

Intellectual Property Take-home Midterm Exam

What follows is an analysis of the salient copyright issues that stem from the new motion picture entitled *Ruby*. Herein the use of copyrighted characters from previous works is discussed before fair use defenses are analyzed using previous court cases. *Anderson v. Stallone*, *Suntrust Bank v. Houghton Mifflin Co.*, and *Childress v. Taylor*, among others, guide our reasoning and help us determine how a court might resolve these issues. After considering issues of copyright infringement, the matter of ownership in *Ruby*'s copyrighted material is explored.

Copyright Protection in Characters

Ruby incorporates characters from existing works in addition to specific plot elements of *WOZ*. The characters that have been referenced in the general description of *Ruby*'s plot include characters from three different parties. Dorothy, the Scarecrow, Tin Man, and the Cowardly Lion are found in MGM's 1939 classic, while The Hulk is a character that has been featured in Disney movies and Transformers are found in movies produced by Paramount Pictures. During the course of its reasoning, a court may restrict its discussion to the copyright protection of the characters *Ruby* uses, choosing to consider separately any plot elements taken from *WOZ*. Grounds for copyright infringement may be found if MGM, Disney, or Paramount Pictures hold copyright interest in the aforementioned characters, and the copyright protected elements of these characters are incorporated into the *Ruby*. If infringement of any of these

companies' copyrights is determined to have occurred, a court might then consider the likely defense that *Ruby* makes fair use of these copyrightable elements.

In *Anderson v. Stallone*, a district court decided whether the characters in the first three *Rocky* movies were entitled to copyright protection. Ultimately, the court found the principle characters Ricky, Adrian, Apollo Creed, Clubber Lang, and Paulie to be deserving of copyright protection. In reaching this conclusion, the court considered two main tests for granting copyright protection to characters: the specificity of a character's development, and whether or not a character constitutes the story being told. The first test is drawn from Judge Learned Hand's opinion in *Nichols v. Universal Pictures*. The second test is clarified by the district court's opinion in *Anderson v. Stallone* by the recognition that both graphical and literary characters should be analyzed using a single paradigm—that court went on to emphasize the tendency for graphical characters to be more specific and therefore more likely to deserve protection. The court evaluated the characters in the suit under both tests because the relative importance of either test was indeterminate. If we view *Rocky* as a precedent for a district court's reasoning about graphical and literary characters of a movie, it is reasonable expect a court to apply both such tests to the characters that have been incorporated into *Ruby*.

The four main characters incorporated into *Ruby* from the 1939 classic are iconic in appearance. Dorothy's blue plaid dress and white blouse place her on a Kansas farm of that era. Tin Man's oil funnel hat, the Scarecrow's burlap mask, and the Cowardly Lion's tail are no less distinctive as the physical characteristics which generations of viewers have come to associate with the

journey undertaken by these characters in *The Wizard of Oz*. Moreover, the mannerisms and dialogue which color in the literary aspect of these characters as they might have been described in the screenplay of *WOZ* appears to be as highly delineated as the court found the characters in *Rocky* to be. Consider Ray Bolger's affectation imparted to the Scarecrow's character during his delivery the lines, "They tore my legs off and they threw them over there. Then they took my chest out and they threw it over there." Thus, our four characters who first wondered the Yellow Brick Road in 1939 surely deserve copyright protection if a court applies the same logic of the first test to the characters that appear in *Ruby*.

In the *Rocky* case, the court found that the movies relied on development and exploration of the relationships between the characters, in place of "intricate plots or story lines." As a result, the characters in *Rocky* pass the second test. Similarly, I expect a court to conclude that Dorothy and her friends are inextricably intertwined with the story that is being told; each of the characters Dorothy meets during her journey support her and further the narrative precisely in a manner which depends on each character's nature. The focus of *WOZ* may not rest solely on the development of these four characters, but the narrative surely relies upon the particular expression of their *character*; the characters of *WOZ* incorporated into *Ruby* are likely to be deemed protectable elements of expression by a court, and thus MGM has a copyright interest in these characters. These characters are not merely stock characters.

As for the The Hulk and Transformers mentioned in *Ruby*'s synopsis, a court would likely hold these characters as protectable elements of the works to

which Disney and Paramount Pictures, respectively, hold exclusive rights. These characters would pass both of the tests applied in the *Rocky* case, perhaps more easily than the four *WOZ* characters did. The focus of the movies involving The Hulk and Transformers has been thin on plot. These movies are largely a show of the visually impressive, indeed, cinematic scenes that accompany these larger-than-life characters. For these works from which *Ruby* has drawn its characters, the character is the story.

Fair Use: Satire

Molly Bud's response to an inquiry regarding media rumors of impending lawsuits suggests a fair use defense based on the critical nature of *Ruby*. Specifically, Bud's suggestion that *Ruby* makes a satirical statement about "society's fascination with plastic, larger-than-life celebrities masquerading as political leaders" leads us to believe that any party wishing to defend *Ruby* against claims of copyright infringement might rely on such a defense. The facts suggest *Ruby* does incorporate substantial copyrightable expression from previous works—namely, four *WOZ* characters, The Hulk and Transformer characters, and possibly other specific plot elements from *WOZ*.

In *Sheldon v. MGM*, the Appeals court found *Dishonored Lady* was infringed by *Letty Lynton* because "substantial parts were lifted." The conclusion reached by the court focused not only on the dialogue taken, but also on the dramatic significance imparted by non-dialogue aspects of the play. There is little doubt that a court will find copyrightable elements of *WOZ* such as the

Yellow Brick Road, which is not merely a *scène à faire*, have been incorporated into *Ruby*. Let us now turn to likely defenses against infringement.

Fair use presents a limitation on the exclusive rights given to the owner of a copyright. *Ruby* is at face value a derivative work that creates new expression as well as makes use of existing copyrightable expression. The copyright owner for these existing protectable expressions (i.e. the previously discussed characters, specific story elements, and artistic movie props of *WOZ*) has the right to exclude others from producing derivative works which adapt his or her work. By the facts of the case, a court is likely to find *Ruby* is an unauthorized derivative work. However, it is possible that a court may accept a fair use defense against claims that *Ruby* infringes other works.

Section 107 presents four factors to be considered in determining whether a work is fair use: the purpose and character of the use, the nature of the copyrighted work, the amount and substantiality of the portion used, and the effect upon the potential market for the copyrighted work. Let us consider each of these factors by examining their applications in previous cases in which critical works have been analyzed.

In *Suntrust Bank v. Houghton Mifflin Co.*, *The Wind Done Gone* is analyzed to determine whether or not its use of copyrightable expression contained in *Gone with the Wind* is fair use. *The Wind Done Gone* and *Ruby* are both commentaries which rely on fiction to communicate their message. We observe in the opinion of *Suntrust* that it is the target of *Ruby*'s commentary that will likely cause a fair use defense against claims of infringement to fail. The purpose of *Ruby* is surely a commercial one, and its character is, as Bud says,

satirical. Drawing upon the court's discussion in *Cambell v. Acuff-Rose*, the opinion in *Suntrust Bank v. Houghton Mifflin Co.* noted the ambiguity surrounding the parody versus satire distinction that must be decided before applying an analysis of the four fair use factors. *TWDG* sought to criticize *GWTW* through a work of fiction; the court decided *TWDG* was a parody because it comments upon the original work by using "the creation of its victim's (or collective victims') imagination" (*Campbell*). By this standard, *Ruby* is not a parody, for its target is not a prior work. Both in *Campbell* and in the *Gone with the Wind* case, the court emphasizes the general tendency for parodic works to be fair use. These two cases suggest that other forms of commentary which do not seek to criticize the original copyrighted work necessarily force the other fair-use factors to be weighted more heavily—usually against a finding a fair use. *Ruby* is a satire that adds new expression and meaning to the fictional world of *Oz* while it pursues its message. In considering a fair use defense, a court must not pass judgement on the quality of the transformative work itself, so the questionable "new direction" *Ruby* charts for PopTart Pictures will not come to bare on a finding of fair use. *Ruby* does appear to be highly transformative in its strong departure from the original ending of *WOZ*, but it is likely a court will have trouble believing *Ruby*'s transformation of *WOZ* is not merely an adaptation and extension of the original.

The second factor to consider in a fair use defense is the nature of the copyrighted work. Like *GWTW*, *WOZ* "is undoubtedly entitled to the greatest degree of protection as an original work of fiction." In considering the third factor, we hit the likely argument that would defeat a fair use defense against

Ruby's infringement. Because *Ruby* attempts to comment on a societal phenomenon, it is difficult to prove the necessity of *Ruby's* incorporation of copyrighted characters and possibly other dramatic expression from *WOZ*. A court is likely to argue that *Ruby* need not appropriate the copyrighted characters in order to conjure up the notion of "larger-than-life" celebrities. Moreover, in the *Gone with the Wind* case, the court made a point to express its confidence that Randall did not "simply try to 'avoid the drudgery in working up something fresh.'" It is not clear that a court would feel the same way about the author of *Ruby*, for the attempt to "bring the message to mass audiences," as Bud says, might well have been made using newly crafted characters which exhibit the "larger-than-life" qualities inherent in The Hulk, Transformers, and perhaps the four main characters of *WOZ*. After all, it could be argued that the original *WOZ* was itself a commentary on the state of farmers, industrial workers, and political leaders of the time period. Why then, must *Ruby* avoid the creation of new characters and fiction, instead transplanting characters into a "mash-up" where a fictional world is morphed and extended? Because fair use is an affirmative defense, the burden of proof rests on the defendant. It is unlikely *Ruby's* defense based on a satirical interpretation would succeed. From a policy standpoint, we should not easily allow *Ruby* to prevail against these infringement claims. The creation of fictional works that develop strong characters would experience diminished protection in the eyes of the Copyright Act if such iconic characters could be so easily appropriated without the original copyright holder's permission.

This line of reasoning leads us to the fourth factor to consider: the effect on the market value of the original. The popular culture icons that PopTart pictures aims to capitalize on are graphical in nature and largely arise as a result of their first appearance in MGM's *WOZ*. Additionally, *Ruby* draws upon both Disney's and Paramount Pictures' characters as they have appeared on screen within the last decade. *The Wonderful Wizard of Oz* by Frank Baum has fallen into the public domain, but it is clear that copyrighted material PopTart Pictures expects its viewers to be familiar with comes not from the novel published in 1899, but instead from the more recent film depictions which have certainly added more copyrightable expression to the *WOZ* universe. Creative efforts are incentivized by the exclusive rights to reproduction and adaptation, thus new works which would negatively impact the potential market for or value of the copyrighted work from which they draw particular copyrighted expression should be found in violation of the exclusive rights of those copyrighted works. *Ruby* does not act as a substitute for the original, but it does appear to enter the same market MGM first engaged in when it brought the world of Oz to the silver screen in 1939. If MGM holds the right to exclude others from adopting *WOZ*, the further exploration of *WOZ*'s world using the copyrighted characters is likely to push a court to weigh the fourth factor against a finding of fair use. *Ruby* potentially exists in the same market any new *WOZ*-related movies MGM might produce. *TWDG* was entitled to a fair-use defense in no small part due to its function as a complement to *GWTW*, rather than a substitute. Here, *Ruby* is most likely not a substitute for *WOZ*, but it is possible that it would damage the market for subsequent movies from MGM involving with its own copyrighted characters.

Ownership

Although PopTart pictures is likely to face a lawsuit for infringement of MGM's, Disney's, and Paramount Pictures' copyrighted characters and other expressions, it is also likely that questions of ownership will arise. Let us traverse the chain of parties that appear to have been connected to the script.

Does Waterloo Pictures own Term's script because the script he produced was a work for hire? As is discussed in *Community for Creative Non-Violence v. Reid*, the interpretations of what constitutes a work made for hire have been produced in large part by the courts, not the Copyright Act. Barring any contracts which explicitly state that any work done on a company laptop is the property of the company, it would seem Term's creative efforts during his vacation lie outside the scope of his employment. Based on the *Reid* case, Term would likely be found the sole owner of the exclusive rights if he were the only collaborator during writing of *Ruby*. Such an outcome is ideal because it respects common law notions of contracts and employee-employer relationships.

Assuming *Ruby* is not infringing on any previously copyrighted work, a court might have to determine whether *Ruby* is a joint work prepared by Term and Kreske Mfume. If it is a joint work, Mfume's daughter, Syd, has a copyright interest in *Ruby*, and possibly a way out from under her crippling student debt. In *Childress v. Taylor*, the court emphasized the need for copyrightable contributions by all joint authors. If Mfume merely offered Term her ideas, and not expression, then her contributions are likely to be found insufficient for her to be accorded the status of co-author. Term's usage of the term "co-author" might indicate a prior intention shared by both parties to have

their contributions merged into a unitary whole. Despite this detail, based on all the given facts, a court is likely to maintain Term as the sole author. Sorry, Syd.

In *Petrella*, Justice Ginsburg's opinion highlights an important interpretation of the role for laches, which is likely to enter the discussion should Mishrak Term sue for copyright infringement. The equitable defense of laches is not intended to override the existing legislation in the domain of copyright law. Term did, after all, seem to capitulate soon after his initial protestations to Waterloo Pictures. Nonetheless, Justice Ginsburg writes, "It is hardly incumbent on copyright owners, however, to challenge each and every actionable infringement. And there is nothing untoward about waiting to see whether an infringer's exploitation undercuts the value of the copyrighted work." Again, were it not for *Ruby*'s infringement on prior works, the facts point to a court finding PopTart Pictures is infringing the copyright of sole-owner Mishrak Term. Defenses of laches or even estoppel against Term's claims are not likely to succeed. In light of the analysis of the copyrighted elements that *Ruby* appropriates, Term may very well continue to remain silent, for fear of becoming mired in the legal mess *Ruby* is likely to encounter.

On the whole, a court will likely recognize Term's sole-authorship of a copyright in a script which happens to infringe upon a substantial amount of copyrighted expression. PopTart's production is likely to only add infringing material to the pile. Any defense put forth by PopTart pictures against the probable lawsuits it faces based on its satirical nature will most likely fail. *Ruby* does not appear to be an example of fair use of prior works in the motion pictures industry; it is unlikely to live on without an injunction stopping its production.