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Super-Grokster: Untangling Secondary Liability, Comic Book Heroes and the DMCA, and a Filtering Solution for Infringing Digital Creations

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Cover Page Footnote

I would like to thank Professor Hugh Hansen for helping me mold and refine this Note, Professor Jay Kogan for his insights into the issues, Ashok Chandra, Hazel Malcolmson and Dick Grayson for their comments and help. I would also like to thank my friends and family, especially my wife Tara Higgins.

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Britton Payne*

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INTRODUCTION

City of Heroes, an online superhero video game, allows its users to create their own characters, including many that infringe copyrights.¹ The game, created by NCsoft and Cryptic Studios, has been in use for about two years² and has earned tens of

¹ See *infra* Part I.C.

² See Quentin Hardy, *Ordinary Hero*, FORBES, Oct. 4, 2004, at 100, available at http://www.forbes.com/forbes/2004/1004/100_print.html. The game was launched in April 2004 and it is March 2006 as of this writing. See *id.*

millions of dollars.³ Marvel, the owner of many of the infringed characters, has licensed them for exclusive use in authorized video games and other media for over two decades,⁴ and has earned billions of dollars.⁵ Marvel sued the game-makers for both direct and secondary infringement.⁶

This case ultimately would have addressed the question left unanswered by the limited *Grokster* holding—absent inducement, “under what circumstances [is] the distributor of a product capable of both lawful and unlawful use . . . liable for acts of copyright infringement by third parties using the product[?]”⁷ As of December 14, 2005, the parties in *Marvel v. NCsoft* have settled their dispute, leaving this billion-dollar question of secondary liability unresolved for future Internet Service Providers (“ISPs”).⁸ This Note offers a resolution to the problem of character infringement in online video games with the BIFF Factors,⁹ the String Solution¹⁰ and the 7% Solution¹¹ that will apply wherever a technology enables its users to infringe copyright.

³ See *id.* (noting that as of October 2004 “*City of Heroes* . . . has 180,000 users, adding 6,000 more newcomers every week. They pay \$50 up front and \$15 a month” for a total of \$9 million in upfront fees and \$2.7 million more per month). NCsoft revenues attributed to *City of Heroes* were approximately \$6.1 million for the quarter ending September 30, 2005. See Press Release, NCsoft, NCsoft Announces Third Quarter Financial Results, (Nov. 5 2005), available at <http://www.ncsoft.com/eng/NCPress/View.asp?hSeq=1> (announcing that *City of Heroes* brought in revenues of 6.4 billion in Korean Won (KRW), which, with a ratio of 1 United States dollar (USD) to 1,043 KRW, is \$6.1 million USD).

⁴ See Chad Mullikin, *The History of Marvel Video Games*, XBOX ADVANCED, Sept. 19, 2005, <http://xbox.advancedmn.com/article.php?artid=5792>.

⁵ See *infra* note 119 and accompanying text.

⁶ Complaint, *Marvel Enters., Inc. v. NCsoft Corp.*, Case No. CV 04-9253-RGK (PLAx) 9–16 (C.D. Ca. Nov. 10, 2004) [hereinafter *Marvel Complaint*].

⁷ *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 125 S. Ct. 2764, 2770 (2005).

⁸ Press Release, NCsoft, Marvel Entertainment, Inc., NCsoft Corporation, NC Interactive, Inc., Cryptic Studios, Inc. Settle All Litigation, (Dec. 14, 2005), available at http://www.plaync.com/about/2005/12/marvel_entertai.html; Matt Brady, *Marvel Settles With NCsoft/Cryptic Studios*, NEWSARAMA.COM, <http://www.newsarama.com/forums/showthread.php?s=d8c3b41999a4c0193955aa5e93de62c3&threadid=52452> (last visited Dec. 20, 2005).

⁹ See *infra* Part VII.C.

¹⁰ See *infra* Part VI.B.

¹¹ See *infra* Part VI.C.

It is important that the courts find a balance between the fostering of new technologies and the protection of intellectual property.¹² Our legal system must address digital encroachments that threaten to overwhelm the ability of intellectual property companies to protect their billion-dollar investments. It must also prevent important new technological developments from being trampled in a rush to protect copyright owners. Without firm and clear guidance from the courts in cases like *Marvel v. NCsoft*, we will see an irreversible erosion of not only the business models of America's character companies, but our country's ability to protect our most valuable export: culture.

This Note proposes the implementation of a clear and effective solution that acknowledges the responsibility of ISPs like NCsoft and Cryptic to prevent or reduce infringing uses of their products. Marvel's claims depend on an understanding of when one superhero infringes another, a matter discussed later in this Note.¹³ The "capable of substantial noninfringing use[]" standard for triggering safe harbor for non-induced third party infringements articulated in *Sony*¹⁴ needs to be revisited in light of the digital revolution and the Digital Millennium Copyright Act of 1998 ("DMCA"),¹⁵ and rearticulated or entirely reconstructed to provide more practical guidance for companies at odds with each other over the protection of intellectual property rights.

This Note will explore claims of copyright and trademark infringement that arise when an internet company's users pay to create and play with characters that infringe on another character-based company's intellectual property rights. The issues that were present in *Marvel v. NCsoft* provide ample opportunity to explore problems that have persisted as digital technology has threatened intellectual property interests—this Note offers a solution.

This note proposes that courts should solve problems in online infringement through the congressionally considered mechanisms of the DMCA, and use its injunctive relief liberally to craft

¹² See *Grokster*, 125 S. Ct. at 2775.

¹³ See *infra* Part V.

¹⁴ *Sony Corp. of Am. v. Universal City Studios, Inc.*, 104 S. Ct. 774, 789 (1984).

¹⁵ Pub. L. No. 105-304, 112 Stat. 2860 (1998).

solutions as they arise. Over twenty years ago, a case involving the awesome, futuristic video-cassette recorder (“VCR”) resulted in safe harbor for enabling technologies¹⁶ from contributory and vicarious infringement claims where the product is “capable of substantial noninfringing use[.]”¹⁷ Following this 5-4 decision,¹⁸ paradoxically, the VCR and video rental industries became a boon for the copyright owners who brought and lost the case.¹⁹ However, this ham-fisted standard does not effectively protect the interests of intellectual property companies like Marvel in the digital age.²⁰ Because of the ways in which new technologies emerge, the most efficient solution to a digital infringement problem will place liability on the party most equipped to prevent the violation: the technology company.²¹ Congress laid out a principled set of guidelines for dealing with these problems with

¹⁶ This Note uses “enablers” and “enabling technologies” to refer to companies and products that facilitate users’ creation or consumption of intellectual property, thus implicating copyright and trademark infringement by their users. The use of these terms is in no way meant to suggest the presence of inducement, but merely the known capabilities of the product. Although this Note largely discusses digital enablers, there have been many enablers that came into existence prior to the emergence of digital technology, such as Xerox, photography, cassette recorders and player pianos.

¹⁷ *Sony*, 104 S. Ct. at 789.

¹⁸ *See id.* at 777, 796.

¹⁹ *See In re Aimster Copyright Litig.*, 334 F.3d 643, 650 (7th Cir. 2003). As Judge Posner noted, “[a]n enormous new market thus opened for the movie industry[.]” *Id.* In one notable example, Disney was reluctant to release their animated classics on video, fearing decreased overall revenue because of the impact they felt home videos could have on the septennial theatrical re-releases. CEO Michael Eisner predicted in 1984 that the value of the entire Disney library in home video and cable TV markets was \$200 million. In 1988, the then-present value of four theatrical re-releases of *Cinderella* over 28 years was estimated at \$25 million. Disney’s revenue from the *Cinderella* home video release came in at \$180 million in its first year alone, and home video sales of their film library rapidly became Disney’s second biggest profit center. *See* JAMES B. STEWART, *DISNEY WAR* 64, 91–93 (Simon & Schuster 2005).

²⁰ Marvel’s intellectual property interests are not insubstantial. “By the late 1970’s, the licensing of Marvel characters for merchandise had become a principal line of Marvel’s business, . . . *Spider-Man: The Movie*, which was released in May, 2002, [earned] \$800 million in worldwide box-office gross, . . . [yielding] more than \$50,000,000 to Marvel. . . . Marvel’s toy division alone reported over \$100 million in sales of *Spider-Man: The Movie* toys.” *Lee v. Marvel Enters., Inc.*, 386 F. Supp. 2d 235 (S.D.N.Y. 2005). DC Comics licensing of Superman “generated several billion dollars worth of income” from 1969 to 1984. *DC Comics Inc. v. Unlimited Monkey Business, Inc.*, 598 F. Supp. 110, 113 (N.D. Ga. 1984).

²¹ *See Aimster*, 334 F.3d at 646.

the DMCA,²² but its intended benefits will be frustrated and delayed if those laws are interpreted narrowly. Congress must not be expected to pass new legislation for each new twist on infringing uses due to advances in technology. The courts are much better prepared to craft solutions that deal with the problems at hand and set out fact-specific solutions, so that resolutions can be achieved despite the changing terrain of technological advances. Only if the courts run too far afield of Congress' wishes should new legislation guide the determination of liability for third-party infringements online. Until then, courts should endeavor to solve the problems that come before them using the tools Congress has provided, rather than search for reasons to dodge the task of crafting a solution.

The courts should set out clear guidelines for interpreting the standards of the DMCA in facilitating copyright infringement remedies and replace the unclear and outmoded *Sony* rule, which looks to whether the product is "capable of substantial noninfringing uses."²³ Copyright holders and infringement enablers need to know their rights and responsibilities more clearly than they do today. *Marvel v. NCsoft* provided an opportunity for the courts to clarify these uncertainties and to present strong guidance that would keep many similar infringement cases out of the courts and solved instead by the self-regulating aspects of the DMCA. In the wake of the settlement, an exploration of the issues presented by the case will clarify the pressures emerging with the evolving nature of ISPs, demonstrate the need to alleviate the uncertainties that still exist post-*Grokster*, and provide guidance for the inevitable case that will pit an intellectual property owner against an ISP that enables infringement.

I. HOW DID WE GET TO *GROKSTER*?

Grokster is only one of the latest cases attempting to balance the interests of creators protecting their works and the constitutionally mandated public interest in the advancement of

²² See 17 U.S.C. § 512 (2000); see also *infra* Part IV. for further discussion.

²³ *Sony*, 104 S. Ct. at 789.

technology.²⁴ “The more artistic protection is favored, the more technological innovation may be discouraged; the administration of copyright law is an exercise in managing the trade-off.”²⁵ In order to understand what should follow *Grokster*, it is helpful to take a look into what came before.

A. A Dash of Copyright History

Intellectual property was first protected in the West by the Statute of Anne in 1710.²⁶ Printers were worried that they would not be able to protect their investments in printing without some kind of monopoly on the material they published.²⁷ To address this concern, the British government stepped in and granted writers a monopoly on their works, as long as they complied with certain procedures.²⁸ This prevented others from using that same work to make money, unless they were willing to work out a deal with the copyright holder. The Copyright Act of 1790 followed these principles and first federalized copyright protection in the United States, granting authors the sole right to control the use of their works.²⁹ The Act was given a major revision in 1909, in response to authors’ inability to adequately protect their rights under the old regime.³⁰ The modern copyright regime was introduced with the next major revision, the Copyright Act of 1976, in which the U.S.

²⁴ *Id.* at 782 (noting that “[f]rom its beginning, the law of copyright has developed in response to significant changes in technology”). “The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries[.]” U.S. CONST. art. I, § 8, cl. 8.

²⁵ *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 125 S. Ct. 2764, 2775 (2005).

²⁶ 8 Anne c.19 (1710), *reprinted in* 8 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT app. 7 § A (Matthew Bender 2005) (1963).

²⁷ *See* CRAIG JOYCE, ET AL., COPYRIGHT LAW 15–16 (5th ed. 2001).

²⁸ 8 Anne c. 19 § 1 (1710), *reprinted in* 8 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT app. 7 § A (Matthew Bender 2005) (1963); JOYCE ET AL., *supra* note 26, at 16.

²⁹ *See* Gregory S. Schienke, *The Spawn of Learned Hand—A Reexamination of Copyright Protection and Fictional Characters: How Distinctly Delineated Must the Story Be Told?*, 9 MARQ. INTELL. PROP. L. REV. 63, 65 (2005), (citing Act of May 31, 1790, ch. 15, 1 Stat. 124, *reprinted in* 8 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT app. 7 § D (2003)).

³⁰ *See* The Copyright Act of 1909 §§ 23–24, *reprinted in* 8 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT app. 6 (Matthew Bender 2005) (1963).

made it even easier for authors to assert protection over their works.³¹ By the late 1990s, digital technology had become so integrated into art, that perfect copies of music and images could be transmitted instantly, making infringement of copyrighted material easier than it had ever been, and leaving the guidelines of the 1976 Act wanting.³² The DMCA of 1998 addressed this new technological reality and attempted to balance the need to protect intellectual property holders with the need to foster the technology that facilitated their transmission.³³ In Marvel's action against NCsoft and Cryptic, the protection Marvel sought hinged on the interpretation of not only this legislation, but on what exactly comprises contributory infringement and vicarious liability in a digital medium. The question has been wrestled with in the courts since the enactment of the DMCA—some decisions offering strong protection for copyright holders, some protecting nascent technology. However, the decisions only slowly chip away at growing insecurity between intellectual property holders and ISPs with regards to secondary liability.

A few years after the DMCA was passed, rights-holders of music and movie properties went after companies that enabled users to illegally share these properties. The Supreme Court addressed this case in its 2005 *Grokster* decision, where they posed the question “under what circumstances [is] the distributor of a product capable of both lawful and unlawful use . . . liable for acts of copyright infringement by third parties using the product[?]”³⁴ Decisions prior to the DMCA indicated that the substantiality of the present and potential noninfringing use would determine the liability based on the 1984 *Sony* decision, which addressed the VCR phenomenon.³⁵ However, the *Grokster* Court unanimously found contributory copyright infringement because the enablers

³¹ See Pub. L. 94-553, § 302(a), 90 Stat. 2541 (1976).

³² See *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 125 S. Ct. 2764, 2775 (2005) (comparing the analog technology implicated in *Sony* with the digital technology of *Grokster*).

³³ See *In re Aimster Copyright Litig.*, 334 F.3d 643, 655 (7th Cir. 2003).

³⁴ *Grokster*, 125 S. Ct. at 2770.

³⁵ See *Sony Corp. of Am. v. Universal City Studios, Inc.*, 104 S. Ct. 774, 789 (1984). See *accord*, *Religious Tech Center v. Netcom*, 907 F.Supp 1361 (N.D. Cal. 1995).

had actively induced infringing behavior.³⁶ The opinion specifically left open the question of the standards to determine secondary liability for copyright infringement, where the level of inducement is not equivalent to that found in the *Grokster* case.³⁷ The two concurrences offered contradictory positions on that sub-issue, as discussed below. Each interprets the “capable of substantial noninfringing uses” standard set out in *Sony* to support its finding.

B. Breyer’s Grokster Analysis Provides Too Little Intellectual Property Protection

Sony’s “capable of substantial noninfringing uses” is so loose a standard as to be illusory. The Breyer concurrence in *Grokster* (joined by Justices Stevens and O’Connor) shows just how malleable a standard it is.³⁸ Although the goal of protecting nascent technologies is essential, using that goal as a decisive factor in rebuffing a claim of contributory infringement will almost always cause infringement enablers to elude responsibility for their actions, under Justice Breyer’s reading. In *Marvel v. NCsoft*, a Breyer reading of *Sony* would mean that Marvel would have no right to seek any relief from NCsoft and Cryptic, absent a finding of inducement, and would be forced to inefficiently protect its properties by asserting claims against one infringing user at a time.³⁹ These “John Doe lawsuits”⁴⁰ offer no meaningful protection at all.

³⁶ *Grokster*, 125 S. Ct. at 2770. The unanimous decision in *Grokster* held that a distributor of file-sharing software is liable for its users’ copyright violations that were actively enabled, intended and induced through the company’s business plan and advertisements. *Id.*

³⁷ *See id.* at 2776.

³⁸ *See infra* notes 41–43 and accompanying text.

³⁹ *See Grokster*, 125 S. Ct. at 2791–93.

When a widely shared service or product is used to commit infringement, it may be impossible to enforce rights in the protected work effectively against all direct infringers, the only practical alternative being to go against the distributor of the copying device for secondary liability on a theory of contributory or vicarious infringement.

See also id. at 2776 (citing *In re Aimster Copyright Litig.*, 334 F.3d 643, 645–46 (7th Cir. 2003)).

Justice Breyer wrote to agree with the Ninth Circuit's interpretation of *Sony* that, absent inducement, the barest inclination of a potential non-infringing use would render the producer of an enabling technology not subject to liability for its users' infringements.⁴¹ The reasoning he followed interpreted the *Sony* standard to measure "substantial noninfringing uses" at approximately nine percent, and that only included then-present uses.⁴² He then found *Grokster* to have a comparable present rate of ten percent noninfringing use, and a now-unforeseen, nearly magical future capability for noninfringing uses.⁴³ Similarly, the evidence available in *Marvel v. NCsoft* easily passes the *Sony* standard as interpreted by Justice Breyer, that the noninfringing uses constitute at least ten percent of all uses.⁴⁴ Most *City of Heroes* users do not play infringing characters.⁴⁵ However, even a small percentage of infringing use can still account for a large number of infringing uses and substantially affect the bottom line of the copyright holder. Marvel has the right to make an exclusive Massively Multi-Player Online Role Playing Game ("MMORPG," pronounced "morg") deal for its characters, but it cannot meaningfully do so if its characters are running around *City of Heroes*.⁴⁶ Justice Breyer's reading of *Sony* provides ample protection for nascent technologies, but similarly protects mature technologies to the unacceptable detriment of intellectual property holders. Justice Ginsburg's concurrence addresses this deficiency, but swings too far in the other direction.

⁴⁰ See *Elektra Entm't Group, Inc v. Does 1-9*, No. 04 Civ. 2289, 2004 WL 2095581 (S.D.N.Y. Sept. 8, 2004); Order and Attachment, *Elektra Entm't Group, Inc. v. Does 1-6*, Civ. No. 04-1241 (E.D. Pa. Oct. 13, 2004), available at http://www.eff.org/IP/P2P/RIAA_v_ThePeople/20041012_Order_Granteeing_Request.pdf; see also John Doe Lawsuits, Electronic Frontier Foundation, <http://www.eff.org/IP/P2P/riaa-v-thepeople.php> (last visited Nov. 26, 2005).

⁴¹ See *Grokster*, 125 S. Ct. at 2787-88 (Breyer, J., concurring).

⁴² See *id.* at 2788-89.

⁴³ See *id.* at 2789-90.

⁴⁴ See *id.*

⁴⁵ See, e.g., *City of Heroes*, *City of Heroes Fan Site*, *City of Hero Screenshots*, <http://www.saguisag.com/column/cityofheroes/> (click on individual calendar dates to see images of heroes created for and used in the *City of Heroes* game) (last visited Jan. 1, 2006).

⁴⁶ See Seth Schiesel, *Microsoft Joins Marvel in Online Game Deal*, N.Y. TIMES, July 15, 2005, at C2.

C. Ginsburg's Grokster Analysis Leaves Loopholes in Intellectual Property Protection, and Is Not Protective Enough of Technology

Looking only to present substantial non-infringing use, as the Ginsburg concurrence does, is also too forgiving to be a useful standard. Absent inducement, the Ginsburg concurrence in *Grokster* (joined by Chief Justice Rehnquist and Justice Kennedy) would have found the company liable for contributing to the infringement of its users. The “ten percent” Justice Breyer wrote of was interpreted by Justice Ginsburg as “little beyond anecdotal evidence of noninfringing uses.”⁴⁷ However, the Ginsburg concurrence did not indicate a willingness to find liability where the infringing use was less than “overwhelming.”⁴⁸ As articulated, Justice Ginsburg’s standard would not protect against infringements that constitute a small, or unknowable, percentage of the overall use of the technology, even if they occur in significant numbers.⁴⁹ If an infringement is significant enough to merit the expense of pursuing a claim, rights holders should not be rebuffed simply because the infringement is not particularly important to the enabler. As iPods merge with cell phones⁵⁰ and PCs mirror TVs,⁵¹ consolidation of technologies will make a singular percentage-use analysis as obsolete as having a separate knife, scissors, awl, corkscrew and toothpick in your hunting belt.

Concurrently, the Ginsburg analysis does not adequately protect nascent technology. Justice Ginsburg’s interpretation of the *Sony* standard determines a technology’s capable uses by looking no further than to its present uses.⁵² New technologies

⁴⁷ See *Grokster*, 125 S. Ct. at 2785 (Ginsburg, J., concurring).

⁴⁸ See *id.* at 2786.

⁴⁹ See *id.*

⁵⁰ See, e.g., Motorola ROKR, http://direct.motorola.com/ENS/web_producthome.asp?Country=USA&language=ENS&productid=29790 (last visited Feb. 6, 2006).

⁵¹ See, e.g., Saul Hansell, *Google and Yahoo Aim at Another Screen*, N.Y. TIMES, Jan. 6, 2006, at C1; John Markoff, *Coming Soon to TV Land*, N.Y. TIMES, Jan. 7, 2006, at C1; Wikipedia, Liquid Crystal Display, <http://en.wikipedia.org/wiki/LCD> (last visited Nov. 29, 2005).

⁵² See *Grokster*, 125 S. Ct. at 2783–84, (Ginsburg, J., concurring).

might be based on infringement, but might also have the potential to be a useful and non-infringing technology, just as a writer might evolve a copyrighted storyline until it becomes a sufficiently original and non-infringing work.⁵³ The Ginsburg analysis would hold a company liable in its beginning stages, before it has a chance to fully develop its technology into a useful and ultimately noninfringing purpose.⁵⁴ By looking exclusively to the percentage of present noninfringing use, the Ginsburg standard shortsightedly does not provide for a company that has yet to reach a plateau of use before burdening it with the risk of third-party copyright liability.⁵⁵

To adequately protect both intellectual property rights, such as Marvel's, and the development of the useful technology, like that employed by NCsoft and Cryptic, at the very least a more balanced interpretation of the *Sony* standard is needed than is articulated in any of the *Grokster* opinions. A better solution is to more fully articulate the principles at play in *Sony* and the *Grokster* concurrences by establishing a new standard that incorporates all three and creates workable guidelines that fully address both technology and intellectual property concerns. *Marvel v. NCsoft* offers a look at an important and discrete situation in which a new

⁵³ See, e.g., *Sapon v. DC Comics*, 00 Civ. 8992, 2002 U.S. Dist. LEXIS 5395, at *19–20 (S.D.N.Y. Mar. 29, 2002) (citing, e.g., *Silverman v. CBS, Inc.*, 870 F.2d 40, 49 (2d Cir. 1989) (using the phrase “incremental addition”). “Professor Nimmer recognizes . . . that ‘a defendant may legitimately avoid infringement by intentionally making sufficient changes in a work which would otherwise be regarded as substantially similar to that of the plaintiff’s,’ a proposition we recognized on the prior appeal of this case, and elsewhere.” *Warner Bros. v. Am. Broad. Cos.* 720 F.2d 231, 241 (2d Cir. 1983) (internal citations omitted).

[E]vidence of intentional copying raises a presumption that a second comer intended to create a confusing similarity of appearance and succeeded. But if comparison of the works reveals no fair jury issue concerning likelihood of confusion, then intent to copy, even if found from the proffered evidence, would not establish a Lanham Act violation.

Id. at 246–47 (internal citations omitted) (citing *B & L Sales Assocs. v. H. Daroff & Sons, Inc.*, 421 F.2d 352, 354 (2d Cir. 1970); *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-le Coultre Watches, Inc.*, 221 F.2d 464, 466–67 (2d Cir. 1955); *Vitarroz Corp. v. River Brand Rice Mills, Inc.*, 266 F. Supp. 981, 986 (S.D.N.Y. 1967)).

⁵⁴ See *Grokster*, 125 S. Ct. at 2791–96 (Breyer, J., concurring) (discussing the “chill of technological development”).

⁵⁵ See *id.*; see also *infra* Part VII.C.1.

technology allows users to infringe on copyright to the significant detriment of the rights-holders, but does allow for availment of the protections afforded by *Grokster* and *Sony*, necessitating a new standard.

II. SUPERHEROES

In order to fully discuss the issues at play in *Marvel v. NCsoft*, it is necessary to look into the discrete milieu of superheroes—a form of intellectual property that has earned billions of dollars and has successfully adapted its specific subset of character properties into emerging entertainment technologies.⁵⁶

A. *A Very Brief History of Superheroes*

Superheroes as we know them were first created in the 1930s.⁵⁷ Drawing inspiration from literary characters like Hercules,⁵⁸ Zorro,⁵⁹ and the Scarlet Pimpernel,⁶⁰ and real-life circus performers and daredevils,⁶¹ the first brightly-clad, crime-fighting superheroes were seen in the pages of comic books.⁶² They have since been featured in every milieu that could hold an image or tell a story: toys, clothing, food packaging, radio, television, movies, and more recently, video games.⁶³

Although “Super Hero” and “Super Villain” are part of common parlance, they are actually trademarked terms held jointly by the two biggest American comic book publishers.⁶⁴ DC Comics

⁵⁶ See LES DANIELS, *SUPERMAN: THE COMPLETE HISTORY passim* (1st paperback ed., Steve Korté ed., Chronicle Books 2004) (1998) [hereinafter DANIELS: SUPERMAN].

⁵⁷ See LES DANIELS, CHIP KIDD & GEOFF SPEAR, *THE GOLDEN AGE OF DC COMICS: 365 DAYS 4* (2004) [hereinafter DANIELS: GOLDEN AGE].

⁵⁸ See *Detective Comics, Inc. v. Bruns Publ'ns, Inc.*, 111 F.2d 432, 433 (2d Cir. 1940).

⁵⁹ See Redboots, *Secret Identity: And who, disguised as Clark Kent . . .*, http://www.redboots.net/comics/secret_identity.htm (last visited Nov. 29, 2005).

⁶⁰ See GERARD JONES, *MEN OF TOMORROW: GEEKS, GANGSTERS, AND THE BIRTH OF THE COMIC BOOK 116* (Basic Books 2004).

⁶¹ See Redboots, *Secret Identity: And who, disguised as Clark Kent . . .*, http://www.redboots.net/comics/powers_costume.htm (last visited Nov. 29, 2005).

⁶² See DANIELS: SUPERMAN, *supra* note 56, 18–22.

⁶³ See *id.*, *passim*.

⁶⁴ Word Mark SUPER HEROES, Serial No. 73222079 (1981); available at <http://www.uspto.gov/main/trademarks.htm> (select “Search Trademarks” under “Get a

counts in its vast roster of characters Superman, Batman and Robin, Wonder Woman, Captain Marvel (Shazam!), Green Lantern, Aquaman, Plastic Man and the Flash, among many others.⁶⁵ Marvel Comics started as Timely Comics in the 1930s, when it published Captain America, the Human Torch, and Sub-Mariner comic books.⁶⁶ The company changed its name and reinvigorated the genre in the 1960s,⁶⁷ with its tragic heroes Spider-Man, the Fantastic Four, the Incredible Hulk, and the X-Men as part of its developing cast of thousands of costumed characters.⁶⁸ Both companies have published or licensed their superheroes to earn billions of dollars over the last seventy years,⁶⁹ and they protect their intellectual property rights in the characters assiduously.⁷⁰

Trademark Registration”; then select “New User Form Search” and enter the term “super heroes” into the “Search Term” box; then select the trademark with the corresponding serial number). DC Comics and Marvel have co-owned these terms since 1981. *See* Brian Cronin, *Comic Book Urban Legends Revealed #9!*, COMICS SHOULD BE GOOD, July 28, 2005, <http://goodcomics.blogspot.com/2005/07/comic-book-urban-legends-revealed-9.html>; *see also infra* Part V.F. and accompanying notes.

⁶⁵ *See* SCOTT BEATTY ET AL., *THE DC COMICS ENCYCLOPEDIA: THE DEFINITIVE GUIDE TO THE CHARACTERS OF THE DC UNIVERSE passim* (Alastair Dougall, ed., DK Publishing, Inc. 2004).

⁶⁶ Wikipedia Marvel Comics, http://en.wikipedia.org/wiki/Marvel_Comics (last visited Dec. 1, 2005); *see* RON GOULART, *GREAT HISTORY OF COMIC BOOKS* 145–58 (Contemporary Books, Inc. 1986).

⁶⁷ *See* Donald D. Markstein, *Marvel Comics*, TOONOPEDIA.COM, <http://www.toonopedia.com/marvel.htm> (last visited Dec. 1, 2005) (“*Marvel Comics* may have been the name of the comic (for one issue, anyway—with #2, it became *Marvel Mystery Comics*), but it wasn’t the name of the publisher. In fact, there wasn’t any one name the publisher was known by for any great length of time until the 1950s, when, for several consecutive years, it used “Atlas” as an imprint. It put a “Marvel Comics” logo on its covers for a couple of brief periods in the late ‘40s, but didn’t assume that name once and for all until 1963. Among the dozens of company names it used over the years was “Timely.”); *see also* BRADFORD W. WRIGHT, *COMIC BOOK NATION: THE TRANSFORMATION OF YOUTH CULTURE IN AMERICA* 212 (Johns Hopkins University Press 2001) (discussing the impact of Marvel Comics’ comic books on the industry).

⁶⁸ WRIGHT, *supra* note 67, at 204–15.

⁶⁹ *See* DANIELS: SUPERMAN, *supra* note 56, *passim*. Merchandising and licensing account for over 70% of Marvel’s annual income. *See* Second Amended Complaint, *Marvel Enters., Inc. v. NCsoft Corp.*, No. CV 04-9253-RGK (PLAx) 5 (C.D. Ca. Jan 25, 2005) [hereinafter *Marvel Second Amended Complaint*].

⁷⁰ *See, e.g., infra* Part V.A. They protect their rights with good reason. For example, DC Comics strictly adheres to its policy of taking great care in the selection of licensees who will responsibly utilize and promote the Superman character, costumes, phrases,

B. *Protecting Comic Book Characters*

Apart from the stories that detail their adventures, superheroes and other characters themselves are protected under both copyright and trademark principles.⁷¹ Unauthorized use of characters from one work can lead to copyright violation when used in another.⁷² Common superhero phrases that started as copyrightable text have subsequently been trademarked, such as “up, up and away”⁷³ and “faster than a speeding bullet.”⁷⁴ These and other aspects of superheroes are protected by trademark law to the extent that they confuse consumers as to their source.⁷⁵

Intellectual property rights holders are threatened any time a new communication technology comes along—and the Internet was no exception.⁷⁶ Fears over digital transmission through wide-reaching and inexpensive worldwide web channels through the mid-1990s led to the enactment of the DMCA.⁷⁷ Companies that operated an ISP were concerned that they could be liable for copyright infringement engaged in by users of their service, over

names and images, and has maintained strict quality requirements, to the tune of several billion dollars between 1969 and 1985 alone. *DC Comics Inc. v. Unlimited Monkey Business, Inc.*, 598 F. Supp. 110, 113 (N.D. Ga. 1984).

⁷¹ See, e.g., *Warner Bros., Inc. v. Am. Broad. Cos., Inc.*, 720 F.2d 231, 236 (2d Cir. 1983). See also Jay Kogan, *Trademark Protection for “Identity” Elements of Characters After Copyright Expires*, N.Y. ST. B.A. ENT., ARTS & SPORTS L.J. 26, 26 (Fall/Winter 2001) (explaining that “[c]haracters are entitled to protection under both copyright and trademark and related doctrines”).

⁷² See, e.g., *Walt Disney Prods. v. Air Pirates*, 581 F.2d 751 (9th Cir. 1978).

⁷³ Word Mark FASTER THAN A SPEEDING BULLET, Serial Number 73722620 (1989), available at <http://www.uspto.gov/main/trademarks.htm> (select “Search Trademarks” under “Get a Trademark Registration”; then select “New User Form Search” and enter the term “faster than a speeding bullet” into the “Search Term” box; then select the trademark with the corresponding serial number).

⁷⁴ Word Mark UP, UP AND AWAY, Serial Number 73176950 (1979), available at <http://www.uspto.gov/main/trademarks.htm> (select “Search Trademarks” under “Get a Trademark Registration”; then select “New User Form Search” and enter the term “up, up and away” into the “Search Term” box; then select the trademark with the corresponding serial number); see Kogan, *supra* note 71, at 32 (discussing the protection of “Faster Than A Speeding Bullet”).

⁷⁵ See Kogan, *supra* note 71, at 27–28.

⁷⁶ See, e.g., *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 380 F.3d 1154, 1158 (9th Cir. 2004).

⁷⁷ See *In re Aimster Copyright Litig.*, 334 F.3d 643, 655 (7th Cir. 2003).

whom they had no meaningful supervision.⁷⁸ To address this concern, the DMCA provides a safe harbor against a claim of copyright infringement if an ISP removes infringing material from a website when notified by the copyright holder⁷⁹ (“Notice and Knockdown”).⁸⁰

Comic book companies regularly use Notice and Knockdown to combat illegal online profiting from their superhero properties,⁸¹ but also appear to ignore certain benign uses that encourage fandom.⁸² For example, unauthorized tales of their superheroes called fan fiction, or “fanfic,” written by professional writers, or sold as if authorized by the copyright owner, are usually pursued by the publisher.⁸³ Stories posted by amateurs for the pleasure of a small community are not generally targeted.⁸⁴ The line seems to be drawn at moneymaking.

C. *City of Heroes Video Game: A Metropolis Without Superman*

Seeking to take advantage of the online market for superhero adventure, NCsoft and Cryptic Studios launched the superhero-

⁷⁸ *Id.*

⁷⁹ *See id.*; 17 U.S.C. § 512 (2000).

⁸⁰ *See* 17 U.S.C. § 512 (2000). This section is the notice-and-takedown provision, more pleasantly alliterative when referred to as “Notice and Knockdown.” “Notice-and-takedown” phrase is used in *Rossi v. Motion Picture Ass’n of Am., Inc.*, 391 F.3d 1000, 1002 (9th Cir. 2004); Yijun Tian, *Problems of Anti-Circumvention Rules in the DMCA & More Heterogeneous Solutions*, 15 *FORDHAM INTELL. PROP. MEDIA & ENT. L.J.* 749, 779 (Spring 2005); Richard S. Whitt, *A Horizontal Leap Forward: Formulating a New Communications Public Policy Framework Based on the Network Layers Model*, 56 *FED. COMM. L.J.* 587, 613 (2003–2004).

⁸¹ *See, e.g.*, Ruling on Marvel’s Motion to Dismiss Counterclaims, *Marvel Enters., Inc. v. NCsoft Corp.*, No. CV 04-9253-RGK (PLAx) 2–3 (C.D. Ca. Jan 25, 2005) [hereinafter Ruling on Marvel’s Motion to Dismiss Counterclaims].

⁸² *See* Frequently Asked Questions (and Answers) about Fan Fiction, Stanford Center for Internet & Society, <http://www.chillingeffects.org/fanfic/faq.cgi#QID302> (last visited Dec. 1, 2005). This site talks about movies and Star Trek, not comics, but the operating principles are the same.

⁸³ *Id.*

⁸⁴ *See* Rik Offenberger, *DarkMark: The Mark Waid of Fan Fiction*, THE MIGHTY CRUSADERS NETWORK, Apr. 19, 2005, <http://www.mightycrusaders.net/darkmark.htm>. “[T]he powers that be could stop any of us with a word. There have been authors who have asked that fanfic not be written about their stuff, and we’ve complied. On the other hand, if you don’t make money from it and don’t kick up too much of a fuss, the owners aren’t much bothered by it.” *Id.*

themed MMORPG *City of Heroes* in April, 2004.⁸⁵ Cryptic, a video game development studio, developed *City of Heroes* with financial, distribution and back end support from the South Korean video game company NCsoft.⁸⁶ Users create original superheroes using a character generation feature called the “Creation Engine” and share adventures with other players in the game’s virtual city.⁸⁷ “Paragon City,” the eponymous city of heroes, also has a “tailor” among its offices, courthouses and stores, which enables accomplished game players to create variant or totally new costumes for their characters mid-game, using features similar to the Creation Engine.⁸⁸ It was promoted as a game that “brings the world of comic books alive”⁸⁹ and “enables players to realize their comic book dreams.”⁹⁰ Within a month, it had exceeded its break-even subscriber number of 100,000.⁹¹ Cryptic also began publishing a print comic book series based on the game.⁹²

Cryptic’s intention was to create a game of superhero action without having to license characters from comic book publishers.⁹³ The *City of Heroes* User Agreement forbids the user of the game

⁸⁵ See Hardy, *supra* note 2, at 100.

⁸⁶ See *id.*

⁸⁷ See Ruling on Marvel’s Motion to Dismiss Counterclaims, *supra* note 81, at 1.

⁸⁸ See Press Release, Play NC, *City of Heroes* Launches Issue 1: Through the Looking Glass, June 30, 2004, http://www.plaync.com/about/2004/06/city_of_heroes_18.html. (noting that “Icon, a company in the game’s fictional Paragon City, will make costume and body modifications.”).

⁸⁹ See, e.g., Judd Winick, Dusting Nguyen, Richard Friend & Alex Sinclair, *As the Crow Flies Part Two: Partners in Crime*, BATMAN 627, at *City of Heroes* Advertisement (DC Comics, Jun. 2004) (on sale Apr. 2004) [hereinafter *City of Heroes* Advertisement]; Marvel Second Amended Complaint, *supra* note 69, at 2.

⁹⁰ Press Release, Play NC, NCsoft Launches *City of Heroes* Commercial Service: Comic Book-Based Online Game Trailblazes New Territory (Apr. 28, 2004), available at http://www.plaync.com/about/2004/04/ncsoft_launches_3.html [hereinafter Press Release: *City of Heroes* Launch].

⁹¹ See Andrew S. Bub, *City of Heroes, Issue #2 (PC)*, GAMESPYPC.COM, Aug. 19, 2004, <http://pc.gamespy.com/pc/city-of-heroes/540482p1.html> (interview with Kevin Sullivan, NCsoft product marketing manager).

⁹² See Ruling on Marvel’s Motion to Dismiss Counterclaims, *supra* note 81, at 2; Rick Dakan, Brandon McKinney & Moose Bauman, *Undead in the Big City Part 1*, CITY OF HEROES 1, at 1 (NCSoft Corporation and Cryptic Studios, Inc. Apr. 2004).

⁹³ See Hardy, *supra* note 2 at 100; see User Agreement, *City of Heroes*, §§ 4(e), 6(d) (July 2005), available at http://www.plaync.com/help/eula_coh.html (last visited Dec. 1, 2005) [hereinafter *City of Heroes* User Agreement].

from infringing any copyrights.⁹⁴ The game also has a “Block List” to prevent its players from using certain potentially infringing or obscene character names.⁹⁵

D. *Marvel Battles the Infringers*

Despite these efforts by Cryptic, users created superheroes that infringed on the intellectual property rights of Marvel Comics.⁹⁶ The Creation Engine was touted in reviews as the best in the medium, giving users the ability to create costumes and powers for their characters with more flexibility and particularity than any other game.⁹⁷ Although the game had a “no infringement” policy, gamers frequently encountered characters intended to represent not the original creations touted by some of the game’s literature, but replications of licensed characters, or even real people.⁹⁸

⁹⁴ *City of Heroes* User Agreement, *supra* note 93, at § 3. See also Ruling on Marvel’s Motion to Dismiss Counterclaims, *supra* note 81, at 1.

⁹⁵ Ruling on Marvel’s Motion to Dismiss Counterclaims, *supra* note 81, at 1.

⁹⁶ See Marvel Second Amended Complaint, *supra* note 69, at 2. For a fuller discussion of *City of Heroes* user-created infringing characters, including visual examples, visit this Note’s companion website at <http://brittonpayne.com/Marvel.html> (last visited Apr. 11, 2006).

⁹⁷ See, e.g., Michael Lafferty, *Does Character Customization Get Any Better than City of Heroes?*, GAMEZONE.COM, http://pc.gamezone.com/news/06_10_04_03_28PM.htm (last visited Dec. 1, 2005).

⁹⁸ See Richard Duffek, *City of Heroes Review*, MMORPG.COM, Aug. 20, 2004, <http://www.mmorpg.com/gamelist.cfm/setview/reviews/gameID/3/loadReview/11/page/2/from/%2Ffeatures%2Ecfm%2Fview%2Freviews>. Although it is difficult to come by thorough empirical data demonstrating this reality, players often take screenshots of their gameplay and post them online. It is not difficult to find evidence of characters infringing either the name or likeness, or both, of Marvel characters such as Hulk, Spider-Man, Wolverine, Colossus, Tigra. Simulations of DC Comics characters Superman, Batman, Wonder Woman, Shazam!, Green Lantern, and Flash abound, among many others. There are infringements of property from other media, like Rayden from the video game *Mortal Kombat*, movie characters from *Kill Bill* and *Robocop*, and television characters like *The Tick* and Sydney Bristow from *Alias*. Recalling one of the most famous cases in character copyright, a black and white character called Bogie was created by a user of the game. Real people also have been created and used as characters in the game, including NFL stars John Elway and Brett Favre, *Maxim Magazine* model Mandy Amano, and the game-player themselves, although the right of publicity implicated is beyond the scope of this Note. These examples are a testament not only to the vast creative powers the game grants to users, but to the disinclination of many users to create wholly original characters to play *City of Heroes* and the degree to which Cryptic allows

In September of 2004, Marvel first contacted Cryptic and NCsoft to complain that *City of Heroes* contained infringing characters.⁹⁹ Marvel felt the game allowed and encouraged its users to infringe character rights it held in characters like the Incredible Hulk, Wolverine, and the Thing.¹⁰⁰

Apparently leading to an unsatisfactory result, the contact was followed with a DMCA notification in October of 2004.¹⁰¹ The notification was rebuffed by NCsoft and Cryptic as lacking “statements of accuracy or good faith belief.”¹⁰² In addition, NCsoft and Cryptic “objected that the names of [the] characters specified in the letter had already been added to the software’s Block List.”¹⁰³ Nevertheless, NCsoft and Cryptic agreed to “review the characters and modify the Block List if needed.”¹⁰⁴

Still unsatisfied, on November 2, 2004, Marvel sent another DMCA infringement notification to NCsoft, citing the characters “Hulk10” and “Wolverine20” that were found in *City of Heroes*.¹⁰⁵ This time, NCsoft followed up by deleting many characters to ensure the infringing characters were removed.¹⁰⁶ These efforts to solve the problem without involving the courts were unsuccessful. Judging from the mere eight days before Marvel’s next action, they were perhaps unsuccessful by design.

infringement as a commonplace aspect of the game. For a collection of images culled from *City of Heroes* fan websites posting these infringing images and more, visit this Note’s companion website at <http://brittonpayne.com/Marvel.html> (last visited Apr. 11, 2006). For a sense of the long-term flow of the game, without actually having to play, visit Christopher Sausag’s illuminating 18 month screenshot diary of *City of Heroes* gameplay, at *City of Heroes*, *City of Heroes Fan Site*, *City of Hero Screenshots*, <http://www.saguisag.com/column/cityofheroes/> (last visited Jan. 1, 2006) [hereinafter Sausag *City of Heroes* Diary].

⁹⁹ Ruling on Marvel’s Motion to Dismiss Counterclaims, *supra* note 81, at 2.

¹⁰⁰ *Marvel Enters., Inc. v. NCsoft Corp.*, No. CV 04-9253, 2005 U.S. Dist. LEXIS 8448, at *6 (C.D. Cal. Mar. 9, 2005) [hereinafter Ruling on NCsoft and Cryptic’s Motions to Strike and Dismiss].

¹⁰¹ *See* Ruling on Marvel’s Motion to Dismiss Counterclaims, *supra* note 81, at 2.

¹⁰² *Id.*

¹⁰³ *Id.*

¹⁰⁴ *Id.*

¹⁰⁵ *See id.*

¹⁰⁶ *Id.*

III. MARVEL SUES NCsoft AND CRYPTIC ON INFRINGEMENT THEORIES

On November 10, 2004, Marvel filed suit against NCsoft and Cryptic Studios for infringement in the Central District of California.¹⁰⁷ Marvel claimed that the game unlawfully permitted and induced infringement of Marvel's copyrights and trademarks.¹⁰⁸ As it stood at the time of the December 14, 2005 settlement after more than a year of motion practice, Marvel had five surviving complaints.¹⁰⁹ The first claim, direct copyright infringement, was based on copyrighted Marvel characters.¹¹⁰ Marvel not only claimed that the aspects of the game and its marketing materials created by Cryptic such as Statesman directly infringed,¹¹¹ but that NCsoft and Cryptic were guilty of aiding the direct infringements of their users.¹¹²

Marvel's second claim, contributory copyright infringement, was to be judged on the *A&M Records v. Napster* standard,¹¹³ which would have required that NCsoft and Cryptic had knowledge of the infringing conduct by their users, and that they induced, caused, or contributed to the infringing conduct.¹¹⁴

¹⁰⁷ Marvel Complaint, *supra* note 6.

¹⁰⁸ *See id.* at 2–3.

¹⁰⁹ *See* Ruling on NCsoft and Cryptic's Motions to Strike and Dismiss, *supra* note 100 at *20.

¹¹⁰ *Id.* at *6.

¹¹¹ Marvel Second Amended Complaint, *supra* note 69, at 11.

¹¹² *Id.* at 11–12. This claim of direct infringement is presumably based on the theory that the user-generated characters are actually works jointly created by both NCsoft and Cryptic and the user, and wholly-owned by NCsoft and Cryptic by the terms of the User Agreement, *see City of Heroes* User Agreement, *supra* note 93, thus conferring direct liability, although this is not articulated in the complaint.

¹¹³ 239 F.3d 1004, 1020–22 (9th Cir. 2001) (stating that the test involves the company's "actual knowledge that specific infringing material is available using its system, that it could block access to the system by suppliers of the infringing material, and that it failed to remove the material").

¹¹⁴ Ruling on NCsoft and Cryptic's Motions to Strike and Dismiss, *supra* note 100, at *7 (citing *Napster*, 239 F.3d at 1019). This ruling was written a few months before *Grokster* was handed down by the Supreme Court, so as of this writing, it is unclear if the Central District will revise its standard to preclude the "caused, or contributed" clause based on that opinion in a future case. It is clear that the Central District will follow *Grokster's* analysis of inducement, whether it is as a prong of the claim or its entirety. For further discussion, see *infra* Part VII.A.

Marvel's third claim, vicarious copyright infringement, was defined in the *Napster* decision as well, requiring direct infringement by the user, direct financial benefit to NCsoft and Cryptic, and their ability to supervise.¹¹⁵ The fourth claim, common-law trademark infringement, suggested that the image of Statesman was a rip-off of Marvel's Captain America.¹¹⁶ Interpretations of these standards in an inevitable future case based on the unresolved issues will provide the opportunity for the Court to fully answer the question posed by *Grokster* and correct the limitations of *Sony* inquiry.

IV. THE INFRINGEMENT-ENABLING PUZZLE

Examination of Marvel's surviving claims of copyright and trademark infringement address the larger debate about how and when to protect copyright in the face of rapidly advancing digital technology.¹¹⁷ A company making millions of dollars¹¹⁸ in a billion-dollar industry¹¹⁹ is enabling its users to infringe the intellectual property of a company that has exploited those rights to the tune of billions of dollars.¹²⁰ It is important that these issues are resolved, as they affect all companies that commerce in intellectual property.

¹¹⁵ Ruling on NCsoft and Cryptic's Motions to Strike and Dismiss, *supra* note 100, at *9 (citing *Napster*, 239 F.3d at 1022).

¹¹⁶ *Id.* at *11–12.

¹¹⁷ Marvel's claims of economic interference and the counterclaims of trademark infringement and false notification will be mentioned, but are not the focus of this Note.

¹¹⁸ *See supra* note 3 and accompanying text.

¹¹⁹ "Video games are a \$6.35 billion industry with online game revenue forecasted to reach \$9.8 billion in 2009." Center for Strategic and International Studies, *Massively Multiplayer Online Games and the Video Game Revolution*, Aug. 3, 2005, <http://www.globalization101.org/index.php?file=news1&id=10>.

¹²⁰ In 2004 alone, Marvel Enterprises reported \$4 billion in worldwide retail sales. *See Dawn Wilensky, Are You on the List? Most Leading Licensors Remained Flat 2004 over 2003*, LICENSE!, Apr. 2005, at 16, available at <http://www.licensemag.com/licensemag/article/articleDetail.jsp?id=154144>.

A. Operators of MMORPGs Appropriately Fall within the Scope of the DMCA

The original inspirations for the safe harbor provision of the DMCA were internet companies like America Online (AOL) and Verizon.¹²¹ These companies were basically paving the virtual roads of the “information superhighway” that fueled imaginations and the economy through the nineties, and were concerned that they not become liable for the infringing uses of their millions of users. Since they had little oversight of the content on web pages they hosted, they were able to secure a safe harbor provision.¹²² Further litigation fleshed out the scope of the definition of ISP, to whom safe harbors are afforded—some cases limiting it to only those companies that provide back-end support for transferring information, some extending it to anyone with a web presence.

In the *Marvel v. NCsoft* litigation, the Central District of California Western Division found that NCsoft and Cryptic qualify as ISPs under the DMCA.¹²³ The court chose an inclusive reading of the Section 512(c) safe harbor provision, which defines an ISP as “a provider of online services or network access, or the operator of facilities therefore”¹²⁴ Previous rulings from the court have found internet vendors eBay and Amazon to be ISPs under the DMCA.¹²⁵ Other courts have held similarly, including the Western

¹²¹ See *In re Aimster Copyright Litig.*, 334 F.3d 643, 655 (7th Cir. 2003).

¹²² 17 U.S.C. § 512 (2000); see, e.g., TECH LAW JOURNAL, BLUMENTHAL V. DRUDGE AND AOL, Dec. 18, 1999, <http://www.techlawjournal.com/courts/drudge/Default.htm> (AOL dismissed from a slander case against *The Drudge Report*). But see Sarah Deveaux, *Yahoo Wins Court Reprieve in Nazi Sales Case*, CNN.COM, July 26, 2000, <http://archives.cnn.com/2000/TECH/computing/07/26/yahoo.nazi.idg> (Yahoo subject to prosecution in France for allowing its users to offer Nazi memorabilia, which is illegal in France).

¹²³ Ruling on Marvel’s Motion to Dismiss Counterclaims, *supra* note 81, at 5.

¹²⁴ 17 U.S.C. § 512(k)(1)(B) (2000).

¹²⁵ See *Hendrickson v. Amazon.com, Inc.*, 298 F. Supp. 2d 914, 915 (C.D. Cal. 2003) (finding that Amazon meets the DMCA’s definition of a service provider); *Hendrickson v. eBay, Inc.*, 165 F. Supp. 2d 1082, 1088 (C.D. Cal. 2001) (finding that eBay qualifies as a service provider). “The DMCA also provides a different, more restrictive, definition of ‘service provider.’ See 17 U.S.C. § 512(k)(1)(A). This definition only applies to entities seeking protection from liability under the ‘transitory digital network communications’ safe harbor. See 17 U.S.C. § 512(a). The more restrictive definition does not apply to an entity, such as Amazon, that seeks protection under the ‘information residing on systems or networks at the direction of users’ safe harbor. See 17 U.S.C. § 512(k)(1)(B).” Corbis

District of Washington,¹²⁶ the Seventh Circuit,¹²⁷ the D.C. District,¹²⁸ and the Fourth Circuit.¹²⁹ They have found that the definition of an ISP should be read inclusively in order to grant safe harbor for cooperating internet entities. There are other courts and scholars that have suggested the safe harbor provision should be read more narrowly. The Eighth Circuit has noted that if Congress wants a more inclusive law, they should pass new legislation.¹³⁰ Similarly less inclusive readings of the definition of an ISP have appeared in the D.C. Circuit¹³¹ and in North Carolina.¹³²

Because the DCMA provides sufficient tools for courts to use in fashioning responsible solutions for questions of digital infringement, it should be read to include game operators like

Corp. v. Amazon.com, Inc., 351 F. Supp. 2d 1090, 1100 n. 5 (W.D. Wa. 2004). “Corbis argues that Amazon is not a service provider because Amazon does not ‘serve to route or connect online digital communications.’ This argument is unavailing—the relevant definition of service provider does not require Amazon to engage in such activity. *See* 17 U.S.C. § 512(k)(1)(B).” *Corbis*, 351 F. Supp. 2d at 1100 n. 6 (internal citations omitted).

¹²⁶ *Corbis*, 351 F. Supp. 2d at 1100 (noting that the definition of an ISP under 17 U.S.C. § 512(k)(1)(B) (2000) “encompasses a broad variety of Internet activities” and that “there is no doubt that Amazon fits within the definition”).

¹²⁷ *In re Aimster Copyright Litig.*, 252 F. Supp. 2d 634, 657–58 (N.D. Ill. 2003) (noting that “‘service provider’ is defined so broadly that we have trouble imagining the existence of an online service that *would not* fall under the definitions” in a case about a file-sharing/music downloading service). This decision was affirmed in the Seventh Circuit. *In re Aimster Copyright Litig.*, 334 F.3d 643, 655 (7th Cir. 2003) (noting that “the definition of Internet service provider is broad (‘a provider of online services or network access, or the operator of facilities therefor,’ 17 U.S.C. § 512(k)(1)(B) (2000)) and, as the district judge ruled, Aimster fits it”).

¹²⁸ *In re Verizon Internet Servs., Inc.*, 240 F. Supp. 2d 24, 30 (D.D.C. 2003) (noting the narrow definition of “service provider” in 17 U.S.C. § 512(a) (2000) and the inclusive broader definition of “service provider” in 17 U.S.C. § 512(b)–(d) (2000)).

¹²⁹ *ALS Scan, Inc. v. RemarQ Cmty., Inc.*, 239 F.3d 619, 623 (4th Cir. 2001) (noting that the Act defines a service provider broadly).

¹³⁰ *In re Charter Communs., Inc.*, 393 F.3d 771, 777 (8th Cir. 2005) (“[I]t is the province of Congress, not the courts, to decide whether to rewrite the DMCA in order to make it fit a new and unforeseen [I]nternet architecture and accommodate fully the varied permutations of competing interests that are inevitably implicated by new technology.” (internal quotations and citation omitted)). It appears that the Eighth Circuit’s desire to get at infringers contributed materially to this finding. *See id.*

¹³¹ *See* *Recording Industry Ass’n of Am., Inc. v. Verizon Internet Servs., Inc.*, 351 F.3d 1229, 1237–38 (D.C. Cir. 2003).

¹³² *See In re Subpoena To University of North Carolina at Chapel Hill*, 367 F. Supp. 2d 945, 953 (M.D.N.C. 2005).

NCsoft.¹³³ The letter of the law makes it fairly clear that they should fall under the safe harbor provisions of Sections 512 (b) and (c).¹³⁴ Moreover, there are more important reasons for having an expansive view of the scope of the DMCA. Ease of publication in a digital environment ensures that copyright infringement situations will continue to arise. If the DMCA is not read liberally, the only recourse intellectual property companies will have is to bring an action in court. The DMCA provides a way to lessen that burden. Given the complexity of the DMCA and the acceptance among circuits of an inclusive definition of an ISP, it seems inefficient to require Congress to revisit the issue when the result would likely be similar. It is more sensible to accept the interpretation that would allow courts to solve the problem. Congress should only be expected to step in where the courts have clearly acted outside of the purpose of the legislation.

However, concurrent with an inclusive reading, there should be a fact-intensive inquiry leading to an active use of injunctive relief available under Section 512(j)(1)(A)(iii). Filtering technology is already considered in the DMCA,¹³⁵ but courts should use the injunctive authority to craft the scope of the filtering necessary. Each new use of the technology threatens an imbalance. Where traditional market forces and economic incentives fail to solve problems, courts must have a free hand in crafting solutions within the power granted by Congress in the DMCA. Where a court has been drawn into a dispute, that court is in the best position to dictate the appropriate future filtering behavior required to grant a safe harbor. Further discussion in this Note will consider exactly what that scope of injunctive relief available under the DMCA should be.¹³⁶

¹³³ See *Charter Communs.*, 393 F.3d at 778 (Murphy, J. dissenting) (“The legislative solution in response to these concerns significantly limited the liability of ISPs for infringement by their customers and provided copyright holders more direct means to attack digital piracy.”).

¹³⁴ 17 U.S.C. § 512(k)(1)(B) (2000) (defining an ISP under §§ 512 (b) and (c) as “a provider of online services”).

¹³⁵ *Id.* at § 512(j)(2)(D) (stating that, in granting an injunction, courts should consider “whether other less burdensome and comparably effective means of preventing or restraining access to the infringing material are available”).

¹³⁶ See *infra* Part VI.

B. The Inducement to Infringe in City of Heroes Does Not Rise to the Level of a Violation under Grokster

The *Grokster* case was lined up to answer the question of whether the *Sony* standard of “capable of substantial noninfringing use” still existed and how it applied to online infringement. However, the decision instead added a new layer of inquiry before the *Sony* standard needed to be addressed.¹³⁷ The Court decided unanimously that both Grokster’s and StreamCast’s behavior constituted inducing infringement and that each was thus liable for the copyright infringements of its users.¹³⁸ In order to determine if any acts by NCsoft or Cryptic would have triggered a *Grokster* violation, a look into the Grokster and StreamCast inducing behavior is appropriate.

Grokster predicated its business model on attracting the infringing users abandoned by Napster after its services were found to confer copyright liability.¹³⁹ They hoped to attract advertising linked to their interface by distributing their software freely and making it clear to its potential users that the software could aid them in illegally sharing copyrighted materials.¹⁴⁰ The vast majority of the materials transferred using the software was copyrighted material and the owners of those copyrights banded together in the *Grokster* suit.¹⁴¹ The Court unanimously found liability on an inducement theory, based on many actions taken by Grokster and StreamCast in distributing their product.¹⁴² StreamCast averred that their “goal [was] to get in trouble with the law and get sued.”¹⁴³ They prepared promotional materials that flaunted the illegal uses of their software.¹⁴⁴ StreamCast rebuffed other companies’ offers to help them monitor infringement, and

¹³⁷ See *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 125 S. Ct. 2764, 2770 (2005).

¹³⁸ See *id.*

¹³⁹ *Id.* at 2772–73.

¹⁴⁰ *Id.* at 2773.

¹⁴¹ *Id.* at 2771–72; see *id.* at 2786 n.3 (Ginsburg, J., concurring) (recounting specific figures which indicate that the vast majority of the materials shared were copyrighted).

¹⁴² See *id.* at 2770.

¹⁴³ *Id.* at 2773.

¹⁴⁴ See *id.*

blocked them from doing so independently.¹⁴⁵ The Court also looked disfavorably on attempts to attract the user base of the “notorious” Napster service,¹⁴⁶ who are established as “of a mind to infringe.”¹⁴⁷ Grokster developed a program that would direct computer users searching for “Napster” on a search engine to the Grokster web site.¹⁴⁸ StreamCast presented itself as “similar to what Napster was.”¹⁴⁹

NCsoft and Cryptic took several actions that Marvel complained are sufficiently inducing to trigger liability under the *Grokster* standard.¹⁵⁰ The *City of Heroes* marketing exhorted potential customers to “bring[] the world of comic books alive,” although at the time it owned no comic book characters of its own.¹⁵¹ Marvel claimed that the Creation Engine “encourages players to create and utilize Heroes that are nearly identical in name, appearance and characteristics to characters belonging to Marvel” by including choices that allow power combinations similar to Marvel characters.¹⁵² Through its lax enforcement of the non-infringement clause in NCsoft and Cryptic’s user agreement, Marvel alleged that *City of Heroes* effectively creates a space where it is known that there will be no consequence for the infringement of character rights.¹⁵³

Comparisons can be made between NCsoft’s actions and the inducing behavior in *Grokster*. The companies in each case were aware that their users employed their software to engage in acts of copyright infringement.¹⁵⁴ Each encouraged that infringement

¹⁴⁵ *Id.* at 2774.

¹⁴⁶ *See id.* at 2772.

¹⁴⁷ *Id.* at 2774.

¹⁴⁸ *Id.* at 2773.

¹⁴⁹ *Id.*

¹⁵⁰ *See* Marvel Second Amended Complaint, *supra* note 69, at 2.

¹⁵¹ *See id.*

¹⁵² *See id.* (noting that *City of Heroes* allows a player to create a character “nearly identical in appearance and attributes as” Marvel’s characters).

¹⁵³ *See, e.g., id.* at 7.

¹⁵⁴ *Grokster*, 125 S. Ct. at 2772 (noting that “Grokster and StreamCast concede the infringement in most downloads and it is uncontested that they are aware that users employ their software primarily to download copyrighted files”); *see* Ruling on Marvel’s Motion to Dismiss Counterclaims, *supra* note 81, at 1–2 (noting that NCsoft and Cryptic added names to its block list and removed characters from its system that allegedly

through their advertising and public statements and sought out customers who were drawn to the protected works.¹⁵⁵ Neither company made effective efforts to impede their users' infringing behavior.¹⁵⁶ Both companies' opportunities grew as their user base did, which they knew depended in significant part on users who intended to infringe.¹⁵⁷ And in both cases, the pursuit of direct infringers was prohibitively expensive for copyright holders, which led to underenforcement.¹⁵⁸

Where no action is taken to encourage infringement through means such as advertising, the distributor will not be subject to liability for contributory infringement under *Grokster*,¹⁵⁹ a kind of "don't ask, don't sell" standard.¹⁶⁰ However, *Grokster* and StreamCast had clearly induced, and could be found liable for the infringement of their users.¹⁶¹ Once *Grokster*-level inducement has been found, there is liability for user infringement.¹⁶² However, NCsoft and Cryptic did not induce users to infringe to the same degree as either *Grokster* or StreamCast. The main

infringed Marvel's rights) in conjunction with *City of Heroes* User Agreement, *supra* note 93.

¹⁵⁵ *Grokster*, 125 S. Ct. at 2774; see Hardy, *supra* note 2 (noting that game co-creator Richard Dakan brought in Jack Emmert "to build a game featuring the science fiction of comic-book superheroes—without paying license fees for established characters like Batman or Spider-Man"); *City of Heroes* Advertisement, *supra* note 89 (NCsoft and Cryptic advertisement in a superhero comic book); Press Release: *City of Heroes* Launch, *supra* note 90 and accompanying text ("everyone can be the hero they've always dreamed of") (together indicating that NCsoft and Cryptic wanted to create a game for fans of superhero comics and advertised as such).

¹⁵⁶ *Grokster*, 125 S. Ct. at 2774; see Duffek, *supra* note 98 (noting that *City of Heroes* was riddled with infringing superheroes from launch through the filing of the suit).

¹⁵⁷ *Grokster*, 125 S. Ct. at 2774; see Bub, *supra* note 91 and accompanying text (noting how NCsoft calculated its breakeven costs based on the number of subscribers it was able to enlist to *City of Heroes*).

¹⁵⁸ See *Grokster*, 125 S. Ct. at 2776; *In re Aimster Copyright Litig.*, 334 F. 3d 643, 645 (7th Cir. 2003) (noting that "chasing individual consumers is time consuming and is a teaspoon solution to an ocean problem" (citing Randal C. Picker, *Copyright as Entry Policy: The Case of Digital Distribution*, 47 ANTITRUST BULL. 423, 442 (2002))); Marvel Complaint, *supra* note 6, at 11–13 (alleging "literally thousands of infringing Heroes roaming the streets of [*City of Heroes*]").

¹⁵⁹ See *Grokster*, 125 S. Ct. at 2776 (citing *Gershwin Publ'g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971)).

¹⁶⁰ Jon Pareles, *The Court Ruled, So Enter the Geeks*, N.Y. TIMES, June 29, 2005 at E1.

¹⁶¹ *Grokster*, 125 S. Ct. at 2782.

¹⁶² *Id.* at 2770.

distinction is that in *Grokster*, the vast majority of uses of the software were infringing—practically the sole purpose was to illegally download copyrighted songs.¹⁶³ In *Marvel v. NCsoft*, there is no accurate measure of the percentage of users that infringe and there is certainly evidence of a great deal of non-infringing use.¹⁶⁴ In *Grokster*, the non-infringing use was practically theoretical,¹⁶⁵ as was an effective filtering remedy, due to the construction of the software.¹⁶⁶ Where software has been constructed without consideration of reasonably foreseeable secondary infringement, it seems fair that the burden of correcting the problem should lie with the enabling software company. The potentially inducing advertising claim that the game “brings the world of comic books alive”¹⁶⁷ was an important, but ultimately small, portion of NCSoft’s promotional text. Although NCsoft was not completely ignorant as to infringing uses of its service, the evidence of inducement is not as substantial as it was in *Grokster*, and is not even sufficient to trigger liability under the articulated *Grokster* standard. *Grokster* was held liable by the Supreme Court under its articulated standard that “one who distributes a device *with the object* of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringements by third parties.”¹⁶⁸ Although it appears to have been *an* object of NCsoft to promote the fact that users *could* infringe, it was not *the* object that they *would*, as it was in *Grokster*.

C. *The Intersection of Sony and Notice and Knockdown*

The question of the amount of infringement necessary to trigger liability for third-party infringements absent inducement that *Grokster* failed to answer¹⁶⁹ was originally posed in the *Sony*

¹⁶³ *Id.* at 2771.

¹⁶⁴ *See, e.g.,* Sausisag, *City of Heroes* Diary, *supra* note 98.

¹⁶⁵ *Grokster*, 125 S. Ct. at 2785 (Ginsburg, J., concurring).

¹⁶⁶ *See id.* at 2781 (noting that “neither company attempted to develop filtering tools or other mechanisms to diminish the infringing activity using their software”).

¹⁶⁷ *See City of Heroes* Advertisement, *supra* note 89 and accompanying text.

¹⁶⁸ *Grokster*, 125 S. Ct. at 2770 (emphasis added).

¹⁶⁹ *See id.* at 2786 (Ginsburg, J., concurring), 2787 (Breyer, J., concurring).

decision.¹⁷⁰ There, television program copyright holders pursued their rights against VCR manufacturers who were enabling their users to create unauthorized copies of the copyrighted programming.¹⁷¹ The *Sony* Court held that the sale to the general public of equipment capable of substantial noninfringing uses does not constitute contributory infringement for users' infringement of copyright.¹⁷² At the time of *Sony*, some sports, religious and educational broadcasters allowed VCR owners to tape their broadcasts.¹⁷³ The Court found that this was enough noninfringing use to provide safe harbor for VCR manufacturers, and found separately that even if it was not, the "timeshifting" function of the VCR, the ordinary consumer use to tape a show and watch it later, constituted "fair use" and was not infringing.¹⁷⁴ *Grokster* presented an opportunity for the Court to provide more guidance for determining what exactly does constitute "substantial noninfringing uses."

By basing its unanimous decision on an inducement theory, the *Grokster* Court avoided the question of whether the file-sharing product was sufficiently "capable of substantial noninfringing uses," as the Court found a VCR to be in *Sony*. Two concurring opinions held opposite positions on the issue. Justice Ginsburg wrote that the *Grokster* and *StreamCast* products are used overwhelmingly to illegally copy protected works and failed the *Sony* standard.¹⁷⁵ Justice Ginsburg also commented that their supposedly substantial noninfringing use was either speculative or "little beyond anecdotal."¹⁷⁶ Justice Breyer disagreed and wrote that the product clearly satisfied the *Sony* standard of nine percent noninfringing use, which included the sharing of authorized copies of music, free electronic books, public domain and authorized software, and authorized music videos, as well as possible future non-infringing uses.¹⁷⁷ Justice Breyer also pointed out other tools

¹⁷⁰ *Sony Corp. of Am. v. Universal City Studios, Inc.*, 104 S. Ct. 774, 789 (1984).

¹⁷¹ *Id.* at 777.

¹⁷² *Id.* at 795–96.

¹⁷³ *Grokster*, 125 S. Ct. at 2788 (Breyer, J. concurring) (discussing the facts of *Sony*).

¹⁷⁴ *Id.*

¹⁷⁵ *Grokster*, 125 S. Ct. at 2785 (Ginsburg, J., concurring).

¹⁷⁶ *Id.*

¹⁷⁷ *Id.* at 2788–89 (Breyer, J. concurring).

for reducing piracy, like *Grokster*-style inducement theory suits, traditional direct infringement suits, new technology, and making lawful copying cheaper and easier.¹⁷⁸ Each concurring opinion had the support of three Justices,¹⁷⁹ with the remaining three Justices seeing no present need to address the issue that will likely define future file-sharing cases.¹⁸⁰

In its 1996 *Fonovisa v. Cherry Auction* decision, the Ninth Circuit ruled that the operators of a swap meet could be held liable for vicarious and contributory infringement of copyright and contributory trademark infringement.¹⁸¹ Although not a technology decision, it offers a good analogy to *Marvel v. NCsoft*. In each case, a company was aware that its service was being used to infringe and did not fully pursue avenues available to it to prevent that infringement. In neither case was the infringing behavior the “overwhelming” use of the service. A finding of liability absent inducement in *Fonovisa* opens the door for a finding of liability in *Marvel v. NCsoft*. *Fonovisa* is a post-*Sony* finding of vicarious and contributory liability for an enabler. Although it is pre-DMCA, its analysis of the claims is not outmoded. The *Grokster* holding may have foreclosed a *Fonovisa* finding of contributory liability absent inducement, but the opinion specifically reserved the possibility for a finding of vicarious liability.¹⁸²

The *Grokster* Court held that “[o]ne infringes vicariously by profiting from direct infringement while declining to exercise a right to stop or limit it.”¹⁸³ NCsoft has the right to stop or limit the infringement of its users by the terms of its End User License Agreement (“EULA”).¹⁸⁴ *Sony* seems to indicate that “profiting from direct infringement” would be determined in the context of an enabling technology under its “capable of substantial noninfringing uses” standard. Unfortunately, its definition is at best unclear, and

¹⁷⁸ *Id.* at 2794–95 (Breyer, J. concurring).

¹⁷⁹ *See id.* at 2783 (Ginsburg, J. concurring), 2787 (Breyer, J. concurring).

¹⁸⁰ *See id.* at 2776 n.9.

¹⁸¹ 76 F.3d 259, 264–65 (9th Cir. 1996).

¹⁸² *Grokster*, 125 S. Ct at 2776 n.9.

¹⁸³ *Id.* at 2776 (citing *Shapiro, Bernstein & Co. v. H. L. Green Co.*, 316 F.2d 304, 307 (2d Cir. 1963)).

¹⁸⁴ *See City of Heroes* User Agreement, *supra* note 94 and accompanying text.

at worst inadequate. The DMCA offers a safe harbor by more fully defining the phrase “exercise a right” for an ISP.¹⁸⁵ Therefore, under the *Sony* standard, absent inducement, an enabler can avoid liability for vicarious infringement by following the DMCA Notice and Knockdown procedures. A fact-based analysis will be required to determine what the filtering procedures should be with regards to new applications of emerging technologies. This Note offers a solution in the context of character generation in video games below,¹⁸⁶ and finds that NCsoft and Cryptic would be secondarily liable, suggesting specific injunctive relief available for Marvel under the terms of the DMCA.¹⁸⁷

D. Strictly Interpreted Notice and Knockdown Does Not Provide Adequately Protect Copyright Holders

The biggest problem with Notice and Knockdown is its strict interpretation of notice. As originally conceived, it works well for a website that posts the full text of a copyrighted novel. An infringer would have to create a page in a program, such as Dreamweaver,¹⁸⁸ upload the page to a website, and lure other people to the website. The benefit to the infringer comes from drawing attention to itself, whether it results in selling the infringing material, or advertising to the people who come to see the infringing material. The infringing website would thus come to the attention of the rights-holder, or through a simple web search of a passage from the copyrighted work, a process that can be programmed to run automatically. Once the ISP received notification of the infringing material, the offending work would

¹⁸⁵ See *Grokster*, 125 S.Ct at 2776.

¹⁸⁶ See *infra* Part VI.

¹⁸⁷ If the court did not want to find NCsoft and Cryptic liable, it could have found that the *Sony* safe harbor survives *Grokster* one way or another, and confer protection for *City of Heroes* as an emerging technology “capable of substantial noninfringing use.” This approach is unusual and unlikely, but worthy of at least a mention. This Note finds a far better solution in replacing the *Sony* standard with the BIFF Factors, discussed *infra* Part VI.

¹⁸⁸ SiteBuilder.ws, Dreamweaver Video Tutorials, <http://www.sitebuilder.ws/dreamweaver/tutorials/> (last visited Jan. 19, 2006). Dreamweaver is an “industry-leading development tool enabling users to efficiently design, develop and maintain standards-based websites and applications.” Macromedia.com, Dreamweaver 8, <http://www.macromedia.com/software/Dreamweaver> (last visited Mar. 29, 2006).

be removed, the infringer would be on notice, and the ISP would not be burdened with policing its sites. Repeat offenders would be discouraged because each knockdown would require the offender to repeatedly invest start-up costs to attract users and would require a cumbersome turnaround time for reposting.

However, in the context of a game like this, the “posting” of infringing material is much more fluid. The ISP itself enables the creation of the material and its posting through the Creation Engine and the maintenance of the game. When Cryptic is notified of an infringing character, the character is knocked down, but the infringing user can simply try again with the same tools provided by the game.

In addition, a copyright holder cannot generally discover a player who has infringed its rights without playing the game. Once the game has been joined, it runs on several different servers (named Justice, Liberty, etc.), similar to NFL games between different teams played simultaneously in different stadiums in different cities.¹⁸⁹ For a company like Marvel to police the game, they would need a presence in all of the servers at all times, which is just the kind of monitoring the DMCA discourages in enforcing its provisions.¹⁹⁰

V. INFRINGEMENT IN THE MILIEU OF SUPERHEROES

For a finding of copyright infringement, whether direct, contributory or vicarious, there must be an instance of the copying of protected materials. All of Marvel’s characters at issue are protected by copyright. Since these characters are all superheroes, certain discrete issues are raised that have been explored in prior cases. The scope of copyright protection for superheroes will inform the scope of the solution necessary in a character infringement case like *Marvel v. NCsoft*.

¹⁸⁹ See NFL.com, NFL Schedules, <http://www.nfl.com/schedules> (last visited Dec. 3, 2005).

¹⁹⁰ See 17 U.S.C. § 512(m) (2000) (“Nothing in this section shall be construed to [require] a service provider monitoring its service . . .”). A more helpful interpretation of the notice aspect of Notice and Knockdown is discussed below. See *infra* Part VI.A and accompanying notes.

A. Superhero Infringement Cases

1. 1941: Wonderman: *Closely Imitating the Costume*

There have been several cases involving the infringement of superheroes since Superman hit the scene in 1938.¹⁹¹ The first was inspired by Superman himself.¹⁹² Superman debuted in an anthology magazine called *Action Comics*, published by Detective Comics, Inc., the precursor to DC Comics.¹⁹³ It sold surprisingly well from the beginning, but the publisher was not sure which feature was driving the sales. However, Detective Comics' accountant Victor Fox had figured out that it was the popularity of the colorfully unique Superman, and left the publishing company to start his own Bruns Publications.¹⁹⁴ He hired his own artists and writers, and put out the first issue of *Wonder Comics* in May of 1939, featuring Wonderman.¹⁹⁵ Detective Comics sued him for infringing Superman.¹⁹⁶ The court found that Bruns Publications had infringed, citing the copying of panels from the original, and the copying of story elements.¹⁹⁷ Traditional copyright law covers the copying of story elements, and was applied here.¹⁹⁸ The question of additional protection for the character apart from the story was specifically acknowledged as prohibited by *Nichols v.*

¹⁹¹ See DANIELS: GOLDEN AGE, *supra* note 57, at 4 (noting that Superman debuted in *Action Comics* in 1938).

¹⁹² See *Detective Comics, Inc. v. Bruns Publ'ns, Inc.*, 111 F.2d 432, 433 (2d Cir.1940).

¹⁹³ See Jerome Siegel & Joe Shuster, *Superman*, ACTION COMICS 1, at inside cover, 1 (Detective Comics, Inc. June 1938) (first appearance of Superman), *reprinted in* SUPERMAN IN ACTION COMICS ARCHIVES, VOLUME ONE 9 (Bob Kahan ed., DC Comics 1997), available at <http://superman.ws/tales2/action1/?page=0> (last visited Dec. 3, 2005) (providing image of inside cover); see also *Siegel v. Nat'l Periodical Publ'ns, Inc.*, 508 F.2d 909, 911 (2d Cir. 1974). For the full story of Superman's journey from creation to publication, see DANIELS: SUPERMAN, *supra* note 56, at 15–35.

¹⁹⁴ See Schienke, *supra* note 29, at 69.

¹⁹⁵ See *id.*; Will Eisner, *The Origin of Wonder Man*, WONDER COMICS 1, at 1 (Fox Publ'ns May 1939). Fox hired comics legend Will Eisner to create the first issue, under orders to create "another Superman." Eisner subsequently testified against Fox in the trial. Mikel Midnight, *Wonder Man*, WILDWOOD CEMETERY: THE SPIRIT DATABASE, <http://www.wildwoodcemetery.com/wonderman.shtml> (last visited Dec. 3, 2005).

¹⁹⁶ See *Bruns*, 111 F.2d at 433.

¹⁹⁷ See *id.* For a side-by-side comparison of the offending panels, visit this Note's companion website at <http://brittonpayne.com/Marvel.html> (last visited Apr. 11, 2006).

¹⁹⁸ See *Bruns*, 111 F.2d at 433.

Universal Pictures,¹⁹⁹ but was effectively addressed in the injunctive relief.²⁰⁰ Where an infringer is not copying any story elements, specific feats or particular images, the relevant standard articulated in *Bruns* is an injunction prohibiting “closely imitating [a superhero’s] costume or appearance in any feat whatever.”²⁰¹ Since the milieu of superheroes—whether in a comic book or in a video game—will inherently involve “feats,” infringement can be established through the similarity of costume or appearance.²⁰²

2. 1942: The Lynx with Blackie the Mystery Boy:
A Comparison of the Cartoons

Unbowed by his loss in the Wonderman case,²⁰³ Fox tried again in August of 1940 with a feature in his *Mystery Man Comics* featuring The Lynx, an athletic crime-fighter with a boy sidekick called Blackie the Mystery Boy.²⁰⁴ The judge came to the same conclusion as in the Wonderman case, finding “deliberate copying by the defendant of drawings and cartoons of the Batman and his companion Robin.”²⁰⁵ The costumes of the Lynx and Blackie do not look anything like Batman and Robin at first glance, but considering that the work was copied panel by panel in some instances, the resemblance of linework that led to the finding of

¹⁹⁹ *Id.* at 434 (citing *Nichols v. Universal Pictures Corp.*, 45 F.2d 119 (2d Cir. 1930)).

²⁰⁰ *See id.*

²⁰¹ *Id.*

²⁰² *See, e.g.*, THE AMERICAN HERITAGE DICTIONARY OF THE ENGLISH LANGUAGE 1802 (3d ed., Houghton Mifflin Co. 1996) (“Superhero: A figure, especially in a comic strip or cartoon, endowed with superhuman powers and usually portrayed as fighting evil or crime.”).

²⁰³ *See supra* Part V.A.1.

²⁰⁴ *See* *Detective Comics, Inc. v. Fox Publ’ns, Inc.*, 46 F. Supp. 872, 873 (S.D.N.Y. 1942); Norton Kingsley, *The Coming of the Lynx*, MYSTERY MEN COMICS 13 at 54 (Fox Publ’ns Aug. 1940). This issue has not been reprinted, and an original print is not readily available, selling for thousands of dollars. *See, e.g.*, William Hughes Vintage Collectibles.net, http://www.vintagecollectables.net/detail.php?issue_id=889&PHPSESSID=4a38428f03690da4565a198e7f09bb31 (last visited Dec. 3, 2005). To see an adventure of The Lynx from a subsequent issue, see Norton Kingsley, *The Rook Strikes*, MYSTERY MEN COMICS 21, at 37 (Fox Publ’ns Apr. 1941), reprinted in *Pure Excitement Comics* (Vol. 1) 42, (Bill Nolan ed., Feb. 2002), available at <http://pecomics.tripod.com/42contents.html>.

²⁰⁵ *Fox*, 46 F. Supp. at 873.

infringement is more apparent.²⁰⁶ In a case like this, the evidence of intent seemed to allow a finding of infringement despite a lower level of similarity among the character images.

3. 1951: Shazam!: *It Takes Scarcely More than a Glance*

Another Superman infringement case involved Fawcett Publishing's Captain Marvel, a boy who could turn into a costumed, super-powered man by uttering the magic word "Shazam!"²⁰⁷ The case dragged on through the 1940s, finally resolving in the Second Circuit in 1952.²⁰⁸ Experts on both sides analyzed the various comic books.²⁰⁹ The district court compared

²⁰⁶ Compare Kingsley: *The Rook Strikes*, *supra* note 204 with, e.g., Bill Finger & Bob Kane, *The Case of the Chemical Syndicate*, DETECTIVE COMICS 27, at 2 (DC Comics May 1939) (first appearance of Batman), *reprinted in* BATMAN ARCHIVES, VOLUME ONE 7 (Dale Crain ed., DC Comics 1990). A side-by-side comparison is available at this Note's companion website, at <http://brittonpayne.com/Marvel.html> (last visited Apr. 11, 2006).

²⁰⁷ See *Detective Comics, Inc. v. Fawcett Publ'ns, Inc.*, 4 F.R.D. 237 (S.D.N.Y. 1944); Bill Parker, C. C. Beck & Pete Costanza, *Introducing Captain Marvel*, WHIZ COMICS 2, at 1 (Fawcett Publ'ns Feb. 1940) (first appearance of Captain Marvel), *reprinted in* THE SHAZAM! ARCHIVES, VOLUME ONE 19 (Bob Kahan ed., DC Comics 1992). In subsequent years, the character would be entirely abandoned, see Brian Cronin, *Comic Book Urban Legends Revealed #6!*, COMICS SHOULD BE GOOD, July 7, 2005, <http://goodcomics.blogspot.com/2005/07/comic-book-urban-legends-revealed-6.html>, and "Marvel" was adopted by Timely Comics as its new name. See Markstein, *supra*, note 67 and accompanying text. When DC Comics leased the rights to publish Fawcett's Captain Marvel character from then-owner Charlton, Marvel Comics immediately produced its own Captain Marvel comic book starring a new space-based superhero of the same name, see Stan Lee, Roy Thomas & Gene Colan, *Out of the Holocaust . . . A Hero!*, CAPTAIN MARVEL 1, at 1 (Marvel Comics Group, May 1968), *reprinted in* Stan Lee, *et al.*, MARVEL MASTERWORKS: CAPTAIN MARVEL (VOL. 1) (Marvel Comics 2005), to protect its trademark. By subsequent agreement with Marvel, DC Comics can publish the adventures of Captain Marvel, but cannot use the term "Captain Marvel" on its covers or promotional materials. Thus, the DC Comics version is typically identified as "Shazam!" See Brian Cronin, *Comic Book Urban Legends Revealed #12!*, COMICS SHOULD BE GOOD, Aug. 18, 2005, <http://goodcomics.blogspot.com/2005/08/comic-book-urban-legends-revealed-12.html>.

²⁰⁸ See *Nat'l Comics Publ'ns, Inc. v. Fawcett Publ'ns, Inc.* 198 F.2d 927 (2d Cir. 1952) (memorandum to original opinion *Nat'l Comics Publ'ns, Inc. v. Fawcett Publ'ns, Inc.*, 191 F.2d 594 (2d Cir. 1951)).

²⁰⁹ See *Nat'l Comics Publ'ns, Inc. v. Fawcett Publ'ns, Inc.* 93 F. Supp. 349, 355-56 (S.D.N.Y. 1950), *aff'd* *Fawcett*, 198 F.2d 927. Compare, e.g., Siegel, *supra* note 193, at 1 (first appearance of Superman), with, e.g., Parker, *supra* note 207, at 1 (first appearance of Captain Marvel). For a comparison of similar covers featuring the two

“facial appearances, costumes, etc., and the superhuman feats performed,” although notably, the duplication of powers in the abstract was not considered.²¹⁰ Comparison of the characters included analysis of physical attributes, costumes, recounted feats, setting, dialogue, and story elements.²¹¹ There was also discussion of the intent of the creators to infringe, citing interviews with artists instructed to “imitate the ‘Superman’ strips and the dialogue and script as closely as possible.”²¹²

In Judge Learned Hand’s appellate opinion, he accepted the findings of infringement of the district court and primarily detailed the arcane copyright notifications required under the now-defunct 1909 Copyright Act.²¹³ On the issue of the standard of infringement for “these silly pictures,”²¹⁴ Judge Hand stated that “a plagiarist can never excuse his wrong by showing how much he did not plagiarize.”²¹⁵ He concluded that as to the infringement of Superman, final judgment required “scarcely more than a glance at

characters, visit this Note’s accompanying website at <http://brittonpayne.com/Marvel.html> (last visited Apr. 11, 2006).

²¹⁰ See *Fawcett*, 93 F. Supp. at 355–56.

²¹¹ See *id.* On appeal, the Second Circuit found that “changes of a few lines or colors in a pictorial [work] may be too trivial to be noticeable by an ordinarily attentive reader or observer; and we will assume *arguendo* that in such cases the variant cannot be copyrighted.” *Nat’l Comics Publ’ns, Inc. v. Fawcett Publ’ns, Inc.*, 191 F.2d 594, 600 (2d Cir. 1951).

²¹² *Id.*

In the beginning everyone was jumping onto the comic book bandwagon. There was no question that Captain Marvel derived from Superman . . . We had our Superman-type character just like everyone else had theirs. So why did Superman’s publisher pick on us? Simply because we were beating them in sales! The lawsuits dragged on for years; there were three of them: We won the first, lost the second, won the third . . . but then there was a problem. One artist, I don’t know who, took either a page or a panel from Superman comics and traced it exactly . . . and simply inserted Marvel where Superman was. That killed us. We settled out of court. We paid them \$400,000. The settlement said that we do not admit to copying Superman but promised never to publish Captain Marvel ever again.

P.C. HAMERLINCK, *FAWCETT COMPANION: THE BEST OF FCA 12–13* (Paul Hamerlinck ed., TwoMorrows Publishing 2001) (quoting Fawcett circulation director Roscoe Kent Fawcett in “The Fawcetts Could Do It As Well, Or Better, Than Anybody:” The Roscoe K. Fawcett Interview).

²¹³ See *Fawcett*, 191 F.2d 594.

²¹⁴ *Id.* at 603.

²¹⁵ *Id.*

corresponding ‘strips’ of ‘Superman’ and ‘Captain Marvel’ to assure the observer that the plagiarism was deliberate and unabashed.”²¹⁶

In all three of these early superhero cases, infringement was found with considerably less similarity in appearance than in the *City of Heroes* case. However, a great deal more emphasis was put on similarity of the story elements. The decisions both clearly articulated that similarity in appearance would constitute infringement and that further examination into intent was appropriate.

4. 1980: Manta and Superstretch: *Trademark Protection for Superhero Ingredients*

Trademark law was implicated in the superhero infringement case of *DC Comics, Inc. v. Filmation Associates*.²¹⁷ Filmation produced an animated series for DC Comics featuring its character Aquaman and had an option to produce a series for Plastic Man.²¹⁸ When the deal fell through, Filmation created adventures featuring Manta and Superstretch, characters similar to DC Comics’ properties, but entirely different in costume.²¹⁹ DC Comics sued for trademark infringement, as well as other theories of liability.²²⁰ The jury found that there was infringement, and the Southern District of New York declined to vacate their judgment.²²¹ In its analysis, it noted:

Protectable “ingredients” recognized in this circuit include the names and nicknames of entertainment characters, as well as their physical appearances and costumes, but *not their physical abilities or personality traits*. The failure of any court so far to grant Lanham Act

²¹⁶ *Id.* at 597.

²¹⁷ 486 F. Supp. 1273 (S.D.N.Y. 1980).

²¹⁸ *Id.* at 1276.

²¹⁹ *Id.* In addition to having very different costumes, Plastic Man is Caucasian and Superstretch is African-American. See *Blacksuperhero.com*, The Museum of Black Superheroes—Superstretch, <http://www.blacksuperhero.com/exhibithtml/detail.cfm?id=286> (last visited Dec. 5, 2005).

²²⁰ *Filmation*, 486 F. Supp. at 1276.

²²¹ *See id.* at 1276, 1285.

protection for character traits or abilities makes sense since it is difficult to see how such intangible qualities, having an infinite number of possible visible and audible manifestations, can achieve that fixture or consistency of representation that would seem necessary to constitute a symbol in the public mind.²²²

The court noted that although DC Comics' "remedy more properly lies under the Copyright Act[,] . . . an ingredient of the product itself can amount to a trademark protectable under § 43(a) because the ingredient can come to symbolize the plaintiff or its product in the public mind."²²³ Little of the remainder of the decision focused on elements of superhero infringement, but accepted the jury's conclusion that Manta infringed Aquaman and Superstretch infringed Plastic Man.²²⁴

These cases explore elements that can lead to a finding of substantial similarity in a superhero case. Superheroes are set apart from other fictional characters as a subgenre, primarily because of their costumes, but in the four cases discussed above, none of the infringing characters had costumes similar to the characters they were found to infringe.²²⁵ Nevertheless, other bad behavior led to a finding of character infringement. In the Wonderman case, Judge Augustus Hand found that there had been copying of specific plot elements and panels.²²⁶ The Lynx court also found copying of panels,²²⁷ as did the Shazam! court.²²⁸ The court in the Manta and Superstretch case upheld the lower court's finding of infringement, but largely presented the case as a contract termination gone bad.²²⁹ Because MMORPGs like *City of Heroes*

²²² *Id.* at 1277 (emphasis added).

²²³ *Id.*

²²⁴ *See id.* at 1276, 1279.

²²⁵ Some early cases looked at brightly colored tights and a cape as infringing, but a casual glance at the hero pairs would not in itself lead to a finding of substantial similarity. For a side-by-side comparison of the characters, visit this Note's companion website at <http://brittonpayne.com/Marvel.html> (last visited Apr. 11, 2006).

²²⁶ *See* *Detective Comics, Inc. v. Bruns Publ'ns, Inc.*, 111 F.2d 432, 433 (2d Cir. 1940).

²²⁷ *See* *Detective Comics, Inc. v. Fox Publ'ns, Inc.*, 46 F. Supp. 872, 873 (S.D.N.Y. 1942).

²²⁸ *See* *Nat'l Comics Publ'ns, Inc. v. Fawcett Publ'ns, Inc.*, 198 F.2d 927 (2d Cir. 1952).

²²⁹ *See* *Filmation*, 486 F. Supp. 1273.

have guided, but ultimately user-generated, stories in the form of a video game,²³⁰ there are no comparable elements, only milieu, name and costumes. The Super Stud and Wonder Wench case sets out a test for comparing costumes.

5. 1984: Super Stud and Wonder Wench: *Seven Costume Elements are Enough*

Unlimited Monkey Business franchised singing telegram companies to perform skits, including two that featured characters called Super Stud and Wonder Wench.²³¹ DC Comics pursued them under trademark and copyright theories for infringing Superman and Wonder Woman.²³² The court described the distinctive Superman costume as having seven essential components: “(1) blue, skin-tight suit (2) with a yellow five-sided shield on the chest, (3) emblazoned with the red letter “S”; (4) a red cape, (5) trunks, and (6) boots; and (7) a gold belt.”²³³ The Super Stud costume was similarly described, differing from Superman only in the color of the boots, which were black.²³⁴ Wonder Woman was also described on the basis of seven costume elements.²³⁵ Having selected seven elements and described each element with a level of specificity, the costumes were found to be

²³⁰ See, e.g., Trey Walker, *City of Heroes Q&A*, GAMESPOT, Oct. 8, 2001, <http://www.gamespot.com/pc/rpg/cityofheroes/news.html?sid=2816738>.

²³¹ DC Comics Inc. v. Unlimited Monkey Business, Inc., 598 F. Supp. 110, 112 (N.D. Ga. 1984).

²³² *Id.*

²³³ *Id.* at 112 (numbering added).

²³⁴ *Id.* at 114.

²³⁵ *Id.*

In virtually every issue, WONDER WOMAN has worn a costume of patriotic colors and symbols comprising (1) a red top bearing gold, wing-tipped insignia; (2) a gold and white star-spangled bottom; and (3) red boots. The costume consistently has also included the following important accessories: (4) a gold tiara headband with a red star on it (which also serves as a radio receiver); (5) a magic lasso or rope which she wraps around her captives to compel them to tell the truth; (6) a gold belt which enables WONDER WOMAN to compel obedience; and (7) wrist bracelets on each arm, often used to deflect bullets.

Id. at 113 (numbering added). For a visual illustration of this costume element breakdown, visit this Note's companion website at <http://www.brittonpayne.com/Marvel.html> (last visited April 11, 2006).

sufficiently similar when six of the seven elements were the same.²³⁶

When the court looked at actions taken by the copyrighted characters, the most significant factor was the extent to which the actions served as “identifying elements,”²³⁷ an analysis that implicates consumer confusion and resonates in trademark rather than copyright.²³⁸ The court also analyzed similarity between the skits and the original superhero works with a four-part test based on the (1) plot structure, (2) phrases, (3) costumes and (4) names.²³⁹ The court found the sketches to be little more than an adaptation of DC Comics’ original work and not protected by a defense of fair use parody.²⁴⁰ The injunction restricted activities that threatened both trademark and copyright interests.

6. 1983: Greatest American Hero: *Visual Impression is Dominant; Powers are Copyrightable!*

In response to the success of the Superman movies of the 1970s, American Broadcasting Corporation (“ABC”) aired the superhero television program “The Greatest American Hero.”²⁴¹ On the show, the character Ralph Hinkley found a colorful and caped costume that endowed the wearer with incredible powers, but lost the instruction manual.²⁴² The show’s three seasons followed his misadventures as he struggled to master the powers of the suit while trying to do good.²⁴³ Hinkley’s costume bore little resemblance to the Superman’s, but Warner Brothers and its newly-acquired subsidiary DC Comics sued ABC and the show’s producer Stephen J. Cannell Productions on copyright

²³⁶ See *id.* at 115, 117.

²³⁷ *Id.* at 112.

²³⁸ For a further discussion of the separability of copyright and trademark elements in character (specifically Superman) as it relates to the reversion of copyright, see Kogan, *supra* note 71.

²³⁹ See *Unlimited Monkey Business*, 598 F. Supp. at 117.

²⁴⁰ See *id.* at 119.

²⁴¹ See *Warner Bros. v. Am. Broad. Cos.* 720 F.2d 231, 235-6 (2d Cir. 1983).

²⁴² See *id.* at 236-7.

²⁴³ See *GreatestAmericanHero.com*, Series Info, <http://www.greatestamericanhero.com/main.aspx> (last visited Dec. 5, 2005).

infringement and unfair competition theories.²⁴⁴ Although the claims raised involved many aspects of intent in the creation and promotion of “The Greatest American Hero,”²⁴⁵ the case ultimately turned on whether Hinkley was sufficiently similar to Superman for the claim to survive summary judgment.²⁴⁶

In analyzing the similarity between the two superheroes, the court “considered not only the visual resemblance but also the totality of the characters’ attributes and traits.”²⁴⁷ The court suggested that the powers of the characters should be analyzed for substantial similarity, rather than dismissed as unprotectable ideas.²⁴⁸ “[I]f a character strongly resembled Superman but displayed some trait inconsistent with the traditional Superman image,” such as villainy, a jury could find infringement.²⁴⁹

Ironically, the court did not perceptibly follow its own rule. This case dealt with a character strongly resembling Superman who displayed a trait inconsistent with the traditional Superman image, in that Hinkley was inexperienced.²⁵⁰ However, the court denied the jury the opportunity to hear the case and determine whether this was an act of infringement.²⁵¹ The standard for superhero infringement set by this case looks at the way the

²⁴⁴ See *Am. Broad. Cos.*, 720 F.2d at 237–38.

²⁴⁵ ABC had tried to buy the rights to make a Superman television show, and when rebuffed, set out to create its own version. *Id.* at 236. ABC assigned Cannell the pitch for a show about “what happens when you become Superman.” *Id.* at 236. The first design for the costume was “a beige and yellow outfit with a white collar and ‘fold-up wings,’” but Cannell rejected it in favor of “a red and black outfit with a cape, somewhat similar to Superman’s red and blue costume.” See *id.* at 246. ABC then promoted the series using familiar catch-phrases and distinctive music from the Superman movies. See *id.* at 237–38.

²⁴⁶ See *id.* at 235.

²⁴⁷ *Id.* at 241.

²⁴⁸ “A character is an aggregation of the particular talents and traits his creator selected for him. That each one may be an idea does not diminish the expressive aspect of the combination.” *Id.* at 243.

²⁴⁹ *Id.* at 243. Such an ambiguous analysis led to the conclusion that a competent Superman look-alike with similar powers who was a bad guy might be an infringement. An incompetent character, however, that did not look like Superman but had similar powers and was a good guy could not infringe as a matter of law. See *id.*

²⁵⁰ See *id.* Superman has verve and dash, Hinkley is perplexed and bumbling. See *id.*

²⁵¹ See *id.* at 243. Since Hinkley did not have the “total concept and feel” of Superman, ABC had made sufficient changes from its Superman starting point, and no reasonable jury could find substantial similarity. See *id.* at 241.

allegedly infringing hero “looks and acts.”²⁵² However, it fails to provide a guide for an analysis of appearance, and the guidance it provides for an analysis of behavioral characteristics is nearly impossible to follow.²⁵³ The court discusses physical attributes and costume design,²⁵⁴ but gives little indication as to how the weight of the appearance and behavior of the character are balanced in the decision-making. The court goes to great lengths to establish behavior as a proper determinant of substantial similarity in superheroes.²⁵⁵ The extent and detail of the discussion suggest that behavior was more important to the decision than the clearly differing appearance of the characters. The discussion of the differences in “total concept and feel” of the central characters of Superman and Hinkley applied to both the issue of likelihood of confusion and the issue of copyright infringement.²⁵⁶ The court cited the similarity of costume necessary for infringement standard with the *Debbie Does Dallas* case, where the pornographic film used “distinctive uniforms ‘almost identical’ with those of [the Dallas Cowboys Cheerleaders].”²⁵⁷ In spite of Judge Learned Hand’s guidance, that “no plagiarist can excuse the wrong by showing how much of his work he did not pirate,”²⁵⁸ the court focused on the substantial differences rather than the substantial similarities.²⁵⁹ The claim of similarity in total concept and feel was “plainly” dismissed by “visual comparison of the works in question.”²⁶⁰

The driving concern seemed to be the retraction of intellectual property protection. In its final paragraph, the court notes that

²⁵² *Id.* at 243.

²⁵³ *Id.* at 241.

²⁵⁴ *See id.* at 239–43. Hinkley is “of medium height with a slight build and curly, somewhat unkempt blond hair.” *Id.* at 236. The costume is “a red leotard with a tunic top, no boots, and a black cape.” *Id.* For further comparison of the characters, visit this Note’s companion website at <http://www.brittonpayne.com/Marvel.html> (last visited Apr. 11, 2006).

²⁵⁵ *See id.* at 243.

²⁵⁶ *See id.* at 246.

²⁵⁷ *See id.* at 248, *citing* *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 204–05 & n.8 (2d Cir. 1979)

²⁵⁸ *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49, 56 (2d Cir. 1936).

²⁵⁹ *See Am. Broad. Cos.*, 720 F.2d at 241.

²⁶⁰ *See id.* at 247.

ABC was “surely entitled to urge the District Judge that creativity and competition could be chilled by the prospect of defending litigation like this suit.”²⁶¹ This chilling should also be a concern for future superhero infringement cases, but should not justify the inclusion of unprotectable ideas like good deeds, flight, and invulnerability into the discussion of substantial similarity. These are *scènes à faire*. The court came to the right conclusion that the Hinkley character did not infringe the Superman character, but did so for the wrong reasons by moving beyond milieu and appearance to include powers.²⁶²

7. 2000: Flex Mentallo: *Parody Can Protect Obvious Copying of a Character*

Charles Atlas sued DC Comics for its clear copying of the famous “Hero of the Beach” advertisement, where a skinny kid gets revenge on his sand-kicking tormentor by developing a muscular physique using the Atlas bodybuilding courses.²⁶³ DC Comics used a copying of the advertisement as the origin for its new hero Flex Mentallo in the pages of their comics *Doom Patrol* and the subsequent *Flex Mentallo*.²⁶⁴ Since the advertisement was not protected by copyright, Atlas sued on a trademark theory.²⁶⁵ The court noted that DC Comics “replicate[d]

²⁶¹ See *id.* at 248.

²⁶² In my opinion, the court also wrongly decided the case. Warner Brothers and DC Comics had ample evidence to show that there was a possibility of substantial similarity between the characters. Even if the ultimate result would have been the same, the plaintiffs deserved a jury trial. ABC and Cannell’s questionable promotion practices and bad intent made a colorable claim for unfair competition and confusion. This could have led a jury to find infringement similar to that found in *Filmation*.

²⁶³ See *Charles Atlas, Ltd. v. DC Comics, Inc.*, 112 F. Supp. 2d 330, 331 (S.D.N.Y. 2000); see also Gene Kannenberg, Jr., *The Ad That Made an Icon Out of Mac*, HOGAN’S ALLEY, <http://www.cagle.com/hogan/features/atlas.asp> (last visited Dec. 3, 2005) (detailing the history and incarnations of the Atlas advertisement and its parodies).

²⁶⁴ See *Atlas*, 112 F. Supp. 2d at 332. Compare, e.g., Hey SKINNY! . . . Yer Ribs are Showing!, DETECTIVE COMICS 182, at Inside Back Cover (Nat’l Comics Publ’ns Apr. 1952) and Charles Atlas, Our Museum, <http://charlesatlas.com/classicads2.htm> (last visited Jan. 19, 2006) with, Grant Morrison, Mike Dringenberg, Doug Hazlewood & Daniel Vozzo, *Musclebound*, DOOM PATROL (VOL. 3) 42, at 5 (DC Comics Mar. 1991). See also Grant Morrison, Frank Quitely & Tom McCraw, *After the Fact, Part One: Flowery Atomic Heart*, FLEX MENTALLO 1 (DC Comics June 1996).

²⁶⁵ See *Atlas*, 112 F. Supp. 2d at 333.

key elements of the artwork and dialogue,” including layout, costume, and the phrase “Hero of the Beach.”²⁶⁶

In spite of the “obvious visual resemblance,”²⁶⁷ there was an equally obvious parody. Thus, the application of the Lanham Act was construed narrowly, balancing the public interest in free expression against the public interest in avoiding consumer confusion.²⁶⁸ DC Comics had expressly tried to copy the Atlas characters for its purposes, and the court simply accepted the substantial similarity between Flex Mentallo and Mac as “indisputable.”²⁶⁹ The court’s analysis was strongly influenced by DC Comics’ intent behind its copying.²⁷⁰ In spite of the ultimate ruling that the expression was protected as parody,²⁷¹ the intent to copy made a finding of copying that much more compelling.²⁷²

NCsoft and Cryptic would not likely be able to avail themselves of a fair use defense on the grounds of parody.²⁷³ Their attempt to create a world of superheroes is sincere and is not critical in any way. There may be other fair use arguments, but as discussed later in this note, they will not likely succeed.²⁷⁴

²⁶⁶ Atlas was troubled that DC Comics’ advertisement, which ended with the newly muscular Mac punching the other boy for being a bully, was turned into a scenario with the newly muscular character punching the girl in the face for being a shallow tramp. *See id.* at 332. For further comparison of the Atlas advertisement and Flex Mentallo’s origin, visit this Note’s companion website at <http://www.brittonpayne.com/Marvel.html> (last visited Apr. 11, 2006).

²⁶⁷ *See id.*

²⁶⁸ *See id.* at 337.

²⁶⁹ *See id.* at 332. The court does, however, note that the muscular man in leopard-skin trunks is not exclusive to Atlas as much as it describes Tarzan, challenging the originality of the Atlas character. *See id.* at 341 n.16.

²⁷⁰ *See id.* at 340.

²⁷¹ *Id.* at 340–41.

²⁷² Had the work been protected by copyright, the result would not likely have been different.

²⁷³ “Modern dictionaries accordingly describe a parody as a ‘literary or artistic work that imitates the characteristic style of an author or a work for comic effect or ridicule,’” *Campbell v. Acuff-Rose Music, Inc.*, 114 S. Ct. 1164, 1172 (quoting *AMERICAN HERITAGE DICTIONARY* 1317 (3d ed. 1992)). *City of Heroes* is not attempting to ridicule superhero culture but to embrace and profit from it. *See* Ruling on Marvel’s Motion to Dismiss Counterclaims, *supra* note 81, at 1–2.

²⁷⁴ *See infra* Part I.C.

8. 2000: Black Nova: *Fully realized*

During Marvel's bankruptcy proceeding, one of their former writers and editors Marv Wolfman filed a *pro se* proof of claim asserting ownership over many Marvel characters, including "The Man Called Nova."²⁷⁵ Wolfman had previously published a character called "Black Nova" whom he claimed was the same as the Nova character he had introduced at Marvel.²⁷⁶ Black Nova appeared in two 1967 issues of Wolfman's fan-magazine ("fanzine") "Super Adventures."²⁷⁷ A Man Called Nova was introduced by Wolfman in an eponymous Marvel comic book in 1976.²⁷⁸ Wolfman claimed Nova was thus not created under the work-for-hire agreements he had signed with Marvel and that he owned the character. Although there was contractual evidence that Wolfman had no claim, the court compared Black Nova with The Man Called Nova to see if the preexisting character was "ready for publication" and thus was not an original contribution under the Marvel work-for-hire agreement.²⁷⁹ Under this theory, if Black Nova and The Man Called Nova were sufficiently similar, they would fall under the "Siegel exception" and Wolfman would own rights in both.²⁸⁰ If they were sufficiently different, then the character introduced to Marvel was new and was created under a

²⁷⁵ See *In re Marvel Entm't Group, Inc.*, 254 B.R. 817, 820, 824 (D. Del. 2000).

²⁷⁶ See *id.* at 824; see also Nova's Prime Page, Genesis Of Nova: The Evolution of Marvel's Ultimate Super-Hero!, <http://home.mchsi.com/~nova64/star.htm> (last visited Jan. 26, 2006).

²⁷⁷ *Marvel Entm't Group*, 254 B.R. at 824.

²⁷⁸ See *id.* Compare Len Wein, Marv Wolfman, *Who Can Defeat a God?*, SUPER ADVENTURES 7, at 7 (Marvin Wolfman 1967) with Marv Wolfman, John Buscema, Joe Sinnott & Michele Wolfman, *Nova*, THE MAN CALLED NOVA 1, at 1 (Marvel Comics Group Sept. 1976), reprinted in MARV WOLFMAN ET AL., ESSENTIAL NOVA VOLUME ONE (Marvel Comics 2006). A side-by-side comparison of the characters is available at this Note's companion website, <http://brittonpayne.com/Marvel.html> (last visited Apr. 11, 2006).

²⁷⁹ See *Marvel Entm't Group*, 254 B.R. at 828-32.

²⁸⁰ See *id.* at 829. "[C]iting *Siegel v. National Periodical Publications, Inc.*, 508 F.2d 909 (2d Cir. 1974), Wolfman contends that because he developed Nova, Janus, Skull the Slayer, Blade, and Deacon Frost prior to his employment with Marvel, the characters were not made at Marvel's instance and expense." *Id.* Thus, the works were not works for hire, and were properly owned by him and not Marvel.

work-for-hire agreement, which would deny Wolfman any rights to the character.²⁸¹

The court establishes six factors for finding similarity between superheroes: name, powers, costume, background story, personality, and mission.²⁸² The names and costumes were clearly similar.²⁸³ However the court found that the background stories and powers were different, and that Black Nova had no clearly defined mission at all.²⁸⁴ There was no analysis of the personalities.²⁸⁵ This led the court to find in Marvel's favor—that A Man Called Nova was sufficiently different from Black Nova to be considered an original and non-infringing character.²⁸⁶ This result seems to be based on a desire to settle the bankruptcy case without the Wolfman complication, rather than on whether the two characters actually were substantially the same.²⁸⁷

The court's finding that Black Nova and The Man Called Nova were not substantially similar is indefensible to the point of absurdity—even upon its own description. However, the case provides a good framework for determining which features are appropriate for comparison of superheroes, in particular, power combinations. The court's analysis ignores the fact that with the thousands of superhero and supervillain properties, the combinations of powers are so widely reproduced in comic book practice that it is almost ensured that there will be no exclusive use of particular power combinations, no matter how innovative.²⁸⁸

²⁸¹ See *id.* at 829–32.

²⁸² See *id.* at 824.

²⁸³ *Id.* at 831.

²⁸⁴ *Id.*

²⁸⁵ See *id.*

²⁸⁶ See *id.*

²⁸⁷ The degree of character development required in a superhero case is a considerably lower obstacle as articulated by Judge Posner in *Gaiman v. McFarlane*, 360 F. 3d (7th Cir. 2004), discussed *infra* in Part I.A.9.

²⁸⁸ The early Justice League of America charter acknowledges the frequency of power replication by forbidding duplication of powers among its membership, although the initial reason for denying membership to Hawkgirl was based on a “one new member at a time” clause. See Gardner Fox, Mike Sekowsky & Bernard Sachs, *Riddle of the Runaway Room!*, JUSTICE LEAGUE OF AMERICA 31 (DC Comics, Nov. 1964), reprinted in GARDNER FOX ET AL., JUSTICE LEAGUE OF AMERICA ARCHIVES: VOLUME FIVE (DC Comics 1999). For readers concerned with comic book minutiae, the power duplication clause was subsequently changed under duress to allow membership to Hawkman's identically-

The industry has tolerated power duplication where other elements are different, like costume and name.²⁸⁹ However, duplication of other elements is not excused by power differentiation,²⁹⁰ so powers should not be a significant factor in superhero analysis.²⁹¹

9. 2004: Medieval Spawn: *Appearance is Everything*

Gaiman v. McFarlane offers insight to the protections afforded characters in general, and superheroes in particular.²⁹² Todd McFarlane created a comic book featuring his new character Spawn, but was criticized for his writing skills,²⁹³ so he brought on Neil Gaiman to write an issue.²⁹⁴ Gaiman wrote three new characters in the issue, penciled by McFarlane, including a predecessor of the lead character later dubbed Medieval Spawn.²⁹⁵ Due to contractual issues, the case turned on whether Gaiman was a co-creator, and whether Medieval Spawn was a copy of Spawn, or a new derivative character.²⁹⁶ Judge Posner found that similar characters without sufficiently substantial differences may be considered derivative.²⁹⁷ Of course, a derivative character created without the permission of the owner of the copyright in the underlying character infringes upon the holder's rights.²⁹⁸ The "doctrine [of *scènes à faire*] teaches that 'a copyright owner can't

powered wife Hawkgirl. See Steve Englehart, Dick Dillin, Frank McLaughlin & Anthony Tollin, *Inner Mission!*, JUSTICE LEAGUE OF AMERICA 146 (DC Comics Sept. 1977). The story is summarized at Scott Tipton, *Comics 101: Final Recruits—The Justice League Of America, Part IV*, MOVIE POOP SHOOT, Feb. 2, 2005 <http://www.moviepoopshoot.com/comics101/101.html>.

²⁸⁹ See *infra* Part I.B.

²⁹⁰ *Id.*

²⁹¹ See *infra* Part VI.D. and accompanying notes.

²⁹² See 360 F.3d 644, 661 (7th Cir. 2004).

²⁹³ See *id.* at 649; see also Todd McFarlane & Steve Oliff, *Questions*, SPAWN 1 (Image Comics, May 1992) (first appearance of Spawn), reprinted in TODD MCFARLANE ET AL., SPAWN COLLECTION VOLUME ONE (Image Comics 2005).

²⁹⁴ See *Gaiman*, 360 F.3d at 649.

²⁹⁵ See *id.* at 650; see also Neil Gaiman, Todd McFarlane, Steve Oliff & Reuben Rude, *Angela*, SPAWN 9 (Image Comics, Mar. 1993) (first appearance of Angela, Medieval Spawn, and Cagliostro).

²⁹⁶ See *Gaiman*, 360 F.3d at 652, 661.

²⁹⁷ *Id.*

²⁹⁸ 17 U.S.C. § 106(2) (2000) (defining a copyright holder's rights as to derivative works).

prove infringement by pointing to features of his work that are found in the defendant's work as well but that are so rudimentary, commonplace, standard, or unavoidable that they do not serve to distinguish one work within a class of works from another."²⁹⁹ Although the discussion focused on stock *characters*, the analysis appropriately parallels a discussion of stock *powers*, such as those implicated in *Marvel v. NCsoft*. The listing of powers and attributes may be a description of an unprotectable stock character, and may only become sufficiently distinctive to be copyrightable and subject to infringement analysis when drawn and named.³⁰⁰

B. When Comparing Superheroes, Look at Names, Costumes and Text, Not Powers or Plots

When determining infringement in the milieu of superheroes, character names will be evaluated under traditional trademark analysis, which seeks to avoid consumer confusion and protect earned good will.³⁰¹ Specific expressions of superheroes, like costumes, panels and dialogue, will be analyzed under traditional copyright law, such that if there is substantial similarity in the specific drawings or dialogue, there is infringement. In spite of the Greatest American Hero case,³⁰² power combinations and general motivation are *scènes à faire*, and should not enter the analysis when determining infringement in superheroes. Characters with identical powers and motivations should not be found to infringe if they have sufficiently different names and costumes.

In an infringement suit involving a video game like *City of Heroes*, in which the player designs his character within the game's parameters and creates his own dialogue,³⁰³ courts have an opportunity to analyze the copying of characters almost completely

²⁹⁹ *Gaiman*, 360 F.3d at 659, (citing *Bucklew v. Hawkins, Ash, Baptie & Co.*, 329 F.3d 923, 929 (7th Cir. 2003)).

³⁰⁰ *See id.* at 661.

³⁰¹ *See* Lanham Act § 32(1), 15 U.S.C. § 1114(1)(a) (2000) (imposing liability on a person whose mark used in the sale of a product is "likely to cause confusion"); *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961) (detailing factors for evaluating the likelihood of confusion).

³⁰² *See supra* Part I.A.6.

³⁰³ *See* CITY OF HEROES GAME MANUAL 5–11, 110–13 (Cryptic Studios, Inc. and NCsoft Corp. 2004), available at <http://www.cityofheroes.com/gameinfo/documentation.html>.

apart from the works in which they originally appeared. Prior cases have looked to copying of panel art, character behaviors, and dialogue³⁰⁴ none of which is implicated in a video game, where the poses, actions and text are determined by the user. Costume should be the prime determinant when looking for substantial similarity between protected superheroes and those which are allegedly infringing. Because of technological limitations of the genre at its inception, simple, brightly colored and costumes are standard and defining genre identifiers. The industry has two major players, DC Comics and Marvel, who have essentially duplicated many of each other's characters in every aspect except name and costume, without bothering to engage in legal action.³⁰⁵ This détente should be ratified in the courts when comparing superheroes in a substantial similarity analysis.³⁰⁶ If the names and costumes are sufficiently different, there should be no finding of infringement, regardless of other similarities in origin, demeanor, or "mission."³⁰⁷ Where there is substantial similarity in costume, character infringement is appropriately found. Intent to copy should be a thumb on the scale in this equation where the question of substantial similarity is a close one.³⁰⁸

The similarity should be judged in the context of the infringing medium, not the infringed medium. For example, a *City of Heroes* character that is allegedly infringing should not be compared to the comic book version of that character, but to what a direct translation of the character into the video game would look like. Without knowing more than is seen in the exhibits submitted by Marvel, it is clear that the Hulk and Wolverine characters infringe.³⁰⁹ A licensed *City of Heroes* Incredible Hulk would be an

³⁰⁴ See *supra* Part I.A. and accompanying notes.

³⁰⁵ See *infra* Part VI.D.

³⁰⁶ Cf. *Popov v. Hayashi*, No. 400545, 2002 WL 31833731, at *1, *5 (Cal. Super. Ct. Dec. 18, 2002). This case confronted the question of whether legal possession of Barry Bonds record-breaking home run should be influenced by fan expectation for the ordinary ball hit into the stands. "There is no reason for the legal rule to be inconsistent with that expectation." *Id.* at *5.

³⁰⁷ Dialogue and panels are, of course, subject to traditional copyright analysis. See 17 U.S.C. § 102 (2000).

³⁰⁸ The margins are more carefully considered *infra* Part VI.B.–C.

³⁰⁹ See Exhibit L, *Marvel Enters., Inc. v. NCsoft Corp.*, No. CV 04-9253-RGK (PLAx) (C.D. Cal. Aug. 22, 2005), available at http://www.eff.org/IP/Marvel_v_NCSoft/

oversized male with green skin, purple short pants and no other significant costume elements. Where that combination appears in the game without approval, it infringes Marvel's rights in the character. Due to present technical limitations, the *City of Heroes* Creation Engine would not allow a hypothetical authorized Wolverine to have precisely the same costume he has in his original incarnation in comic books.³¹⁰ Therefore, it is appropriate to compare the allegedly infringing character and the closest manifestation possible of that character in the video game.

C. The City of Heroes User-Created Characters Directly Infringe

For copyright protection, materials must be copyrightable.³¹¹ Little guidance exists to assist in determining whether a character is copyrightable. Some courts may do a filtration test, sifting out the unprotectable elements to rule only on infringement of the sufficiently original elements.³¹² In some cases, the combination of elements itself may be the original creation, even if all of the individual parts are from the public domain, so others are free to use the elements as long as they don't copy the combination.³¹³ Evidence of copying can be inferred by evidence of *access* and *substantial similarity*.³¹⁴

The characters at issue are copyrightable as a matter of law.³¹⁵ Because of the widespread penetration of Marvel superheroes in the popular culture, especially among consumers of video games, access would not be difficult to show. A character in a video game that is inspired by a movie or comic book character may infringe on the rights of the character's owner as a copy, or as an

ExhL.pdf; Exhibit O, *Marvel Enters., Inc. v. NCSOFT Corp.*, No. CV 04-9253-RGK (PLAx) (C.D. Cal. Aug. 22, 2005), available at http://www.eff.org/IP/Marvel_v_NCSOFT/ExhO.pdf.

³¹⁰ Wolverine's distinctive flared headgear, boots and claw-mark-bedecked torso can be approximated but not duplicated by the Creation Engine.

³¹¹ See, e.g., *Sapon v. DC Comics*, 00 Civ. 8992, 2002 U.S. Dist. LEXIS 5395, at *15 (S.D.N.Y. Mar. 29, 2002).

³¹² See, e.g., *id.* at *20-26.

³¹³ See *id.* at *27. For example, there are 88 keys on a piano, none of which can be copyrighted, but an original combination of them can be. See, e.g., *Newton v. Diamond*, 388 F.3d 1189, 1197 (9th Cir. 2004) (Graber, J., dissenting).

³¹⁴ See, e.g., *Selle v. Gibb*, 741 F.2d 896, 900-01 (7th Cir. 1984).

³¹⁵ See, e.g., *Gaiman v. McFarlane*, 360 F.3d 644, 648, 661 (7th Cir. 2004).

unauthorized derivative work if it is not an exact copy but is materially similar.³¹⁶ Either violation carries the same liability.³¹⁷ Although there are many tests for determining substantial similarity with superheroes, it is ultimately an ad hoc analysis.³¹⁸ The copying of names is not prohibited by copyright, but can be evidence of intent to infringe.³¹⁹ In comparing the characters created in *City of Heroes* by Marvel³²⁰ with their copyrighted characters, it would be difficult to find that there is not sufficient similarity, based on the prior comparisons found above.³²¹

Substantial similarity between an allegedly infringing character and the protected character's translation into the new medium is not the only form of character infringement in a MMORPG. A *City of Heroes* character that is significantly different from a protected character but could be identified as a derivative character, such as "Mutant Winnie the Pooh,"³²² would also infringe.³²³ *City of Heroes* may be on the hook not only for users who intend to create the closest facsimiles of the protected characters that they can, but also for users' intentional interpretations and derivations of those characters.

³¹⁶ See, e.g., *id.* at 661.

³¹⁷ See 17 U.S.C. §§ 106(1)–(2) (2000) (granting the copyright holder the exclusive rights to reproduce a copyrighted work and to create derivative works).

³¹⁸ See *supra* Part I.A. and accompanying notes.

³¹⁹ See *Universal City Studios, Inc. v. Film Ventures Int'l, Inc.*, 543 F. Supp. 1134, 1141 (C.D. Cal. 1982).

³²⁰ As part of its case, Marvel intentionally created characters in *City of Heroes* based on their own protected characters to justify their DMCA claim. See *Ruling on Marvel's Motion to Dismiss Counterclaims*, *supra* note 81, at 2. The screen captures of these characters are posted in this Note's companion website, at <http://brittonpayne.com/Marvel.html> (last visited Apr. 11, 2006).

³²¹ See *supra* Part I.A. and accompanying notes.

³²² See, e.g., Crey Industries, Hero Threat Database: Mutant Pooh, <http://www.creyindustries.com/viewhero.php?id=10783> (last visited Dec. 5, 2005).

³²³ Cf. *Gaiman v. McFarlane*, 360 F.3d 644, 648, 661 (7th Cir. 2004). But see *Castle Rock Entm't, Inc. v. Carol Publ'g Group, Inc.* 150 F.3d 132, 143 n.9 (2d Cir. 1998) (noting that even when one work is "based upon" another, "if the secondary work sufficiently transforms the expression of the original work such that the two works cease to be substantially similar, then the secondary work is not a derivative work and, for that matter, does not infringe the copyright of the original work").

D. City of Heroes Implicates Direct Infringement through Joint Ownership

In addition, *City of Heroes* could potentially be a direct infringer as a joint author of the user-generated character. This potentially exposes Cryptic and NCsoft to a great deal more liability than is considered in the Marvel complaint. Ordinarily, when two parties work together to create a single work, they are considered joint authors of the work.³²⁴ A comic book writer and artists contribute in different ways to the creation of a new character, and jointly own that character.³²⁵ In a video game context, this might imply joint ownership of characters created by the user's selection of elements provided by the game. Such a character created with contributions from the player and the game could be found a joint work, wholly-owned by both the user and the game-maker, subjecting the game-maker to liability for direct infringement.

Another view is that the game is only providing its users with character elements (powers, body-types, colors, patterns and symbols) from the public domain, so the game-maker's contribution is not what makes the character infringing. However, the game-maker may subsequently own the character according to the EULA. The game-maker may be directly infringing, as it acquires the rights and responsibilities of the user as a joint or independent creator. Alternatively, the EULA may be crafted such that the game-makers do not take ownership of infringing works and do not claim rights to joint works that infringe.

A close reading of a EULA might suggest that a game operator assumes all rights to the materials created. If there is no right to create infringing characters, then by the terms of the EULA, they do not take over the right. But if there is no prohibition on the creation of infringing characters and the game-makers thus do take the rights of the infringing character, then the game-maker may not be able to claim the safe harbors of the DMCA, which only protect

³²⁴ 17 U.S.C. § 101 (2003) ("A 'joint work' is a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.").

³²⁵ See *Gaiman*, 360 F.3d at 659.

against claims of secondary liability. Where a game-maker owns the infringing character, they are directly liable.

Additionally, EULAs can be expected to have indemnity clauses, potentially relieving game-makers of liability for the actions of their users in violation of third-party intellectual property rights. The *City of Heroes* EULA includes such an indemnity clause in the section on ownership of content.³²⁶ It indicates that the game-makers own user-created content, including characters.³²⁷ However, the EULA also suggests that where the game-makers are prevented from ownership “by operation of law,” they are granted the unlimited right to use the content.³²⁸ This acknowledgement of “operation of law” may be intended to suggest that no ownership transfers in infringing materials. However, physical materials that infringe can certainly be sold, thus transfer of the intellectual property ownership and its attendant responsibilities should not be barred by such “operation of law.”

Game-makers must be careful how they construct their EULAs to make clear that they may be joint authors of noninfringing works who then assume whole ownership, or that users are creating works for hire which they subsequently license from the game-makers, but that the game-makers never claim intent to create or ownership in infringing works, and are only liable secondarily with regards to such works.

E. Skins: Importing a Superhero Costume

The *City of Heroes* software does not stop players with average computer skills from hacking the game and playing an infringing character.³²⁹ Presently, copyrighted and trademarked character elements like distinctive logos and costume patterns can be brought into a user’s game with readily available instructions.³³⁰

³²⁶ See *City of Heroes* User Agreement, *supra* note 93, at § 6(c).

³²⁷ *Id.* at §§ 6(b)–(c).

³²⁸ *Id.* at § 6(c).

³²⁹ See *infra* Part I.E.

³³⁰ *Id.*

This is a common practice in the videogame world,³³¹ and *City of Heroes* is no exception.

Although it is the only method noted in Marvel's suit, a Creation Engine is not the only way an infringing character can appear in a video game. Computer users can customize the appearance of a program by downloading or creating a "skin." A skin is a graphic file that effectively wraps around a program or program element the way a patterned sock wraps around a foot,³³² changing its appearance but not its underlying function. It has become common practice for some players to use skins to create their own characters to play in videogames.³³³ Players use a separate program to design a look for a character, and store the instructions for creating that look on the hard drive where the game searches for approved skins. When the game is played, it substitutes the homemade skin for the licensed skin.³³⁴ There are websites that allow players to download skins created by others for use in their games.³³⁵ Although some game-makers encourage the use of skins, many forbid the practice in the interest of protecting the integrity of their game and the underlying character properties. This practice is the source of a lawsuit where skins were used to make the characters in a volleyball video game appear naked.³³⁶

³³¹ *Id.*

³³² See Alex's Freedom Fortress, Alex's Fantastically Fabulous Freedom Force FAQ: Skins and Meshes, http://www.alexff.com/faq.htm#16._What_are_Skins_What_are_Meshes (last visited Dec. 5, 2005).

³³³ See *id.* (displaying hundreds of skins used by players of the video game Freedom Force).

³³⁴ See *id.*

³³⁵ See, e.g., Alex's Freedom Fortress, <http://www.alexff.com/> (last visited Dec. 5, 2005). Alex's Freedom Fortress offers hundreds of unapproved skins of superhero properties for the superhero video game Freedom Force. *Id.* For a more thorough discussion of the use of skins, see Alex's Freedom Fortress, Alex's Fantastically Fabulous Freedom Force FAQ: Skins and Meshes, http://www.alexff.com/faq.htm#16._What_are_Skins_What_are_Meshes (last visited Dec. 5, 2005).

³³⁶ See David Becker, *Game Maker Sues Over Nude Volleyball*, CNET NEWS.COM, Feb. 10, 2005, http://news.com.com/Game+maker+sues+over+nude+volleyball/2100-1043_3-5571234.html. Compare Saiyaman.info, Dead or Alive Wallpaper, <http://www.saiyaman.info/gallery/displayimage.php?album=7&pos=16> (last visited Dec. 5, 2005) (unaltered screenshots from the game) with Prostar Games, Dead or Alive Xtreme Beach Volleyball—Nude/Topless mode, Dec. 15, 2004, <http://prostar-games.com/> (the offending 'nude' versions). The parent company of Tecmo, the game-maker discussed in Becker, *supra*, won a similar case in Japan two years ago in which it

City of Heroes can be similarly manipulated.³³⁷ The Creation Engine has a selection of over one hundred logo choices, none of which infringe any copyright.³³⁸ Independent websites offer free files that can replace one of the logos that the game initially offers, allowing the user more choices, including the Spider-man logo, Batman's chest logo and the Superman "S"-shield.³³⁹ To find similarity in superhero logos, the court will only need to look at "substantial similar[ity] to the eye of an ordinary consumer."³⁴⁰ Because *City of Heroes* skins are stored on the user's computer, they are not visible to players on other machines, or to the *City of Heroes* game operators.³⁴¹ With widespread skin use and the current technical specifications, users can easily play whatever characters they want on any game platform, using protected characters without going through licensed channels at all.

Another form of skinning can potentially be used in *City of Heroes*. A user can spend the time to create the visual image of a character, then forward that particular combination of appearance characteristics to another user, or post it online at an infringing tutorial site. Marvel has already pursued users who distributed

sued distributors of a naked hack for the action game "Dead or Alive II." Becker, *supra*; Mucho Sucko, Naked Dead or Alive 2, <http://www.muchosucko.com/video-nakeddeadoralive2.html> (last visited Jan. 26, 2006).

³³⁷ Some news reports incorrectly suggest that skins cannot be used in *City of Heroes*. Compare Matt Brady, *Marvel Sues City of Heroes Producers*, NEWSARAMA.COM, <http://newsarama.com/forums/showthread.php?s=&threadid=21377> (last visited Dec. 5, 2005), with, e.g., Coldfront, *City of Heroes Costume Mods*, <http://coh.coldfront.net/index.php/content/category/10/73/63/> (last visited Dec. 5, 2005). The whole process is illustrated in this Note's companion website, at <http://brittonpayne.com/Marvel.html> (last visited Apr. 11, 2006).

³³⁸ The selection of letters of the alphabet, abstract designs, and public domain symbols is illustrated in this Note's companion website, at <http://brittonpayne.com/Marvel.html> (last visited Apr. 11, 2006).

³³⁹ See, e.g., Coldfront, *supra* note 337.

³⁴⁰ See *DC Comics, Inc v. Bobtron Int'l, Inc.*, No. 89 Civ. 4358, 1990 U.S. Dist. LEXIS 9107, at *4-5 (S.D.N.Y. July 25, 1990) (citing *Novelty Textile Mills, Inc. v. Joan Fabrics Corp.*, 558 F.2d 1090, 1093 (2d Cir. 1977)) (comparing a watch with a white bat-logo on a black background and the copyrighted Batman emblem).

³⁴¹ For a tutorial and some examples, see *City of Heroes Guru*, *City of Heroes Guru Forum*, <http://www.cohguru.com/forum/showthread.php?t=1824> (last visited Jan. 26, 2006).

skins for the superhero video game *Freedom Force*.³⁴² It has not yet pursued *City of Heroes* for allowing its rogue users to hack its software to create even closer representations of its characters. The legal issues raised with regards to skins would be similar to the claims Marvel brought, even though the factual inquiry would focus on a more sophisticated user. NCsoft and Cryptic are surely aware of consumer use of skins as well as their creation of infringing characters through the Creation Engine. However, pending terms of the settlement, *City of Heroes* is not adequately preventing either activity in order to protect the interests of the copyright holders.

F. The Super Hero and Super Villain Trademarks Should be Generic

Part of the inducement problem for NCsoft and Cryptic Studios is the difficulty in describing their product to consumers. Any typical person describing *City of Heroes* would call it something like “the superhero video game.”³⁴³ Unfortunately, *City of Heroes* is forced to dance around the term “super hero,” because it is a trademark co-owned by Marvel and DC Comics.³⁴⁴ Because inducement is such a significant element in liability analysis for third-party infringement under *Grokster*,³⁴⁵ vendors of superhero

³⁴² See Matt Brady, *Marvel Stomps Skin Site*, NEWSARAMA.COM, June 23, 2003, <http://www.newsarama.com/forums/showthread.php?s=6300d02c8a340e184b36a3c427e7fe2e&threadid=4234&highlight=skins>.

³⁴³ Superhero: “A figure, especially in a comic strip or cartoon, endowed with superhuman powers and usually portrayed as fighting evil or crime.” THE AMERICAN HERITAGE DICTIONARY OF THE ENGLISH LANGUAGE 1802 (3d ed., Houghton Mifflin Co. 1996). “A superhero is a fictional character who is noted for feats of courage and nobility, who usually has colorful name and costume and abilities beyond those of normal human beings.” Wikipedia, Superhero, <http://en.wikipedia.org/wiki/Superhero> (last visited Jan. 26, 2006).

³⁴⁴ Word Mark SUPER HEROES, Serial No. 73222079 (1981); available at <http://www.uspto.gov/main/trademarks.htm> (select “Search Trademarks” under “Get a Trademark Registration”; then select “New User Form Search” and enter the term “super heroes” into the “Search Term” box; then select the trademark with the corresponding serial number); see Brian Cronin, *Comic Book Urban Legends Revealed #9!*, COMICS SHOULD BE GOOD, July 28, 2005, <http://goodcomics.blogspot.com/2005/07/comic-book-urban-legends-revealed-9.html>.

³⁴⁵ See *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 125 S. Ct. 2764, 2770 (2005).

products not licensed by Marvel or DC Comics run the risk of getting tripped up in their efforts to avoid that unreasonable trademark restriction, as NCsoft and Cryptic were here.

The word mark “super hero” and its variants should be deemed generic. When DC Comics and Marvel jointly registered the term in 1979,³⁴⁶ “super hero” was already the widespread generic term to define a comic book subgenre and its distinctive characters.³⁴⁷ Because no one challenged the trademark registration, it was approved two years later.³⁴⁸ But where a trademarked word has “[become] part of the public domain,”³⁴⁹ it is a victim of “genericide”—a killing of the distinctiveness of the mark³⁵⁰—and can no longer support a claim that it deserves the monopoly granted by trademark law on the basis of preventing consumer confusion and identifying the source of a product.³⁵¹ “Super hero” is such a mark.

In a leading case, the trademarked term “Thermos” was held generic because the court determined by survey evidence that it had entered the public domain.³⁵² In a leading case on genericide

³⁴⁶ For a full discussion of the trade-marking of the term, see Todd VerBeek, *Super-Heroes® a Trademark of DC and Marvel*, BRIEFS ON THE OUTSIDE: THE LAW AND COMICS, <http://briefs.toddverbeek.com/archives/000152.html> (last visited Nov. 27, 2005).

³⁴⁷ See, e.g., GERARD JONES, *MEN OF TOMORROW: GEEKS, GANGSTERS, AND THE BIRTH OF THE COMIC BOOK* 74 (Basic Books 2004) (“By 1932 [Street & Smith, publisher of the Shadow,] was already preparing more pulps [(novels)] starring crime fighters of superhuman prowess and distinct appearance. Soon its editors had developed an in-house word for the type of character: ‘superhero.’”). The term was used generically in comic books as early as 1942. Will Murray, *The Pulp Connection: The Roots of the Superman!*, COMIC BOOK MARKETPLACE, Sept.–Oct. 1998, at 20; see George Marcoux, *SUPERSNIPE COMICS* (VOL. 1) 1, at Cover (Street & Smith Oct. 1942) (picturing a sleeping boy on the cover holding a magazine entitled “Super Hero Comics”); Joe Simon & Jack Kirby, *The Guardian*, STAR SPANGLED COMICS 7 (DC Comics Apr. 1942) (first appearance of the Guardian and the Newsboy Legion), reprinted in Joe Simon & Jack Kirby, *The Newsboy Legion*, ADVENTURE COMICS DIGEST 503, at Ch. 8 (DC Comics Sept. 1983). The term did not catch on widely in its current usage until the Silver Age of Comics, in the late 1950s. See Murray, *supra*.

³⁴⁸ See VerBeek, *supra* note 346.

³⁴⁹ *King-Seeley Thermos Co. v. Aladdin Indus., Inc.*, 321 F.2d 577, 579 (2d Cir. 1963).

³⁵⁰ BLACK’S LAW DICTIONARY 707 (8th ed. 2004).

³⁵¹ See *King-Seeley Thermos*, 321 F.2d at 579, 581.

³⁵² See *id.* at 579–80.

survey evidence,³⁵³ *E.I. DuPont de Nemours & Co. v. Yoshida International* (the “Teflon” case), each side presented several different kinds of surveys supporting their position.³⁵⁴ The court identified the test that best determined whether the mark TEFLON was appropriately in the public domain as “Teflon Survey B.”³⁵⁵ There, the surveyor described the categories of “brand name” and “common name” with the respective word pair “Chevrolet—automobile” and asked whether each of eight names was a brand name or a common name.³⁵⁶

If Teflon Survey B were conducted for “super hero” and “super villain,”³⁵⁷ it would be surprising if either term were identified by a significant percentage as a brand name.³⁵⁸ “The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.”³⁵⁹ A mark shall be deemed to be “abandoned” when, due to any course of conduct of the registrant, including acts of omission as well as commission, the mark loses its significance as an indication of origin.³⁶⁰ “Superhero” has at least become part of the public

³⁵³ JANE C. GINSBURG, JESSICA LITMAN & MARY KEVLIN, TRADEMARK AND UNFAIR COMPETITION LAW 332 (3d ed., Foundation Press 2001).

³⁵⁴ 393 F. Supp. 502, 518–20 (E.D.N.Y. 1975).

³⁵⁵ *See id.* at 526–27.

³⁵⁶ *Id.* The survey found at least three out of four people responded “brand name” for STP, Jello, and Coke, and “common name” for Margarine, Refrigerator and Aspirin. Just over two-thirds identified Teflon as a brand name. The people surveyed were fairly evenly split on Thermos. The court found this to be the survey “which really gets down to th[e] critical element” of “whether the principal significance of the name [] was ‘its indication of the nature or class of an article, rather than an indication of its origin.’” *Id.* at 527 (citing *King-Seeley*, 321 F.2d at 580). The court found that Teflon was not generic because a “substantial majority of the public continues to believe that TEFLON is a brand name.” *DuPont*, 393 F. Supp. at 527. A previous court had found that Thermos had become generic. *King-Seeley*, 321 F.2d at 579.

³⁵⁷ *Cf. DuPont*, 393 F. Supp. at 526–27.

³⁵⁸ Even in the almost obsessively sophisticated superhero comic book market, consumers are surprised to discover that “super hero” is trademarked. *See, e.g.*, Matt Brady, *Super Hero Happy Hour Changes Name*, NEWSARAMA.COM, Jan. 30, 2004, <http://newsarama.com/forums/showthread.php?s=&threadid=8650> (discussing reactions to the “Super Hero Happy Hour” comic book cease and desist letter).

³⁵⁹ *See* 15 U.S.C. § 1064(3) (2000).

³⁶⁰ *See id.* at § 1127.

domain if it has not been there since its coinage in the 1930s, and it is unfair to unduly restrict the right of a competitor of DC Comics and Marvel to use the word.³⁶¹ There is evidence that DC Comics and Marvel have been diligent in their efforts to protect the trademark significance of “super hero,”³⁶² as required by *Du Pont*, the leading “genericide” case.³⁶³ However, they seem to have failed in preventing the mark from becoming principally significant as a common noun,³⁶⁴ which is considered under *DuPont*.³⁶⁵ The terms seem to be generic, and thus should be available for *City of Heroes* and any other company offering a product based on a “brightly costumed super-powered hero” to use in trade.

Furthermore, there is a strong nominative fair use argument for the term “superhero” in the context of *City of Heroes*.³⁶⁶ The Ninth Circuit may be particularly sympathetic to this argument, based on their finding in *Playboy Enterprises v. Welles*.³⁶⁷ Terri Welles had been selected “Playboy’s Playmate of the Year 1981,” but Playboy objected to her use of the term on her website.³⁶⁸ The court found that Welles’ use was nominative fair use, commenting that trying to identify Welles for her website without using the trademarked phrase was “absurd . . . [t]o describe herself as the ‘nude model selected by Mr. Hefner’s magazine as its number-one prototypical woman for the year 1981’ would be impractical as well as ineffectual in identifying Terri Welles to the public.”³⁶⁹ *City of Heroes* finds itself in a similar situation, trying to identify a

³⁶¹ Cf. *King-Seeley*, 321 F.2d 577.

³⁶² See, e.g., Brady, *supra* note 358 and accompanying text.

³⁶³ See *DuPont*, 393 F. Supp. at 527–28.

³⁶⁴ See, e.g., THE AMERICAN HERITAGE DICTIONARY OF THE ENGLISH LANGUAGE 1802 (3d ed., Houghton Mifflin Co. 1996); Wikipedia, Superhero, <http://en.wikipedia.org/wiki/Superhero> (last visited Jan. 26, 2006).

³⁶⁵ See *DuPont*, 393 F. Supp. at 527–28.

³⁶⁶ Nominative fair use “acknowledges that it is often virtually impossible to refer to a particular product for purposes of comparison, criticism, point of reference or any other such purpose without using [plaintiff’s] mark.” *Horphag Research Ltd. v. Pelligrini*, 337 F.3d 1036, 1041 (9th Cir. 2003) (internal quotations omitted).

³⁶⁷ 279 F.3d 796 (9th Cir. 2002).

³⁶⁸ See *id.* at 799–800.

³⁶⁹ *Id.* at 802.

superhero video game to the public without infringing the trademarked expression “super hero.”

It is unreasonable that Marvel should be able to suggest that using the phrase “brings alive the world of comic books” is inappropriate inducement to infringe when it is just as likely that *City of Heroes* is hamstrung by its inability to use the generic term “superhero” to more directly describe its product. If the term is not considered generic, the use of the trademarked term “super hero” should be considered nominative fair use for the description of superhero products.

VI. A FAIR FILTERING SOLUTION

Judge Posner suggests a solution for dealing with enablers in *In re Aimster Copyright Litigation*.³⁷⁰ His law and economics analysis suggests that “[i]f a [copyright infringement] can be prevented most effectively by actions taken by a third party, it makes sense to have a legal mechanism for placing liability for the consequences of the breach on him as well as on the party that [infringed.]”³⁷¹ The opinion indicates that companies that facilitate infringement, even if they are not infringers themselves, may be liable to the copyright owners as contributory infringers.³⁷² Chasing down the individual infringers is “a teaspoon solution to an ocean problem.”³⁷³ He outlines a two step process: if (1) there is not substantial noninfringing use and (2) filtering is not unduly burdensome, then there should be contributory liability.³⁷⁴

Posner’s solution is inadequate for two reasons. First, his rigid ordering of the potential solutions precludes imposition of a filtering solution where infringement does not reach the substantiality threshold, even if the filtering solution carries a low cost relative to the damage caused by its absence. A multi-factor analysis would instead allow a court to take into account the many

³⁷⁰ See *In re Aimster Copyright Litig.*, 334 F.3d 643, 646 (7th Cir. 2003).

³⁷¹ *Id.*

³⁷² *Id.* at 645.

³⁷³ *Id.* at 645 (citing Randal C. Picker, *Copyright as Entry Policy: The Case of Digital Distribution*, 47 ANTITRUST BULL. 423, 442 (2002)).

³⁷⁴ See *id.* at 653.

factors present in a digital infringement case. Second, Posner's factors do not consider the need to give some technologies room to grow to their full potential before imposing filtering solutions that may stunt their growth. His test also does not consider culpability for the foreseeability of the new technology infringing intellectual property rights and the precedential hazards of not adequately preventing infringement in its development.

A fair solution will adequately balance the interests in protecting characters from infringement with the need to avoid a potential chilling effect in administration of the game. The following steps will find a fair balance where there is digital infringement of character copyright and trademark.

A. Calibrating Notice and Knockdown for Continuing Relationships

In the context of *City of Heroes*, Notice and Knockdown should be based on the material that is infringed—not the infringer or the infringement. A copyright owner should be able to give notice of material that is infringed and knock down the ability to infringe. As it stands, only the infringement is enforced against, knocking out the character and in egregious cases, the infringer, banning the user. Since the infringer is generally a fan, Marvel has no incentive to punish him³⁷⁵ personally, particularly if it can simply prevent him from infringing.³⁷⁶ Marvel's real goals are to prevent NCsoft and Cryptic from benefiting unfairly from the work Marvel owns, and from decreasing the value of the future use of its

³⁷⁵ As most would assume, "95 percent of all comic-book readers are male." See Julia Duin, *Comics Still Flying High; Colorful Heroes Deliver Messages Around the World*, WASH. TIMES, Feb. 6, 2002, at A02, available at http://www.nyccomicbookmuseum.org/Wash_Times_2_6.htm. But see Stevie Case, *Women in Gaming*, MICROSOFT.COM, Jan. 12, 2004, <http://www.microsoft.com/windowsxp/using/games/learnmore/womeningames.msp> ("[W]omen now account for 43% of all computer gamers. . . . [R]esearch reveals that 30% of gamers who play more than 10 hours a week are female.").

³⁷⁶ A close reading of the settlement press release makes it clear that alienation of the fans is a primary concern for Marvel. See Press Release, NC Soft, Marvel Entertainment, Inc., NCsoft Corporation, NC Interactive, Inc., Cryptic Studios, Inc. Settle All Litigation, (Dec. 14, 2005), available at http://www.plaync.com/about/2005/12/marvel_entertai.html; see also Brady, *supra* note 8 and accompanying responses.

properties.³⁷⁷ A filter should recognize the infringement of the protected character, and prevent that character from being created or used, without requiring notice of the individual infringement.

B. Name: The Trademark String Solution

NCsoft and Cryptic already operate a *City of Heroes* “Block List” for the naming aspect of its Creation Engine.³⁷⁸ If a user tries to name his character “Hulk,” the program will prevent it, and suggest trying another name. The game-makers may add strings to the Block List,³⁷⁹ such that if the word “Hulk” appears in any part of the word, it will also be blocked, *i.e.* “Hulk10.” This feature also prevents the use of obscenities in the character naming. Additionally, it has the ability to block out “cobbles,” intentional misspellings or combinations of characters that are clearly intended to evade the Block List’s purpose, such as “H_U_L_K,” “Hu1k” or “HU£K.”³⁸⁰ The Block List can have a feature that understands common cobbling techniques, effectively translating the coded word back to its proper form and matching it to words on the Block List. It is not truly a list, but an algorithm, a small program that evaluates word choices and weeds out the ones that violate the rules. It operates as a filter, which requires periodic updating, but is not monitoring, which is not required for the DMCA safe harbor provisions.³⁸¹ It is not unreasonable to expect this filter to follow

³⁷⁷ In the summer of 2005, Marvel announced a deal with Microsoft to create a licensed MMORPG featuring the Marvel characters, and DC Comics has a similar deal with Sony. *See* Schiesel, *supra* note 46.

³⁷⁸ *See* Ruling on Marvel’s Motion to Dismiss Counterclaims, *supra* note 81, at 1.

³⁷⁹ Strings in computer language, sometimes represented by the dollar sign (\$), stand for any number of symbols. Wikipedia.com, Dollar sign, <http://en.wikipedia.org/wiki/%24> (last visited Mar. 29, 2006). Thus a search for “\$Hulk\$” would generate results such as “Hulk10,” “Mr. Hulk,” or “GreenHulkBoy.” *See* Wikipedia.com, String (computer science), [http://en.wikipedia.org/wiki/Character_string_\(computer_science\)](http://en.wikipedia.org/wiki/Character_string_(computer_science)) (last visited Jan. 6, 2005).

³⁸⁰ Wikipedia.com, Deliberate Misspellings, http://en.wikipedia.org/wiki/Deliberate_misspelling (last visited Dec. 13, 2005); *see* Ruling on Marvel’s Motion to Dismiss Counterclaims, *supra* note 81, at 1.

³⁸¹ The DMCA expressly does not require monitoring for Safe Harbor. *See* 17 U.S.C. § 512(m) (2000) (providing that “[n]othing in this section shall be construed to condition the applicability of [the DMCA Safe Harbor] on—(1) a service provider monitoring its service or affirmatively seeking facts indicating infringing activity, except to the extent consistent with a standard technical measure complying with the [conditions for

the same rules that are common in trademark law. For example, “Toys Are Us” would infringe on “Toys R Us.”³⁸² Such misspellings and evasions do not escape trademark enforcement,³⁸³ and should not be facilitated by ISPs where there is an efficient remedy such as this.

C. Appearance: The Roy G. Biv 7% Solution

Character appearances are not so obviously dissembled, but they can and should be similarly remedied by an algorithm nonetheless. In the case of *City of Heroes*, each aspect of the hero created comes from a small list of selections. If the sequence of selections begins to resemble a protected set of characteristics (like the Incredible Hulk’s giant size, green skin, purple shorts, no other clothing), the Creation Engine could deny the final choice that would create an infringing character, while preserving enough alternatives that the user does not feel frustrated in seeking legitimate use.³⁸⁴ This way, infringement has a better chance of being nipped in the bud without requiring onerous monitoring.

An appropriate measure for this is a 7% solution. A protected character is submitted to *City of Heroes*, as created by the holder

eligibility]”). Public policy also frowns on a requirement of monitoring because “privacy is a social benefit though also a source of social costs.” See *In re Aimster Copyright Litig.*, 334 F.3d 643, 650 (7th Cir. 2003). In addition, the same forces that make monitoring direct infringers prohibitive for copyright holders, and thus support the doctrines of contributory and vicarious liability, see *id.* at 645, are comparably burdensome for game-makers like NCsoft and Cryptic if monitoring were required regime, see *id.* at 648–49, and “could result in the shutting down of the service or its annexation by the copyright owners . . . because the provider might find it impossible to estimate its potential damages liability to the copyright holders and would anyway face the risk of being enjoined,” *id.* The *Sony* court was “unwilling to allow copyright holders to prevent infringement effectuated by means of a new technology at the price of possibly denying noninfringing consumers the benefit of the technology. *Id.* at 649 (interpreting *Sony Corp. of Am., Inc. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984)).

³⁸² Such a solution was mandated in *A&M Records, Inc. v. Napster, Inc.*, 284 F.3d 1091, 1096 (9th Cir. 2002) (stating that “[b]oth parties are required to adopt reasonable measures to identify variations of the file name, or of the spelling of the titles or artists’ names, of plaintiffs’ identified protected works”).

³⁸³ See, e.g., *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961).

³⁸⁴ The *City of Heroes* Creation Engine allows approximately “10²⁷ unique character configurations.” Ruling on Marvel’s Motion to Dismiss Counterclaims, *supra* note 81, at 1.

using the Creation Engine. Each characteristic's color value is given a range of 7% in one direction, 7% in the other. This range represents a total protected color range of one-seventh, because, at its most elementary, there are seven colors on the spectrum: Red, Orange, Yellow, Green, Blue, Indigo, Violet. If the offending final piece of the puzzle is green skin, the Creation Engine will block the user from choosing any color within 7% of the Incredible Hulk green submitted by Marvel. For the sake of elegance and the need to set a limit to this protection, the block would only trigger when the character being created threatens to be within 7% of the protected character. Where a Creation Engine facilitates fourteen characteristics comprising each costume (boot color, tights color, cape color, etc.), if the first twelve are each within the 7% range of a protected character, the final two will not be permitted to be within the 7% range.

Moreover, some characteristics make a greater visual impression than others, and appropriate weighting should be a part of the filtering. The color of a bracelet will have less overall impact in an infringement analysis than will the color of a cape. Since the surface area of the character is quantified as a part of the process used in the game,³⁸⁵ it would not be difficult to establish a percentage value for costume elements. Like a dress pattern laid flat, you can measure the percentage of the infringing fabric used by looking at the pattern.

There are risks to both overenforcement and underenforcement, but the 7% Solution serves as a principled guideline that can be implemented through filtering, obviating much of the need for inefficient monitoring. The 7% Solution will neither confer immunity nor per se liability, but will allow a court to construct "adequate filtering" under the DMCA. It can have application in other video games and perhaps beyond. Where works are created using digital techniques like these, assigning a percentage value will not be difficult. The 7% Solution can start as a border, either side of which exists a rebuttable presumption of infringement or substantial dissimilarity.

³⁸⁵ See *supra* Part I.E and accompanying notes.

D. Powers: Scènes à Faire

Although Marvel would certainly like to protect them, power combinations should not be protected. The Creation Engine requires the user to go through four steps to choose powers. The choices a user makes under Origin (mutant, science, technology, natural and magic) and Archetype (blaster, controller, defender, scrapper and tanker) determine the Primary and Secondary powers available to a new character (e.g., flamethrower, ice bolt, energy punch, mental blast), with more offered to the user as gameplay progresses.³⁸⁶

In their original complaint, Marvel took umbrage at the idea that a player could create a “science-based” “tanker” hero just like its Incredible Hulk property.³⁸⁷ They also complain that their character Wolverine is cloned when the Creation Engine allows a user to create a character who (1) is a mutant; (2) is a scrappy fighter; (3) has three long metal claws; and (4) has fast-acting regenerative powers.³⁸⁸

These powers are inherently the *scènes à faire* in the world of superheroes, and even exact replication of what makes a protected superhero “super” should not rise to the level of infringement.³⁸⁹ Protection here is equivalent to the protection of an idea, which is forbidden under copyright law.³⁹⁰ If one company could lay claim to “flight” or “invulnerability,” it would impede commerce.³⁹¹ These are the abstractions that form the language of superheroes, and ownership of elements of that language would inappropriately choke off its use.³⁹² It is common for comparably similar powers

³⁸⁶ See GAME MANUAL, *supra* note 303 at 5–9, 30–65.

³⁸⁷ Marvel Complaint, *supra* note 6, at 2.

³⁸⁸ See *id.* at 7.

³⁸⁹ See Warner Bros. v. Am. Broad. Cos. 720 F.2d 231, 237, 243 (2d Cir. 1983) (noting that even though “Hinkley’s suit invests him with most of Superman’s powers,” he is “a different, non-infringing character.”); see also *supra* Part I.B.

³⁹⁰ See, e.g., Nat’l Comics Publ’ns, Inc. v. Fawcett Publ’ns, Inc., 191 F.2d 594, 600 (2nd Cir. 1951) (stating that “a copyright never extends to the ‘idea’ of the ‘work,’ but only to its ‘expression’”).

³⁹¹ See Gaiman v. McFarlane, 360 F.3d 644, 659 (7th Cir. 2004).

³⁹² The publishers of Superman are “not entitled to a monopoly of the mere character of a ‘Superman’ who is a blessing to mankind.” See Detective Comics, Inc. v. Bruns

to appear in characters from different publishers without giving rise to any claims of infringement.³⁹³ As standard practices of the genre suggest that actionable infringement does not arise when powers are duplicated, it is appropriate for courts to apply that standard to its infringement analysis.

Publ'ns, Inc, 111 F.2d 432, 434 (2d Cir. 1940) (citing *Nichols v. Universal Pictures Corp.*, 45 F.2d 119 (2d Cir. 1930).

³⁹³ In fact, it is somewhat of a tradition for one company to create analogues of another company's characters with the same powers but entirely new names and costumes in order to show a new take on the heroes, or how the companies' heroes might interact. *Compare, e.g.*, Gardner Fox, Mike Sekowsky & Bernard Sachs, *Starro the Conqueror!*, THE BRAVE AND THE BOLD 28 (DC Comics Feb.–Mar. 1960) (first appearance of the Justice League of America), *reprinted in* GARDNER FOX, ET AL., JUSTICE LEAGUE OF AMERICA ARCHIVES: VOLUME ONE (DC Comics 1997) with Roy Thomas, Sal Buscema & Sam Grainger, *When Strikes the Squadron Sinister*, THE AVENGERS (VOL. 1) 70 (Marvel Comics Nov. 1969) (introducing the Squadron Sinister, who later became the Squadron Supreme, *see* Roy Thomas, John Buscema & Frank Giacoia, *The World is Not For Burning*, THE AVENGERS 85, at 8, 11 (Marvel Comics Feb. 1971), Marvel's authoritarian take on DC Comics' Justice League of America); *compare, e.g.*, Warren Ellis, Bryan Hitch, Paul Neary & Laura Depuy, *Pay Allegiance to the Authority*, THE AUTHORITY (VOL. 1) 1 (Wildstorm May 1999) (first appearance of anti-hero supergroup The Authority), *reprinted in* WARREN ELLIS ET AL., THE AUTHORITY VOL. 1: RELENTLESS (Rachelle Brissenden & Eric DeSantis eds., Wildstorm 2000) with Joe Kelly, et. al., *What's So Funny About Truth, Justice & The American Way?*, ACTION COMICS 775 (DC Comics Mar. 2001) (showing how DC Comics' Superman dealt with analogues of Wildstorm's anti-heroes); *compare, e.g.*, Stan Lee, Jack Kirby & Dick Ayers, *The Coming of the Avengers!*, THE AVENGERS (VOL. 1) 1 (Marvel Comics Sept. 1963) (the first appearance of The Avengers), *reprinted in* STAN LEE ET AL., MARVEL MASTERWORKS: THE AVENGERS (VOL. 1) (Marvel Entertainment Group 2002) with Mike Friedrich, Dick Dillin & Joe Giella, *Batman—King of the World*, JUSTICE LEAGUE OF AMERICA (VOL. 1) 87 (DC Comics Feb. 1971) (introducing the Justifiers, an analogue of Marvel's Avengers); *compare, e.g.*, Stan Lee, Jack Kirby, George Klein & Christopher Rule, *The Fantastic Four!*, FANTASTIC FOUR (VOL. 1) 1 (Marvel Comics Nov. 1961) (the first appearance of the Fantastic Four), *reprinted in* STAN LEE ET AL., FANTASTIC FOUR OMNIBUS VOLUME ONE (Marvel Comics, 2005) and Finger, *supra* note 206 (first appearance of the Batman) with, *e.g.*, Kurt Busiek, Brent Anderson & Steven Buccellato, *In Dreams*, KURT BUSIEK'S ASTRO CITY (VOL. 1) 1 (Image Comics Aug. 1995), *reprinted in* KURT BUSIEK ET AL., *Life in the Big City*, KURT BUSIEK'S ASTRO CITY VOL. 1: LIFE IN THE BIG CITY (Homage 1999) and, *e.g.*, Kurt Busiek, Brent Anderson, Will Blyburg & Alex Sinclair, *New Kid in Town*, KURT BUSIEK'S ASTRO CITY (VOL. 2) 4 (Image Comics Dec. 1996), *reprinted in* KURT BUSIEK ET AL., KURT BUSIEK'S ASTRO CITY VOL. 2: CONFESSION (Homage 1999) (Kurt Busiek's creator-owned First Family is his reinterpretation of Marvel's Fantastic Four, and Confessor is his take on DCs Batman). A visual illustration of this tradition, including a side-by-side comparison of the above, can be found at this Note's companion website at <http://brittonpayne.com/Marvel.html> (last visited Apr. 11, 2006).

Where the only similarity between two superheroes consists of a duplication of abstract powers, infringement should not be found. It is fair to introduce a matched set of powers as evidence of intent to infringe, but such evidence should not stand as infringement on its own. There is no need to filter the selection of powers for infringement.

E. Cost will Keep Marvel from Protecting More than its Biggest Characters

In order to gain the protection of the proposed 7% Solution and string filtering, Marvel will have to effectively register their individual properties with *City of Heroes*. The registration would consist of a code derived from the Creation Engine version of a Marvel property (a “Character Code”) submitted to *City of Heroes* for filtering. Since *City of Heroes* will simply add the code to its 7% list in whatever reasonable form it dictates, their labor commitment will be negligible after startup, and should be seen as a cost of doing business in the intellectual property world. On the other hand, Marvel will create these Character Codes at its own expense. Due to the level of complexity of the Creation Engine, each Character Code may take a half-hour or more for a user to create,³⁹⁴ with the expected vetting from legal and corporate supervisors. This cost will deter overreaching practices by Marvel and serve as a disincentive for Marvel to frivolously protect every character in its stable of thousands. They will only register the characters that are worth protecting based on their business decisions. Even if they should decide to protect every one of their characters, *City of Heroes* players will still have plenty of choices, comparing the blocked thousands to the remaining trillions available. The Character Codes will not need to be term-limited, as the expected periodic changes in the technical specifications of the game will likely necessitate new submissions of Character

³⁹⁴ See, e.g., Nikki Douglas, *City of Heroes Review*, GRRLGAMER.COM, <http://www.grrlgamer.com/review.php?g=cityofheroes> (last visited Dec. 12, 2005).

Codes. Each advancement will likely result in Marvel's reevaluation of the characters worth protecting.³⁹⁵

VII. THE *SONY* STANDARD IS OBSOLETE: THE ENABLING TECHNOLOGY THEORY OF SECONDARY LIABILITY

A. *Squaring Grokster, Sony, and Secondary Liability for Copyright Infringement*

One reading of *Grokster* suggests that its ruling is an elucidation of the inducement factor of a contributory infringement claim, such that absent inducement, contributory infringement can be found on other grounds, such as substantial participation, subject to the *Sony* safe harbor of substantial noninfringing use.³⁹⁶ If no contributory infringement is found, a plaintiff could move on to a claim of vicarious liability, again applying the *Sony* analysis. This interpretation leads to a complex and overlapping analysis, and still does not fully address the need to balance fostering beneficial technology with protecting copyright.

The better reading of *Grokster* is that it redefines contributory infringement as requiring intentional inducement.³⁹⁷ The intent to help others break the law is sufficient to confer liability.³⁹⁸ Under vicarious liability, the defendant does nothing wrong, but due to a financial relationship to the infringing behavior, a duty to stop the infringement attaches.³⁹⁹ The *Grokster* opinion reserved the vicarious liability issue theory.⁴⁰⁰ However, these two theories of secondary liability leave a gap where there is neither inducement

³⁹⁵ *City of Heroes* has offered several updates since its launch. See, e.g., City of Heroes, News: Feature Updates, Issue 5: Forest of Dread—New Power Sets, http://www.cityofheroes.com/feature_update7.html (last visited Dec. 12, 2005).

³⁹⁶ See *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 125 S. Ct. 2764, 2777–79, 2781 n.12 (2005).

³⁹⁷ See *id.* at 2776 (citing *Gershwin Publ'g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971)).

³⁹⁸ See *id.* at 2779.

³⁹⁹ See *id.* at 2776 (citing *Shapiro, Bernstein & Co. v. H.L. Green Co.*, 316 F.2d 304, 307 (2d Cir. 1963)).

⁴⁰⁰ *Id.* at 2776 n.9.

nor financial relationship, but a technology has the potential to destroy an intellectual property industry,⁴⁰¹ or where a nascent technology is threatened by a powerful copyright interest.⁴⁰² Rather than try and squeeze this analysis into what may be left of contributory infringement absent inducement, that gap could be more sensibly filled by a third form of secondary liability analysis, touched on by the *Sony* and *Grokster* decisions,⁴⁰³ which this Note will call the “enabling technology theory of secondary liability.” Liability can be fairly conferred where distributors of technology are reckless as to the infringement they enable. The existence of such recklessness can be determined with the BIFF balancing test suggested below.⁴⁰⁴

In a digital copying case like *Marvel v. NCsoft*, a plaintiff first looks for direct infringement. If there is no direct infringement, the plaintiff would seek liability under secondary liability theories. The second step is thus a look at the intent-based claim of contributory infringement.⁴⁰⁵ *Grokster* should be read to limit findings of contributory liability to cases where there is sufficient inducement.⁴⁰⁶ The *Sony* substantial noninfringing use standard should not be a factor in contributory liability analysis,⁴⁰⁷ nor should a plaintiff be obliged to prove knowledge of primary infringement, as the bad intent evidenced by inducement is sufficient culpability for a finding of liability.

The third step would be a look to enabling technology liability. If the secondary liability claim is predicated on the use of enabling technology, such as file-sharing software or a MMORPG, the technology provider may find liability or safe harbor in the BIFF factors. The factors should be balanced to determine whether there is a nascent technology deserving of protection, or a recklessness

⁴⁰¹ See, e.g., *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1017 (9th Cir. 2001).

⁴⁰² See *Grokster*, 125 S. Ct. at 2775.

⁴⁰³ See *id.* at 2782 (noting that *Grokster* “addresses a different basis of liability” than *Sony*).

⁴⁰⁴ See *infra* Part VII.C.

⁴⁰⁵ See *Grokster*, 125 S. Ct. at 2776 (citing *Gershwin Publ’g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971) (noting that “[o]ne infringes contributorily by intentionally inducing or encouraging direct infringement”).

⁴⁰⁶ See *id.* at 2780–81.

⁴⁰⁷ See *id.* at 2777–79.

toward the abuse of copyright that calls for liability. This balancing test will incorporate the *Sony* standard in its factors that determine the respective values of the technology and the infringement.

Finally, the plaintiff looks at vicarious liability claims for infringement that do not implicate the use of enabling technology, such as management of a flea market.⁴⁰⁸ Where there is (1) direct infringement by a primary party and (2) direct financial benefit to the defendant, as in *Marvel v. NCsoft*, vicarious liability is found if there is also (3) the right and ability to supervise the primary infringer on the part of the defendant.⁴⁰⁹

The interplay here of direct infringement, contributory infringement, enabling technology liability and vicarious liability as the four degrees of copyright infringement is much easier to follow. Once a liability theory has been established, courts could look to the DMCA safe harbor provisions. If the defendant does not qualify for a safe harbor, the courts will have latitude under the DMCA to fashion an injunctive filtering solution, as articulated above.

B. Presumption of Liability for Intellectual Property Transfer Enablers

Where a company relies on the creation or consumption of intellectual property, there should be a rebuttable presumption that infringement is implicated and the company is obliged to take reasonable measures to curb infringement of its users. The “monitor or control” language of the DMCA should be read more temporally broadly than it was in the Ninth Circuit opinion in *Grokster*.⁴¹⁰ A modern reading of *Sony* in light of the DMCA seems to suggest that if there is sufficient non-infringing use, then there is no need to go into the DMCA analysis to see if there should be a safe harbor.⁴¹¹ This hurdle is too low for enablers.⁴¹²

⁴⁰⁸ See, e.g., *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 260 (9th Cir. 1996).

⁴⁰⁹ See *id.* at 262.

⁴¹⁰ See *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster Ltd.*, 380 F.3d 1154, 1165 (9th Cir. 2004).

⁴¹¹ See *Sony Corp. of Am. v. Universal City Studios, Inc.*, 104 S. Ct. 774, 789 (1984); see also 17 U.S.C. § 512 (2000).

Enablers should be regulated by the DMCA, because it offers well-considered guidelines and adequate flexibility for a solution.⁴¹³ An appropriate standard is the balancing of a group of factors that realistically allow judges to craft appropriate solutions within the current legislative framework.

C. BIFF Balancing Test

When evaluating potential liability for the copyright infringement of third-party users, absent inducement, four factors should be used to evaluate whether a technology should be subject to liability under the provisions of the DCMA. The factors are (1) to what extent it is a *budding technology*, (2) the degree of *infringing use*, (3) whether at conception and during early development there was *foreseeable infringement*, and (4) to what extent there is effective *filtering* of the infringement available or in use (BIFF Balancing Test).

1. Budding Technology

Where a technology is new, there is incentive to allow that technology to find its sea legs. Fear of liability for third-party infringement might have discouraged Gutenberg.⁴¹⁴ There should not be a free pass to allow significant infringement simply because a technology is new, but at the same time courts should not enthusiastically shut down innovation simply because it presently has practically unfilterable infringing use.⁴¹⁵ Particular uses of

⁴¹² "It is uncontested that Defendants' game has a substantial non-infringing use." Ruling on NCsoft and Cryptic's Motions to Strike and Dismiss, *supra* note 100, at *8-9.

⁴¹³ See 17 U.S.C. § 512(j) (2000). In addition to other remedies, the statute provides that a court may grant "[s]uch other injunctive relief as the court may consider necessary to prevent or restrain infringement of copyrighted material specified in the order of the court at a particular online location, if such relief is the least burdensome to the service provider among the forms of relief comparably effective for that purpose." *Id.* at § 512(j)(iii).

⁴¹⁴ JUSTICE BREYER: . . . for all I know, the monks had a fit when Gutenberg made his press. Transcript of Oral Argument at *9, *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster Ltd.*, 380 F.3d 1154, 1165 (9th Cir. 2004) (No. 04-480).

⁴¹⁵ JUSTICE SCALIA: I mean, what I worry about is the suit that just comes right out of the box, as soon as the company starts up. Will you give the company a couple of years to show that it's developing a commercial use?

digital technology can mature quickly, much more so than, for example, the development of the photocopier, which took years.⁴¹⁶ Therefore, no standard time frame can be established to determine newness. Courts should look to the business plan and marketing of the technology to measure whether the technology has reached a stated goal, and look to the stage of development of the technology itself rather than market penetration to make that measure. Where a technology is promising, but has not yet reached a reasonable measure of its potential, this factor will weigh against a finding of liability for third-party infringement.⁴¹⁷

2. Infringing and Non-Infringing Use

Substantiality of infringing use is a reasonable factor to bring into the equation. Where there is a question of overzealous enforcement by a rights holder, an inquiry into the present and potential harm of the infringement is useful, through an examination of the noninfringing use of the technology as well as the non-infringing use of the copyrighted materials elsewhere. If both are substantial, this factor will weigh against liability for third-party infringement and dissuade copyright owners from frivolous or harassing infringement liability claims and from unfairly exacting those claims.

Justice Souter in *Grokster* described the infringing use as “prominently employed.”⁴¹⁸ Justice Souter noted that “a few

MR. CLEMENT: Well, Justice Scalia, we have concerns about that, as well. I don't know that we would give them ten years of, sort of, free space to do as—facilitate as much copyright infringement as possible. I think what we would say is that when you're—when a suit targets a nascent technology at the very beginning, there ought to be a lot of leeway, not just for observed noninfringing uses, but for the capacity of noninfringing uses.

Transcript of Oral Argument at *24–25, *Grokster*, 125 S. Ct. 2764 (No. 04-480).

⁴¹⁶ Difficulty in finding investors and developing the technology to a practical use took about twenty years. See About.com, Xerox Photocopiers, Xerography and Chester Carlson, <http://inventors.about.com/library/inventors/blxerox.htm> (last visited Feb. 6, 2006).

⁴¹⁷ The story of how Sony, Samsung and others addressed potential infringement problems during the development of the DVD player is explored at Pioneer, DVD Technical Guide, <http://www.pioneer.co.jp/crdl/tech/dvd/1-e.html> (last visited Dec. 13, 2005).

⁴¹⁸ *Grokster*, 125 S. Ct. at 2771.

searches” would show the infringing use of the software and that “no one can say how often the software is used to obtain copies of unprotected material,” but “the probable scope of copyright infringement is staggering.”⁴¹⁹ The point, of course, would be “to attract users of a mind to infringe.”⁴²⁰

3. Foreseeable Infringement

It is foreseeable that a product called a Video Cassette Recorder will be used to infringe copyright. A cell phone downloading unlicensed copies of a song to use as a ring tone is less so. Where an enabler cannot reasonably foresee infringing use, it is less fair to impose an obligation for third-party infringement in the absence of a filter. Once the infringement becomes known or foreseeable, there is an obligation to address the issue. This is clear in the DMCA, *Grokster*, and *Sony*. Foreseeability can be measured by looking at evidence from the early stages of development of the technology as to its perceived potential use and the development of the infringing use of the technology. The history of invention is rife with stories of unintended consequences,⁴²¹ and enablers should not be held strictly responsible for them.

In the absence of a finding of inducement, the marketing and business plans can still suggest behavior that should be discouraged. The substantiality of reliance on infringers and their infringement will be a factor in a finding of liability. A company’s courtship of users known to infringe should not be countenanced, nor should a knowing reliance on infringing users for income. Even where it falls short of inducement, a company’s knowing intent to exploit infringing behavior of its users should weigh in favor of a finding of liability.

⁴¹⁹ *Id.* at 2772.

⁴²⁰ *Id.* at 2774.

⁴²¹ “Richard James was a [World War II-era] naval engineer trying to develop a meter designed to monitor horsepower on naval battleships. [He] was working with tension springs when one of the springs fell to the ground. He saw how the spring kept moving after it hit the ground and an idea for a toy was born. *See* About.com, The History of the SLINKY: Richard James and Betty James Invented the Slinky in 1945, <http://inventors.about.com/library/inventors/blslinky.htm> (last visited Oct. 28, 2005).

4. Filtering

The key element is ease of filtering technologies.⁴²² If companies know at start-up that part of their responsibility will be to take reasonable technological measures to deter infringement, in addition to warnings, then there will be the requisite certainty needed for efficient commerce. Filtering technologies will require cooperation between the enablers and the rights holders. It is no excuse that the users are infringing without any affirmative participation of the enablers.⁴²³ Car companies manufacture seat belts even though they are not participating in crashes. Technology companies should expect to employ filtering technologies as a cost of doing business.

Where an enabler has implemented a reasonable technological standard that is likely to (1) fully address potential infringement of its users, and (2) not discourage participation of rights holders in the implementation of protective measures, this factor will weigh heavily for a finding that the enabler deserves safe harbor under the DMCA, and should not be found a contributory or vicarious infringer.

D. NCsoft and Cryptic Fail the BIFF Test

City of Heroes is not a budding technology. There are many videogames and games of this kind have been around for many years. The creators set out to build a working video game, and now they have one. The Creation Engine is mature enough to enable 10²⁷ possible combinations of character appearance.⁴²⁴ The game itself is realized enough that it has spawned a sequel.⁴²⁵ *City of Heroes* does not require extra protection as a new technology.

⁴²² There is no evidence that either company made an effort to filter copyrighted material. See *Grokster*, 125 S. Ct. at 2774.

⁴²³ The ability of a service provider to prevent its customers from infringing is a factor to be considered in determining whether the provider is a contributory infringer. See *In re Aimster Copyright Litig.*, 334 F.3d 643, 648 (7th Cir. 2003).

⁴²⁴ See Ruling on Marvel's Motion to Dismiss Counterclaims, *supra* note 81, at 1.

⁴²⁵ NCsoft and Cryptic released the superhero MMORPG *City of Villains* on October 1, 2005. It allows players to create villains, and battle other players (PVP), two functions unavailable in *City of Heroes*. See, e.g., Press Release, PlayNC, NCsoft Launches City of Villains, (Oct. 31, 2005), available at http://www.plaync.com/about/2005/10/ncsoft_launches_4.html.

There is a prominent degree of infringing use, one of the measures used in *Grokster*.⁴²⁶ Although the exact percentages are not known,⁴²⁷ it is clear that *City of Heroes* users regularly encounter infringing characters.⁴²⁸ As Marvel is not only a fellow trafficker in superheroes, but also uses them in video games, the presence of their characters in a competing product is infringement with compelling consequences. But this factor has strong arguments on both sides. NCsoft and Cryptic Studios point out that infringers are shut down when they are discovered, and usage shows that a majority of characters in the game are entirely original. Of the minority that infringe, an even smaller percentage infringes Marvel's rights. It is unclear which direction this factor tilts here—not nearly as clear as it would have been in *Grokster*, where the overwhelming use was infringing.

It is abundantly clear that the infringement found in *City of Heroes* was foreseeable from the very inception of the game.⁴²⁹ NCsoft and Cryptic had created a heralded Creation Engine and marketed the game to comic book readers who were used to playing licensed characters in superhero video games. This factor strongly supports a finding of liability.

It is clear that *City of Heroes* has the ability to filter its Creation Engine and Tailor functions to prevent third-party infringements, with the cooperation of rights holders, and did not avail itself fully of that option. The flexibility and control Cryptic Studios has exercised over the continuing development of the game indicates that implementing the features suggested in this Note would be considerably less burdensome than defending the lawsuit has been. This factor weighs decisively in favor of finding liability for NCsoft.

⁴²⁶ See *Grokster*, 125 S. Ct. at 2771.

⁴²⁷ Presuming digital recordkeeping by NCsoft, with discovery, the Roy G. Biv 7% standard and the String Solution, it may be possible to reconstruct a precise record of infringement.

⁴²⁸ See, e.g., Sausisag, *supra* note and accompanying text.

⁴²⁹ Richard Dakan, a childhood friend of Michael Lewis, majority-owner of Cryptic Studios, "brought in his grad school buddy, a classics scholar named Jack Emmert, to build a game featuring the science fiction of comic-book superheroes-without paying license fees for established characters like Batman or Spider-Man. Hardy, *supra* note 2.

Had this case gone to trial, NCsoft and Cryptic should not have been able to avail themselves of the safe harbor provisions of the DMCA under Section 512 (a) or Section 512 (c), the categories under which *City of Heroes* falls.⁴³⁰ The infringing activity is apparent, thus denying safe harbor under (c). As a result, the court should have been able to exercise the injunctive power granted under Section 512(j)(1)(A)(iii) and implement the Roy G. Biv 7% Solution and the String Solution presented above. Instead, the parties came to mutual and undisclosed agreement, and the question of how to properly follow the law absent inducement remains unanswered.

CONCLUSION

The BIFF factors should replace the *Sony* test as a form of secondary liability called enabling technology liability, separate from contributory infringement and vicarious liability. This structure provides an incentive for filtering, which addresses the problem at its most solvable point. In the absence of filtering, the factors also provide ready access to the guidance of the self-regulating aspects of the DMCA that are stymied by the elusive and overly inclusive *Sony* safe harbor, which protects enablers from user infringement liability where there is substantial non-infringing use. Courts should fully and case-specifically avail themselves of the injunctive powers granted them in the DMCA when parties cannot resolve issues on their own, as incentive for parties to come to agreements without turning to the legal system. When a disagreement results in the need for injunctive relief in an instance of character infringement by an enabling technology, the Roy G. Biv 7% Solution and the String Solution should be adopted. *Marvel v. NCsoft* ended in settlement, which is preferable to a full trial, but left these issues unresolved. When a similar case arises implicating secondary liability and enabling technology, courts should articulate a solution that goes beyond *Sony* and provides both content and technology companies with sensible

⁴³⁰ See 17 U.S.C. § 512(a), (c) (2000).

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guidelines for protecting their intellectual property and limiting their exposure to liability.