying features of any rarity in spy and detective fiction.

### 2.3.2 Copyrightability by Accretion

One way of fleshing out *Nicolls* sometimes resorted to by American judges was to apply a kind of copyrightability through accretion test. Characters who were perhaps insufficiently distinctive when they first appeared on the page, stage or screen, might

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<sup>86</sup> In the United States as elsewhere it is generally accepted that aesthetic or value judgments have no place in deciding copyrightability or infringement.

<sup>87</sup> (1982) 519 F Supp 388.

<sup>88</sup> *Ibid*, 391.

<sup>89</sup> L A Kurtz, “The Independent Lives of Fictional Characters” [1986] *Wisc L Rev* 429,458.

<sup>90</sup> (1995) 900 F Supp 1287, 1299.

become so as sequelisation proceeded and the public became more and more aware of the characters' defining traits and habits, such awareness eventually reaching a tipping point where separate copyright status was achieved. This process can first be seen at work in *Filmvideo Releasing Corporation v Hastings*<sup>91</sup> in which copyright status was bestowed on the cowboy hero Hopalong Cassidy originally created by Clarence E Mulford. Mulford wrote twenty three Hopalong Cassidy books all of which were made into films. By the time of the proceedings the film copyright had fallen into the public domain<sup>92</sup> but the book copyrights were still extant. Eleven of the films closely followed the plots of the books but the remaining twelve did not. Mulford had agreed, however, that four of the series' characters including the hero could be utilised by the filmmakers in creating their own storylines. After the film copyrights expired Filmvideo acquired the celluloid negatives and sought to license their use to various television companies. Mulford's estate and the company to which it had licensed the television rights claimed that this infringed the book copyright, a claim which could only be made to stick in relation to the twelve independently plotted films, the court thought, if the characters were independently copyrightable, which it found they were. The court was fortified in arriving at this conclusion by the fact that, by the time of the case, many of films' recurring characters were sufficiently "well known to the public" to meet the *Nicolls* criteria,<sup>93</sup> particularly Hopalong himself, who having achieved world wide prominence was a "valuable property right" on his own account.<sup>94</sup> While the *Filmvideo* court did not expand on this theme in any detail, its somewhat insouciant (and certainly unexplained) conflation of reputation and copyrightability raises more questions than it answers. Copyright subsistence is a once for all event and a work does not become more copyrightable over time. Historically accumulated goodwill may be very relevant to passing off and other forms of unfair competition but it is not a proxy for copyrightability. The timing of copyright subsistence has never owed anything to audience perceptions.

The accretion approach to character copyrightability was more explicitly articulated in *Metro Goldwyn Mayer v American Honda Motor Co*<sup>95</sup> a case involving the alleged incorporation in television advertisements for the defendant's cars of material supposedly taken from sixteen James Bond films made by the plaintiff. As well as alleging the direct taking of the helicopter chase scenes from some of the films, the plaintiff also claimed that the James Bond character was copyrightable under both the *Nicolls* and *Sam Spade* tests and that the use of Bond's unique character traits as developed through the plaintiff's films by the advertisement's male protagonist infringed this separate copyright,

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<sup>91</sup> (1981) 509 F Supp 60.

<sup>92</sup> They had not been renewed as American law then required.

<sup>93</sup> (1981) 509 F Supp 60.

<sup>94</sup> *Ibid*, 62.

<sup>95</sup> (1995) 900 F Supp 1287.

if only for the restricted purposes of deciding whether or not to grant interlocutory relief. The court justified the granting of relief in the following terms:<sup>96</sup>

“Like ... Sherlock Homes, Tarzan and Superman, James Bond has certain character traits that have developed over time through the sixteen films in which he appears. Contrary to the defendant’s assertions, because many actors can play Bond is a testament to the fact that Bond is a unique character whose specific qualities remain constant despite the change in actors. ...Indeed, audiences do not watch Tarzan, Superman, Sherlock Holmes or Bond for the story, they watch these films to see their heroes at work. A James Bond film without James Bond is *not* a James Bond film...[T]he Honda Man’s character, from his appearance to his grace under pressure, is substantially similar to the Plaintiff’s Bond.”

Quite apart from the spill over of core concepts like reputation and goodwill from unfair competition to copyright there are problems with the internal logic of these cases.. Pointing to actor turnover in the Bond films as an indicator of character consistency over time in the *Honda* case has to be set against the fact that the Hopalong Cassidy character fought over in *Filmvideo* was played by the same actor (William Boyd) in all twenty three of the films. There is also the difficulty that in *Honda* the defendant was able to point to two Bond films, “Casino Royale” and “Never Say Never Again”, over which MGM had no rights. The court was able to side step this problem by emphasizing that MGM had no copyright in the Bond character in the abstract but only in James Bond as expressed in the sixteen films made by them, thus raising the prospect of a trinitarian copyright consisting of the MGM Bond, the Casino Royale Bond and the overarching Ian Fleming Bond as expressed in the novels by that author. While the three would have traits in common, each could, on this line of reasoning, have been the subject of a separate copyright. Had the litigation been between owners of the supposedly distinct characters the notion of copyrightability by accretion might have been exposed as more than a little flaky. Once again the contrast with *Filmvideo* is instructive. The Hopalong Cassidy of Mumford’s novels was a cursing, hard drinking, quick tempered anti-hero. The Hopalong Cassidy portrayed in the films was the total opposite, teetotal, mild-mannered and never a swear word passed his lips. Despite these divergent (some would say inverted) traits, both Hopalongs were treated as one by the *Filmvideo* court which somehow implausibly observed that the film character simply brought out the inner sentimentalist hidden within Mulford’s rough diamond.<sup>97</sup> Also problematical is the assumption in *Honda*<sup>98</sup> that ownership of a work *ipso facto* carried with it the ownership of *any* separately ownable character within it<sup>99</sup> even though it may have been through works owned by others that

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<sup>96</sup> *Ibid*, 1296.

<sup>97</sup> 509 F Supp 60,65. For an equally forgiving attitude to the inversion of a character’s attributes, see *Toho Co Ltd v William Morrow and Co Inc* (1998) 33 F Supp 2d 1206 in which copyright in the fire breathing city stomping, time transplanted dinosaur Godzilla, survives a switch from evil killer to human friendly guardian. Cf *JB Oxford Co v First Tennessee Bank National Association* 2006 WL 98 (2001).

<sup>98</sup> 900 F Supp 1287, 1293. See also *New Line Cinema Corporation v Bertlesman Music Corp* (1988) 693 F Supp 1517, 1521, n5.

<sup>99</sup> 900 F Supp 1287, 1293.

the necessary character distinctiveness may have been built up. Again, while the *Filmvideo* and *Honda* courts had no need to pinpoint the moment in time at which (and more importantly the work in which) separate copyrightability emerged, this might become highly significant if the tipping point came in an earlier work copyright in which was not owned by the plaintiff. The timing mismatch may matter in other ways too. Different starting points for copyright duration must lead to different finishing points thus leading logically to the conclusion that that copyright in a character can outlive the copyright in any work (be it film or book) in which the character first appears but has yet to acquire separate copyright (or indeed any work in which the tipping point has yet to be reached).

### 2.3.3 The Character Predates The Work

One of the more curious character cases to emerge from an American courtroom is *Columbia Broadcasting System v De Costa*<sup>100</sup>. The unlucky protagonist of this story was a mechanic from Rhode Island who found his way out west becoming what would today be described as a rodeo groupie frequenting rodeos, horse shows and sales, town parades in an all black cowboy costume he devised incorporating black shirt and trousers, a flat crowned back hat with a religious medal attached to the front and a chess knight on his holster. He had cards printed bearing the chess knight motif and the phrase “Have Gun Will Travel”. Thus accoutred and calling himself Paladin he travelled around various parts of the United States Western riding his horse in parades, handing out cards and giving quick draw demonstrations in staged gun fights in which the *piece de resistance* was the production from his boot of a hidden derringer pistol at the last minute. Some ten years after De Costa took up his largely unpaid vocation he became aware of the hugely successful television series *Have Gun Will Travel*, the hero of which was also called Paladin and was kitted out in an almost identical way down to the business cards and hidden derringer. The first instance jury brushed aside the defendant’s protestations of coincidence and found that De Costa’s Paladin creation had been copied. Because, however, De Costa sued under state “misappropriation of creative ideas” laws, he was in the ironical position of having to demonstrate that “his” character was not protectable subject matter under the federal copyright statute and that his state cause of action had not therefore been pre-empted as a result.<sup>101</sup> Sadly, when the case reached the First Circuit Court of Appeals, the pre-emption argument was rejected on the grounds that some characters were indeed copyrightable. This, however, did De Costa no good because he had not registered his character as United States law then required. (He probably would also, cards and photographs apart, have failed the still extant fixation requirement although this point was not raised.) The case is interesting because in its backhanded way the First Circuit recognised that if characters were protected copyright

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<sup>100</sup> (1967) 377 F 2d 315.

<sup>101</sup> The constitutional doctrine of pre-emption in the United States is complex. Broadly speaking, a federal law within power will displace a state law covering the same subject matter. In this case it meant that if Congress *could* have directly or indirectly enacted legislation protecting characters under the “writings” clause of the US Constitution (Art I §8, cl 8) but did not do so (whether by deliberate choice or mere omission) state laws protecting characters would be displaced.

subject matter in their own right, they could (fixation issues aside) exist perfectly happily outside any narrative or story.

### 2.3.4 Deconstructing the Character

In their search for what is distinctive (*Nicolls*) or significant for the story (*Sam Spade*) about a character, American judges sometimes broke its *persona* down into constituent parts. The parts most focused on were names, visually distinctive clothing and unique speech patterns. Once character copyrightability was established, of course, such dissection is a perfectly normal (and sometimes necessary) prelude to comparing character A with character B in cases where substantial similarity is in doubt (as it will usually not be when a named character is reused in a sequel). Sometimes, however, American judges reversed the order of analysis and dissected the character in order to find some feature or features within it which would help it to pass or fail the *Nicolls* or *Sam Spade* tests in the first place. In none of these cases was it suggested that the distinctive feature itself merited separate copyright protection, United States law being no more friendly to the copyright status of minimalist items such as book or film titles, catch phrases or the names of characters<sup>102</sup> than most of the world's copyright regimes.<sup>103</sup> Nevertheless, the result was much the same, particularly where the character's supposedly distinctive features did not remain constant during its copyright lifetime (the inverted Hopalong Cassidy in *Filmvideo* being a good example).

A similar hollowing out of a character's identity can also be seen in cases where separate copyrightability is conceded on the basis of a whole raft of characteristics which supposedly define the character but only some of these characteristics have been appropriated by the defendant. Something like this occurred in *Universal City Studios and Kamen Industries*<sup>104</sup> in which the makers of the film *ET-The Extra Terrestrial* sued manufacturers and distributors of T shirts and other items emblazoned with such instantly recognisable snatches of dialogue from the film as "I Love You ET" and "ET Phone Home". Finding the character copyrightable under the *Sam Spade* test the court went on to hold that its name was both highly distinctive and central to its identity. But was this so? However egregious the defendant's behaviour in unfair competition terms, it could only amount to substantial taking because the character was extracted from the film and treated as separately copyrightable. When set against the film as a whole the taking is less obviously infringing. One is left with the distinct impression here that findings like these are simply ways of avoiding otherwise applicable *de minimis* rules which would normally deny protection to catch phrases, titles, slogans and the like.<sup>105</sup>

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<sup>102</sup> See *Lone Ranger Inc v Cox* (1941) 39 F Supp 487; *Rokeach v Avco Embassy Pictures* (1978) 3 Med L Rep (BNA) 1774.

<sup>103</sup> See text accompanying n ? below.

<sup>104</sup> (1982) CCH Copyright Decisions ¶25,452.

<sup>105</sup> See, for example, *Pellegrino v American Greetings Corp* 592 F Supp 459, 462; *Gordon v Warner Bros Pictures* (1969) 269 Cal App 2d 31, 34.

### 2.3.5 Grouping and Linking Characters

Can characters that do not make the copyrightability grade individually do so collectively? Do characters insufficiently distinctive in themselves to become copyrightable become so when they are linked with a character that does pass muster under the *Nicolls* or *Sam Spade* tests? Certainly such arguments have been put (not always successfully it is true) in Canadian and American cases. One case in which they were decisive was *Anderson v Stallone*.<sup>106</sup> Here, rather unusually, it was the author of the unauthorised sequel who brought the action. The case revolved around conflicting claims of authorship and ownership of *Rocky IV*. The plaintiff Anderson wrote a thirty one page screen play for *Rocky IV* and submitted it to Stallone and the other makers of *Rocky I, II and III*. There were abortive discussions relating to the use of the screenplay but no written contract emerged.<sup>107</sup> *Rocky IV* was made without any further input from Anderson who claimed that what had been filmed was for all practical purposes “his” screenplay<sup>108</sup> and sued for copyright infringement. The defendant countered by arguing, firstly, that *Rocky IV* as made was not substantially similar to Anderson’s screenplay and second that the screenplay infringed copyright in the characters developed in *Rocky I, II and III* by directly copying them or by using them to construct an unauthorised derivative work.<sup>109</sup> Only the second submission is germane to the sequel debate. Because Anderson’s screenplay was an infringing work, the court ruled, no part of it was entitled to copyright protection even the supposedly new plot<sup>110</sup> which all concerned admitted owed nothing to *Rocky I, II and III*. What is interesting for present purposes is that the court’s focus was not only on Rocky, the hero of the series, but also on his sidekicks and friends: Adrian, Apollo, Creed, Clubber Lane and Paulie whose interconnections and interrelationships formed an observable, and in the court’s view, repeatable pattern as the series developed. Whether any of the characters other than Rocky himself were protectable under the *Nicolls* or *Sam Spade* tests was not something the court felt it had to decide. It was sufficient that they passed the tests for copyrightability as a group. Once that was decided their collective appropriation into a sequel could not but infringe, or so the court held.

A very different perspective on groups of characters is offered in the Canadian case *Preston v 20<sup>th</sup> Century Fox Ltd*<sup>111</sup>, a dispute over the origins of the group of creatures called Ewoks who played such a pivotal role in *The Return of the Jedi*, the third film in George Lucas’ successful Star Wars series. The Ewoks had no personality in any real

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<sup>106</sup> (1989) 11 USPQ 1161.

<sup>107</sup> The existence of oral and implied contracts was alleged as was breach of confidence and unjust enrichment but claims based on these causes of action were held to be time barred under state law, outside the scope of summary judgment proceedings (which these were) or pre-empted.

<sup>108</sup> That there were similarities between the two was undoubted. Both used the same core idea of Rocky fighting boxer from the former Soviet bloc with much cold war drum beating.

<sup>109</sup> The distinction between the two forms of infringement does not emerge clearly from the judgment.

<sup>110</sup> Whether the plot was in fact new is an issue discussed in the next section.

<sup>111</sup> (1990) 33 CPR 242.

sense and there were no individual Rocky style relationships between them and any human characters. While they had collective characteristics these were hard to distinguish from the Olaks, another tribe of small furry squeaky creatures created by the plaintiff,<sup>112</sup> who do not figure in Lucas' film at all. There was thus no pattern of interaction sufficient to establish distinctiveness for copyright purposes, or so the Canadian court held.

### 2.3.6 Laying Claim to the Sequel in Advance

One largely undeveloped feature of the Rocky litigation which has interesting implications for the film industry is the importance attached by the court to Stallone's minimalist outlining his thoughts on what *Rocky IV* might look like at a press conference predating the plaintiff's script. While these public musings were insufficient, the court held, to themselves cross the line from idea to expression, they did allow the defendants to refute any suggestion that they had in some sense stolen the plaintiff's screenplay.<sup>113</sup> Being at this point innocent of any knowledge that the screenplay existed, Stallone could not have taken anything from it whether or not that something was idea or expression.<sup>114</sup> While the court's thoughts on this subject were only of marginal significance in the case itself, they do offer interesting pointers to authors planning sequels to their own works. Outlining the sequel's plot in advance might be enough to pre-empt the use by others of that plot.

## 2.4 Over Extrapolation From Special Cases

One factor limiting the usefulness of the Canadian and American character and sequel cases outside those jurisdictions is that so many of them deal with two highly atypical situations. The first of those situations concerns the tone shift sequel which sends up the original or makes some wider social comment. The second occurs when it is the visual aspects of a character that have supposedly been taken. Neither type of case is a particularly good place to look for principles of wider application.

### 2.4.1 The Sequel as Parody

Authors seeking to fight off allegations of character theft or unauthorised sequelisation are not unnaturally tempted to argue that what they have produced is a parody or satire rather than the purely commercially motivated misappropriation described by the copyright owner.<sup>115</sup> Certainly the breadth and open endedness of the concept of the fair use exception in the United States and its longstanding constitutional backing makes

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<sup>112</sup> The court's judgment is somewhat marred by the adoption of a reputation based on analysis in which the global goodwill established in the Star War films made the Ewoks "widely known" in contrast to the tiny circulation of the plaintiff's script among friends and acquaintances. *Ibid*, para 75.

<sup>113</sup> (1989) 11 USPQ 1161, 1170.

<sup>114</sup> The court's reasoning is a little confused at this point. The symbolic US versus USSR boxing match is referred to as an idea. If this was all there was, there could have been no misappropriation in either direction, *id*.

<sup>115</sup> See for example, *Film Video Releasing Corp v Hastings* (1995) 900 F Supp 1287, 1299; *New Line Cinema Corp v Bertlesman Music* (1982) 693 F Supp 1517, 1525; *Edgar Rice Burroughs v Mann* 195 USPQ (BNA) 159.

resort to such arguments more tempting and more frequent than they might be in jurisdictions such as the United Kingdom where otherwise infringing parodies have to bring themselves within the much narrower “fair dealing for the purposes of criticism and review” defence<sup>116</sup> and where the influence of the European Convention on Human Rights is too recent to throw up authorities directly applicable to the sequel issue. This is not, however, the whole story. Canadian character jurisprudence is also of no very great antiquity and its infringement defence is equally circumscribed<sup>117</sup> but there is at least one instance of a Canadian court holding that a parody could be criticism.<sup>118</sup>

It is not proposed to traverse here all of the twists and turns in North American parody law. Instead, I will filter the fair use debate through the first instance and appellate decisions in *Suntrust Bank v Houghton Mifflin Co*<sup>119</sup> (*The Wind Done Gone* litigation) as a paradigmatic example of an unabashedly unauthorised sequel being successfully defended as a fair use parody.

In 1936 Margaret Mitchell wrote *Gone With The Wind* (“GWTW”). For a time thereafter the book was a best seller, second in sales only to the Bible. In 1939 it was made into an equally successful film which won Academy awards. Set largely in the American South before and during the Civil War Mitchell’s book has a particularly benign, if historically tendentious attitude towards slavery. Her highly sanitised depiction of Southern institutions and mores makes for somewhat queasy reading today. GWTW depicts the ante bellum world almost entirely from the point of view of plantation owning whites and holds that world up to readers as ideal, stable and happy until it was brought to an end by a brutalised Union soldiery. Some idea of the flavour of Mitchell’s opus can be gleaned from her heroine, Scarlett O’Hara’s observation that emancipation “had just ruined the darkies” and the author’s likening of freed blacks to “monkeys or small children turned loose among treasured objects that were beyond their comprehension.”<sup>120</sup> After Mitchell’s death the trustees of her estate authorised the publication of one sequel (by Alexandra Ripley) and entered into negotiations with various other authors for more of the same<sup>121</sup>

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<sup>116</sup> Copyright, Designs and patents Act 1988 (UK), s 30(1).

<sup>117</sup> Copyright Act, RSC 1985, c C-42, s 29.1.

<sup>118</sup> *Productions Avanti Cine-Video v Favreau* (1999) 177 DLR 4<sup>th</sup> 568, 594. There was not fair dealing on the facts, however. Cf *Compagnie Generale des Etablissements Michelin v National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW- Canada) and Basil Hargrove and Larry Wark* [1997] 2 FC 306 in which it was uncompromisingly held that a parody could never be criticism or review.

<sup>119</sup> (2001) 136 F Supp 2d 1357; (2001) 268 F 3d 1257.

<sup>120</sup> As cited 268 F 3d 1257, 1270

<sup>121</sup> Not all of these prospective surrogate Mitchells were able to stomach the demands the trustees made of them. Would be sequel authors were required to stipulate that they would not kill off Scarlett, and abjure any mention of homosexuality or interracial sex.

Alice Randall, a black writer and Harvard graduate, was so troubled by both Mitchell's sanitised picture of antebellum slaveholding and GWTW's continuing popularity that she decided to explode the myth by writing her own version of Mitchell's tale. She called the resulting work *The Wind Done Gone* ("TWDG") Unlike GWTW which was mostly told in the third person TWDG took the form of a first person diary kept by Scarlett's illegitimate slave half sister Cynara, a character entirely absent from Mitchell's book.<sup>122</sup> Publication was initially prohibited but was allowed to proceed after a successful appeal to the Eleventh Circuit. Both first instance and appellate decisions repay study. (Only the former examines in any depth how and when a sequel might infringe if not saved by fair use.)

TWDG subverts almost everything about GWTW. Strong characters become weak and vice versa. Institutions and values revered by Mitchell are scorned as corrupt and vicious by Randall.<sup>123</sup> To make this upending of GWTW work, Mitchell has to recycle most of its physical and temporal setting and large slices of its plot and dialogue. This tone and perspective shift takes up most of the first half of TWDG. Only the latter portion of the book entails a true time shift by pushing the story out much further into the Reconstruction era than Mitchell felt any need to go. Randall also reuses sixteen of Mitchell's characters under thin and deliberately penetratable disguises.

What then does this unusually direct engagement with the sequel problem tell us about American law on the subject? Both courts agreed that without the safe harbour of fair use TWDG would have infringed, given the massive overlap in plot, dialogue, characters and setting. Both courts also seem to assume that Randall's time shift was an unauthorised derivative work<sup>124</sup> but neither chose to ground its finding of infringement on this assumption. The issue of whether a sequel could adapt without copying is thus left blurred with both courts choosing to approach the infringement issue as a search for substantial similarity only. "Sequel" is treated throughout as an objective rather than a subjective concept<sup>125</sup> and both courts infer that some element of time shift is necessary to constitute a true sequel. Again, while both courts accept the principle that characters are separately copyrightable neither does anything much with it on the facts in front of them<sup>126</sup>

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<sup>122</sup> The name , however, does figure in the line from an Ernest Dowson poem reproduced at the beginning of GWTW : "I have forgot much, Cynara. Gone with the wind"

<sup>123</sup> 268 F 3d 1257,1267

<sup>124</sup> This is more explicit in the first instance decision, 136 F Supp 1357,1375. In the appellate judgments derivative use enters the equation as one of the possible indicia of market substitutability and thus properly part of the fair use analysis

<sup>125</sup> Thus the first instance court held that whether or not the author set out to write a sequel was irrelevant, 136 F Supp 1357, 1375, 1377.

<sup>126</sup> There is a tantalisingly backhanded recognition by the first instance court that minor characters might be lawfully reusable in some circumstances, 136 F Supp 1357,1369.

It is on the fair use issue that the appellate and first instance courts part company. Both thought that a finding as to whether or not TWDG constituted a parody was required of them in order to justify the extensive borrowings that had actually occurred but neither took the view that this was the only way in which fair use could be demonstrated. It has to be said, however, that the first instance court was surely right in holding that to describe TWDG as a parody was to stretch that concept to breaking point. From a viewpoint safely outside the jurisdiction in question, the parody inquiry seems a distraction better avoided. When one is blessed with an open ended definition of fair use it seems to be perversely masochistic to limit the analysis in this way. Other aspects of the Eleventh Circuit's fair use finding are likely to travel better, among them:

[1] The more transformative the sequel the easier it is to justify a finding of fair use. A serious tone or perspective shift will lessen the effect of negative factors such as commercial motive or market substitution that might otherwise tell against the alleged infringer.<sup>127</sup>

[2] Scenes and dialogue from the original can be reused if the context in which they placed in the sequel invests them with new significance. Characters may be recycled if their motivations and viewpoints differ from those given to them in the original.<sup>128</sup>

[3] Market substitution assumes a commonality of taste and interest among consumers. Readers to whom Mitchell's romanticised racism appeals are unlikely to be avid consumer's of Randall's very different view of life down on the old plantation. And even where overlapping readership exists it is just likely that both works will be consumed rather than one simply replacing the other.<sup>129</sup>

[4] While courts may properly take into account the effect of the defendant's activities on the market for *authorised* sequels, commonality of taste and interest must be demonstrated here as well.<sup>130</sup>

[5] Due regard for the effect on the market for authorised sequels should not be used as a way of extending the copyright period by stealth. Whatever an authorised sequel lifts from the original will be unprotected once copyright in the latter expires.<sup>131</sup>

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<sup>127</sup> This simply applies earlier Supreme Court authority in the context of the sequel, *Campbell v Acuff Rose Music* (1994) 510 US 569.

<sup>128</sup> 286 F 3d 1257, 1273.

<sup>129</sup> See the separate but concurring judgment of Markus J, *ibid*, 1277.

<sup>130</sup> *Ibid*, 1274

<sup>131</sup> *Ibid*, 1275

### 2.4.2 Appropriating the visual image.

Another distraction facing American judges is the gradual emergence of what may be a separate set of rules for characters that are in some way visually distinctive. This phenomenon had its origins in a series of cases involving the alleged appropriation of comic book or cartoon characters. When the transposition was to a similar medium such as comic to comic or animated film to animated film courts were not unnaturally inclined to downplay or even ignore plot and narrative and rely on simple visual comparisons just as they had always done with the general run of graphic works.<sup>132</sup> Courts were then tempted to apply the same simplified approach to portrayals of comic book or cartoon characters by live actors, at first on stage<sup>133</sup> and then on film<sup>134</sup>The final step, one only graphically. This had the potential to isolate both *Sam Spade* and *Nicholls* in the print world. What was never made clear in all this was whether the two tests were being bypassed for visually strong characters or whether such characters met the tests more easily.<sup>135</sup> Whatever its theoretical status, the visual appropriation approach was pregnant with some unfortunate consequences. It made it easier to ignore Hopalong Cassidy style inversion of traits and habits if two characters were visually similar.<sup>136</sup> A further step only tentatively taken and then only by some courts was to cut the visual appropriation exception, if exception it was, loose from its comic book origins so that it applied to *any* visually depicted character, even one that had never been represented graphically,<sup>2</sup> thus running the risk of confusing actor bestowed attributes with author bestowed ones.<sup>137</sup>

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<sup>132</sup> The practice was by no means invariable. There were early cases in which the courts felt constrained to supplement their visual comparison with a hunt for a commonality of traits and attributes in the same way as they did in the print world, see for example, *Detective Comics Inc v Bruns Publications* (1940) 111 F 2d 432 in which the plaintiffs Superman and the defendant's Wonderwoman were rather unconvincingly found to have "superhero" traits in common, gender notwithstanding. Sometimes this search for matching but non visual commonalities sent judicial imaginations into overdrive, see *Universal City Studios v JAR Sales* (1982) CCH Copyright Dec.25,460 in which the court claimed to be able to detect the same "mood of loveliness" in an allegedly infringing stuffed toy as in the eponymous star of the plaintiff's film "ET"

<sup>133</sup> A process that started surprisingly early, see *Hill v Whalen and Mirrel* (1914) 220 F 359

<sup>134</sup> *Warner Bros. v ABC* (1983) 720 F 2d 231

<sup>135</sup> The point was inconclusively pondered in *MGM v Honda* (1995) 900 F Supp 1287, 1295 and *Anderson v Stallone* (1989) 11 USPQ 1161, 1160. More typically the distinction was simply fudged, see *Walt Disney Productions v Air Pirates* (1978) 581 F 2d 751 and *Olson v NBC* (1988) 855 F 2d 1446,1457.

<sup>136</sup> Thus in *Walt Disney v Air Pirates* the court had no difficulty in finding that the defendant's conversion of Disney's morally clean and scrubbed characters into drug taking, sexually active layabouts could not deflect a finding of infringement given that the two sets of characters looked the same to the non professional eye.

<sup>137</sup> This sometimes worked to the defendant's advantage where a finding of no similarity was based on the difference in physical appearance between the actors playing the contested characters, as in *Warner Bros.v ABC*(1983) 720 F 2d 231,235.Cf. *Supreme Records v Decca Records* (1950) 90 F Supp 904

### 3. THE CHOICES FACING COURTS IN THE UNITED KINGDOM

Given the thinness of existing authority<sup>138</sup> and absence of legislative intervention,<sup>139</sup> there are few limits on the choices facing English and Scottish judges if and when they are called upon to cope with an unauthorised sequel. As in North America some of those choices lie between copyrightability outside the original (which would retain a separate copyright for authors) or treating unauthorised sequels as infringing the original (which would throw sequelisation rights to owners of copyright in the original).<sup>140</sup> There is a third possibility (not foreshadowed in the North American jurisprudence outside the fair use cases but open on the present exiguous state of the United Kingdom authorities) of treating sequelisation as part of the public domain and thus no one's property.

#### 3.1 Copyrightability Outside the Original

Copyrightability outside the original does not always mean dissection and extraction, it could also mean (at least in theory) expansion of the original into a kind of superwork. Only in relation to the former are there North American precedents. Both alternatives need to be explored.

##### 3.1.2 Decompilation and Extraction Distinguished

The notion that works can be broken down into other works is not inherently strange. We accept easily enough the idea of a compilation as a work consisting of an original selection and arrangement of other works, parts of works or items in the public domain. A compilation built up in this way can be deconstructed as visibly and uncontroversially as it is constructed.<sup>141</sup> Nor do we have any trouble with the idea that different works may be simultaneously presented to the public as part of a wider whole. A stage musical will usually contain lyrics and music as well as unsung dialogue and dramatic action and depend on the prior existence of set and costume designs for its effectiveness. The

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<sup>138</sup> See cases cited in n 1 above and n ? below, all of which on their facts deal with the introduction of new characters into an existing story. Reflections on sequels or in the case of Lord Hanworth MR in *Kelly v Cinema Houses*, prequels, are strictly *obiter*.

<sup>139</sup> The notion of a statutory character right was explicitly rejected by Whitford Committee, Cmd 6732 (1977) para. 909.

<sup>140</sup>“Choice” might not be the right word here. The two approaches do not have to be alternatives. There could be a stand off between character owning authors and original owning publishers or film makers so that neither could embark on a sequel without the other's consent, a result which would hearten those law and economics scholars for whom games theory provides all the answers to hard legal questions.

<sup>141</sup> Not all compilations use works or parts of works as their building blocks. Some consist of aggregated and arranged facts, names, addresses, products, services and the like. Even the most enthusiastic supporters of copyrightability for databases have never suggested that individual entries themselves retrospectively achieve the status of works in their own right. The act of compilation does not alter the nature of what is compiled. Categorising aspects of a compilation as a work or non work for copyright purposes must logically depend on events which take place before compilation occurs. The existence of a parallel system of *sui generis* data base rights which by definition have no need to use the “work” as an organising principle in no way diminishes the importance of the distinction made here, however much it may soften its practical consequences.

modern film could not exist without underlying works such as the screen play and score for the sound track.<sup>142</sup> In all of these examples, however, the part can be understood and appreciated separately from the whole<sup>143</sup> even if by a different audience or readership and whether or not its author intended it to be treated in this way.<sup>144</sup> The process of dissecting original and sequel to find some common element with a view to constituting that element as a separate work is very different. Here the process is entirely artificial and instrumental. That which is taken out has no life of its own. It is neither intended to be consumed outside a given work, nor can it in fact easily be so consumed.<sup>145</sup> However, important the item may be to a work's effectiveness (whether judged subjectively and individually by authors or collectively and objectively by consumers) it remains (pictorial representations apart) a means to a creative end, not a creative end in itself. What the courts are being invited to do in these cases is either treat a tool or technique as protected subject matter outside a work, a proposition that quickly runs up against the principle that copyright protects expression not method, or treat characters and plots as constituting works in their own right, a process that assumes that they can in some sense live on their own and for which, once started, it is not easy to set rationally defensible (or even easily explicable) limits and which in other contexts English judges have rejected. Thus in *Hyperion Records v Warner Records*,<sup>146</sup> a case concerning the "sampling" by a pop group of eight notes from a recording of a Gregorian chant. Judge Laddie QC, as he then was, rebuffed attempts by the owners of copyright in the latter to argue that the notes taken were themselves a work. In a passage which has some resonance in the sequel debate, he stated:

"I do not accept that all copyright works can be considered as a package of copyright works, consisting of the copyright in the whole and an infinite number of subdivisions of it."

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<sup>142</sup> The actual recording of the sound track is treated as part of the film, Copyright, Designs and Patents Act 1988 (UK), s 5B.

<sup>143</sup> Severability does not require that part and whole be different types of work. Films can be made up of films and literary works of other literary works.

<sup>144</sup> In the case of a compilation the constituent parts are intended by their authors to be freestanding. Conversely, while underlying scripts and music will often (but not always inevitably) be created for the express purpose of inclusion in a particular film or dramatic work, their authors will usually be well aware that market exists for their separate consumption and construct them with that in mind.

<sup>145</sup> Individual readers and film goers are always free to continue the story in their own heads but they do not themselves become authors unless and until they record these imaginings in some material form (see *Micro Star v FormGen Inc*, 48 USPQ2d 1026 (9th Cir 1998). However attractive to the postmodernist mind the concept of reader mediated text is yet to become part of copyright law.

<sup>146</sup> 1991 (Unreported, Laddie J) The case is discussed in L Bently and B Sherman, *Intellectual Property Law* (OUP, Oxford, 2001). A similar point was made by some members of the Court of Appeal in *Newspaper Licensing Agency Ltd v Marks and Spencer* (2000) 48 IPR 229 although the issue was barely touched on by the House of Lords on appeal.

And went on to add that:

“[I]f the copyright owner is entitled to refine his copyright work so as to match the size of the alleged infringement, there would never be a requirement for substantiality.”

### 3.1.3 Failed Candidates for Separate Copyright

Even the most enthusiastic supporter of copyright expansion might be expected to flinch from embracing the reductionist absurdity that everything that goes to make up a work is itself a work. Courts too have made it clear that there are some limits to the infinite regression which dissection and extraction invite. Attempts to protect catch phrases and characteristic turns of speech have generally been rebuffed.<sup>147</sup> Judges have usually been equally dismissive of arguments that copyright can subsist in the titles of books, plays or films.<sup>148</sup> Often, however, the ground on which this has been done, a supposed inability to display an appropriate level of originality, is both unconvincing on the facts of the cases in question<sup>149</sup> and ill adapted for resisting similar attempts where the originality of the part to be extracted is not in any doubt. What the courts often seem to be groping for in these cases is either some sort of *de minimis* exclusionary principle or perhaps an attempt

<sup>147</sup> *Sinanide v La Maison Cosmeo* (1928) 44 TLR 674.

<sup>148</sup> On the copyrightability of titles generally, see *Dick v Yates* (1881) 18 Ch D 76; *Primrose Press Agency v Knowles* (1886) 2 TLR 404; *Broad v Meyer* (1912) 57 Sol J 145; *Houghton v Film Booking Offices Ltd* (1931) 48 RPC 392; *Cheney v Rialto Productions Ltd* [1936-1945] Mac G Cop Cas 386. More cautious courts leave open the possibility that names and titles might in some unstated circumstances be entitled to copyright protection even as they dash the hopes of the plaintiffs in the case actually before them, see *Exxon Corp v Exxon Insurance Consultants* [1981] 3 ALL ER 241 and *Shetland Times v Wills* [1997] FSR 604. (Copying the title of a work may also amount to infringement of copyright in the work as a whole whether or not it is a separate work, see cases in *Halsbury Laws of England* 4<sup>th</sup> Rev Ed 9(2) but that is a different issue.) *Francis Day and Hunter v Twentieth Century Fox* [1940] AC 112. Title theft need not involve title to title copying. Where the original bears the name of its core character then taking the character has the same effect, or so a Quebec court has held. *Zlata v Lever Bros* (1948) 8 Fox Pat C 122.

<sup>149</sup> The lower the originality threshold the less convincing these arguments become. A title or catch phrase will almost always be original in the sense of not being copied (the minimalist requirement laid down by Lord James in *Waldron v Lane* [1900] AC 539). It would also be difficult for them to fall below the triviality barrier for effort or skill expended suggested as appropriate in *Autospin (Oil Seals) v Beehive Spinning* [1995] RPC 683. Just how low the originality threshold is in the United Kingdom is open to debate. (Some judges resolutely refuse to be drawn on the matter, preferring to treat it as an impenetrable question of fact to be resolved case by case. *Cambridge University Press v University Tutorial Press* (1928) 45 RPC 335; *Biotrading and Financing v Biohit* [1998] FSR 98.) The existence of a higher threshold for copyright in data bases provides some ammunition for those who would argue that it remains low (or even that it has been driven lower) in other cases. The position is otherwise in the United States where the higher originality barrier set by the Supreme Court *Feist Publications Inc v Rural Telephone Services Inc* (1991) 499 US 240 applies across the board. Cf *Telstra Corporation Ltd v Marketing Systems Ltd* [2001] FCA 61. That titles should fail the test for separate copyrightability in a jurisdiction which applies a high originality threshold is not surprising at all. (Indeed examples of such failure can be found long before *Feist* as seen in *The Lone Ranger Inc v Cox*, n ??? above, 490.) Films and sound recordings need not of course be original under United Kingdom law but film titles and album names are not films or sound recordings. If protected at all, they are protected as literary works.

to revive the outdated notion that literary (if not other) works must convey “information, instruction or pleasure” when standing alone.<sup>150</sup> These are all negative indicia of failure after the event, necessary but not sufficient tests of extractability. Only in the case of characters can we find anything resembling positive criteria of sustainability and it is these we must now examine.

### **3.1.4 Problems With Separately Copyrightable Characters**

A United Kingdom court tempted to travel any way down the North American road to separate character copyrightability would quickly find that it faced a formidable set of obstacles, some theoretical, some practical. This might be no bad thing, if it forced judges to confront seldom asked questions about the nature of a copyright work. If, however, these issues were fudged, as they largely have been in North America, the result might be a silent shifting of doctrinal boundaries whose long term effect might be difficult to calculate.

#### **A. Can characters be extracted and survive outside the work and if so as what ?**

Most of the North American cases involve characters that are central to the original. Minor characters seldom make it to copyrightability unless collectively. This leaves open the possibility that a marginal or indistinct character could be recycled with impunity. Whether judges are well placed to assess a character’s role in the original in this way is a very moot point. Again, the approach of some North American courts of asking how well known a character is would, if stood on its head, have the effect of suspending copyright protection in a legal limbo until audience reactions became clear. This would do considerable damage to the otherwise uncontested notion that copyright attaches at the moment of creation (or fixation where the two events are not simultaneous).

There is also the practical difficulty that trying to work out what is distinctive about a character often means subdividing the character as well as the original work. This in turn raises the conceptual problem that if the character is separately copyrightable why not its name,<sup>151</sup> appearance, tricks of speech or moral traits, thus leading to a kind of infinite regression or Russian Doll effect. Indeed the only thing that distinguishes these cases from those format cases<sup>152</sup> in which the courts have been almost universally hostile to separate copyrightability, is the use of the same name. This leads to the logical absurdity that while character names are not protected in themselves, they can make an otherwise unprotected character protectable.

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<sup>150</sup> The test was itself first laid down by Davy J in *Hollingrake v Truswell* [1894] 3 Ch 420, 428 a case concerning the meaning of “chart” as a subset of “book” under the Copyright Act 1842 and now generally thought to be only the loosest of guides to the meaning of what is now a vastly expanded category of protected subject matter, see *Apple Computer v Computer Edge* [1984] FSR 481. For an attempt to bring this antique back to life see *Exxon Corporation v Exxon Insurance* [1982] RPC 69,90.

<sup>151</sup> There is strong obiter in *Tavenor Rutledge Ltd v Trexapalm* [1977] RPC 275, 278 (the Kojak pops case) rejecting the notion of copyright in a character’s name on much the same grounds as the rejection of copyright in the title of a book or play discussed in the previous section. See also *Elvis Presley Trade Marks*, n???, at 547 per Laddie J.

<sup>152</sup> *Green v Broadcasting Corporation of New Zealand* [1989] RPC 200; [1989] 3 NZLR 490.

As the *De Costa* case illustrates if characters can be taken out of the work why do they need to be in a work in the first place?<sup>153</sup> How then would we distinguish between a character and its performance even if we wanted to? And would courts always want to? As we have seen some American courts have difficulty in distinguishing between character and actors who portray them on stage or screen. In the United Kingdom this would sit oddly with the notion of a separate performers' rights regime.<sup>154</sup>

### **B. Finding a statutory home for copyright characters**

In the United Kingdom, as in most Commonwealth jurisdictions, the statutory list of protected works is exhaustive rather than illustrative as in the United States. If a character is to be a work, what kind of a work is it to be? We can dismiss at the outset that characters can be classified according to the works in which they appear. A character in a film is not itself a film. This really only leaves two potential statutory homes for characters, the literary or dramatic work. This runs into its own set of problems: A literary work has to be spoken written or sung. Characters speak but are not spoken. If a character is to be a dramatic work we would have to explain away the well established rule<sup>155</sup> which found that cinematic and dramatic methods are not copyrightable as such. Again it is hard to see a "character" as a "work of action capable of being performed before an audience."<sup>156</sup> "Performed" is not the same as "represented".

#### **3.1.6 Assembling Copyright Wholes From Uncopyrightable Parts**

Rather than trying simply to isolate and protect the elements of a work as separately copyrightable entities, a different approach would be one which seeks to build up the extracted (and arguably uncopyrightable) parts into a wider whole sometimes described as a fictional world.<sup>157</sup> In some works the fictional world will already have been identified and named by the original author (Narnia, Middle Earth) but this is not necessary for its identification and acceptance by its intended audience. Science fiction and fantasy especially lend themselves to this mode of analysis but it is not entirely impossible in more realistic settings. While essential to successful sequelisation, fictional worlds are no more capable than characters of finding a home in closed statutory lists of copyrightable subject matter. They are, however, the mechanism through which holistic tests of infringement are most likely to be applied to unauthorised sequels.

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<sup>153</sup> *Columbia Broadcasting System v Da Costa* [1967] 377 F 2d 315. Some commentators would answer yes and see this as a virtue, that is, an added reason why characters should be independently copyrightable. See Feldman, n ???above, 701.

<sup>154</sup> We need to remember that in the United States (state law apart) performance rights belong to the copyright owner not the performer and are a sub-set of copyright not a neighbouring right.

<sup>155</sup> *Norowzian v Arks Ltd* (No 2) [2000] FSR 363 at 368. The Court of Appeal found that a film as well as being a head of copyright protection in itself could also be a dramatic work or a recording of a dramatic work that in the case before them passed the first two tests but not the third.

<sup>156</sup> *Idem*.

<sup>157</sup> Source?

### A. Treating the Series as the Work

Rather than dissecting a work for reusable parts one possible approach would be to use the work itself as the building block of separate copyrightability. This is not a feature of United States or Canadian jurisprudence but there are hints by Laddie J that he for one might be prepared to contemplate such an expansion in some circumstances. Unfortunately for present purposes Laddie J did not express these views in a decision concerning an unauthorised sequel but rather as a way of dealing with the troublesome nibbling infringer who takes small bits of a work over time from one after another of the plaintiff's works (usually a newspaper or magazines). According to Laddie J<sup>158</sup> the solution was to bundle the serial works together and treat the repeated taking as a single continuing act of infringement of a single unitary copyright. More interestingly, Laddie J this time wearing his other hat, that of co-author of a leading text on copyright, was prepared to see this kind of logic applied to Conan Doyle's Sherlock Holmes so that the whole *oeuvre* became a single work for copyright purposes.<sup>159</sup> This way of looking at things does not seem to depend on any act of conscious compilation in the sense of selection or arrangement. What is being suggested here is that the work forms a wider whole just by existing.

There are some unanswered questions implicit in Laddie J's approach, however. How many works make a copyrightable series? At what point would the superwork kick in? Is this intended to be an objective or subjective test? That is to say, is this a matter of audience perception or author's intention? If the former, does the issue simply become one of marketing so that everything hangs on whether the work is presented to its audience as a series or is it enough that the audience perceives it to be such. What of the audience driven sequel, that is, what if no sequel is planned and is only produced after the audience makes it clear that it wants one. Are all of the author's works a series whether or not they are presented as such? Conversely, if the test is subjective, must the author plan a sequel? If so at what stage, that is before or after embarking on the original? Hovering over all these uncertainties is a single legal difficulty. Whatever a copyright work may be and granted that the concept is under litigated, it does require some volition on the author's part. Works are not self generating or self constituting. Ingenious though the idea of a super work may be, it creates more problems than it solves.

### 3.2 The Sequel Infringes The Original

There are two ways in which a court might hold that a sequel infringes the original. The first requires the existence of a sufficient qualitative or quantitative overlap between the two to justify a finding of substantial similarity. The second simply holds that the sequel is an adaptation of the original regardless of the degree of overlap.

#### 3.2.1 The sequel as an infringing copy

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<sup>158</sup> *Electronic Techniques v Critchley Components* [1997] FSR 401.

<sup>159</sup> H Laddie, P Prescott, M Vitoria, A Speck and L Lane, *The Modern Law of Copyright and Design* (3<sup>rd</sup> ed, 2000) 1735.

3.2.2 The sequel as an unauthorised adaptation

3.3 Special Cases Do Not Make a Rule

3.3.1 The Sequel as a Criticism or Review of the Original

3.3.2 Visual Appropriation in United Kingdom Law

#### **4. CONCLUSION: WHAT MIGHT THE SEQUEL DO TO COPYRIGHT?**