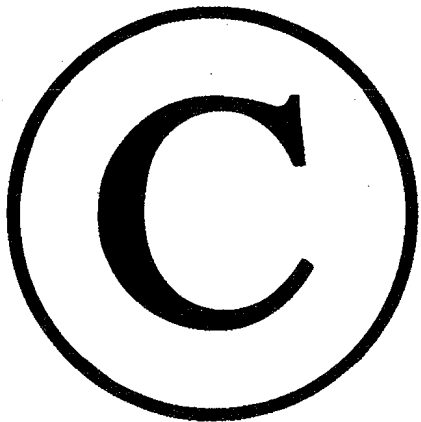

Journal

of the

Copyright Society

of the USA



Copyright Luncheon Circle: The Interplay of
Copyright and Trademark Law in the Protection of
Character Rights With Observations on *Dastar v.*
Twentieth Century Fox Film Corp.

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VOL. 51, No. 2

WINTER 2004

**COPYRIGHT LUNCHEON CIRCLE: THE INTERPLAY
OF COPYRIGHT AND TRADEMARK LAW IN THE
PROTECTION OF CHARACTER RIGHTS WITH
OBSERVATIONS ON *DASTAR V. TWENTIETH
CENTURY FOX FILM CORP.***

by ROGER L. ZISSU*

I would first like to qualify my introduction by saying that I have not only represented owners, but also users of characters in various matters relating to them over the years.

I will first review certain basics on character rights before commenting on the *Dastar* decision.¹ Please note that in this review the cases I will mention are illustrative and mostly concentrated in the Second and Ninth Circuits, but that there are pertinent decisions to consider in other circuits on these points.

I. PRÉCIS OF BASICS ON CHARACTER RIGHTS

First, please note that we're considering today only fictional characters, not historical figures or living persons which would involve us in other matters, including publicity rights which is an area involving numerous additional considerations and difficulties.

Second, when we talk about character rights, it is important at all times to keep in mind that there is a duality to the protection, or fusion of protection, under the copyright and trademark laws.

Let's now go through some of the basics on copyright and trademark protection in so far as these may relate to fictional characters.

Our copyright laws reward authors in order to encourage the production of creative works for the public benefit.² But copyright protection

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¹ *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 123 S. Ct. 2041 (2003).

² U.S. CONST. art. I., § 8.

does *not* extend to ideas or facts.³ The purpose of our trademark laws is to protect the public from deception in the market place.⁴

With regard to copyright, there is no such thing as a registration for a character as such. Under section 102(a) of the Copyright Act, one can register two or three dimensional depictions of a character as a work of "Visual Art."⁵

Literary works are also protected by copyright, and characterization, along with the elements of plot and setting and locale, as components of literary works, *can be* protected as part of an author's literary expression. To obtain such protection, characters must be sufficiently developed beyond ideas and themes. The characterization element is no less or more protectable than plot and locale, provided that this delineation requirement is met. The leading authority for such character protection by copyright is still Judge Learned Hand's 1930 decision in the *Nichols* case.⁶ quoted in the outline.

Apart from the infringements by third parties who copy without authorization, which is what occurred in *Nichols*, copyright infringements of characters can come up when an assignee of an author's rights under copyright, in a story or novel in which a character is first delineated believes that such a purchase includes all rights in the character enabling the buyer to prevent the author from reusing the character in sequels and/or to prepare its own sequels. The Sam Spade case, *Warner Bros. v. CBS*, in the Ninth Circuit,⁷ arose from such circumstances. The most important lesson from that decision is the importance of being very clear in covering character rights if you represent anyone purchasing copyright rights in a work or series of works who is seeking to acquire character rights. The public policy in favor of an author's retention of rights, so that he or she may reuse the characters in newly created works, for example, in a series, in the absence of a clearly expressed intention to the contrary, was the basis for the Ninth Circuit's holding that Dashiell Hammett did not convey his rights to recreate sequels featuring Sam Spade in transferring his rights to Warner Brothers in connection with its producing of the motion picture *The Maltese Falcon*.

Since the legal protection for characters is based in both the copyright and trademark laws, a transfer or license of character rights should be sure to cover both kinds of rights relating to the character in question. This is

³ See 17 U.S.C. § 102(b) (2000).

⁴ See 15 U.S.C. § 1125(a) (2000).

⁵ 17 U.S.C. § 102(a) (2000).

⁶ *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 122 (2d Cir. 1930), *cert. denied*, 282 U.S. 902 (1935).

⁷ *Warner Bros. v. Columbia Broad. Sys.*, 216 F.2d 945, 949 (9th Cir. 1954), *cert. denied*, 348 U.S. 971 (1955).

normally done by a grant clause using a contractual definition of the licensed "property" or "character," including rights in the character as delineated in specified copyrighted works and the trademark rights in the character's particular name, appearance and indicia of origin.

Any assignment or license of trademark rights must also avoid the pitfall of being an assignment in gross or naked license. In a sale of trademark rights, there must also be a transfer of the assets and goodwill of the business that the trademark represents. For example, a brewer could not sell its beer trademark without also transferring to the purchaser its brewing facilities and/or the process by which it brews. For Budweiser, this would include beechwood aging. Otherwise, the mark will no longer mean what it has meant to the consuming public in the past. In a license, there must similarly be quality control by a requirement that the licensee adhere to a quality standard consistent with that which the mark in question has come to signify.

Rights under the copyright and trademark laws relating to characters are subject to the same limitations that apply to other copyrightable works and to trademarks. As we all know, copyright protection does not exist for ideas and facts,⁸ and copyrights have a limited term.⁹ There is also a highly developed statute-based fair use privilege for others than the copyright owner to use the work freely.¹⁰

Trademark rights are only obtained for specific goods or services in connection with which a mark is used, and only affect other parties' rights to use the mark for those or sufficiently related goods to prevent confusion as to source.¹¹ Non-trademark¹² and fair uses of trademarks cannot be prevented by a trademark owner.¹³ Every merchant has a right to describe accurately his or her products, so long as there is no misleading as to source. There is also well-established First Amendment precedent holding that some confusion must be tolerated where it results from a use of a title for a creative work or communicative product, that has at least *some* relationship to the content. The Second Circuit's decision in the Fred & Ginger, Felini film, case, *Rogers v. Grimaldi*,¹⁴ is the leading case on this issue. The recent *Mattel* case in the Ninth Circuit has followed *Rogers*.¹⁵

⁸ 17 U.S.C. § 102(b) (2000).

⁹ *Id.* §§ 302-305.

¹⁰ *Id.* § 107.

¹¹ *See* 15 U.S.C. §§ 1051(a), 1053 (2000).

¹² *See, e.g.,* Rock & Roll Hall of Fame & Museum v. Gentile Prods., 109 F.3d 749, 754-55 (6th Cir. 1998).

¹³ *See* 15 U.S.C. § 1115(b)(4) (2000) and, *e.g.,* Cairns v. Franklin Mint Co., 292 F.3d 1139, 1150 (9th Cir. 2002)

¹⁴ 875 F.2d 994, 999 (2d Cir. 1989).

¹⁵ *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 903 (9th Cir. 2002), *cert. denied*, 123 S. Ct. 993 (2003).

When copyright protection for a work is no longer extant, what uses can the public make of the public domain material?

Exact reproduction of the original work is clearly permitted.

But what about the preparation of derivative works, for example, using some or all of the no longer protected character material in a new film based on a public domain book?

Although there is no copyright principle affecting or prohibiting such a use, depending upon the history of what uses the author has made of the name or appearances of the original work and its characters, the party who prepares the new derivative work may have to take steps to avoid violation of any trademark-type rights that may have been built up therein. Such steps may be required to avoid creating a likelihood of confusion as to an affiliation or association of the new work with the source of the products and services in connection with which these symbols or indicia have come to be identified through prior use by the original work's author.

For example, and this is only hypothetical, if Disney has been selling for years, apparel bearing reproductions of Mickey Mouse, notwithstanding the expiration of copyright protection for the illustration in question, it is still not possible for a third party to use a copy of it on its apparel. On the other hand, even if this artwork has also been used by Disney in many earlier animated films, in such a case, it may nevertheless be possible to prepare a new animated film using the no-longer-protected artwork for the character, provided that such a new derivative work is labeled and promoted in such a way as to make it clear that it does not emanate from and is not affiliated with Disney.

The fact that such image of the character has been an ingredient in so many earlier Disney animated films may lead the purchasers of a home video of the new derivative work to believe that this, too, is a Disney product, unless steps are taken to prevent such a misconception. It may be difficult to do this, but if it's free to copy, there are always disclaimers or other ways that can be used to tell the truth and prevent deception, and that's where good advice comes into play.

II. DASTAR DISCUSSION

And now we come to Justice Scalia's recent opinion on section 43(a) of the Lanham Act¹⁶ in *Dastar*. Justice Breyer took no part in the consideration or decision of this case, but there were no dissents or other opinions. We don't have the time in my ensuing discussion to discuss each of the aspects of this decision that I find troubling and unsound. I'll again have to be selective, give you certain of what I see as basic points without

¹⁶ 15 U.S.C. § 1125(a) (2000).

chapter and verse and leave it to you and others to go further. This is not easy stuff, so I hope you'll bear with me.

Dastar did not involve character rights, but its holding — that once a work's copyright protection has expired, there is an absolute right to copy it without any identification of its creative source — will likely be cited by defendants who copy public domain depictions of characters without the authorization of those who own trademark rights relating to such characters.

The case relates to the television series *Crusade in Europe* based upon then-General Eisenhower's 1948 book chronicling the Allied campaign in Europe in World War II. In 1995, defendant *Dastar* purchased beta cam copies of the original 1949 *Crusade in Europe* television series, which was in the public domain, due to the series copyright owner Fox's failure to renew. *Dastar* prepared a shortened, rearranged version, containing sufficient revisions and new material to constitute a derivative work.¹⁷ *Dastar* gave its new version a new title, "World War II Campaigns in Europe," removed references to and images from General Eisenhower's underlying book, which was still in copyright, and created new packaging and substituted a new opening sequence and credits. *Dastar*'s promotion similarly made no reference to the *Crusade* television series, to the book or to the creators of either one, positively emphasizing *Dastar* as the presenter and its affiliate Entertainment Distributing Production as the author of its new version.

Fox, which had reacquired and possessed the exclusive rights to distribute the original series in home video, sued for both copyright infringement of the book and violation of section 43(a) of the Lanham Act due to *Dastar*'s failure to acknowledge the source for its new video.

The copyright claim for infringement of the underlying literary work which was left pending was not the subject of Justice Scalia's opinion and is not the subject of our examination here.

The Supreme Court granted certiorari to review the Ninth Circuit's grant of summary judgment against *Dastar* for violation of section 43(a) and related state law, for failing to acknowledge its nearly wholesale reliance on the *Crusade* television series in preparing its new video.

I believe that the High Court could have reversed the Ninth Circuit on the basis of the existing trademark law rules found in the U.S. Trademark Act and related jurisprudence, because the plaintiffs could not prove any action by *Dastar* that would cause a likelihood of confusion or any public deception. If the Court had taken this approach, its opinion could have reasoned that even if section 43(a)'s reference to "false designation of origin" could include a failure to identify the author of the original *Cru-*

¹⁷ *Dastar*, 123 S. Ct. at 2044.

sade series, where the copyright law does not require the use of the name of the copyright owner of an underlying work in the copyright notice for a derivative work, and where there is no proof that, upon viewing, various of the same film footage will be recognized as coming from the original series, on the facts of this case, no likelihood for confusion could arise as to the source of Dastar's video.

However, Justice Scalia chose to take on, and then decide, the question of whether the failure to refer to a creative source can *never* constitute "a false designation of origin" under section 43(a). His opinion broadly pronounces that the statutory term "origin" of goods, as a matter of law, is "incapable of connoting the person or entity that originated the ideas or communications that 'goods' embody or contain" in the context of "a communicative product."¹⁸

In this effort, he made what seems to me to be an unnecessary excursion into the law of copyright, accompanied by several questionable and confused general statements about the nature of copyright and trademark protection.

Justice Scalia rejected the argument that for a communicative product, "origin of goods" must be deemed broad enough to include not merely the producer of the physical item, such as a book publisher, but also the creator of the content that the physical item conveys.¹⁹ This was the crux of his decision. The principal basis for this rejection was his conclusion that this would accord "special treatment to communicative products" and cause the "Lanham Act to *conflict with the law of copyright, which addresses that subject specifically.*"²⁰ In other words, Justice Scalia expressed the belief that in enacting the copyright laws, Congress considered and granted authors not only the exclusive rights provided in section 106 of the statute, but also addressed specifically the subject of what he calls an author's "right of attribution," which it decided, by implication, not to grant (in all of our Copyright Acts since 1790). By posing the issue in terms of an *author's right of attribution*, Justice Scalia avoided mention of the *public's right not be deceived*. In any event, in his view, by not including a right of attribution in the rights granted to authors over the years and now enumerated in section 106 of the Copyright Act,²¹ Congress not only decided not to grant such a right (under the current and all of our prior Copyright Acts since 1790), *but also decided that such an attribution right could not be provided for under any other federal or state law*. To hold that section 43(a) of the Lanham Act might render actionable a

¹⁸ *Id.* at 2047.

¹⁹ *Id.* at 2049.

²⁰ *Id.* at 2048 (emphasis added).

²¹ 17 U.S.C. § 106 (2000).

failure to acknowledge an authorship source, would therefore conflict with the copyright law.

Justice Scalia bases this conclusion on the undoubted right of the public under the copyright law to copy from a work once its copyright has expired, holding that such right to copy is the right to do so, in all contexts, without attribution. Upon analysis, this conclusion is really one of preemption — Congress' decision in the Copyright Act to allow copying of a public domain work precludes, or preempts, any right of attribution. In his words, if this were not so, section 43(a) would create "a species of mutant copyright law," giving an author a right Congress never meant to grant.²²

Justice Scalia's views here can not be supported by the Constitution or copyright statute. First, there is a question of whether the Constitutional empowerment of Congress to provide in copyright legislation exclusive rights for limited times to authors for their "writings" allows Congress to provide an attribution right.²³ But even assuming that providing such a further reward for authorship, for the purpose of stimulating the production of works for the public benefit, is Constitutionally permissible under the copyright law, what evidence do we find that Congress in the copyright statute has considered that possibility and decided (a) not only, *not to do so*, but also (b) *to preclude such a right under any other federal statute or state law*?

In fact, Congress addressed the subject of the preclusive effect of the exclusive rights provided in the 1976 Copyright Act on other federal and state laws, in the statute's preemption provision, section 301.²⁴ Section 301, notwithstanding the addition of the Visual Artists Rights Act of 1990, known as the "VARA," still states that nothing therein annuls or limits any rights under any other federal statute or under the law of any state with respect to the subject matter of copyright as specified in sections 102 and 103, and established the two pronged subject matter and equivalent rights tests pegged to sections 102, 103 and 106. Furthermore, in explaining section 301, the almost unanimously approved 1976 House and Senate Judiciary Committee Reports stated as follows with respect to state law:

Section 301 is not intended to preempt common law protection in cases involving activities such as false labeling, fraudulent representation and passing off *even where the subject matter involved comes within the scope of the copyright statute*²⁵

²² *Dastar*, 123 S. Ct. at 2048.

²³ U.S. CONST. art I, § 8.

²⁴ 17 U.S.C. § 301 (2000).

²⁵ H.R. REP. NO. 94-1476 (1976), at 132; S. REP. NO. 94-473 (1975), at 116 (emphasis added).

Justice Scalia's reliance on the VARA's provision in section 106A²⁶ of a species of attribution right to justify an assertion that the copyright statute precludes attribution right under any other federal or state law is unconvincing for several reasons. First, it is illogical to assert that legislation by the representatives making up one Congress in 1990 establishes the intent of all earlier Congresses since 1790. All of these bodies after its enactment in 1946 were well aware of section 43(a) of the Lanham Act and its case law development.

Second the VARA, as noted in Bill Patry's treatise, is kind of a "self contained provision"²⁷ not necessarily relating to what we have considered to be the subject matter of copyright protection for 200 years. As Alan Latman noted, "copyright has traditionally concerned itself with the craft of the author, composer and artist," not with attribution rights, one way or the other.²⁸ The subject matter of copyright is similarly spelled out in section 102 of the 1976 Copyright Act. That Congress placed the VARA in the Copyright Act where it did, simply does not shed any light on the issue of whether the copyright law precludes the existence of an author's attribution right as part of other federal and state laws designed for a different purpose — to protect the public from deceptive and misleading marketing practices.

Finally, as previously noted, the Copyright Act itself as amended in 1990 to include the VARA and the related amendment of section 301, the preemption section, to encompass the VARA makes it clear that the VARA could have no such consequence.

The bottom line is that the Copyright Act does *not* address the subject of whether in copying public domain material, in *some circumstances* there might be an obligation under other federal statutes or state law to avoid deception by the use of proper labeling that might require an attribution of authorship source. Which still leaves us with the questions of why there should not *always be* a right to copy public domain material without such attribution and of how could such a right ever result in a likelihood of confusion?

Before trying to answer these questions, we should note that in many cases there will be no requirement of attribution because the act of copying without attribution will not be misleading. This is true whenever there is no source-indicating significance, or secondary meaning, of the copied material. *Dastar* itself provides a good example. Who, seeing the reorganized war film footage in *Dastar's* version would be misled or deceived about its creative source or nature? Another, somewhat different example

²⁶ 17 U.S.C. § 106A (2000).

²⁷ 2 WILLIAM F. PATRY, COPYRIGHT LAW AND PRACTICE 1018 (1994).

²⁸ WILLIAM F. PATRY, LATMAN'S THE COPYRIGHT LAW 1 (6th ed. 1986).

of copying without attribution that would not mislead, would be a republication of the 1912 public domain story *Tarzan of the Apes* without listing Edgar Rice Burroughs as its author. Who would be misled by that and in what way?

An example of *misleading copying* without attribution would be the reproduction on merchandise of one of the illustrations of the Tarzan character taken from the original published story, or the use of a jungle character that is portrayed with the same series of symbols or indicia of origin of the *Tarzan* character that, through over ninety years of exclusive, continuous and consistent use in commerce by the same company, Edgar Rice Burroughs, Inc., ERB, on or in connection with specified goods and services, has come to indicate that such company has approved or is associated with such products or service, or sufficiently related goods or services? These indicia are: Tarzan's loin cloth, his yell (which is also a registered trademark), his moving about by swinging on vines and his knife signifying his human origin and ancestry. Under well established section 43(a) precedent, including *DC Comics v. Filmmation Associates*,²⁹ such copying is likely to confuse the public that ERB has approved or is affiliated with such goods or services.

Justice Scalia's discussion of what he terms "an attribution right" also comes to the issue from the wrong direction. His opinion only focuses on the public's right to copy without attribution, and poses the countervailing interest solely as that of an author's "right of attribution." This ignores the most fundamental precept and justification for trademark-type protection, namely, to protect the public from deception and confusion in purchasing what they need to live on.

The public is not simply the one member of the public that may wish to copy a public domain work. What about everyone else who makes up the rest of the public? The dual nature of trademark protection that provides other protections and rights for the public is overlooked in *Dastar's* analysis.

Another flaw in *Dastar's* discussion is its conflation or confusion of *copyright owner* with *author*. The issue in *Dastar*, which I believe still came out right, was not whether Fox or someone else should have been credited as authors, for Fox, which became the copyright owner of the original *Crusade* television series, authored nothing, and there was no evidence that any other creators, or their film footage from the *Crusade* series, ever came to be identified to the public as the creative sources thereof. The issue is whether identification of an author should be required — *not* always, and *not* where it may be impossible to do so — but in *some cases* where it might matter and where public deception can be

²⁹ 486 F. Supp. 1273, 1277 (S.D.N.Y. 1980).

avoided or reduced by such an identification of creative source. The answer is that it should be required, wherever the absence of such identification will lead to public deception or confusion.

* * *

Our free speech rights have been well protected for over 200 years by the First Amendment which has coexisted with, and has informed, our trademark and copyright laws. In short, "They ain't broke and don't need fixin" in the way *Dastar* has attempted.

At the end of the day, there is no evidence to support the assertion that the likelihood of confusion standard, along with the years of trademark and free speech jurisprudence that has now become embedded in our law has been made, by the copyright law, legally inapplicable to the manner in which the authorship of creative works is presented in marketing these kinds of products, whether or not the work is still protected by copyright. These kinds of issues have to be decided case by case on the basis of trademark law principles alone, without regard to the copyright law or any unfounded view about a "mutant copyright law."