

No. _____

IN THE
Supreme Court of the United States

CONAN DOYLE ESTATE, LTD.,
Petitioner,
v.

LESLIE S. KLINGER,
Respondent.

**On Petition For A Writ Of Certiorari
To The United States Court Of Appeals
For The Seventh Circuit**

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether the federal courts have jurisdiction to issue a declaration of non-infringement when a plaintiff is unable or unwilling to come forward with a concrete work for comparison with the defendant's existing intellectual property.

**PARTIES TO THE PROCEEDING AND
CORPORATE DISCLOSURE**

There are no parties to the proceeding other than those listed in the caption. Petitioner is the Conan Doyle Estate, Ltd., and Respondent is Leslie S. Klinger. The Conan Doyle Estate, Ltd. has no parent corporation, and no publicly held company owns 10% or more of the Estate's stock.

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OPINIONS BELOW

The opinion of the Seventh Circuit Court of Appeals, App. 1a–15a, is reported at 755 F.3d 496. The opinion of the United States District Court for the North District of Illinois, App. 16a–42a, is reported at 988 F. Supp. 2d 879.

JURISDICTION

The district court had jurisdiction under 28 U.S.C. § 1331, and the court of appeals had jurisdiction under 28 U.S.C. § 1291. This Court's jurisdiction rests on 28 U.S.C. § 1254(1).

STATUTORY PROVISION INVOLVED

Section 3 of the Copyright Act of 1909 states, in relevant part:

That the copyright provided by this Act shall protect all the copyrightable component parts of the work copyrighted, and all matter therein in which copyright is already subsisting, but without extending the duration or scope of such copyright.

INTRODUCTION

This is an intellectual property dispute involving the copyright that the Arthur Conan Doyle Estate holds in the Sherlock Holmes character. But the importance of the jurisdictional question presented is much greater. The dispute stems from the fact that, under the 1909 Copyright Act, copyright runs from the date of first publication. Because Doyle created the Sherlock Holmes character over many years, some publications—like the four Sherlock novels and first 46 stories—are in the public domain, while the final 10 stories retain their copyright.

Respondent Leslie Klinger intends to publish a new collection of Sherlock Holmes stories. Klinger filed this action seeking a declaration of non-infringement based on the fact that the four novels and first 46 stories are in the public domain. Klinger's complaint should have initiated a process where the district court compared Klinger's proposed work to the protected elements of the final 10 stories. If Klinger's work used original material from those 10 stories, Klinger would have to pay the Estate a royalty for that use. Otherwise, Klinger would be entitled to his declaration of non-infringement.

The problem is that Klinger never produced his proposed work. This made it impossible for the courts to compare the new book's elements to the protected elements in the 10 stories. Nevertheless, the Seventh Circuit accepted Klinger's unsupported *assertion* that his work would not contain any protected elements from the final 10 stories, granted the declaration of non-infringement, and said that the Estate would be able to bring another suit against Klinger for "lying" if the published book did, in fact, include protected elements. App. 7a.

Every other circuit that has examined the issue has held that when a plaintiff seeks a declaration of non-infringement in an intellectual property case, the plaintiff *must* produce a completed work for review. Without a concrete work, a declaration of non-infringement is nothing more than an advisory opinion, and there is no Article III jurisdiction. *E.g.*, *Matthews Int'l Corp. v. Biosafe Eng'g, LLC*, 695 F.3d 1322, 1331 (Fed. Cir. 2012) (a party “has no right to obtain declaratory relief when it provides ‘insufficient information for a court to assess whether [its future activities] would be infringing or not.’”); *Vantage Trailers, Inc. v. Beall Corp.*, 567 F.3d 745, 750 (5th Cir. 2009) (dismissing suit where plaintiff’s “design had not become sufficiently fixed at the time of suit to compare” it to defendant’s work); *Int'l Harvester Co. v. Deere & Co.*, 623 F.2d 1207, 1216 (7th Cir. 1980) (“to be anything other than an advisory opinion, the plaintiff must establish that the product presented to the court is the same product which will be produced if a declaration of noninfringement is obtained.”); *Wembley, Inc. v. Superba Cravats, Inc.*, 315 F.2d 87, 89–90 (2d Cir. 1963) (dismissing plaintiff’s claim where, although plaintiff had made a prototype of its potentially infringing product, it had not yet “entered upon an actual manufacture, use or sale”).

And the requirement that a plaintiff produce a concrete work to invoke federal jurisdiction is not merely academic. Without a concrete work to compare, a declaration of non-infringement means absolutely nothing. Here, for example, the Seventh Circuit failed to resolve the very issue that Klinger purportedly put in dispute—whether his proposed work violates the Estate’s copyright in the final 10 Sherlock stories.

The Seventh Circuit’s decision affects the use of thousands of literary characters created before the 1978 effective date of the 1976 Copyright Act, including A.A. Milne’s Winnie the Pooh, Dr. Seuss’ Cat in the Hat, Ian Fleming’s James Bond, DC Comics’ Superman, and many others. The decision also affects the many thousands of characters created as works for hire under the 1976 Copyright Act, because the copyright on those works runs from the date of publication or creation rather than the author’s death. 17 U.S.C. § 302(c).

Most important, the Seventh Circuit’s decision creates a jurisdictional rift in intellectual property law, where the identical case will be decided on the merits in one circuit and dismissed for lack of jurisdiction in another, based solely on the venue where the suit happens to be filed. Certiorari is warranted.

STATEMENT

A. Sherlock Holmes and Dr. Watson

Sherlock Holmes and Dr. John H. Watson are among the most recognized and loved characters in modern literature. Sir Arthur Conan Doyle’s creation of them spanned four novels and 56 short stories published in the United States from 1887 to 1927. App. 1a. The novels and the first 46 stories are now indisputedly in the public domain. Pet. 1a–2a. But the final 10 stories, published between 1923 and 1927, are just as indisputedly subject to copyright protection until 2018 to 2022, depending on the original publication date of each story. App. 1a. Petitioner, the Estate of Arthur Conan Doyle, manages and licenses the literary rights in all of the Sherlock Holmes works, licensing those rights for popular books, movies, and television programs.

Sherlock Holmes and Dr. Watson were not static but dynamic literary characters who changed and developed throughout the Sherlock Holmes canon. Many aspects of these characters' natures, as well as the introduction of new minor characters, were not revealed until the final 10 stories still under copyright protection. These 10 stories were not set exclusively in the characters' old age but took place at various points throughout the characters' lives.

For example, in addition to a host of other details, the final 10 stories show Holmes softening and growing more emotional (*The Lion's Mane*), developing a truly close friendship with Watson (*The Three Garridebs*), embracing modern technologies as tools to fight crime (*Shoscombe Old Place*), and changing his views on dogs (*The Creeping Man*). These revealed traits make for the full portrayal of Holmes and Watson as the world now knows them.

B. The proposed infringing work

This is not the first dispute these parties have had over the Estate's copyrights. In 2011, Respondent Leslie Klinger invited contemporary writers to author new stories using Holmes, Watson, and other elements from the Sherlock Holmes canon. The Estate informed Klinger he would need a license; Klinger disagreed.

Klinger's publisher sided with the Estate and ultimately entered into a modest licensing agreement for the book (\$5,000 plus a small royalty on sales), titled *A Study in Sherlock*. App. 2a. Klinger has since conceded that this earlier book needed a license because the book did in fact use material from the Estate's copyrighted 10 stories.

The book at issue here, *In the Company of Sherlock Holmes*, is the sequel to *A Study in Sherlock*. The Estate did not learn about it until one of the contributing authors asked the Estate for permission to use a character that appeared in the last 10 stories. The Estate wrote Klinger and his new publisher to again explain that a license might be necessary, and that the Estate polices online retailers selling unauthorized works. The publisher refused to publish unless Klinger obtained a license. So Klinger filed this suit, seeking a declaratory judgment that his new book did not infringe the Estate's copyright.

In a typical case seeking a declaration of non-infringement, the plaintiff produces a completed work so a court can determine (1) if any elements of the new work overlap with the existing work, and (2) if so, whether the defendant has a valid patent, copyright, or trademark in the overlapping elements. Courts refuse to invalidate a patent, copyright, or trademark absent an actual case or controversy.

But Klinger did not produce his proposed book. Instead, he offered only a list of “story elements” that his book purportedly included, such as “Bohemian nature,” “Loner,” “Smoking,” and “Patriotic.” Klinger then asked the district court to rule on his list, apart from the fully realized character Arthur Conan Doyle created and expressed in his works. To this day, Klinger has never offered any court Doyle’s actual expression—or, more importantly, Klinger’s own—for purposes of a comparison and declaration of non-infringement. Nonetheless, Klinger’s Complaint alleges that the “actual controversy” is “whether the publication of [his forthcoming book] by Plaintiff, co-editor, and their licensees infringes *any* copyright of Defendant.” Compl. ¶ 39 (emphasis added).

C. The litigation

Given the modest licensing fee at issue with Klinger's very minor work, the Estate allowed a default to be entered so Klinger could publish his book without litigation to determine whether the book violated any protected elements of the final 10 stories. But Klinger wasn't satisfied with the right to publish. He wanted a summary judgment ruling. Accordingly, he declined a default judgment, moved for summary judgment, and created a website, free-sherlock.com. Klinger then submitted additional facts through declarations stating that Holmes and Watson as characters were essentially created in pre-1923 stories and therefore in the public domain in their entirety, in spite of the fact that parts of each character were created in the final 10 stories. Klinger advanced this argument even though his previously published *New Annotated Sherlock Holmes* acknowledged that the final 10 stories were copyright protected and that those stories developed significant new aspects of each character.

Forced to defend, the Estate offered five affidavits, three from recognized Sherlock Holmes experts and two from literary-character experts. These affidavits demonstrated that the Sherlock Holmes and Dr. Watson characters were not static, i.e., created and completed in the earlier stories and novels, but dynamic—changing and growing throughout the entire Holmes canon, with significant contributions to the characters' development appearing in the final 10 stories. These scholars quoted many of Klinger's own previously published comments to the same effect, i.e., about how the 10 stories had contributed to the depth and breadth of the Holmes character.

Rather than requiring Klinger to come forward with a completed work and compare that work to the protected elements of the last 10 stories, the district court accepted Klinger's list of abstract character elements and held there was no infringement and therefore no need for a license. Despite evidence to the contrary, the district court concluded, wrongly, that the Holmes and Watson characters were fully created in the very first work of the Sherlock Holmes canon. This factual issue was genuinely disputed in extensive detail by the affidavits mentioned above.

The Seventh Circuit affirmed in a published opinion authored by Judge Richard Posner. Departing from the district court's analysis, the Seventh Circuit began by acknowledging, correctly, that Klinger "may use nothing in the 10 stories still under copyright that has sufficient originality to be copyrightable," that is, "at least a tiny bit of originality." App. 3a (citing *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 345 (1991)). The court then turned to Article III's limit on federal-court jurisdiction.

The Seventh Circuit conceded that Article III jurisdiction requires an actual case or controversy and does not allow advisory opinions, even when a plaintiff asks for a declaratory judgment. App. 4a–5a. But, like the district court, the Seventh Circuit relieved Klinger of his obligation to come forward with a concrete, completed work. The court did so based on Klinger's mere unsupported representation "that his book will contain no original and therefore copyrightable material that appears only in the last ten stories, which are still under copyright, but only material that appears in the public-domain works." App. 7a.

That holding allowed the Seventh Circuit to address the validity of the Estate's copyright in the "characters of Holmes and Watson as they are depicted in the stories and novels of Arthur Conan Doyle that are in the public domain." App. 7a. To reiterate, the Seventh Circuit agreed to undertake that inquiry even in the absence of any concrete work demonstrating exactly *which* Sherlock elements Klinger ultimately decided to use.

With no concrete work to compare, the Seventh Circuit jumped to the Estate's secondary argument: "whether copyright protection of a fictional character can be extended beyond the expiration of the copyright on it because the author altered the character in a subsequent work." App. 8a. Following *Silverman v. CBS Inc.*, 870 F.2d 40 (2d Cir. 1989), the panel held that subsequent works involving the same character are "derivative works" and therefore "secure protection only for the *incremental additions of originality* contributed by the authors of the derivative works." App. 9a (emphasis added).

But the Seventh Circuit never demanded that Klinger produce his proposed work so the court could compare it to "the incremental additions of originality" in the final 10 stories. App. 15a. Instead, the court relied on Klinger's assurance that he "wants just to copy the Holmes and the Watson of the early stories, the stories no longer under copyright." App. 12a. This was an assurance the Seventh Circuit could not possibly verify as true in the absence of the actual, concrete work Klinger intended to publish. Without ever making the required comparison, the Seventh Circuit affirmed the district court's advisory declaration of non-infringement. App. 15a.

The Seventh Circuit concluded with an *ad hominem* attack on the Estate, describing the Estate's appeal as "border[ing] on the quixotic." App. 15a. The court did not acknowledge that, depending on the actual contents of Klinger's new book, the book may in fact infringe the Estate's acknowledged copyrights in the last 10 stories.

After the Seventh Circuit issued its ruling, Klinger moved for an attorney-fee award in the Seventh Circuit. The Seventh Circuit granted the motion in a published opinion, extolling the valor of Klinger, "a private attorney general, combatting a disreputable business practice—a form of extortion." *Klinger v. Conan Doyle Estate, Ltd.*, __ F.3d __, 2014 WL 3805116, at *3 (7th Cir. Aug. 4, 2014).

REASONS FOR GRANTING THE PETITION

I. This case presents a circuit conflict regarding whether a plaintiff seeking a declaration of non-infringement must produce a concrete work.

The Seventh Circuit acknowledged that Klinger "hadn't finished the book," App. 2a, and that no new book—finished or unfinished—had ever been presented. That is an odd circumstance in the context of a Complaint alleging that the "actual controversy" is "whether the publication of [the new book] by Plaintiff, his co-editor, and their licensees infringes *any* copyright of Defendant." Compl. ¶ 39 (emphasis added). Indeed, that is the only actual controversy possible, because the 1909 and 1976 Copyright Acts provide no independent cause of action for seeking a declaration of copyright invalidity.

In holding that Klinger's claim of invalidity could be decided apart from the ultimate issue of infringement, the Seventh Circuit created a conflict with numerous other circuits and a previous Seventh Circuit decision, all of which rejected similar invitations to adjudicate intellectual property disputes (whether patent, trademark, or copyright) in the absence of a concrete work.

For example, in *Matthews International Corp. v. Biosafe Engineering, LLC*, 695 F.3d 1322 (Fed. Cir. 2012), the plaintiff was marketing the use of an alkaline hydrolysis process, rather than incineration, for cremation. Although the plaintiff had not fully developed the process or determined the parameters for it, the plaintiff sought a judicial declaration that the process would not infringe the defendant's patents or, alternatively, that defendant's patents were invalid and unenforceable.

The Federal Circuit began by noting that the "Declaratory Judgment Act does not provide an independent basis of subject matter jurisdiction," *id.* at 1328 (citing *Skelly Oil Co. v. Phillips Petroleum Co.*, 339 U.S. 667, 71–72 (1950)), and that Article III prohibits a court from adjudicating "a difference or dispute of a hypothetical or abstract character" or "one that is academic or moot," *id.* (quoting *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 240 (1937)). A justiciable controversy requires a dispute that is "definite and concrete, touching the legal relations of parties having adverse legal interests," and will "admi[t] of specific relief *through a decree of a conclusive character*, as distinguished from an opinion advising what the law would be upon a hypothetical state of facts." *Id.* (quoting *Aetna*, 300 U.S. at 240–41) (emphasis added).

Plaintiff Matthews' patent dispute failed to present a justiciable controversy, because it "lack[ed] the requisite immediacy and reality to support the exercise of declaratory judgment jurisdiction." 695 F.3d at 1328. The dispute lacked immediacy because there was "no evidence as to when, if ever," plaintiff's equipment would "be used in a manner that could potentially infringe" the defendant's patents. *Id.* "Until some specific and concrete evidence regarding how [the plaintiff's] customers plan to use the [product] is available, any judicial determination regarding whether such use would infringe the [p]atents would be premature." *Id.* at 1329 (citing *Sierra Applied Scis., Inc. v. Advanced Energy Indus., Inc.*, 363 F.3d 1361, 1379 (Fed. Cir. 2004); *Teletronics Pacing Sys., Inc. v. Ventritex, Inc.*, 982 F.2d 1520, 1527 (Fed. Cir. 1992); and *Lang v. Pac. Marine & Supply Co.*, 895 F.2d 761, 764 (Fed. Cir. 1990)). "[A] showing of actual infringement is not required for a case or controversy to exist." *Id.* at 1330 (citing *MedImmune, Inc. v. Genetech, Inc.*, 549 U.S. 118, 134 (2007)). But when a potential new work is not even complete, "it is unclear when any even arguably infringing activity will occur," and "a dispute will lack the immediacy necessary to support the exercise of declaratory judgment jurisdiction." *Id.*

Matthews' complaint also "fail[ed] to meet constitutionally-mandated reality requirements." 695 F.3d at 1330 (emphasis added). The "greater the variability of the subject of a declaratory-judgment suit, particularly as to its potentially infringing features, the greater the chance that the court's judgment will be purely advisory, detached from the eventual, actual content of that subject—in short, detached from eventual reality." *Id.* (quoting *Sierra*, 363 F.3d at 1379).

A party “has no right to obtain declaratory relief when it provides ‘insufficient information for a court to assess whether [its future activities] would be infringing or not.’” *Id.* at 1331 (quoting *Benitec Austl., Ltd. v. Nucleonics, Inc.*, 495 F.3d 1340, 1349 (Fed. Cir. 2007)). Because the plaintiff’s proposed product was “fluid and indeterminate” and not “substantially fixed,” the dispute lacked “the requisite reality to support the exercise of declaratory judgment jurisdiction.” *Id.* (citing *Sierra*, 363 F.3d at 1379–80; *Telecommunications*, 982 F.2d at 1527; and *Int’l Harvester Co. v. Deere & Co.*, 623 F.2d 1207, 1216 (7th Cir. 1980)).

The immediacy and reality requirements that the Federal Circuit imposes on plaintiffs before taking jurisdiction of intellectual property disputes are echoed in circuits around the country. In *Vantage Trailers, Inc. v. Beall Corp.*, 567 F.3d 745, 751 (5th Cir. 2009), the Fifth Circuit affirmed dismissal for lack of subject-matter jurisdiction where the declaratory-judgment plaintiff “failed to meet its burden to show that its design was substantially fixed as to the potentially infringing elements,” even though defendant had threatened to sue for infringement.

In *International Harvester*, the Seventh Circuit took the exact opposite position it did here, holding that any legal dispute over the defendant’s patent validity was not yet justiciable when the plaintiff’s potential new work was still in process of revision: “to be anything other than an advisory opinion, the plaintiff must establish that the product presented to the court is the same product which will be produced if a declaration of noninfringement is obtained.” *Id.* at 1216.

And in *Wembley, Inc. v. Superba Cravats, Inc.*, 315 F.2d 87, 89–90 (2d Cir. 1963), the Second Circuit dismissed plaintiff’s claim without prejudice where, although plaintiff had made a prototype of its potentially infringing necktie, it had not yet “entered upon an actual manufacture, use or sale of its necktie.”

Indeed, other circuits have even imposed a concrete-work requirement in the trademark context, despite the fact that the Lanham Act grants courts express statutory authority to cancel a mark. See 15 U.S.C. § 1119. In *Vantage Trailers*, for example, the plaintiff sought a declaration of non-infringement for its bottom-dump trailer design. Just like Klinger, the plaintiffs asked the court to declare that the defendant’s mark was invalid. The Fifth Circuit began its analysis by endorsing the immediacy and reality requirements that this Court imposed in *MedImmune*, the Federal Circuit required in *Sierra*, and the Seventh Circuit demanded in *International Harvester*. *Id.* at 748–49. The Fifth Circuit then dismissed the action for lack of a real or immediate controversy because, even though the plaintiff “was preparing to enter the bottom-dump trailer market,” “*its design had not become sufficiently fixed* at the time of suit to compare its shape against that of [defendant]’s trailers.” *Id.* at 750 (emphasis added).

The Seventh Circuit’s approach here conflicts directly with each of these decisions. Klinger has never presented a concrete draft (or, for that matter, any draft) of his proposed work. As a result, there is no writing to compare to the Sherlock Holmes canon to evaluate which elements overlap, or to determine which Sherlock Holmes character traits (if any) can be copied.

In other words, this case presents precisely the kind of hypothetical/advisory dispute that other circuits routinely reject in analogous contexts. And if Klinger had filed this action in any of the other circuits, his case would have been dismissed unless he satisfied his burden of coming forward with a new book that was fixed and definite. Indeed, even when a plaintiff intends to re-publish an exact copy of a defendant's copyrighted work, and the only issue is copyright validity, courts have held that a justiciable claim requires the plaintiff to show that its new work is fully prepared and ready for immediate publication. *Re-Alco Indus. v. Nat'l Center for Health Educ., Inc.*, 812 F. Supp. 387, 395 (S.D.N.Y. 1993) (quoting *International Harvester* and citing *Wembley* in holding that, when a plaintiff wants to argue invalidation, "a declaratory judgment would be inappropriate [when] plaintiff has failed to meet the requirements for obtaining declaratory relief," i.e., to "have actually produced the [potentially infringing] article or have engaged in preparations for production such that [plaintiff could begin production immediately]."). See also *Texas v. West Publ'g Co.*, 681 F. Supp. 1228, 1230–31 (W.D. Tex. 1988) (following the *International Harvester* test for justiciability of intellectual property claims and holding it improper for the court to issue an advisory opinion where the only effect "would be to invalidate a claimed copyright").

Since Klinger's proposed book lacked "sufficient immediacy and reality," the Seventh Circuit departed from the established rule in other circuits by exercising its declaratory-judgment jurisdiction. *Matthews*, 695 F.3d at 1325. And in so doing, the Seventh Circuit deprived the Estate of an opportunity to present a proper defense.

The immediacy and reality requirements are not mere academic restrictions on Article III jurisdiction, as this case demonstrates. Because of the Seventh Circuit's approach, the ultimate issue between the parties here has still not been resolved. That issue, as alleged in plaintiff's own Complaint, is whether his forthcoming book infringes any copyright of the Estate. Compl. ¶ 39. The Seventh Circuit acknowledged that its opinion did not decide that issue, and that a new fraud action is required to resolve what this lawsuit purportedly put at issue. App. 7a. ("If [Klinger is] lying [about the content of his new book], the estate will have a remedy when the book is published."). That outcome transforms a copyright claim into a fraud or misrepresentation claim. The result also defeats the whole purpose of the Case or Controversy Clause, which requires a plaintiff to do more than simply *represent* that a future new work will not infringe—thus necessitating a second lawsuit over whether that representation was accurate.

The Seventh Circuit's decision conflicts not only with the law of other circuits but also with this Court's recent teaching in *Calderon v. Ashmus*, 523 U.S. 740 (1998). *Calderon* held that a declaratory judgment action amounts to an improper advisory opinion request when the plaintiff seeks to have a legal dispute decided that is carved out of the ultimate controversy between the parties. *Id.* at 746. To illustrate this point, the *Calderon* Court discussed *Coffman v. Breeze Corp.*, 323 U.S. 316 (1945), where a patent owner sought a declaration that his licensee did not have to pay accrued royalties to the government because the Royalty Adjustment Act was unconstitutional.

The *Coffman* Court correctly concluded that there was no case or controversy because the Act's validity was not yet at issue. There was "no justiciable question 'unless and until [the patent owner] seeks recovery of the royalties, and then only if [the licensee] relies on the Act as a defense.'" *Calderon*, 523 U.S. at 747 (quoting *Coffman*, 323 U.S. at 324). The *Coffman* Court reiterated that "[t]he declaratory judgment procedure is available in the federal courts only in cases involving an actual case or controversy," i.e., "where the issue is actual and adversary." *Coffman*, 323 U.S. at 324 (citations omitted). And the declaratory judgment procedure "may not be made the medium for securing an advisory opinion in a controversy which has not arisen." *Id.* (citations omitted). Since the validity of the Act was not yet at issue, the complaint was "thus but a request for an advisory opinion" and "raise[d] no justiciable issue." *Id.* at 323–24.

The same is true here. Until Klinger produces his proposed work, the validity of the Estate's copyright in the Sherlock Holmes character is not even at issue. If Klinger had come forward with a concrete work, (1) the Estate would have asserted its copyright in opposition to Klinger's request for a declaration of non-infringement, (2) the court would have been in a position to decide the scope of the Estate's copyright, and (3) the court could have then evaluated whether Klinger's proposed work violated the Estate's copyright. To do that, the court would compare Klinger's book to the Holmes canon, identify the overlapping elements, then determine the scope of the Estate's copyright in those elements. Until that happens, Klinger's request for a declaration of non-infringement is not justiciable.

II. This case also presents a circuit conflict regarding the test to apply in an infringement suit involving a dynamically developing character.

Section 3 of the 1909 Copyright Act makes clear that the Act “protect[]s all the copyrightable component parts of the work copyrighted.” Thus, as Klinger conceded when he published his *New Annotated Sherlock Holmes*, the final 10 stories provide copyright protection for all original character development and other original expression they contain.¹ The Seventh Circuit’s decision to issue a declaration of non-infringement without comparing Klinger’s work to the protected elements in the last 10 stories separately conflicts with applicable Eighth Circuit precedent.

In *Warner Brothers Entertainment Inc. v. X One X Productions*, 644 F.3d 584 (8th Cir. 2001), the defendant, a film memorabilia company, licensed merchandise containing images found in lobby cards and movie posters for *Gone with the Wind*, *The Wizard of Oz*, and several *Tom and Jerry* cartoons. The lobby cards and posters were in the public domain under the 1909 Copyright Act because they were published without the requisite copyright notice, but the copyright in the films remained.

¹ In an extraordinary coincidence, Judge Posner wrote a 2004 book review of Klinger’s *New Annotated Sherlock Holmes*. In that review, Judge Posner opined that the “Holmes stories and the Holmes persona seem to me wildly overrated,” and “can still be recommended to American teenagers as entertaining introductions to Victorian England. But that’s all.” <http://www.newrepublic.com/article/csi-baker-street>.

The *Warner Brothers* court started in the same place as the Seventh Circuit, noting that the public is generally free to make derivative works by taking public-domain materials and altering them so long as the derivative work does not infringe a valid copyright. *Id.* at 596. But the court declined the invitation to hold that the entire characters were thrust into the public domain, because the poster and lobby-card characters did not “anticipate the full range of distinct speech, movement, and other personality traits that combine to establish a copyrightable character.” *Id.* at 598. Thus, said the court, merchandise that evoked the character delineation that occurred in the copyrighted film (such as a picture of Dorothy with the phrase “There’s no place like home”) was infringement. *Id.* at 603. Other courts have similarly considered a character’s evolution and growth over time (or lack thereof) when determining how much of a character has fallen into the public domain. *E.g., Harvey Cartoons v. Columbia Pictures Indus.*, 645 F. Supp. 1564 (S.D.N.Y. 1986) (cartoon ghost character “Fatso” did not evolve and was therefore in the public domain based on date of first publication).

In other words, the comparison of protected and unprotected elements necessarily requires addressing what parts of the Sherlock Holmes character remain protected. *X One X Prods.*, 644 F.3d at 597 (“We must determine (1) the apparent scope of the copyrights in the later works . . .”). The Seventh Circuit declined to conduct this key inquiry. Had it done so, the record shows that the protected parts of Sherlock Holmes’s character created in the 10 stories are significant. What the Estate cannot know (until Klinger actually publishes), is whether Klinger’s new book infringes any of those protected elements.

In fact, the Seventh Circuit's opinion is worse than an advisory decision because it did little to "advise" the parties regarding their rights at all. As of today, no one knows whether Klinger's forthcoming book will violate the Estate's valid copyright.

Equally important, the Seventh Circuit's precipitous declaration of non-infringement deprived the Estate of its ability to stop publication. If Klinger's finished book uses protected elements of the Sherlock Holmes character in a way that damages the value of the copyright, the Estate will almost certainly be irreparably harmed given the extensive movie and television licensing the Estate currently undertakes. That result defeats the entire purpose of a pre-publication declaratory judgment action.

III. This case is of substantial importance and is an appropriate vehicle to answer the question presented.

The Seventh Circuit's decision has enormous practical impact, one that extends far beyond the circumstances of this case. To begin, the decision applies to any dynamic literary character (1) created before the 1978 effective date of the 1976 Copyright Act, or (2) created as a work made for hire under the 1978 Copyright Act. See 17 U.S.C. § 302(c) (the copyright on works made for hire runs from the date of publication or creation rather than the author's death). The first category includes Agatha Christie's Hercule Poirot and Miss Marple, A.A. Milne's Winnie the Pooh, Rabbit, Tigger, Eeyore, and Christopher Robin, Dr. Seuss' Cat in the Hat, Ian Fleming's James Bond, DC Comics' Superman, Marvel's Iron

Man, and thousands of other characters.² The second category contains thousands more.

More important, the Seventh Circuit holding applies equally to all copyright, trademark, and patent disputes. Unique among all the circuits that have examined this issue, the Seventh Circuit is the only federal appeals court that dispenses with the immediacy and reality requirements before issuing a declaration of non-infringement. So plaintiffs and defendants litigating intellectual property disputes in the Seventh Circuit will experience a different outcome than similarly situated litigants in other circuits solely because of the venue where the suit happened to be filed.

Finally, this case provides an excellent vehicle to decide the question presented. There are no facts in dispute regarding the threshold jurisdictional issue, and there are no procedural irregularities. There is only a Seventh Circuit jurisdictional holding that is directly at odds with the authority of other circuits, one that unnecessarily confuses intellectual property disputes.

² See Merle L. Jacob & Hope Apple, *To Be Continued: An Annotated Guide to Sequels* (2d ed. 2000), listing 1762 fictional series, many created under the 1909 Act. Among them are three series by William Faulkner (nos. 483–85), C.S. Forester's Horatio Hornblower series (no. 515), Günter Grass's Danzig trilogy (no. 622), John LeCarre's George Smiley novels (no. 909), O.E. Rolvaag's trilogy of Norwegian immigrants (no. 1341), Jean-Paul Sartre's *The Roads to Freedom* series (no. 1392), J.R.R. Tolkien's Middle-Earth series (no. 1575), John Updike's Bech and Rabbit series (nos. 1598–99), and many others.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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SEPTEMBER 2014 *Counsel for Petitioner*

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In the United States Court of Appeals
For the Seventh Circuit

No. 14-1128

LESLIE S. KLINGER,

Plaintiff-Appellee,

v.

CONAN DOYLE ESTATE, LTD.,

Defendant-Appellant.

Appeal from the United States District Court for
the Northern District of Illinois, Eastern Division.

No. 13 C 1226 — **Rubén Castillo**, *Chief Judge.*

ARGUED MAY 22, 2014 — DECIDED JUNE 16, 2014

Before POSNER, FLAUM, and MANION,
Circuit Judges.

POSNER, *Circuit Judge.* Arthur Conan Doyle published his first Sherlock Holmes story in 1887 and his last in 1927. There were 56 stories in all, plus 4 novels. The final 10 stories were published between 1923 and 1927. As a result of statutory extensions of copyright protection culminating in the 1998 Copyright Term Extension Act, the American copyrights on those final stories (copyrights owned by Doyle's estate, the appellant) will not expire until 95 years after the date of original publication—between 2018 to 2022, depending on the original publication date of each story. The copyrights on the

other 46 stories and the 4 novels, all being works published before 1923, have expired as a result of a series of copyright statutes well described in *Societe Civile Succession Guino v. Renoir*, 549 F.3d 1182, 1189–90 (9th Cir. 2008).

Once the copyright on a work expires, the work becomes a part of the public domain and can be copied and sold without need to obtain a license from the holder of the expired copyright. Leslie Klinger, the appellee in this case, co-edited an anthology called *A Study in Sherlock: Stories Inspired by the Sherlock Holmes Canon* (2011)—“canon” referring to the 60 stories and novels written by Arthur Conan Doyle, as opposed to later works, by other writers, featuring characters who had appeared in the canonical works. Klinger’s anthology consisted of stories written by modern authors but inspired by, and in most instances depicting, the genius detective Sherlock Holmes and his awed sidekick Dr. Watson. Klinger didn’t think he needed a license from the Doyle estate to publish these stories, since the copyrights on most of the works in the “canon” had expired. But the estate told Random House, which had agreed to publish Klinger’s book, that it would have to pay the estate \$5000 for a copyright license. Random House bowed to the demand, obtained the license, and published the book.

Klinger and his co-editor decided to create a sequel to *A Study in Sherlock*, to be called *In the Company of Sherlock Holmes*. They entered into negotiations with Pegasus Books for the publication of the book and W.W. Norton & Company for distribution of it to booksellers. Although the editors hadn’t finished the book, the companies could estimate its likely commercial success from the success

of its predecessor, and thus decide in advance whether to publish and distribute it. But the Doyle estate learned of the project and told Pegasus, as it had told Random House, that Pegasus would have to obtain a license from the estate in order to be legally authorized to publish the new book. The estate didn't threaten to sue Pegasus for copyright infringement if the publisher didn't obtain a license, but did threaten to prevent distribution of the book. It did not mince words. It told Pegasus: "If you proceed instead to bring out *Study in Sherlock II* [the original title of *In the Company of Sherlock Holmes*] unlicensed, do not expect to see it offered for sale by Amazon, Barnes & Noble, and similar retailers. We work with those compan[ies] routinely to weed out unlicensed uses of Sherlock Holmes from their offerings, and will not hesitate to do so with your book as well." There was also a latent threat to sue Pegasus for copyright infringement if it published Klinger's book without a license, and to sue Internet service providers who distributed it. See Digital Millennium Copyright Act, 17 U.S.C. § 512(i)(1)(A). Pegasus yielded to the threat, as Random House had done, and refused to publish *In the Company of Sherlock Holmes* unless and until Klinger obtained a license from the Doyle estate.

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

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

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

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

But jurisdiction first. Article III of the Constitution limits the jurisdiction of federal courts to cases or controversies (terms that appear to be synonyms), which is to say to actual legal disputes. It would be very nice to be able to ask federal judges for

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

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

fact that Klinger could have sued the estate for having committed tortious interference with advantageous business relations by intimidating his publisher.

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

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

person seeking declaratory relief, a threat need not be a threat to sue. See, e.g., *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 132 (2007).

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

There is still another jurisdictional wrinkle. Apparently because of a mislabeling of certain exhibits,

the district judge was under the impression that Klinger's suit was challenging the copyrights on the ten stories published after 1922, and so he denied summary judgment insofar as those stories were concerned. That makes it seem as if there were no final judgment in the district court, in which event we would not have jurisdiction of the appeal, as there is no suggestion that there is any basis for an interlocutory appeal. The plaintiff claims, however, not to be challenging the copyrights on the last ten stories. And the claim is correct, for he acknowledges that those copyrights are valid and that the only copying he wants to include in his book is copying of the Holmes and Watson characters as they appear in the earlier stories and in the novels. The summary judgment ruling on the last ten stories was a mistake, and can be ignored. Nothing remains in the district court. The declaratory judgment issued by the district judge, limited entirely to the earlier works, ended the litigation in that court.

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

We cannot find any basis in statute or case law for extending a copyright beyond its expiration. When a story falls into the public domain, story elements—including characters covered by the

expired copyright—become fair game for follow-on authors, as held in *Silverman v. CBS Inc.*, 870 F.2d 40, 49–51 (2d Cir. 1989), a case much like this one. At issue was the right to copy fictional characters (Amos and Andy) who had appeared in copyrighted radio scripts. The copyrights covered the characters because they were original. As in this case the characters also appeared in subsequent radio scripts that remained under copyright, though the copyrights on the original scripts in which the characters had appeared had expired. The court ruled that “a copyright affords protection only for original works of authorship and, consequently, copyrights in derivative works secure protection only for the incremental additions of originality contributed by the authors of the derivative works.” *Id.* at 49; see Leslie A. Kurtz, “The Methuselah Factor: When Characters Outlive Their Copyrights,” 11 *U. Miami Entertainment & Sports L. Rev.* 437, 447–48 (1994). The copyrights on the derivative works, corresponding to the copyrights on the ten last Sherlock Holmes stories, were not extended by virtue of the incremental additions of originality in the derivative works.

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

Lacking any ground known to American law for asserting post-expiration copyright protection of Holmes and Watson in pre-1923 stories and novels going back to 1887, the estate argues that creativity will be discouraged if we don't allow such an extension. It may take a long time for an author to perfect a character or other expressive element that first appeared in his early work. If he loses copyright on the original character, his incentive to improve the character in future work may be diminished because he'll be competing with copiers, such as the authors whom Klinger wishes to anthologize. Of course this point has no application to the present case, Arthur Conan Doyle having died 84 years ago. More important, extending copyright protection is a two-edged sword from the standpoint of inducing creativity, as it would reduce the incentive of subsequent authors to create derivative works (such as new versions of popular fictional characters like Holmes and Watson) by shrinking the public domain. For the longer the copyright term is, the less public-domain material there will be and so the greater will be the cost of authorship, because authors will have to obtain licenses from copyright holders for more material—as illustrated by the estate's demand in this case for a license fee from Pegasus.

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

with entirely new characters. The effect would be to discourage creativity.

The estate offers the hypothetical example of a mural that is first sketched and only later completed by being carefully painted. If the sketch is allowed to enter the public domain, there to be improved by creative copiers, the mural artist will have a diminished incentive to perfect his mural. True; but other artists will have a greater incentive to improve it, or to create other works inspired by it, because they won't have to pay a license fee to do so provided that the copyright on the original work has expired.

The estate asks us to distinguish between "flat" and "round" fictional characters, potentially a sharper distinction than the other one it urges (as we noted at the beginning of this opinion), which is between simple and complex. Repeatedly at the oral argument the estate's lawyer dramatized the concept of a "round" character by describing large circles with his arms. And the additional details about Holmes and Watson in the ten late stories do indeed make for a more "rounded," in the sense of a fuller, portrayal of these characters. In much the same way we learn things about Sir John Falstaff in *Henry IV, Part 2*, in *Henry V* (though he doesn't actually appear in that play but is merely discussed in it), and in *The Merry Wives of Windsor*, that were not remarked in his first appearance, in *Henry IV, Part 1*. Notice also that *Henry V*, in which Falstaff is reported as dying, precedes *The Merry Wives*, in which he is very much alive. Likewise the ten last Sherlock Holmes stories all are set before 1914, which was the last year in which the other stories were set. One of the ten, *The Adventure of the Veiled Lodger* (published in 1927), is set in 1896. See 2 William S. Baring-Gould, *The*

Annotated Sherlock Holmes 453 (1967). Thus a more rounded Holmes or Watson (or Falstaff) is found in a later work depicting a younger person. We don't see how that can justify extending the expired copyright on the flatter character. A contemporary example is the six *Star Wars* movies: Episodes IV, V, and VI were produced before I, II, and III. The Doyle estate would presumably argue that the copyrights on the characters as portrayed in IV, V, and VI will not expire until the copyrights on I, II, and III expire.

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

Watson, were indistinguishable—and in that case there would be no incremental originality to justify copyright protection of the “rounded” characters (more precisely the features that make them “rounder,” as distinct from the features they share with their earlier embodiments) in the later works.

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

The more vague, the less “complete,” a character, the less likely it is to qualify for copyright protection. An author “could not copyright a character described merely as an unexpectedly knowledgeable old wino,” but could copyright “a character that has a specific name and a specific appearance. Cogliostro’s age, obviously phony title (‘Count’), what he knows and says, his name, and his faintly Mosaic facial features combine to create a distinctive character. No more is required for a character copyright.” *Gaiman v. McFarlane*, 360 F.3d 644, 660 (7th Cir. 2004); see also *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930) (L. Hand, J.). From the outset of the series of Arthur Conan Doyle stories and novels that began in 1887 Holmes and Watson were distinctive characters and therefore copyrightable. They were “incomplete” only in the sense that Doyle

might want to (and later did) add additional features to their portrayals. The resulting somewhat altered characters were derivative works, the additional features of which were added in the ten late stories being protected by the copyrights on those stories. The alterations do not revive the expired copyrights on the original characters.

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

alterations in the depiction of Holmes or Watson in Holmes-Watson stories written by authors other than Arthur Conan Doyle, but with *any* such story that is published without payment to the estate of a licensing fee.

With the net effect on creativity of extending the copyright protection of literary characters to the extraordinary lengths urged by the estate so uncertain, and no legal grounds suggested for extending copyright protection beyond the limits fixed by Congress, the estate's appeal borders on the quixotic. The spectre of perpetual, or at least nearly perpetual, copyright (perpetual copyright would violate the copyright clause of the Constitution, Art. I, § 8, cl. 8, which authorizes copyright protection only for "limited Times") looms, once one realizes that the Doyle estate is seeking 135 years (1887–2022) of copyright protection for the character of Sherlock Holmes as depicted in the first Sherlock Holmes story.

AFFIRMED.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

LESLIE S. KLINGER)
)
 Plaintiff,) No. 13 C 1226
 v.)
) Chief Judge
CONAN DOYLE ESTATE,) Rubén Castillo
LTD.,)
)
 Defendant.)

MEMORANDUM OPINION AND ORDER

Plaintiff Leslie S. Klinger (“Klinger”) brings this copyright action against Defendant Conan Doyle Estate, Ltd. (“Conan Doyle”), seeking a declaratory judgment pursuant to the Declaratory Judgment Act, 28 U.S.C. § 2201. Specifically, Klinger seeks a declaration that various characters, character traits and other story elements from Sir Arthur Conan Doyle’s Sherlock Holmes stories are free for the public to copy without infringing Conan Doyle’s rights under the Copyright Act, 17 U.S.C. § 101 *et seq.* Presently before the Court is Klinger’s motion for summary judgment. For the reasons set forth below, the Court grants Klinger’s motion in part and denies it in part.

RELEVANT FACTS¹

Sir Arthur Conan Doyle authored four novels and fifty-six short stories (collectively, “the Canon”) featuring the fictional characters of detective Sherlock Holmes and his friend and colleague Dr. John H. Watson. (Conan Doyle’s Rule 56.1 Resp., ¶¶ 1, 8.) Sir Arthur Conan Doyle first introduced these characters in “A Study in Scarlet,” which was first published in *Beeton’s Christmas Annual* in 1887 and first released in the United States in 1890. (Conan Doyle’s Rule 56.1 Resp. ¶ 8.) The four novels and forty-six of the fifty-six short stories were first published in the United States on various dates prior to January 1, 1923.² (Conan Doyle’s Rule 56.1 Resp. ¶ 11.) The ten short stories remaining under copyright protection (the “Ten Stories”) are set forth in Exhibit B to the complaint. (R. 1-2, Ex. B, Ten Stories.)

¹ The Court takes the undisputed facts from the parties’ Local Rule 56.1 statements of material facts. (R. 13, Klinger’s Local Rule 56.1 Statement of Material Facts (“Klinger’s Facts”); R. 27, Conan Doyle’s Local Rule 56.1 Response to Klinger’s Facts (“Conan Doyle’s Rule 56.1 Resp.”); Conan Doyle’s Statement of Additional Facts (“Conan Doyle’s Facts”); and R. 29, Klinger’s Response to Conan Doyle’s Facts (“Klinger’s Rule 56.1 Resp.”).)

² Both parties agree that the works in the Canon published prior to 1923 are in the public domain. (Conan Doyle’s Rule 56.1 Resp. ¶ 13.) *See* 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright*, § 9.11[B][1] (“[W]orks first published through the end of 1922 remain unprotected today.”); *see also* *Societe Civile Succession Guino v. Renoir*, 549 F.3d 1182, 1189 (9th Cir. 2008) (“[T]he U.S. copyright in any work published or copyrighted prior to January 1, 1923, has expired by operation of law, and the work has permanently fallen into the public domain in the United States.”) (internal citations omitted).

Conan Doyle is a company owned by members of Sir Arthur Conan Doyle's family. (Klinger's Rule 56.1 Resp. ¶ 1.) Conan Doyle licenses its intellectual property, including copyrights, in the works of Sir Arthur Conan Doyle to third parties through its exclusive authorized licensing agents in the United States. (Conan Doyle's Rule 56.1 Resp. ¶ 5.) Klinger is the author and editor of twenty-seven books and dozens of articles in the mystery and thriller literature genre, including two dozen books and numerous articles on Sherlock Holmes and the Canon. (Conan Doyle's Rule 56.1 Resp. ¶ 1.)

I. *A Study in Sherlock*

Klinger is the co-editor, along with Laurie R. King, of *A Study in Sherlock*, an anthology of new and original short stories by contemporary authors. (Conan Doyle's Rule 56.1 Resp. ¶ 2.) The stories in *A Study in Sherlock* were inspired by the Canon and feature various characters and story elements from the Canon. (Conan Doyle's Rule 56.1 Resp. ¶ 2.) Klinger and King entered into a contract with Random House to publish the anthology. (Conan Doyle's Rule 56.1 Resp. ¶ 2.) Before Random House published *A Study in Sherlock*, Conan Doyle intervened to assert its exclusive copyright over the use of the characters Sherlock Holmes and Dr. Watson. (Conan Doyle's Rule 56.1 Resp. ¶ 21.) Conan Doyle informed Random House that it must enter into a licensing agreement with it in order to publish the anthology. (*Id.*) Although Klinger and King believed that the law did not require them to obtain a license, Random House disagreed and entered into a licensing agreement with Conan Doyle. (*Id.*)

II. *In the Company of Sherlock Holmes*

Klinger and King are also the co-editors of a sequel to *A Study in Sherlock*, currently titled *In the Company of Sherlock Holmes*, which is another collection of new and original short stories featuring various characters and story elements from the Canon. (Conan Doyle's Rule 56.1 Resp. ¶ 3.) Klinger and King are currently preparing *In the Company of Sherlock Holmes* for publication by Pegasus Books and distribution by W.W. Norton & Company. (*Id.*) At Klinger's insistence, literary critic and historian Michael Dirda, a contributing author to the new anthology, informed Conan Doyle of his intention to use Sir Arthur Conan Doyle's fictional character Langdale Pike in his new story. (Klinger's Rule 56.1 Resp. ¶ 12; R. 29-1, Klinger's Suppl. Decl. ¶ 9.) The character originated in the short story "The Three Gables," published in the 1926 *Case-Book*, which is currently under copyright protection. (*Id.*)

An agent acting on behalf of Conan Doyle contacted Pegasus Books and insisted that the publisher obtain a license from Conan Doyle in order to publish *In the Company of Sherlock Holmes*. (Klinger's Facts ¶ 21 (citing R. 13-4, Klinger's Decl. ¶ 3).) Conan Doyle further informed Pegasus Books that it works with retailers such as Amazon and Barnes & Noble to weed out unlicensed uses of Sherlock Holmes and "[would] not hesitate to do so with your book as well." (Klinger's Facts ¶ 21 (citing R. 1, Compl. ¶ 31).) Out of fear of litigation, Pegasus Books refused to finalize its contract with Klinger and King to publish *In the Company of Sherlock Holmes*. (R. 29-1, Ex. A, Hancock E-mail.) Klinger believes that a license is unnecessary to use the Sherlock Holmes Story Elements in the new anthology, (Klinger's Facts ¶ 21

(citing R. 1, Compl. ¶ 30)), whereas Conan Doyle asserts that using the characters of Sherlock Holmes and Dr. Watson in the anthology requires a license, (Conan Doyle's Rule 56.1 Resp. ¶ 21). In order to proceed with the publication of *In the Company of Sherlock Holmes*, Klinger seeks to have this Court determine the copyright status of a list of specific characters, character traits, dialogue, settings, artifacts, and other story elements in the Canon (the "Sherlock Holmes Story Elements") (R. 1-1, Ex. A, Sherlock Holmes Story Elements). (Klinger's Facts ¶ 21 (citing R. 1, Compl. ¶ 34).)

PROCEDURAL HISTORY

Klinger initiated this action on February 14, 2013. (R. 1, Compl.) In Count I, the sole count of the complaint, Klinger seeks a declaratory judgment establishing that the public is entitled to copy the expression embodied in the Ten Stories set forth in Exhibit B, (R. 1-2, Ex. B, Ten Stories), and as to the Sherlock Holmes Story Elements set forth in Exhibit A, (R. 1-1, Ex. A, Sherlock Holmes Story Elements). On June 25, 2013, the Court entered a default against Conan Doyle for failure to timely appear, answer, or otherwise plead to the complaint.³ (R. 10,

³ Upon entry of default, the Court takes all well-pleaded allegations in Klinger's complaint as true. *Dundee Cement Co. v. Howard Pipe & Concrete Products, Inc.*, 722 F.2d 1319, 1323 (7th Cir. 1983). The entry of a default order does not, however, preclude a party from challenging the sufficiency of the complaint. *Black v. Lane*, 22 F.3d 1395, 1399 (7th Cir. 1994) (internal citations omitted). See 10A Charles Alan Wright et al., Federal Practice and Procedure § 2688 (3d ed. 1998) ("Even after the default, however, it remains for the court to consider whether the unchallenged facts constitute a legitimate cause of

[Footnote continued on next page]

Min. Entry.) The Court permitted Klinger to proceed with filing either a motion for summary judgment or a motion for default judgment. (*Id.*) On July 29, 2013, Klinger filed a motion for summary judgment pursuant to Rule 56 of the Federal Rules of Civil Procedure. (R. 11, Klinger's Mot. Summ. J.) This fully briefed motion is presently before the Court.

LEGAL STANDARD

Federal Rule of Civil Procedure 56 provides that “[t]he court shall grant summary judgment if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a). In deciding a motion for summary judgment, the Court does not evaluate the weight of the evidence, judge the credibility of the witnesses, or determine the ultimate truth of the matter; instead, the Court’s role is simply to ascertain whether there exists a genuine issue of material fact. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 249-50 (1986). “A disputed fact is ‘material’ if it might affect the outcome of the suit under governing law.” *Hampton v. Ford Motor Co.*, 561 F.3d 709, 713 (7th Cir. 2009) (citing *id.* at 248). In determining whether a genuine issue of material fact exists, the Court must view the evidence in the light most favorable to the non-movant and draw all reasonable inferences in his favor. *Anderson*, 477 U.S. at 255; see *Omnicare, Inc. v. UnitedHealth Grp., Inc.*, 629 F.3d 697, 704 (7th Cir. 2011) (“Even on summary judgment, district courts are not required

[Footnote continued from previous page]
action, since a party in default does not admit mere conclusions of law.”)

to draw every requested inference; they must only draw reasonable ones that are supported by the record.”)

The moving party has the initial burden of demonstrating that it is entitled to summary judgment. *Wheeler v. Lawson*, 539 F.3d 629, 634 (7th Cir. 2008). The moving party “can prevail just by showing that the other party has no evidence on an issue on which that party has the burden of proof.” *Brazinski v. Amoco Petroleum Additives Co.*, 6 F.3d 1176, 1183 (7th Cir. 1993) (citing *Celotex Corp. v. Catrett*, 477 U.S. 317, 325 (1986)). Once the moving party has met this burden, the non-moving party must “set forth specific facts showing that there is a genuine issue for trial.” *Celotex*, 477 U.S. at 322 n.3 (quoting Fed. R. Civ. P. 56(e)(1987)). The non-moving party may not rely on “mere conclusions and allegations” to create a genuine issue of material fact. *Balderston v. Fairbanks Morse Engine Div. of Coltec Indus.*, 328 F.3d 309, 320 (7th Cir. 2003) (citing *Anderson*, 477 U.S. at 247-48). In order to defeat a motion for summary judgment, the non-moving party “must make a showing sufficient to establish any essential element of her cause of action for which she will bear the burden of persuasion at trial.” *Smith ex rel. Smith v. Severn*, 129 F.3d 419, 427 (7th Cir. 1997). The Court’s inquiry is essentially “whether the evidence presents a sufficient disagreement to require submission to a jury or whether it is so one-sided that one party must prevail as a matter of law.” *Anderson*, 477 U.S. at 251-52.

On summary judgment, the Court limits its analysis of the facts to the evidence that is presented in the parties’ Local Rule 56.1 statements of material facts. See *Bordelon v. Chi. Sch. Reform Bd. of Trs.*,

233 F.3d 524, 529 (7th Cir. 2000) (referring to Local Rules 12(M) and (N), which were replaced by Local Rule 56). To adequately dispute a statement of fact, the opposing party must cite specific support in the record; an unsubstantiated denial or a denial that is mere argument or conjecture is not sufficient to create a genuinely disputed issue of material fact. *Malec v. Sanford*, 191 F.R.D. 581, 585 (N.D. Ill. 2000); *see also Judson Atkinson Candies, Inc. v. Latinohohberger Dhimantec*, 529 F.3d 371, 382 n.2 (7th Cir. 2008).

ANALYSIS

I. Availability of Declaratory Judgment

As a preliminary matter, the Court addresses a threshold issue regarding Klinger's request for declaratory relief. The Declaratory Judgment Act (the "DJA") authorizes a federal court, "[i]n a case of actual controversy within its jurisdiction," to "declare the rights and other legal relations of any interested party seeking such declaration." 28 U.S.C. § 2201(a). The DJA does not confer subject matter jurisdiction, and therefore the Court must "possess an independent basis for jurisdiction." *GNB Battery Techs., Inc. v. Gould, Inc.*, 65 F.3d 615, 619 (7th Cir. 1995) (citing *Skelly Oil Co. v. Phillips Petroleum Co.*, 339 U.S. 667, 671 (1950)). Here, Klinger invokes federal question jurisdiction, 28 U.S.C. § 1331, pursuant to the Copyright Act, 17 U.S.C. § 101 et seq, as well as a jurisdiction-enabling statute relating to copyrights, 28 U.S.C. § 1338(a). (R.l, Compl., ¶ 6.) The Court is thus satisfied that it possesses an independent basis for jurisdiction over the case.

The DJA's "actual controversy" requirement is equivalent to Article III's case-or-controversy

requirement. *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007). Conan Doyle contends that no “actual controversy” exists because Klinger faced no reasonable apprehension of litigation. (R. 28, Conan Doyle’s Mem. at 14.) Klinger argues that the threat of litigation is not necessary to establishing an actual controversy, or in the alternative, that Conan Doyle’s threat to police online retailers pursuant to the Digital Millennium Copyright Act (“DMCA”) constitutes a threat sufficient to create an actual controversy within the meaning of the DJA. (R. 30, Klinger’s Reply at 12.)

In *MedImmune, Inc. v. Genentech, Inc.*, the Supreme Court reiterated that the case or controversy requirement of Article III can be satisfied without a threat of litigation. 549 U.S. at 132-33. The Court explained that whether an actual controversy exists depends on “whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.” *Id.* at 127 (quoting *Md. Cas. Co. v. Pac. Coal & Oil Co.*, 312 U.S. 270, 273 (1941)). The Court stated that in choosing between abandoning his rights or risking prosecution, a potential infringer faces “a dilemma that it was the very purpose of the Declaratory Judgment Act to ameliorate.” *Id.* at 129 (citing *Abbott Labs. v. Gardner*, 387 U.S. 136, 152 (1967)). Dispelling the “reasonable apprehension of litigation” test Conan Doyle relies on here, the Court cited cases in which declaratory judgment jurisdiction was proper despite there being no indication of litigation. *Id.* at 132 n.11 (citing *Md. Cas. Co.*, 312 U.S. at 273, and *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 239 (1937)). “Indeed, *post-MedImmune*, it is clear that a

declaratory judgment plaintiff does not need to establish a reasonable apprehension of a lawsuit in order to establish that there is an actual controversy between the parties.” *Geisha, LLC v. Tuccillo*, 525 F. Supp. 2d 1002, 1012 (N.D. Ill. 2007) (quoting *Sony Elecs., Inc. v. Guardian Media Techs., Ltd.*, 497 F.3d 1271, 1283-84 (Fed. Cir. 2007)) (internal quotation marks omitted).

Recognizing that the DJA confers on federal courts “unique and substantial discretion in deciding whether to declare the rights of litigants,” *MedImmune*, 549 U.S. at 136 (quoting *Wilton v. Seven Falls Co.*, 515 U.S. 277, 286 (1995)), the Court follows *MedImmune*’s guidance in determining whether exercising federal jurisdiction is proper in this case. First, a substantial controversy exists between Klinger and Conan Doyle pertaining to Klinger’s legal rights to create new derivative works based on the Sherlock Holmes Story Elements. Next, the parties have clear, adverse legal interests as Klinger seeks to use the Sherlock Holmes Story Elements, and Conan Doyle seeks to exert its exclusive copyright over the Elements. Determining the copyright status of the Sherlock Holmes Story Elements is a real and immediate concern to Klinger, as his ability to publish *In the Company of Sherlock Holmes* with Pegasus Books hinges on the issuance of this declaratory judgment. (Klinger’s Facts ¶ 21.) Klinger is constrained from engaging in “extra-judicial conduct (that the law does not aim to discourage) so long as its . . . rights are unclear.” *Hyatt Int’l. Corp. v. Coco*, 302 F.3d 707, 712 (7th Cir. 2002); *see also Sears, Roebuck & Co. v. Am. Mut. Liab. Ins. Co.*, 372 F.2d 435, 438 (7th Cir. 1967) (“the purpose of the Act [is] to afford relief from uncertainty and insecurity with respect to legal relations”). Accor-

dingly, the Court is satisfied that this case presents an actual case or controversy as required by the DJA.

Conan Doyle argues that even if an “actual controversy” exists, the Court should decline to exercise jurisdiction over the case for prudential reasons. (R. 28, Conan Doyle’s Reply at 14-15.) Specifically, it argues that this case is actually about whether Klinger’s new anthology infringes upon Conan Doyle’s copyright. (*Id.* at 15.) Therefore, it contends that because Klinger did not offer *In the Company of Sherlock Holmes* to the Court to determine if it infringes upon Conan Doyle’s copyright, the Court cannot resolve the entire conflict in this action. (*Id.*) Klinger counters that he is asking the Court to clarify the copyright status of the Sherlock Holmes Story Elements so that he, along with the public, may use the Elements without being subject to Conan Doyle’s licensing demands. (R. 30, Klinger’s Reply at 14.)

Conan Doyle is correct that a “[d]eclaratory judgment should not be granted to try particular issues without settling the entire controversy.” *Sears, Roebuck & Co.*, 372 F.2d at 438. Klinger has clarified that he seeks a determination only as to the copyright status of the Sherlock Holmes Story Elements, not *In the Company of Sherlock Holmes*. (R. 1, Compl. at 16; R. 14, Klinger’s Mem. at 4.) Klinger alleges that *In the Company of Sherlock Holmes* only employs the Sherlock Holmes Story Elements and does not utilize other story elements from the Ten Stories. (R. 1, Compl. ¶¶ 25, 30.) In fact, Klinger states that he instructed Dirda to seek a license from Conan Doyle for the use of any character or story elements that are still under copyright protection. (R. 29-1, Klinger’s Suppl. Decl. ¶ 9.) Therefore, once the Court clarifies the copyright status of the

Sherlock Holmes Story Elements, the outcome of this action should prevent any future litigation between Klinger and Conan Doyle as to the Sherlock Holmes Story Elements. *See Sears, Roebuck & Co.*, 372 F.2d at 438 (“The standards generally to be applied in exercising discretion to hear a declaratory judgment action are whether a declaratory judgment will settle the particular controversy and clarify the legal relations in issue.”) Consequently, the Court will exercise its jurisdiction over the case.

II. Pre-1923 Sherlock Holmes Story Elements⁴

Klinger seeks a judicial determination that the Sherlock Holmes Story Elements are free for public use because the stories in which the elements were

⁴ In his complaint, Klinger alleges that the Ten Stories listed in Exhibit B and the Sherlock Holmes Story Elements contained in Exhibit A are in the public domain and thus available for public use. (R. 1, Compl. ¶ 40.) Klinger fails, however, to offer any argument regarding the copyright status of the Ten Stories in his motion for summary judgment or subsequent pleadings. The Ten Stories are plainly still subject to copyright protection, a fact that Klinger acknowledges in Exhibit B, where he states that the Ten Stories “have not yet entered the public domain in the United States of America.” (R. 1-2, Ex. B, Ten Stories.) Klinger has thus abandoned the argument that the Ten Stories are in the public domain. *See Palmer v. Marion Cnty.*, 327 F.3d 588, 597-98 (7th Cir. 2003) (deeming the plaintiff’s negligence claim abandoned because he failed to delineate it in his brief in opposition to summary judgment); *Oak Brook Hotel Co. v. Teachers Ins. & Annuity Ass’n of Am.*, 846 F. Supp. 634, 641 (N.D. Ill. 1994) (finding the plaintiff’s failure to defend a particular claim in response to the defendant’s motion for summary judgment constituted abandonment of the claim). Accordingly, the Court will only address the copyright status of the Sherlock Holmes Story Elements. (R. 1-1, Ex. A, Sherlock Holmes Story Elements.)

first introduced have entered the public domain. (R. 14, Klinger's Mem. at 4.) Conan Doyle, on the other hand, argues that because Sherlock Holmes and Dr. Watson were continually developed throughout the entire Canon, the copyright protecting the Ten Stories should extend to the Sherlock Holmes and Dr. Watson characters and the story elements pertaining to those characters. (R. 28, Conan Doyle's Mem. at 6.) The Court must first determine which elements were first introduced in public domain stories ("Pre-1923 Story Elements") and which were introduced in the copyrighted Ten Stories ("Post-1923 Story Elements"). Klinger and the public may use the Pre-1923 Story Elements without seeking a license. *See Silverman v. CBS, Inc.*, 870 F.2d 40, 50 (2d Cir. 1989) (holding that where some radio scripts from a radio show had entered the public domain and others were protected by copyright, plaintiff was entitled to use the public domain material without a license). The Court subsequently must examine the Post-1923 Story Elements to determine if they constitute "increments of expression," and are thereby protected from unauthorized use by the Conan Doyle's copyright in the Ten Stories, or if they belong to the class of story elements, such as events, plots and ideas, which are not copyrightable. *See id.* (holding that the copyrighted radio scripts only protected the "increments of expression" beyond what was contained in the public domain radio scripts).

Klinger first argues that the Sherlock Holmes Story Elements originated in works that have entered the public domain, and are thus free to any member of the public to use. (R. 14, Klinger's Mem. at 6.) Conan Doyle does not dispute that the works that comprise the Canon, with the exception of the

Ten Stories, are in the public domain. (R. 28, Conan Doyle's Mem. at 1.) Further, it does not directly discuss the copyright status of the Pre-1923 Story Elements. Instead, Conan Doyle proffers a novel legal argument that the characters of Sherlock Holmes and Dr. Watson continued to be developed throughout the copyrighted Ten Stories and therefore remain under copyright protection until the final copyrighted story enters the public domain in 2022.⁵ (*Id.* at 3-8.) Conan Doyle argues that because the Sherlock Holmes Story Elements include character attributes that are under copyright protection, the Court cannot find that the Elements are in the public domain. (*Id.* at 4-5.)

Where an author has used the same character in a series of works, some of which are in the public domain, the public is free to copy story elements from the public domain works. See 1 *Nimmer on Copyright* § 2.12 (citing *Nat'l Comics Publishers, Inc. v. Fawcett Publ'sns, Inc.*, 191 F.2d 594 (2d Cir. 1951)) ("Clearly anyone may copy such elements as have entered the public domain, and no one may copy such elements as remain protected by copyright.") The Second Circuit's landmark case *Silverman v. CBS, Inc.* decided the copyright status of the radio scripts that created the "Amos 'n' Andy" characters from the eponymous radio broadcast and subsequent television program.

⁵ It appears that Conan Doyle believes the copyrights of the Ten Stories expires in 2022 (R. 18, Conan Doyle Mem. at 1), while Klinger asserts that the copyrights expires in 2023 (R. 1-2, Ex. B, Ten Stories). For the purposes of this declaratory judgment determination, it is only necessary to determine that the Ten Stories are still under valid copyrights, a fact to which both parties stipulate. (Conan Doyle's 56.1 Resp. ¶ 15.)

The characters were created for radio in 1928, and the radio broadcast became one of the country's most popular programs. *Silverman*, 870 F.2d at 42. In 1948, the creators assigned their rights in the scripts that were already written (the "pre-1948 radio scripts") to CBS. *Id.* The radio programs continued until 1955. *Id.* In 1951, CBS also began broadcasting an "Amos 'n' Andy" television series that aired on CBS affiliate stations until 1953 and continued in syndication until 1966. *Id.* In 1981, Silverman began writing a script for a Broadway musical based on the "Amos 'n' Andy" characters, but CBS refused to grant Silverman a license to use the characters. *Id.* at 43, 50. The pre-1948 radio scripts had entered the public domain because the copyrights had not been renewed by the original creators of "Amos 'n' Andy." *Id.* at 43. Silverman filed a lawsuit seeking a declaration that the "Amos 'n' Andy" radio scripts were in the public domain, and thus he was free to make use of the characters, plots, and other content contained in the scripts. *Id.* The Second Circuit held that Silverman was free to use material from the pre-1948 radio scripts. *Id.* at 50. It further held that the "Amos 'n' Andy" characters had been sufficiently delineated in the pre-1948 radio scripts such that they entered the public domain along with the pre-1948 radio scripts. *Id.* The Second Circuit found, however, that the "increments of expression" contained in the post-1948 radio scripts and television scripts that further delineated the characters and story were protected by CBS's copyright. *Id.* Therefore, Silverman would only infringe upon CBS's copyright if he copied the character and story elements that were introduced in the post-1948 radio and television scripts. *Id.*

Applying the rationale articulated in *Silverman* to Sir Arthur Conan Doyle's Canon, the district court

in *Pannonia Farms, Inc. v. USA Cable*,⁶ No. 03 CIV. 7841, 2004 WL 1276842 (S.D.N.Y. June 8, 2004), found that *only* the “increments of expression” added by the Ten Stories were protected by copyright. *Id.*, at *9. The district court clarified that “[s]torylines, dialogue, characters and character traits newly introduced by the [Ten Stories] are examples of added contributions susceptible to copyright protection.” *Id.* It is a bedrock principle of copyright that “once work enters the public domain it cannot be appropriated as private (intellectual) property,” and even the most creative of legal theories cannot trump this tenet. *Assessment Techs. of WI, LLC v. WIREDATA, Inc.*, 361 F.3d 434, 436 (7th Cir. 2004). Having established that all but the Ten Stories have passed into the public domain, this Court concludes that the Pre-1923 Story Elements are free for public use.

Conan Doyle argues that the effect of such a holding will be to dismantle Sir Arthur Conan Doyle’s characters into a public domain version and a copyrighted version. (R. 28, Conan Doyle’s Mem. at 7.) This is, however, precisely what prior courts have done. *Silverman* and *Pannonia Farms* instruct that characters and story elements first articulated in public domain works are free for public use, while the further delineation of the characters and story elements in protected works retain their protected status. *Silverman*, 870 F. 2d at 50; *Pannonia Farms*, 2004 WL 1276842, at *9. Conan Doyle argues that the precedent exemplified in *Silverman* should per-

⁶ The Court notes that neither the Conan Doyle Estate nor Klinger were parties to *Pannonia Farms*. Nonetheless, the Court finds the *Pannonia Farms* holding persuasive because of its factual similarity and cogent analysis of the case law.

tain only to two-dimensional, “flat” characters and not to complex, three-dimensional characters such as Sherlock Holmes and Dr. Watson. (R. 28, Conan Doyle’s Mem. at 8-10.) Conan Doyle fails to offer a bright line rule or workable legal standard for determining when characters are sufficiently developed to warrant copyright protection through an entire series, nor does it provide any case law that supports its position. Conan Doyle’s proposed distinction runs counter to prevailing case law. *See Siegel v. Warner Bros. Entm’t Inc.*, 690 F. Supp. 2d 1048, 1058-59 (C.D. Cal. 2009) (“[T]he copyrightable aspects of a character . . . are protected only to the extent the work in which that particular aspect of the character was first delineated remains protected.”); *see also Gaiman v. McFarlane*, 360 F.3d 644, 660 (7th Cir. 2004) (holding that once a comic book character was drawn, named, and given speech, it was sufficiently distinctive to be copyrightable). The effect of adopting Conan Doyle’s position would be to extend impermissibly the copyright of certain character elements of Holmes and Watson beyond their statutory period, contrary to the goals of the Copyright Act. *See id.* at 661 (citing *Lee v. A.R.T. Co.*, 125 F.3d 580, 581-83 (7th Cir. 1997)); *see also Stewart v. Abend*, 495 U.S. 207, 228 (1990) (“The copyright term is limited so that the public will not be permanently deprived of the fruits of an artist’s labors.”). Accordingly, the Pre-1923 Story Elements are free for public use.

Conan Doyle and Klinger agree that a portion of the Sherlock Holmes Story Elements originated in post-1923 works, so the Court must now determine whether those elements are protected by copyright.

III. Post-1923 Sherlock Holmes Story Elements

By Klinger's own admission, the Sherlock Holmes Story Elements include elements first introduced in the copyrighted Ten Stories (the "Post-1923 Story Elements"). (R. 1-1, Ex. A, Sherlock Holmes Story Elements.) The Post-1923 Story Elements pertain to the characters Dr. Watson and Sherlock Holmes and include: (1) Dr. Watson's second wife, first described in the 1924 short story "The Illustrious Client"; (2) Dr. Watson's background as an athlete, first described in the 1924 short story "The Sussex Vampire"; (3) and Sherlock Holmes' retirement from his detective agency, first described in the 1926 short story "The Lion's Mane."⁷ (*Id.*) Conan Doyle argues that these elements are protected by copyright and their inclusion in Klinger's Sherlock Holmes Story Elements requires the Court to find that the Elements are not in the public domain. (R. 28, Conan Doyle's Mem. at 13.) Klinger contends that the Post-1923 Story Elements are events rather than characteristics of Dr. Watson and Sherlock

⁷ In Conan Doyle's Rule 56.1 Statement of Additional Facts, it claims that Sherlock Holmes' retirement was introduced in the 1926 short story "The Lion's Mane," which is currently protected by copyright. (Conan Doyle's Facts, ¶ 6(i).) Klinger did not dispute this fact. In Klinger's Sherlock Holmes Story Elements, however, he alleges that Sherlock Holmes' retirement was introduced in the 1917 short story "His Last Bow," which has entered the public domain. (R. 1-1, Ex. A, Sherlock Holmes Story Elements.) As discussed above, on a motion for summary judgment, the Court limits its analysis of the facts to the parties Local Rule 56.1 Statements. *See Bordelon*, 233 F.3d at 529. Because Klinger did not deny this factual statement, it is deemed admitted. Therefore, the Court will consider Sherlock Holmes' retirement as a Post-1923 Story Element.

Holmes and, as such, are not copyrightable. (Klinger's Rule 56.1 Resp. ¶ 6.) Klinger argues that any material first introduced in the Ten Stories does not complete the characters of Sherlock Holmes or Dr. Watson and therefore does not qualify for copyright protection. (R. 29-1, Klinger's Suppl. Decl. ¶ 3.) Courts do not distinguish between elements that "complete" a character and elements that do not; instead, the case law instructs that the "increments of expression" contained in copyrighted works warrant copyright protection. *See Silverman*, 870 F.2d at 50.

The "increments of expression" test originates from the Copyright Act's discussion of the copyrightability of derivative works. *See Schrock v. Learning Curve Int'l. Inc.*, 586 F.3d 513, 518 (7th Cir. 2009) ("The Copyright Act specifically grants the author of a derivative work copyright protection in the incremental original expression he contributes as long as the derivative work does not infringe the underlying work."); *see also* 17 U.S.C. § 103(b) ("The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material.") In *Schrock v. Learning Curve International Inc.*, the Seventh Circuit stated that "the only originality required for a new work to be copyrightable is enough expressive variation from public-domain or other existing works to enable the new work to be readily distinguished from its predecessors." 586 F.3d at 521 (quoting *Bucklew v. Hawkins, Ash, Baptie & Co., LLP*, 329 F.3d 923, 929 (7th Cir. 2003) (internal alterations and quotation marks omitted)).

Thus far the cases in this Circuit have only applied the incremental expression test to derivative works. *See, e.g., Schrock*, 586 F.3d 513; *Pickett v. Prince*, 207 F.3d 402 (7th Cir. 2000); *Saturday Evening Post Co. v. Rumbleseat Press, Inc.*, 816 F.2d 1191 (7th Cir. 1987). Conan Doyle argues that Sir Arthur Conan Doyle developed his characters throughout the entire Canon, and therefore no single work in the Canon is a derivative of another work. (R. 28, Conan Doyle's Mem. at 12.) A derivative work is defined as “a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted.” 17 U.S.C. § 101. Professor Nimmer opines that after a character has been introduced in a work, subsequent works in a series that feature the same character are derivative works. *See 1 Nimmer on Copyright* § 2.12. To support his proposition, Professor Nimmer cites to case law that adopts the position that sequels or series featuring the same character are derivative works. *Id* § 2.12 n.23 (citing *Micro Star v. Formgen Inc.*, 154 F.3d 1107, 1112 (9th Cir. 1998) (user-created files based on copyrighted Duke Nukem computer game “are surely sequels, telling new . . . tales of Duke’s fabulous adventures. A book about Duke would infringe for the same reason, even if it contained no pictures.”)); § 2.12 n.23.1 (citing *Salinger v. Colting*, 641 F. Supp. 2d 250, 267 (S.D.N.Y. 2009) (holding that a novel that continues the story of *Catcher in the Rye* and its protagonist constitutes a derivative work), *vacated on other grounds*, 607 F.3d 68 (2d Cir. 2010)). In *Silverman*, the Second Circuit assumed without

explicitly holding that the post-1948 scripts featuring the characters “Amos ‘n’ Andy” were derivative works in applying the incremental expressions test. *See Silverman*, 870 F.2d at 49 (“[C]opyrights in derivative works secure protection only for the incremental additions of originality contributed by the authors of the derivative works.”) (citing 1 *Nimmer on Copyright* §§ 2.01, 3.04 (1988)). The *Pannonia Farms* court did not reach the issue as it pertains to the Canon, but nevertheless adopted the increments of expression test. 2004 WL 1276842, at *9 (holding that the increments of expression added by the Ten Stories to Sherlock Holmes, Dr. Watson, or any aspect of Sir Arthur Conan Doyle’s pre-1923 stories are protected).

The Seventh Circuit has been silent on the issue of whether literary sequels or series constitute derivative works. In *Schrock*, the Seventh Circuit assumed without deciding that photographs of copyrighted materials were derivative works and consequently applied the increments of expression test to determine whether the photographs qualified for copyright protection. 586 F.3d at 518-19. Although the facts of *Schrock* do not arise in the context of literary works, the Court finds the principles enunciated in the holding to be instructive in the instant case. In this case, similar to *Schrock*, the Canon consists of subsequent works that are based upon material from a pre-existing work, Sir Arthur Conan Doyle’s first Sherlock Holmes story. The subsequent works in the Canon, including the Ten Stories, thereby meet the definition of derivative works. Therefore, the Court will assume for the purposes of this analysis, as the *Silverman* court did, that the Ten Stories are derivative works of Sir Arthur Conan Doyle’s first Sherlock Holmes story.

Accordingly, the Court will apply the increments of expression test to the Post-1923 Story Elements.

In *Pannonia Farms*, the district court defined increments of expression to include “[s]torylines, dialogue, characters and character traits newly introduced in the [Ten Stories].” 2004 WL 1276842, at *9. The Post-1923 Story Elements, Dr. Watson’s second wife and his athletic background, as well as Sherlock Holmes’ retirement, are a character, character trait, and a storyline, respectively. These elements originated in the copyrighted Ten Stories. (R. 1-1, Ex. A, Sherlock Holmes Story Elements.) On the record before the Court, there is substantial evidence that the Post-1923 Story Elements constitute “original expression” beyond what is contained in the public domain portion of the Canon. *Silverman*, 870 F.2d at 50. (See Conan Doyle’s Facts ¶ 6(i)-(k); R. 27-1, Lellenberg Aff. ¶ 11; R. 27-2, Estlenman Aff. ¶ 14; R. 27-3, Fletcher Aff. ¶ 10.) The Court notes here that neither party has submitted any portion of the Canon for review by the Court, and at the summary judgment stage, the Court must make all reasonable inferences against the movant. Because the Seventh Circuit’s incremental expression case law focuses on images rather than literature, it is difficult to apply its precedent seamlessly, but the Court finds that the low threshold of originality required for increments of expression counsels toward finding the Post-1923 Story Elements are copyrightable. See *Schrock*, 586 F.3d at 521 (quoting *Bucklew*, 329 F.3d at 929) (“the only originality required for a new work to be copyrightable is enough expressive variation from public-domain or other existing works to enable the new work to be readily distinguished from its predecessors”). As a result, the Court finds that the Post-1923 Story Elements meet

the increments of expression test as articulated in *Silverman* and *Pannonia Farms*.

Seeking to avoid this result, Klinger contends that the Post-1923 Story Elements are not susceptible to copyright protection because they are events, not characteristics. (Klinger's Rule 56.1 Resp. ¶ 6.) "Copyright protection does not extend to ideas, plots, dramatic situations and events." *Scott v. WKJG, Inc.*, 376 F.2d 467, 469 (7th Cir. 1967). The Post-1923 Story Elements, however, do not fit into any of the categories articulated by *Scott* and instead, as previously established, consist of a character, character trait, and storyline, which are copyrightable increments of expression. See *Pannonia Farms*, 2004 WL 1276842 at, *9. Klinger has failed to provide any evidence that the Post-1923 Story Elements are not susceptible to copyright protection, and the Court finds that the Post-1923 Story Elements are protected.

Klinger's motion for summary judgment rests on the following two propositions: (1) the Pre-1923 Story Elements are in the public domain and are thus available for public use, (R. 14, Klinger's Mem. at 5); and (2) the Post-1923 Story Elements are events that are not essential to the story or characters of Sherlock Holmes and Dr. Watson and therefore do not constitute incremental expression susceptible to copyright, (Klinger's Rule 56.1 Resp. ¶ 6). As the moving party on a motion for summary judgment, Klinger carries the initial burden of "establishing that there is no genuine issue of material fact and that he is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a). Even when no issue of material fact is present, the district court must make the further finding that given the undisputed facts,

summary judgment is proper as a matter of law. *Wienco, Inc. v. Katahn Associates, Inc.* 965 F.2d 565, 568 (7th Cir. 1992) (citing *Herman v. City of Chicago*, 870 F.2d 400, 404 (7th Cir. 1989) (stating that in a summary judgment case “the district court must decide whether the movant has a good legal position”)).

Klinger has met his burden as to his first proposition, but has failed as to his second proposition. Neither party has presented a genuine issue of material of fact.⁸ The law is clear that Klinger is entitled to use the Pre-1923 Story Elements. The evidence presented to the Court as to this first proposition is “so one-sided” that Klinger must prevail as a matter of law. *Anderson*, 477 U.S. at 251-52. As to his second proposition, however, Klinger’s argument that he is entitled to judgment as a matter of law is unavailing and overcome by the relevant case law. The Post-1923 Story Elements are protected under copyright, and as a result neither Klinger nor the public are entitled to use them. Accordingly, the Court grants Klinger’s motion as to the Pre-1923 Story Elements and denies it as to the Post-1923 Story Elements.⁹

⁸ Conan Doyle argues that the copyright status of the Sherlock Holmes character is a question of fact. (R. 28, Conan Doyle’s Mem. at 7.) The Court, however, has already clarified that Klinger does not seek a judicial determination of the copyright status of the Sherlock Holmes character, however, and thus the Court does not address this issue.

⁹ Conan Doyle requested an oral argument in this case. The Court has decided for the reasons set forth in this opinion that an oral argument is unnecessary.

IV. Injunctive Relief

In addition to a declaratory judgment, Klinger seeks to enjoin Conan Doyle from further asserting its right under copyright law over the complete list of Sherlock Holmes Story Elements. (R. 1, Compl. at 16.) Injunctive relief is “an extraordinary remedy that may only be awarded upon a clear showing that the plaintiff is entitled to such relief.” *Winter v. Natural Res. Def. Council, Inc.*, 555 U.S. 7, 22 (2008) (citing *Mazurek v. Armstrong*, 520 U.S. 968, 972 (1997) (*per curiam*)). In deciding whether to grant preliminary injunctive relief, a court must consider four traditional criteria:

- (1) whether the plaintiff has a reasonable likelihood of success on the merits; (2) whether the plaintiff will have an adequate remedy at law or will be irreparably harmed if the injunction does not issue; (3) whether the threatened injury to the plaintiff outweighs the threatened harm the injunction may inflict on the defendant; and (4) whether the granting of the injunction will harm the public interest.

Plummer v. Am. Inst. of Certified Pub. Accountants, 97 F.3d 220, 229 (7th Cir. 1996). A preliminary injunction is provisional in nature, but a permanent injunction is a final judgment. *Id.* (citing *Walgreen Co. v. Sara Creek Prop. Co.*, 966 F.2d 273, 275 (7th Cir. 1992)). Klinger does not distinguish which type of injunction he seeks. Based on the complaint, however, it does not appear that Klinger is seeking a provisional order, but rather a permanent one. (See R. 1, Compl. at 16) (“[Klinger seeks] an Order enjoining Defendant and its agents and attorneys from further asserting rights under copyright in . . . the

Sherlock Holmes Story Elements . . . and from interfering with the exploitation of the Sherlock Holmes Story Elements by Plaintiff.”). Therefore, the Court will consider whether a permanent injunction is appropriate in this case.

When the plaintiff is seeking a permanent injunction, the first of the four factors is slightly modified, as the issue is not whether the plaintiff has demonstrated a reasonable likelihood of success on the merits, but whether he has in fact succeeded on the merits. *See Chathas v. Local 134 Int'l Bhd. of Elec. Workers*, 233 F.3d 508, 513 (7th Cir. 2000) (“the predicate for a permanent injunction would have to be that they had prevailed on the merits . . . A plaintiff cannot obtain a permanent injunction merely on a showing that he is likely to win when and if the merits are adjudicated.”) Here, although the Court has determined that Klinger is entitled to use the Pre-1923 Story Elements, Klinger requests an injunction barring Conan Doyle from asserting its copyright as to any of the Sherlock Holmes Story Elements. This request is broader than the relief Klinger is entitled to, and therefore, the Court must deny Klinger’s request for injunctive relief.

CONCLUSION

For the foregoing reasons, Klinger’s motion for summary judgment (R. 11) is GRANTED in part and DENIED in part. It is granted with respect to Klinger’s use of the Pre-1923 Story Elements and denied with respect to Klinger’s use of the Post-1923 Story Elements. The Clerk of the Court is directed to enter a declaratory judgment in favor of Klinger only to the extent stated in this opinion.

42a

**ENTERED: Chief Justice Rubén Castillo
United States District Court**

Dated: December 23, 2013

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF
ILLINOIS**

ORDER

Enter Memorandum Opinion and Order. Plaintiff's motion for summary judgment is granted in part and denied in part. Declaratory judgment is entered in favor of the plaintiff and against the defendant only to the extent stated in the Court's opinion.

Date: 12/23/13

/s/ Chief Judge Ruben Castillo