

EXHIBIT P

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA - EASTERN DIVISION

13 JOANNE SIEGEL and LAURA) Case No. CV-04-8400-SGL (RZx)
14 SIEGEL LARSON,)
15 Plaintiffs,)
16 v.)
17 WARNER BROS.)
18 ENTERTAINMENT INC.; TIME)
19 WARNER INC.; and DC COMICS,)
 Defendants.)
 }
 ORDER RESOLVING ADDITIONAL
 ISSUES

20 The 1976 Copyright Act contains many intricate formalities that an author
21 (or his or her heirs) must navigate to successfully terminate the grant to the
22 copyright in an original work of authorship, but perhaps none is more fundamental
23 an impediment than the one excluding from the reach of termination the copyright
24 "in a work made for hire." 17 U.S.C. § 304(c); see 1 MELVILLE B. NIMMER, NIMMER
25 ON COPYRIGHT § 5.03[A] at 5-12 (2008) (commenting that the exclusion "relating to
26 termination of transfers is probably the most important feature of the work for hire
27 doctrine with respect to works created at present"); 3 WILLIAM F. PATRY, PATRY ON
28 COPYRIGHT § 7:42 (2008) (labeling as a "significant exclusion" to the right to

1 terminate the grant in "work-for-hire creations"). The complexity of the 1976 Act's
2 termination procedures stems as much from the fact that those provisions
3 intersect with and must be construed in light of the body of copyright law that
4 existed at the time the works were created (here, the 1909 Copyright Act) as from
5 the intricacies set forth in the 1976 Act itself.

6 This is particularly true when applying the "work made for hire" bar to works
7 created under the auspices of the 1909 Act, as the law developed by the courts
8 under the Act was oftentimes confused and not well-delineated, with its dimension
9 continuing to evolve long after the effective date of the 1976 Act. See Easter Seal
10 Society for Crippled Children and Adults of Louisiana, Inc. v. Playboy Enterprises,
11 815 F.2d 323, 325 (5th Cir. 1987) (commenting that the term "work for hire" was
12 undefined in statute, and that a "substantial body of cases developed as courts
13 worked out the definition").

14 Having previously addressed the iconic superhero Superman's first
15 appearance in Action Comics No. 1 in its earlier decision, the Court now considers
16 the myriad relationships and contractual arrangements surrounding the published
17 works of Superman by his creators Jerome Siegel and Joseph Shuster for the
18 years 1938 to 1943. The task of disentangling these relationships and
19 agreements, and giving legal meaning to them, lies at the heart of this case.

20 I. FACTUAL BACKGROUND

21 When the Court last left Superman, the copyright in the earliest published
22 version of the character, as depicted in the comic book Action Comics No. 1, had
23 been reunited with the heirs of one of his creators, Jerome Siegel. See Siegel v.
24 Warner Bros. Entertainment Inc., 542 F. Supp. 2d 1098, 1145 (C.D. Cal. 2008).
25 One might have thought that with the extensive discussion of Superman's creation
26 and development therein, little more would be left to be said about Superman's
27 first years in print; as the Court has since learned, there is more to the story.

28

1 Like the arc of a comic book serial, there has been an unfolding of
2 evidence regarding the creation and subsequent publication of Superman. The
3 parties have presented to the Court previously undisclosed evidence surrounding
4 the back story to Superman's creation before 1938, the character's publication for
5 the years 1938 to 1943 in comic books published by Detective Comics after Action
6 Comics No. 1, and in the syndication of daily newspaper comic strips through the
7 McClure Newspaper Syndicate.

8 **A. Pre-1938 Years: Superman's Initial Creation and Development**

9 As recounted in the Court's earlier Orders, the development of Superman
10 evolved, with the character being re-worked by Siegel and Shuster over a period
11 of years. However, missing from that account and now disclosed is the existence
12 of another collaborator.

13 The story picks up with Siegel dramatically rescuing from the flames the
14 cover art work from the pair's initial version of the Superman character in heroic
15 form (as a hulking strong man, sans super-human powers or alien origin, in the
16 fashion of Flash Gordon) after Shuster grew despondent when the publisher to the
17 comic book Detective Dan rescinded its offer to publish the material. See Siegel,
18 542 F. Supp. 2d at 1103. This led to a split of sorts with Siegel, with Shuster
19 apparently deciding he was no longer interested in continuing to illustrate
20 Superman, and Siegel apparently concerned that the character was going
21 nowhere under Shuster's artistic direction. As Siegel later recounted, after the
22 debacle with Detective Dan, Shuster became "very discouraged" and decided that
23 he "did not want to work on Superman anymore." (Decl. Marc Toberoff, Ex. F at
24 45). Undeterred, Siegel sought out other artists to illustrate his scripts as he
25 continued to flesh out the Superman character. See Siegel, 542 F. Supp. 2d at
26 1103 ("Undaunted, Siegel continued to tinker with his character, but decided to try
27 a different publication format, a newspaper comic strip").

28

1 Notably, Siegel approached illustrator Russell Keaton, who at that time was
2 providing the art work for the Buck Rogers Sunday newspaper strips. For a few
3 months spanning the summer and fall of 1934, the pair exchanged
4 correspondence and scripts for Superman. This activity culminated with Siegel
5 and Keaton producing a week's worth of newspaper comic strips (or nine
6 horizontal strips, each containing four panels, with dialogue and illustrations), and
7 Siegel drafting for Keaton's consideration three scripts (for which no illustrations
8 were ever created) for Superman that, taken together, demonstrated the evolving
9 nature of the character.

10 The story portrayed in the scripts and the week's worth of illustrated
11 material was devoted exclusively to Superman's upbringing as a child by a couple
12 known only as Sam and Molly Kent, and included the first inklings of a science
13 fiction aspect to the character, albeit with a much different take on Superman's
14 now well-familiar origins.

15 In this earlier version, Siegel conceived of Superman as having been sent
16 as an infant back in time, to then-present day America (circa 1935), in a time
17 machine created by "the last man on Earth" before the planet's destruction. The
18 story is also notable as it contained the first expression of Superman's now
19 familiar super-human powers: That he had a "physical structure millions of years
20 advanced from" those living in 1935, leading him to possess "colossal strength,"
21 the ability to "leap over a ten story building," "run[] as fast as an express train,"
22 and stated that "nothing less than a bursting shell could penetrate his tough skin."
23 Upon his arrival, Superman spoke a language that his adoptive parents did not
24 understand, and the secret of his origins was tied to a cryptic mystery note
25 accompanying him in the time machine. When, as an adult, Clark Kent was
26 presented with the mystery note, he could not understand the words written on it.
27 Both the illustrated strips and the scripts contain the by-line crediting its authorship
28 to "Jerome Siegel and Russell Keaton." (Decl. Marc Toberoff, Exs. C, D & E).

1 Keaton eventually chose not to take a chance on someone with such little
2 experience writing comics; by sometime in the first half of 1935, Siegel and
3 Shuster resumed their creative partnership and were again working together on
4 Superman, with the pair poised at the tipping point that would lead them to create
5 the version of the character that would transform the comic book industry. In fact,
6 it was shortly thereafter that Siegel would have his breakthrough moment,
7 conceiving of the now-familiar Superman story on a "hot summer night." It was
8 then that Siegel combined his now developed Superman character as a mythic
9 superbeing capable of fantastic feats with a new pseudo-scientific explanation for
10 those feats to make them more plausible — the character's extra terrestrial origin.
11 Shuster then went about creating a graphical representation of Siegel's character,
12 replete with costume and distinctive physical features:

13 The two then set about combining Siegel's literary
14 material with Shuster's graphical representations.
15 Together they crafted a comic strip consisting of
16 several weeks' worth of material suitable for newspaper
17 syndication. Siegel typed the dialogue and Shuster
18 penciled in artwork, resulting in four weeks of
19 Superman comic strips intended for newspapers. The
20 art work for the first week's worth of "daily comic strips
was completely inked" and thus ready for publication.
The "three additional weeks of 'Superman' newspaper
comic strip material" differed from the first week's
material "only in that the art work, dialogue and the
balloons in which the dialogue appeared had not been
inked," instead consisting of no more than black-and-
white pencil drawings.

21 Siegel, 542 F. Supp. 2d at 1105.¹ Much of this four weeks' worth of material was
22 later re-cut and re-pasted into a comic book format and published in the first
23 installment of Detective Comics' comic book magazine Action Comics. Not widely
24 known is the amount of material, beyond that published, the pair had created
25 during these formative years, outside the watchful eye of any publisher.

26 _____
27 ¹ In its March 26, 2008, Order, the Court describes this "hot summer night"
28 moment as occurring in 1934; however, the undisputed evidence now points to an
undefined date in the summer of 1935.

1 To begin, not all of the four weeks of pre-existing Superman material
2 created by Siegel and Shuster found its way into print in Action Comics No. 1.
3 During the editing process, Detective Comics decided to exclude the first weeks'
4 worth of material in order to accommodate space for other features in the comic
5 book. As later explained by noted comic artist/writer/historian James Steranko in
6 his 1989 forward to DC Comics publication of Superman Archives, Volume 1:

7 McClure Syndicate agent M.C. Gaines, an early comics
8 pioneer, just happened to have the Siegel and Shuster
9 submission on his desk when president Harry
10 Donenfeld [of Detective Comics] phoned, inquiring
11 about original material to fill a new magazine he was
12 assembling. . . . Donenfeld recognized the material's
appeal and ordered the newspaper strip repasted into
comic-book format, with the first week eliminated to
accommodate available space in the magazine, which
was christened Action Comics. . . . The opening tale
was reprinted in its entirety in Superman 1

13 (emphasis added).

14 Indeed, if one compares the material published in Superman No. 1 with that
15 in Action Comics No. 1, the two mirror one another in every respect except that
16 Superman No. 1 contains an additional six pages (the first six pages in the comic)
17 filling in more details about Superman's formative years as well as providing the
18 prologue to the story told in Action Comics No. 1 (see Addendum A for the first six
19 pages of Superman No. 1). Included in the famous first edition re-publication of
20 Superman No. 1 is a forward by Siegel himself, which gives the following
21 description of the origins and time of creation for these first six pages of material:

22 M.C. Gaines became involved in this enterprise[, the
23 publication of Superman No. 1]. Readers may be
especially interested in the letter he wrote to me on
24 March 27, 1939 on Detective Comics, Inc. stationary:
"With further reference to the SUPERMAN book . . . we
have decided . . . that for the first six pages of the
25 SUPERMAN book that we would like you to take the
first page of SUPERMAN, which appeared in ACTION
26 COMICS #1, and by elaborating on this one page,
using different ideas than those contained on this
27 page, work up two introductory pages, the last panel of
this second page to consist of the panel marked 'X' on
28 the enclosed sheet. On these two pages, you will of

1 course leave out the scientific explanation of Clark
2 Kent's amazing strength, as we want a separate page
3 on that item to use further back in the book with the
4 heading as follows: 'Scientific Explanation of
5 Superman's Amazing Strength', in which you will
6 incorporate five or six various explanations, which we
7 discussed while you were here in New York several
8 days ago.

9
10 (Decl. Marc Toberoff, Ex. GG).

11 Thus, the first two pages in Superman No. 1 was composed of material
12 created by Siegel and Shuster in 1939 when the comic book was published, but
13 the following four pages in the comic (pages three through six) represent the first
14 week of Superman material the pair had crafted in 1935.

15 Beyond this first four weeks of material (containing Siegel's dialogue and
16 Shuster's illustrations) that was later re-cut and re-pasted in comic book format,
17 Siegel also had written Superman material to which Shuster provided no
18 illustrations.

19 For example, Siegel wrote a paragraph previewing future Superman
20 exploits which was contained at the end of a "nine-page synopsis of the storyline
21 appearing in the three weeks of penciled daily Superman newspaper comic
22 strips." 542 F. Supp. 2d at 1105. The paragraph Siegel wrote previewing future
23 Superman exploits has now been produced in this case:

24
25 This ends the first month's release and yet the
26 potentialities of the character, SUPERMAN, has barely
27 been scratched. He's headed for the most exciting and
28 yet humorous adventures this world has even seen.
He will win a war single-handed, battle an airplane with
his bare hands, swim several hundred miles and think
nothing of it, etc.,. He's different and sure to become
the idol of young and old. He'll participate in sports
and astound the nation; he'll single-handed rescue a
town from a flood through his super-strength. Unlike
most adventure strips the scene of the story will not be
laid in some fantastic, unknown jungle or planet or
country, but will be all the more astounding for having
its locale on familiar streets. SUPERMAN will operate
against a background of America's most well-known
cities, buildings, and pleasure-spots.

1 (Decl. Marc Toberoff, Ex. A at 12 (emphasis in original)).

2 These broad outlines later found expression in the plot in Action Comics
 3 No. 2, which involved Superman single-handedly averting a war brewing in the
 4 fictional country of San Monte that had been instigated by a corporate war
 5 profiteer. In that comic book, there is a series of panels revealing Superman
 6 battling a fighter plane in mid-air with his bare hands, and there is also a series of
 7 panels depicting Superman swimming a great distance in the ocean. Action
 8 Comics No. 4 similarly gives concrete expression to the idea pitched in Siegel's
 9 paragraph, telling the story of Superman interceding in a college football game
 10 and using his superpowers on the field to astound the crowd. Finally, in Action
 11 Comics No. 5, Superman is shown saving a town from a flood after a huge dam
 12 breaks.

13 Moreover, even with the renewed partnership with Shuster, Siegel still
 14 looked to and would lift material he had created while corresponding with Keaton,
 15 and use it for publications of his newly conceived Superman character. Thus, in
 16 November, 1934, Siegel sent to Keaton, a nine-page "synopsis of what will occur
 17 during the next two months" to convince a potential publisher to bring the extant
 18 version of Superman to print. The synopsis submitted by Siegel is of the college
 19 football story alluded to a year later in Siegel's "future exploits" paragraph and
 20 tracks almost precisely the storyline, both the dialogue and the action direction,
 21 that was later published by Detective Comics in Action Comics No. 4.² The

23 ² Plaintiffs also assert that there are additional pre-1938 Superman
 24 material, in the form of scripts, or synopses for daily newspaper strips, that were
 25 created. (Pls.' Opp. at 6 ("scripts (continuity) for 15 Superman daily comic strips
 26 (created by Siegel c. 1934) and a 9 page synopsis covering 2 months of daily (at 6
 27 days per week) comic strips of Superman (created by Siegel c. 1934)"). This
 28 reference to additional newspaper comic strip material is misleading. The material
 in question is nothing more than a reference to the newspaper strips that were
 later repackaged and published in Action Comics No. 1. (See Decl. Marc
 Toberoff, Ex. B ("The drawn daily strips of Superman, herein described, were later
 cut up, pasted onto pages, and reproduced together with the art of daily strip week
 one and two in ACTION COMICS No. 1, June, 1938 issue"); Ex. X at 176 ("In
 (continued...)

1 following example, comparing Siegel's 1934 script with a portion of the published
2 material found in Action Comics No. 4, is typical of this near seamless
3 interweaving between these two items. The narrative from Siegel's script is
4 followed by the embodiment thereof in Action Comics No. 4:

5 Script (page 6)

6 The coach says: "This is going to be good! The sap is
7 running for a goal, with everyone on the field trying to
stop him. There goes Martin for him. Watch Burke.
8 come down faster than a window-shade!"

9 Martin is the first to reach SUPERMAN. As he
10 dives for a tackle he says: "This is for poking into my
locker!" SUPERMAN's outhrust arm connects with
Martin's face, thrusting off the tackler. "And this," says
11 SUPERMAN, "is for busting me on the jaw!"

12 Three more players close in on SUPERMAN,
13 from all sides. The coach says to his assistant: "He'll
have to be a superman to get by them." SUPERMAN
14 leaps to the shoulder of one of the three oncoming
players, and springs on over the other two. The
coach's assistant replies: "There's your superman!"

15 SUPERMAN is already half-way down the field. The
16 coach's assistant says: "I believe he's going to make
it!" To which Coach Oliver replies: "Just fool's luck so
far. Wait until he meets our 'unbeatables' — Stevens,
17 Burns, and Dennis." The entire remaining team piles
onto SUPERMAN. The coach yells: "They've got him!"

18
19 Action Comics No. 4 (page 8):

20
21
22
23
24 ²(...continued)

25 addition, I prepared a synopsis of the story continuity appearing in the three weeks
26 of penciled daily strips. Because we did not want to risk the loss of all the art work
27 we had done, either through the mails or a failure to return it, the synopsis was
sent to prospective out-of-town newspaper syndicates and publishers, in lieu of
the three weeks of penciled strips, together with the first week of inked strips").
28 Plaintiffs have not come forward with evidence to refute the fair inference of the
evidence that is of record, that the "synopsis" mentioned is nothing more than
what was later re-cut and re-pasted in Action Comics No. 1.



B. Superman's Publication in Comic Books and Newspaper Strips

Siegel and Shuster's well-traveled Superman concept was eventually published by Detective Comics in the premiere issue of its comic book magazine Action Comics in April, 1938, becoming an almost instant success whose popularity endures to this day and whose depiction has been transferred to various media formats. It is in this transfer to different formats that yet another portion of the untold history of Superman's first years in print takes shape.

Shortly before the publication of Action Comics No. 1, Siegel and Shuster signed a grant of their rights in the copyright to the Superman material contained therein to Detective Comics. This assignment was executed on March 1, 1938, giving to Detective Comics "such work and strip, all good will attached thereto and

1 exclusive right[s] to the use of the characters and story, continuity and title of strip
2 contained therein . . . to have and hold forever," in exchange for \$130. In the
3 grant, Siegel and Shuster further agreed that they would "not employ said
4 characters or said story in any other strips or sell any like strip or story containing
5 the same characters by their names . . . without obtaining [Detective Comics']
6 written consent therefore."

7 Superman's appearance in Action Comics No. 1 was followed by
8 subsequent installments, "published at regular intervals, each succeeding issue
9 having a SUPERMAN comic strip prepared by [Siegel and Shuster], who
10 continue[d] to be paid by DETECTIVE COMICS, INC. at the agreed rate of \$10
11 per page." (April 20, 2007, Decl. Bergman, Ex. S at 282 (Westchester referee's
12 Finding of Fact No. 36)).³ Thus, Action Comics No. 2 was published on May 25,
13 1938; Action Comics No. 3 was published on June 25, 1938; Action Comics No. 4
14 was published on July 25, 1938; Action Comics No. 5 was published on August
15 25, 1938; and Action Comics No. 6 was published on September 26, 1938.

16 It is apparent from the undisputed evidence that publication of Superman
17 as a continuing feature in Action Comics was part of a pre-arranged, implicit
18 understanding between the artists and Detective Comics. For instance, before
19 Superman was accepted for publication in the first issue of Action Comics,
20 Detective Comics' editor, in a letter dated January 10, 1938, voiced concerns to
21 Siegel about Shuster's ability to handle such a continuing "feature" given his pre-
22 existing commitments to doing the art work for other regularly appearing comics
23 for the publisher. (Decl. Michael Bergman, Ex. A ("With all the work Joe is doing
24 now . . . could it be possible for him to still turn out 13 pages of this new feature?
25 . . . if it were humanly possible I'd like to have him turn out this 'Superman' for the
26 new magazine. . . . It strikes me that adding another 13 pages to his already filled
27

28

³ The Court previously held that the referee's factual findings are binding in
this litigation. Siegel, 496 F. Supp. 2d at 1136.

1 schedule is loading him up to the neck. Please let me know immediately whether
2 or not he can do this extra feature" (emphasis in original))).

3 Similarly, correspondence from another Detective Comics' editor to the pair,
4 shortly before Superman's initial appearance in Action Comics No. 1, also
5 suggested that the Superman comic was envisioned by the publisher to be a
6 regular feature in its Action Comics comic book for which the pair would provide
7 continuing material. On April 8, 1938, Detective Comics sent a check in payment
8 for their "July material," and enclosed was a letter to Siegel remarking that the
9 publisher had "loaded [them] up with 43 pages a month" in material to produce,
10 and expressing concern with the pair's ability to handle such a monumental task,
11 but also reminding the pair that their "chances of . . . making more money is
12 bound up with the success of the magazine." (Decl. Michael Bergman, Ex. B).

13 Superman's acceptance for publication in comic book format apparently
14 rekindled Siegel's interest in seeing his character syndicated in daily newspaper
15 strips. As later explained by Shuster during the bench trial in the 1947
16 Westchester litigation, even with Superman's publication in Action Comics No. 1,
17 he and Siegel still "wanted to see Superman in the newspapers, not in the
18 magazines." (Decl. Marc Toberoff, Ex. N at 118). Their motive was an economic
19 one: At this time, "black-and-white newspaper comic strips . . . were" not only "the
20 most popular medium for comics," but were also potentially the most lucrative.
21 Siegel, 542 F. Supp. 2d at 1103. Toward that end, Siegel, initially without either
22 the approval of or notice to Detective Comics, began shopping around the now
23 accepted, but as yet unpublished, Superman character to various newspaper
24 publishers seeking syndication in or around March or early April, 1938. That
25 Siegel did not first approach Detective Comics about syndicating Superman in
26 newspapers was understandable given that, in Shuster's words, Detective Comics
27 "wasn't running a newspaper." (Decl. Marc Toberoff, Ex. N at 118). As Siegel
28 later explained in an unpublished memoir titled "Creation of a Superhero":

1 I continued attempting to break into newspaper
2 syndication. On April 8, 1938, an employee in the
3 Business Department of the McClure Newspaper
4 Syndicate wrote to me asking if I would be agreeable to
5 working out two weeks of "Superman" newspaper
6 strips at no obligation to them: "You should get a letter
7 from the publisher of these magazines before we can
8 get down to brass tacks on Superman." He was
9 referring to "Action Comics." He added, "The early
10 panels describing the birth of SUPERMAN and how he
11 came to this planet could well be expanded into several
12 weeks releases, we think."

13 On April 13, 1938, he suggested that I submit the two-
14 weeks' sample releases of SUPERMAN around July
15 1st.

16 I wrote a detailed two weeks "Superman" daily strip
17 continuity account of Superman's origin on the planet
18 Krypton; how his father and mother placed their infant
19 child in a rocket ship and sent him to Earth, moments
20 before Krypton exploded. And how, upon reaching
21 Earth, the infant was rescued from the flaming space
22 craft and grew up to become crusading SUPERMAN.

23 I sent the script to McClure Syndicate.

24 (Decl. Marc Toberoff, Ex. R).

25 Just before he submitted the script to McClure, Siegel wrote the following
26 letter to Detective Comics' president, J.S. Liebowitz, on April 18, 1938:⁴

27 Regarding SUPERMAN. In their latest letter, McClure
28 has instructed us to draw up the two weeks release of
SUPERMAN and get them submitted on July 1st. This,
Joe and I will do. When we submit the drawn up strip
to them, I'll inform you at once. I've no doubt but that if
you drop in on the McClure Newspaper Syndicate at
that time to discuss matters, that your presence will aid
materially in the selling of the strip.

29 (Decl. Marc Toberoff, Ex. S).

30 Siegel's unpublished memoir recounts what transpired thereafter:

31 On April 21, 1938, McClure responded that they
32 preferred waiting until July 1: "Enclosed we return your
33 continuity for your safe-keeping. Thank you for your
34 energetic cooperation."

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1 I knew that periodical publishers often returned to
2 contributors, upon request, the rights other than first
3 serial rights. Wheeler-Nicholson had written to me that
4 this was our arrangement. I wrote to Liebowitz [at
5 Detective Comics] that I had a newspaper syndicate
6 interested in syndicating "Superman," and I requested
7 that newspaper syndication rights to "Superman" be
8 returned to Joe [Shuster] and me.

9
10 In his letter to me dated June 9, 1938, Liebowitz
11 replied, "While it is not our intention to hold you back in
12 any way from a possible newspaper syndication of
13 'Superman', we are not in a position to give you what
14 you ask for, that is a complete release. If and when a
15 syndicate makes a definite offer for the use of
16 'Superman', we can get together so that all of us will
17 benefit."

18 On June 13, 1938, M.C. Gaines of McClure wrote to
19 me that since I had already completed the first two
20 weeks of the SUPERMAN strip, I should now send the
21 material to him. "I will take this matter up at the first
22 opportunity and let you know what we decide to do."

23 Joe did a terrific art job of illustrating my script for these
24 two weeks of the daily "Superman" strip. I mailed the
25 strips to McClure Syndicate.

26 (Decl. Marc Toberoff, Ex. R).

27 While waiting to hear back from McClure, Siegel pursued other newspaper
28 syndicators to see if they might be interested in distributing a Superman
newspaper comic strip, submitting with his pitch a copy of the two weeks' worth of
material concerning Superman's origins. One other newspaper syndicator that
expressed some positive feedback was The Register and Tribune Syndicate.

29 Again, as explained by Siegel in his memoir:

30 Chas. E. Lounsbury of the Register and Tribune
31 Syndicate wrote to me on August 10, 1938, in
32 response to my letter of August [sic] 26, "We are
33 impressed with your outline and especially your
34 enthusiastic approach. We read with interest the
35 optional two weeks' releases. They do strike us as
36 exciting and original." He noted I had a proposal
37 elsewhere, and said they could not give me a quick
38 decision. But if I was still in the clear after Labor Day,
39 they would be glad to hear from me.

40 On September 7, 1938, he again wrote that "such
41 matters necessarily move rather slowly here. . . .

1 Personally I like SUPERMAN very much and believe
2 that with a few changes it has very good possibilities."
3 He stated that if McClure Syndicate was in a position to
4 take on the strip, he presumed I would go ahead. I
5 informed Liebowitz [at Detective Comics] of these
6 developments.

7 (Decl. Marc Toberoff, Ex. R; see also Decl. Marc Toberoff, Ex. T (September 7,
8 1938, letter from Managing Editor Chas Lounsbury to Jerome Siegel)).

9 Shortly thereafter, progress was made on the McClure front. In early
10 September, 1938, Liebowitz summoned Siegel to New York City to discuss the
11 McClure newspaper syndication proposal. (Decl. Marc Toberoff, Ex. R ("In early
12 September, Liebowitz asked me to come to New York to discuss the matter of
13 McClure's interest in syndicating 'Superman'")). What happened during this early
14 September meeting is later related in the June, 1941, Saturday Evening Post
15 story, "Up, Up and Awa-a-y!":

16 From the fall of '38 on, it was all sail and no anchor.
17 Amid the piteous sounds of syndicate editors kicking
18 themselves, McClure negotiated with Donenfield [at
19 Detective Comics] to handle the newspaper rights,
20 Donenfield to receive 40 per cent. Superman was
21 eventually placed in 230 daily and Sunday newspapers
22 scattered throughout the Western Hemisphere.
23 Donenfield's 1940 cut was \$100,000.

24 The McClure negotiations were perceived by
25 considerable unhappiness for the partners. They
26 sensed — correctly — that syndicate editors, who had
27 once turned Superman down, would soon come to
28 them, hat in hand. They begged Donenfield to give
back the syndicate rights.

29 "We can't do that," he replied, "but if one of you will
30 come to New York, I'm sure we can work something
31 out."

32 Sitting up all night in the coach for lack of sleeper fare,
33 Siegel arrived, rumpled and yawning, to receive the
34 proposition: If the partners would confine all their
35 services to Donenfield for ten years, he would permit
36 them to do strips for McClure, himself retaining an
37 agent's 10 per cent — of McClure's gross, however,
38 not his own 40 per cent. In the heat of discussion
39 Siegel was frequently reminded that Donenfield owned
40 all rights and could freeze the partners out. The boys

1 signed a contract, which for the first year brought them
2 an increase of less than \$100 a month.

3 (Decl. Marc Toberoff, Ex. M).

4 The transaction was structured into two separate contracts, executed by
5 the parties on approximately September 22, 1938:⁵ An employment agreement
6 between Detective Comics, on one hand, and Siegel and Shuster, on the other
7 hand; and a newspaper syndication agreement among all three: Detective
8 Comics, Siegel and Shuster, and McClure.

9 The newspaper syndication agreement gave McClure an eight-month
10 option for a "six days a week" Superman "daily strip." If exercised, Detective
11 Comics agreed "to permit [Siegel and Shuster] to supply 'Superman' strip
12 exclusively to [McClure] for syndication in newspapers [throughout the world], for a
13 minimum period of five years from June 1, 1939," with an option for McClure to
14 "renew the agreement for a further period of five years." "[I]n consideration,"
15 McClure agreed to pay "Detective . . . forty (40%) per cent of the net proceeds
16 from such syndication during the first year, forty-five (45%) per cent during the
17 second year and fifty (50%) per cent thereafter." (Decl. Marc Toberoff, Ex. Q).
18 Payment to Siegel and Shuster for their "work" created under the contract was to
19 be done "solely" through Detective Comics.

20 The syndication agreement provided that Siegel and Shuster were to
21 supply said material to McClure "on an advanced schedule of at least six weeks"
22 so as to "insure ample time for distribution prior to release dates." If Siegel and
23 Shuster failed to furnish said material in time, the agreement allowed Detective
24 Comics to substitute "other artists to do the feature and strip." As to the
25 Superman newspaper strip material supplied to it by Siegel and Shuster, the

26 _____
27 ⁵ The agreements are dated September 22, 1938 (before the publication of
28 Action Comics No. 6); however, correspondence between the parties establishes
that Siegel and Shuster did not return the signed agreements to Detective Comics
until September 30, 1938. (See Decl. Bergman, Ex. C).

1 syndication agreement provided that McClure, not Detective Comics, would have
2 "reasonable editorial supervision of the feature," which Siegel and Shuster
3 promised to maintain "at the standard shown in the sample submitted." (Decl.
4 Marc Toberoff, Ex. Q).

5 The syndication agreement also provided that monthly statements of
6 McClure's net proceeds would be sent to "Detective and a copy to" Siegel and
7 Shuster. Furthermore, both Detective Comics and Siegel and Shuster were given
8 the right to inspect McClure's books and records "in reference to the feature, at
9 any reasonable time." (Decl. Marc Toberoff, Ex. Q).

10 As to the copyright in the material published in the newspaper comic strips,
11 the syndication agreement provided that it would be in McClure's name, with a
12 "reversionary" interest in favor of Detective Comics at the conclusion of the
13 contract's term. (Decl. Marc Toberoff, Ex. Q ("The material contained in the
14 feature which we syndicate will be copyrighted in our name, but copyright reverts
15 to Detective at the termination of this contract")). Toward that end, the syndication
16 agreement made clear that "the title 'Superman' shall always remain the property
17 of Detective," and that Detective Comics retained the copyright in Superman in all
18 other media "except daily or weekly newspaper publication." (Decl. Marc
19 Toberoff, Ex. Q ("Our agreement covers newspaper rights only. Radio, motion
20 picture, silent and talkie, book and all other rights are retained and owned by
21 Detective")). Finally, McClure agreed to provide to Detective Comics free of
22 charge "all the original drawings of the 'Superman' strip, so that said drawings may
23 be used by Detective in the publication" of its comic book magazines, but only "six
24 months after [the] newspaper [strip's] release."

25 The employment agreement notably differentiates provisions relating to
26 newspaper strips and those concerning comic books. The agreement contained
27 an opening declaration broadly asserting Detective Comics' rights to, among
28 others, the Superman copyright. (Decl. Marc Toberoff, Ex. P ("We, Detective

1 Comics . . . , are the exclusive owners of comic strips known by the titles
2 'Superman"). The employment agreement further noted up front that Siegel and
3 Shuster had, up to that time, been doing the "art work and continuity for [the
4 Superman] comic[] for [Detective, and that Detective] wish[ed] [for them] to
5 continue to do said work and hereby employ and retain you for said purposes for
6 the period of this contract." The following sentence then recited Siegel and
7 Shuster's agreement to "supply [Detective] each and every month hereafter, in
8 sufficient time for publication in our monthly magazines, sufficient copy and art for
9 each of said features each month hereafter." The agreement distinguished this
10 duty from Siegel and Shuster's further duty under the syndication agreement: "You
11 shall also furnish in sufficient time to properly perform the terms of an agreement
12 we are executing together with you with the McClure Newspaper Syndicate, all of
13 the art and continuity for the newspaper strip entitled 'Superman' called for by said
14 agreement." (Decl. Marc Toberoff, Ex. P).

15 The employment agreement then spelled out the per page compensation
16 rate Detective Comics would pay Siegel and Shuster for the respective comic
17 book characters they had been supplying to the publisher at that time (Superman
18 receiving the highest rate of \$10 per page). Again, the agreement then
19 distinguished this payment scheme with that for the artists' creation of the
20 Superman newspaper strips:

21 We further agree to pay you for the McClure
22 Newspaper Syndicate strips which you may hereafter
23 furnish pursuant to the above-mentioned contract with
McClure, on the following basis:

24 When we receive payment from McClure on the
25 40% basis mentioned in the contract, we shall
retain 7½% and pay you 32½% of the "net
proceeds" as defined in the McClure contract.

26 When we receive payment from McClure on the
27 45% basis mentioned in the contract, we shall
retain 9% and pay you 36% of the "net proceeds"
as defined in the McClure contract.

1 When we receive payment from McClure on the
2 50% basis mentioned in the contract, we shall
3 retain 10% and pay you 40% of the "net
proceeds" as defined in the McClure contract.

4 (Decl. Marc Toberoff, Ex. P).

5 As for ownership in the copyright to the newspaper strips, the employment
6 agreement provided that Detective Comics would own "all" such "material" and, at
7 Detective Comics' option, it could be "copyrighted or registered in [Detective's]
8 name or in the names of the parties designated by us."

9 The employment agreement further provided that Detective Comics had the
10 right to "reasonably supervise the editorial matter of all features" and the right to
11 terminate Siegel and Shuster's employment if "the art and continuity of any feature
12 shall not be up to the standard required for the magazines."

13 Moreover, the employment agreement provides that, should Detective
14 Comics decide to re-print some of the Superman newspaper strips in its
15 "magazines," Detective Comics would compensate the pair "at the above-
16 mentioned page rate less the percentage which McClure receives for said
17 syndication."

18 The employment agreement also contained a global (literally and
19 figuratively) prohibition against Siegel and Shuster "hereafter" furnishing to
20 anyone Superman material, whatever its form be it as a "comic" book, a
21 "newspaper" strip, or something else; instead, the artists agreed that they "shall
22 furnish such matter exclusively to [Detective Comics] for the duration of this
23 agreement as such matter may be required by us or as designated by us in
24 writing."

25 Around the time the syndication and employment agreements were signed
26 by all the parties concerned, Liebowitz wrote a letter on September 28, 1938, to
27 Siegel, commenting upon said agreements. In the course of his lengthy
28 correspondence, Liebowitz reminded Siegel that, "[a]s I have pointed out to you

1 many times, our company has very little to gain in a monetary sense from the
 2 syndication of this material. Also bear in mind, that we own the feature
 3 'Superman' and that we can at any time replace you in the drawing of that feature
 4 and that without our consent this feature would not be syndicated and therefore
 5 you would be the loser in the entire transaction. . . . It is entirely up to you and
 6 Joe, whether you wish our pleasant relationship to continue and whether you wish
 7 the strip 'Superman' to be syndicated." (Decl. Michael Bergman, Ex. B). Siegel
 8 quickly responded that both he and Shuster "are anxious and ready to do our best
 9 on SUPERMAN so that all parties concerned will profit." (Decl. Michael Bergman,
 10 Ex. C).

11 With that, Siegel and Shuster produced daily newspaper strips for McClure
 12 under the terms of the September 22, 1938, syndication agreement from
 13 1939 through 1943; the first daily newspaper strip (depicting the first day's worth
 14 of the two weeks of material created by Siegel and Shuster in the spring of 1938)
 15 appearing in the Milwaukee News Journal on January 16, 1939:



24
 25
 26 The applications submitted by McClure (and, when approved, the certificates) for
 27 the original copyright term registration for the Superman newspaper strips
 28 (identified as a "PERIODICAL CONTRIBUTION") created and published from

1 1939 to 1943 listed "McClure Newspaper Syndicate" as the claimant and "Jerry
2 Siegel and Joe Shuster" as the authors of the newspaper strips. (Decl. Michael
3 Bergman, Ex. C). No effort was made by any party throughout the initial term of
4 the Superman newspaper strips published through 1943 to file a supplemental
5 registration to make changes to the information contained in the original
6 registrations.

7 Two applications for renewal term registrations were, however, submitted
8 for the Superman newspaper strips in question during the 1960s: First, National
9 Periodical Publications Inc., as successor in interest to Detective Comics,
10 submitted applications for a renewal registration claiming as proprietors in the
11 copyright of the renewable matter in "a work made for hire," noting that said work
12 was a "contribution to periodical or other composite work," namely, the specific
13 newspaper issue in question. (Decl. Michael Bergman, Ex. C). Second,
14 applications for a renewal registration were also made by Siegel and Shuster,
15 listing themselves as authors of the renewable matter. (Decl. Marc Toberoff, Ex.
16 A (Thomson & Thomson copyright report noting that "the copyrights in the
17 [newspapers strips] originally published through 1943 were renewed . . . in the
18 names of Jerome Siegel and Joe Shuster, claiming as authors").

19 Not long after Superman entered into newspaper syndication, it became
20 apparent that McClure could not provide the editorial supervision over the material
21 submitted by Siegel and Shuster as called for in the syndication agreement.
22 Correspondence between the artists and their magazine editor at Detective
23 Comics, J.S. Liebowitz, recount this increasingly rocky relationship. (Decl.
24 Michael Bergman, Ex. D (April 21, 1939, letter from Liebowitz in which he notes
25 "[e]very morning it seems to me I receive copies of criticisms and complaints sent
26 to you by Miss Baker of McClure" and that "Mr. Nimis of McClure was here today
27 and he stated that they definitely do not intend to go on as they are . . . they feel
28

1 that the time and effort and aggravation encountered in getting this thing going
2 properly is not worthwhile because of your lack of cooperation").

3 Eventually, by January, 1940, it was clear that McClure had outsourced its
4 editorial supervision over the newspaper strips to editors at Detective Comics.
5 (Decl. Michael Bergman, Ex. I (January 22, 1940 letter commenting that "[w]e've
6 been having considerable talk about the daily releases on SUPERMAN, and I
7 believe Jack [Liebowitz] is writing to you to have you send all the material here
8 before it goes to the syndicate for release"); Ex. E (January 25, 1940 letter from
9 Liebowitz reminding Siegel that "all copy must clear through our office"); Ex. F
10 (February 8, 1940 letter remarking on the "present arrangement" of Detective
11 Comics "editing of the strip"). The substance of the editorial comments contained
12 in the correspondence from Detective Comics (both as to the Superman comic
13 book and later also the newspaper strips), pertained for the most part to
14 complaints about the pair's failure to follow its editorial directions and to submit
15 material on time, leaving the publisher to have to quickly scramble to get the
16 material to the printer to meet its deadlines.

17 There were, however, more substantive criticisms of both the script and
18 artwork supplied by the pair, with specific changes either made to yet-to-be
19 released material or suggested for later releases. (Decl. Michael Bergman, Ex. E
20 (noting that it was "unwise" to depict Clark Kent flying in the air without wearing
21 Superman's costume, as had been done with "the last daily release"); Ex. H
22 (returning 26-page script and suggesting that it be re-written for a 13-page story as
23 "there is nothing important enough about the story to justify its going to such
24 length"); Ex. I (cataloging critiques of specific artwork of "sketches" submitted by
25 Shuster); Ex. M (complaining "that a great deal hasn't been done to make Lois
26 look better," giving specific examples in which the artwork is deficient, and then
27 drawing an image of Lois on the correspondence that the editor suggests "Shuster
28 and his lads" use as an exemplar).

1 During the term of the syndication agreement, problems also arose with
2 Siegel and Shuster's ability to supply newspaper strips in a timely fashion to
3 McClure. As a consequence, McClure turned to Detective Comics for "filler"
4 material for "newspapers which carried the comic strip SUPERMAN in order to
5 prevent said newspapers from terminating their syndication agreements with"
6 McClure. Notably, Detective Comics did not supply in-house Superman
7 newspaper strips, as was its right under the terms of the syndication agreement.
8 Instead, Detective Comics "supplied" to McClure a Superman spin-off, the "comic
9 strip LOIS LANE, GIRL REPORTER, . . . without charge for use." In fact,
10 Detective Comics and McClure entered into a side agreement in September,
11 1943, with reference to the Lois Lane newspaper strip's impact on the
12 computation of the net proceeds to be divided among the parties. In the
13 agreement, the two "agreed that . . . 'net proceeds' for the purposes of computing
14 [Siegel and Shuster's] return from the newspaper publication of Superman should
15 be the entire gross receipts" from the same, "deducting therefrom only the cost of
16 cuts and proofs." Detective Comics and McClure further agreed that "the
17 compensation of the [in-house] artists engaged by Detective Comics to draw the
18 releases of Lois Lane, Girl Reporter . . . furnished by Detective Comics to McClure
19 for newspaper syndication was to be deducted from the gross receipts of the
20 Superman syndication as 'mechanical costs' in computing 'net proceeds.'" Siegel
21 and Shuster were not parties to (nor were they apparently aware of) this
22 arrangement between McClure and Detective Comics.

23 Later, McClure notified Detective Comics of its election to extend for five
24 years (beginning from June 1, 1944) the term of the 1938 syndication agreement.
25 Contemporaneously, McClure "assigned to Detective Comics . . . all its rights, title
26 and interest in all copyrights in [the] Superman" newspaper strips created during
27 the preceding five years, "including all renewals and extensions thereof." (Decl.
28 Toberoff, Ex. A at 5 (Thomson & Thomson copyright report, dated Feb. 29, 1996)).

1 During the same time period, the pair produced, under the terms of the
2 employment agreement, Superman material for various comic book magazines
3 published by Detective Comics, first in its serialized magazine Action Comics, then
4 as a stand-alone feature in the self-titled comic book magazine Superman. The
5 terms contained in the 1938 employment agreement were later altered in a
6 modification agreement entered into between Detective Comics and the artists on
7 December 19, 1939. In this modification agreement it was noted that, "while both
8 [the artists] have continued to furnish art work and continuity for 'SUPERMAN,' . . .
9 Mr. Shuster no longer furnishes the art work" for the other strips to which the pair
10 were under contract to produce, such as "Slam Bradley" or "Spy." The parties
11 therefore agreed that, in exchange for Detective Comics being "free to make other
12 arrangements" for "furnishing [the] art work" for these other comics, Siegel and
13 Shuster's compensation for Superman comic book material (which the pair
14 reaffirmed that they would "continue to furnish all [the] art and continuity" thereof)
15 would be increased to \$20 per page, and Detective Comics would pay the pair 5%
16 of the net proceeds derived from the commercial exploitation of Superman outside
17 that from comic books and newspaper syndication, and into such other mediums
18 as "radio, motion pictures, [and] the toy and novelty field." (Decl. Michael
19 Bergman, Ex. A).

20 Detective Comics re-asserted that it had "the unrestricted right to adapt,
21 arrange, change, transpose, add to and otherwise deal with [the Superman] comic
22 strip . . . as [it] in [its] sole discretion . . . deem[ed] necessary." The agreement
23 further contained Siegel's and Shuster's re-affirmation that Detective Comics was
24 the "sole and exclusive owners of the comic strip entitled 'Superman' . . . and to all
25 rights of reproduction . . . , including but not limited to the fields of magazine or
26 other book publications, newspaper syndication, radio broadcasts, television, [and]
27 motion pictures" It was also acknowledged by the pair that Detective Comics
28 held "all right of copyright and all rights to secure copyright registration in respect

1 of all such forms of reproduction either in [its] name or others at [its] exclusive
2 option."

3 Not all the Superman comic book material supplied by Siegel and Shuster
4 after the September, 1938, employment agreement was published by Detective
5 Comics, although it remains unclear whether the pair was nonetheless paid for
6 such material. For instance, plaintiffs have brought to the Court's attention the
7 curious tale of "K-Metal from Krypton." In August, 1940, Siegel submitted a 26-
8 page script, accompanied by multiple pages of illustrations (mainly pencil
9 drawings, but some that had been inked) created by artists working in Shuster's
10 studio that, in the words of comic writer and historian Mark Waid, "would have . . .
11 radically" altered the then established Superman story line: Lois Lane learns that
12 Clark Kent is Superman and the two agree to become partners and confidants;
13 the first appearance of the kryptonite concept (referred to in the material as K-
14 Metal derived from meteorite debris from the planet Krypton) and its debilitating
15 effects on Superman's powers; and Superman first learning of his Kryptonian
16 origins. Although the material was not published when initially submitted by
17 Siegel, upon later being unearthed in DC Comics' library vault in 1988, copies of
18 the material were circulated among the top brass at the company in the hopes of
19 "obtaining Siegel's blessing to have the story re-illustrated and released . . . , but
20 for whatever reason, nothing ever came of it." (Decl. Marc Toberoff, Ex. BB).

21 Eventually, disputes between Detective Comics and Siegel and Shuster led
22 to the pair leaving the employ of Detective Comics in 1947, ending involvement by
23 this talented pair in the further development of the Superman character.

24 **II. WORK MADE FOR HIRE UNDER THE 1909 ACT**

25 Under the 1976 Act, an author's (or his or her heirs') ability to terminate a
26 prior grant in the copyright to his or her creation does not apply to a "work made
27 for hire" because the copyright in such a creation never belonged to the artist in
28 the first instance to grant; instead, it belonged at the outset to the party that

1 commissioned the work. See 17 U.S.C. § 304(c). This absolute bar to
2 termination brings into sharp focus a question that has figured prominently
3 throughout the parties' papers: Whether any of the vast body of Superman
4 material created up to 1943 by Siegel, with either the assistance of Shuster, with
5 the assistance of others, or alone, was a "work made for hire." If so, then plaintiffs
6 (as Siegel's heirs) cannot terminate his grant of the copyright in that material, such
7 a grant being merely a superfluous act that did not alter the pre-existing ownership
8 rights to that copyright. See Playboy Enterprises, Inc. v. Dumas, 53 F.3d 549, 554
9 (2d Cir. 1995) ("Once it is established that a work is made for hire, the hiring party
10 is presumed to be the author of the work").

11 Resolution of the work made for hire nature of this material is controlled by
12 the governing body of law in existence at the time Siegel crafted this Superman
13 material, that is, the 1909 Act and the precedent developed thereunder. See Self-
14 Realization Fellowship v. Ananda Church, 206 F.3d 1322, 1325 (9th Cir. 2000)
15 ("Because all of the copied works were created before 1978, the Copyright Act of
16 1909 governs the validity of the initial copyrights"); Twentieth Century Fox Film
17 Corp. v. Entertainment Distributing, 429 F.3d 869, 876 (9th Cir. 2005) ("We first
18 consider Twentieth Century Fox Parties' infringement claims under the now
19 repealed Copyright Act of 1909 because [the work] was published before the . . .
20 effective date of the 1976 Copyright Act").

21 The 1909 Act provided that, "[i]n the interpretation and construction of this
22 title[,] . . . the word 'author' shall include an employer in the case of works made
23 for hire." 17 U.S.C. § 26 (repealed). "Thus, with respect to works for hire, the
24 employer is legally regarded as the 'author,' as distinguished from the creator of
25 the work, whom Learned Hand referred to as 'the "author" in the colloquial
26 sense.'" Martha Graham Sch. and Dance Foundation, Inc. v. Martha Graham
27 Center of Contemporary Dance, Inc., 380 F.3d 624, 634 (2d Cir. 2004). Nowhere,
28 however, did the 1909 Act define what was meant by "work made for hire" or

1 "employer"; only the consequences flowing from such a designation were spelled
 2 out. The task of giving meaning to these terms was left to the courts. "Although
 3 for most of its life Section 26 was construed to extend work-for-hire status only to
 4 traditional employer-employee relationships," by way of demonstration that the
 5 work was done within the scope of one's job duties with their employer, "in the late
 6 1960s, in limited circumstances, some courts began expanding the definition of
 7 'employee' to cover authors outside the traditional employment relationship," to
 8 those involving "an independent contractor," but only if it could be shown that "the
 9 work was made at the hiring party's 'instance and expense.'" 2 PATRY ON

10 COPYRIGHT § 5:84. ⁶

11 However, in 1965, the Ninth Circuit was the first court to utilize the
 12 "instance and expense" test to determine whether works created either by
 13 independent contractors or employees were ones made for hire. See Lin-Brook
 14 Builders Hardware v. Gertler, 352 F.2d 298 (9th Cir. 1965).⁷ Said inclusion was
 15 done by the court formulating an across-the-board presumption in favor of finding
 16 work-for-hire ownership whenever a work is produced at the "instance and
 17 expense" of the hiring party, said presumption only subject to being overcome by
 18 evidence that the parties did not intend for such a result:

19 [W]hen one person engages another, whether as
 20 employee or as an independent contractor, to produce

21 ⁶ Prior to this expansion, invocation of the instance and expense test to
 22 independent contractors only resulted in a determination that the commissioned
 23 party had assigned to the commissioning party the copyright for the initial term,
 24 leaving the renewal term in the work with its creator. See Estate of Burne Hogarth
 25 v. Edgar Rice Burroughs, Inc., 342 F.3d 149, 160 (2d Cir. 2003).

26 ⁷ Plaintiffs object to the across-the-board application of the "instance and
 27 expense" test set forth in Lin-Brook for determination of the for-hire status of all
 28 the works at issue in this case, arguing that at the time the works were created in
 the late 1930s and early 1940s, the law governing work for hire extended only to
 the traditional employer-employee relationship. Whatever appeal plaintiffs'
 argument may otherwise have, it has been rejected by the Ninth Circuit. See
Twentieth Century, 429 F.3d at 877 (holding that rejection of the retroactive
 application of Lin-Brook to evaluating works created by independent contractors
 would "overturn forty years of established case law within this circuit").

1 a work of an artistic nature, that in the absence of an
2 express contractual reservation of the copyright in the
3 artist, the presumption arises that the mutual intent of
4 the parties is that the title to the copyright shall be in
5 the person at whose instance and expense the work is
6 done.

7 Lin-Brook, 352 F.2d at 300 (noting that the presumption was not overcome
8 because there was no evidence "as to the circumstances or intendment" of the
9 parties); see also Twentieth Century, 429 F.3d at 881 ("[t]he presumption may be
10 rebutted only by evidence that the parties did not intend to create a work-for-hire").
11 The test sought to match the concept of a work made for hire with the purpose of
12 the Copyright Act, that is, to "promote" the creation of "useful Arts." U.S. Const.
13 Art. 1, § 8. As one court explained: "[T]he law directs its incentives towards the
14 person who initiates, funds and guides the creative activity, namely, the employer,
15 but for whose patronage the creative work would never have been made.
16 Copyright law 'is intended to motivate the creative activity of authors . . . by the
17 provision of a special reward,'" namely, the legal protection afforded to such
18 creative property through copyright. Estate of Hogarth v. Edgar Rice Burroughs,
19 Inc., 62 U.S.P.Q.2d 1301, 1316 (S.D.N.Y. 2002) (quoting Sony Corp v. Universal
20 City Studios, Inc., 464 U.S. 417, 429 (1984)). Toward that end, the instance and
21 expense test requires the evaluation of three factors: (1) At whose instance the
22 work was prepared; (2) whether the hiring party had the power to accept, reject,
23 modify, or otherwise control the creation of the work; and (3) at whose expense
24 the work was created. See Twentieth Century, 429 F.3d at 879, 881.

25 The "expense" requirement is met where a "hiring party simply pays an
26 [employee or] independent contractor a sum certain for his or her work." Playboy
27 Enterprises, 53 F.3d at 555. Such regular, periodic payments of a sum certain
28 bear the hallmark of the wages of an employee required to produce the work in
question for his or her employer, and not that of a party who is free to engage with
those other than the commissioning party in marketing his or her work. See

1 Donaldson Publishing Co. v. Bregman, Vocco & Conn, Inc., 375 F.2d 639, 642-43
2 (2d Cir. 1967). "In contrast, where the creator of a work receives royalties as
3 payment, that method of payment generally weighs against finding a work-for-hire
4 relationship." Playboy Enterprises, 53 F.3d at 555; see also Twentieth Century,
5 429 F.3d at 881 (finding that "expense" requirement met when publisher agreed to
6 pay the creator "a lump sum for writing the book, instead of negotiating a royalty
7 deal").

8 Finally, in speaking of the expense in the creation of the work, the focus is
9 not on who bore the costs or expense in physically creating the work itself (the
10 money spent to purchase the paper on which the dialogue and story elements was
11 printed, the typewriter used to put into concrete form the author's concepts of the
12 same, and the pencils and ink needed to draw the illustrations, etc.). That
13 particular consideration relates to the question of whether "an artist worked as an
14 independent contractor and not as a formal employee," a distinction, as made
15 clear after the Ninth Circuit's decision in Lin-Brook, that has "no bearing on
16 whether the work was made at the hiring party's expense." Playboy Enterprises,
17 53 F.3d at 555. Instead, the focus is on who bore the risk of the work's
18 profitability. See Twentieth Century, 429 F.3d at 881 ("there is little doubt that the
19 book was authored at [the publisher's] expense. [The publisher] took on all the
20 financial risk of the book's success, agreeing to pay [the writer] a lump sum for
21 writing the book, instead of negotiating a royalty deal"); Picture Music, Inc. v.
22 Bourne, Inc., 314 F. Supp. 640, 651 (S.D.N.Y. 1970) (noting that "the fact that the
23 author was obliged to repay advances on royalties which were never accrued is an
24 indication that the relationship was not an employment for hire").

25 The "instance" component of the test inquires into "whether 'the motivating
26 factor in producing the work was the employer who induced the creation.'" Twentieth Century, 429 F.3d at 879; see also Picture Music, Inc. v. Bourne, Inc.,
27 457 F.2d 1213, 1217 (2d Cir. 1972) (concluding that the fact the employer took the

1 "initiative in engaging" the author to create the work rendered it as one made for
2 hire). That the commissioning party be the motivating factor is not a "but for" test
3 — that is, but for the artist's employment the work would not have been created —
4 but instead is a more narrow inquiry focused on the nature and scope of the
5 parties' business relationship. As one court explained:

6 No doubt Graham was a self-motivator, and perhaps
7 she would have choreographed her dances without the
8 salary of Artistic Director, without the Center's support
9 and encouragement, and without the existence of the
10 Center at all, but all that is beside the point. The fact is
11 that the Center did employ her to do the work, and she
12 did the work in the course of her regular employment
13 with the Center. Where an artist has entered into an
14 explicit employment agreement to create works, works
15 that she creates under that agreement cannot be
16 exempted from the work-for-hire doctrine on
17 speculation about what she would have accomplished
18 if she had not been so employed.

19 . . .

20 There is no need for the employer to be the
21 precipitating force behind each work created by a
22 salaried employee, acting within the scope of her
23 regular employment. Many talented people . . . are
24 expected by their employers to produce the sort of
25 work for which they were hired, without any need for
26 the employer to suggest any particular project.
27 "Instance" is not a term of exclusion as applied to
28 specific works created within the scope of regular
29 employment. It may have more significance in
30 determining whether an employee's work somewhat
31 beyond such scope has been created at the employer's
32 behest or to serve the employer's interests . . .

33 Martha Graham Sch., 380 F.3d at 640-41.

34 Thus, "under the 1909 Act[,] a person could be an employee yet create a
35 work 'as a special job assignment, outside the line of the employee's regular
36 duties.' In that event, the work is not a work for hire." Id. at 635 (citing Shapiro
37 Bernstein & Co. v. Jerry Vogel Music Co., 221 F.2d 569, 570 (2d Cir. 1955)). The
38 critical factor is what was the nature of the creator and publisher's business
39 relationship (be it as an employer-employee or an commissioner-independent
40 contractor) at the time of the work's creation, and whether the work in question

1 falls within the scope of those job duties. It is for this reason that courts concern
2 themselves with "the degree to which the hiring party had the right to control or
3 supervise the artist's work," as its presence would reflect a circumstance found
4 when the work being created was done so within the confines of the pre-existing
5 employment relationship. Twentieth Century, 429 F.3d at 879; see also
6 Donaldson, 375 F.2d at 643 (labeling as an "essential element" the "power to
7 direct and supervise the manner in which the writer performs his work"); Picture
8 Music, 314 F. Supp. at 650 ("The existence of an arrangement going beyond an
9 assignor-assignee relationship prior to the undertaking of the particular work. The
10 antithesis of such an arrangement is a case where an author creates a work of his
11 own volition and then sells it to a proprietor"). Although it is not critical that the
12 commissioning party actually exercise its right of control and supervision in the
13 creation of the work in question, it is necessary that the party have the right to
14 direct, control, or otherwise shape the artist's work. See Martha Graham Sch.,
15 380 F.3d at 635 ("The right to direct and supervise the manner in which the work
16 is created need never be exercised" (emphasis in original)); Picture Music, 314 F.
17 Supp. at 651 (labeling as "crucial" whether the hiring party had "[t]he right . . . to
18 direct and supervise the manner in which work is performed").

19 Moreover, there are certainly gradations of control a publisher could and
20 may have exerted in the creation of the work, and the greater the extent of such
21 supervision the "more likely it is that the work was created at the commissioning
22 party's instance." Twentieth Century, 429 F.3d at 880. Thus, a publisher
23 providing suggestions and comments on galleys to a novel, for instance, may
24 move into the realm of that associated with a work made for hire depending on the
25 degree and pervasiveness of said interaction. Id. (labeling "the degree of in-
26 person supervision was much greater than" what the publisher "usual[ly]" did,
27 including utilizing the services of fact-checker and "regular face-to-face meetings"
28

1 by the author "with [the publisher's] editorial board" at which the author was
2 "provided . . . with extensive notes and comments").

III. APPLICATION OF THE WORK FOR HIRE DOCTRINE TO THE RELEVANT WORKS

5 There are four major categories of Superman works over which the parties
6 are contesting the work for hire nature: (A) Superman material created by Siegel
7 before the March 1, 1938, grant (including Action Comics No. 4 and portions of
8 Superman No. 1);⁸ (B) Superman comic book material published in the interim
9 period after the March 1, 1938, grant but before the execution of the September
10 22, 1938, employment and syndication agreements (namely, the material
11 appearing in Action Comics Nos. 2-3 and 5-6);⁹ (C) the remaining Superman
12 comic book material created by Siegel and Shuster beginning immediately after
13 the execution of the September, 1938, employment and syndication agreements
14 and continuing until the close of the five-year termination window on April 16, 1943
15 (namely, Action Comics Nos. 7-61 and Superman Nos. 1-23); and (D) Superman
16 daily newspaper comic strips published beginning in January, 1939 (under the
17 auspices of the September 22, 1938, syndication agreement) and continuing
18 through April 16, 1943 (the close of the five-year termination window).

19 A. Pre-March, 1938, Superman Material (Action Comics No. 4 and
20 portions of Superman No. 1)

Beginning with the earliest Superman comic book material, there seems little doubt that any Superman material that Siegel created by himself or with the assistance of others prior to the March 1, 1938, grant, and that was later

27 ⁹ Although Action Comics No. 4 was published during this period, given
28 that the dialogue thereto was arguably created during the pre-March, 1938,
period, the Court will treat its work for hire nature there.

1 published, is not a work made for hire. That was a core holding in this Court's
2 March 26, 2008, Order, which itself was built upon the finding the Second Circuit
3 made during the parties 1970s' litigation over the renewal term rights to the
4 Superman copyright. See Siegel, 542 F. Supp. 2d at 1126-28 ("Accordingly, . . .
5 all the Superman material contained in Action Comics, Vol. 1, is not a work-made-
6 for-hire and therefore is subject to termination."); Siegel, 508 F.2d at 914.
7 Adapting the language from the Second Circuit decision, the Superman material in
8 question had been crafted by the artists years before the relationship between its
9 authors and its ultimate publisher existed. The creation of this material was not
10 done at the instance and expense of anyone other than the artists themselves.

11 The dispute is thus not with the work for hire nature of this material, but
12 rather over whether any of the following material either contains copyrightable
13 elements or suffers from some other defect preventing termination from occurring:
14 (1) The "future Superman exploits" paragraph written before the publication of
15 Action Comics No. 1; (2) the Superman material found in Action Comics No. 4,
16 which was based on Siegel's 1934 script and the other 1934 material created by
17 Siegel and Keaton; and (3) the first six pages of Superman No. 1.

18 1. **Paragraph on Superman's Future Exploits**

19 As for the one paragraph concerning future exploits, there is no doubt that
20 the concepts embodied in that paragraph later found concrete expression in some
21 of the earliest Superman material published in Action Comics. Plaintiffs' counsel,
22 however, would have the Court conclude that, based on this one scant paragraph
23 and its later fuller expression of the concepts contained therein, the Superman
24 materials found in Action Comics Nos. 2, 4, and 5 were created prior to the March
25 1, 1938 grant. The problem with this argument is that the paragraph itself
26 constitutes mere ideas for future works rather than expressions of those ideas,
27 and thus contains no copyrightable material, which, of course, bars any effort at

28

1 termination. See 17 U.S.C. § 304(c) (limiting termination to the grant in the
 2 "copyright" to a work).

3 "A copyright never extends to the 'idea' of the 'work,' but only to its
 4 'expression,' and that no one infringes, unless he descends so far into what is
 5 concrete as to invade that 'expression.'" National Comics Publications, Inc. v.
 6 Fawcett Publications, Inc., 191 F.2d 594, 600 (2nd Cir. 1951) (L. Hand, J.). Aside
 7 from the addition of a few adjectives, Siegel's one paragraph of future Superman
 8 exploits has much more in common with Judge Learned Hand's conception of the
 9 general idea of a play about "a riotous knight who kept wassail to the discomfort of
 10 the household, or a vain and foppish steward who became amorous of his
 11 mistress" than with its concrete expression in the form of Shakespeare's play
 12 "Twelfth Night." See Nichols v. Universal Pictures Corp., 45 F.2d 119, 121 (2d Cir.
 13 1930). To turn Judge Hand's phrase, Siegel's one paragraph of future exploits
 14 was little more than a generalized description of Superman performing an
 15 unelaborated task or heroic feat, the precise details of which were left to be
 16 sketched out at a later time, as later occurred, around the time the comic books
 17 were published during 1938.¹⁰ Here, Siegel did little more than sketch the idea of
 18 his superhero doing some broad-brushed act, the details being left to be filled in
 19 later, as they were when he put the idea into concrete form by writing a script
 20 setting down precisely how and why Superman "battles an airplane with his bare
 21 hands." In this sense the one paragraph sets out little more "than the most
 22 general statement of what the [comic] is about." Id. The generalized description
 23 Siegel put down to paper concerning Superman's "exploits" did not cross the line
 24

25 ¹⁰ For instance, in the story in Action Comics No. 2, Superman thwarts the
 26 efforts of an industrialist war profiteer who is secretly funding both sides in a war in
 27 a far-off land ("Superman will win a war single-handed"), that leads to Superman
 28 battling aircraft ("battle an airplane with his bare hands"), swimming great
 distances in the ocean (he'll swim several hundred miles and think nothing of it),
 rescuing Lois Lane from being executed by a firing squad, and ending with the
 industrialist repenting his actions.

1 into something to which copyright protection applies and, accordingly, to which no
2 right to termination attaches.

3 2. **Superman Material Created while Siegel Was Collaborating with**
4 **Keaton**

5 As far as the Superman material created by Siegel during his collaboration
6 with Keaton is concerned, save for one important exception, that material never
7 acquired statutory copyright protection under the 1909 Act, as it was either never
8 published with the requisite notice or registered as an unpublished work. The
9 termination provisions apply only to a work for which the "copyright [therein was]
10 subsisting in either its first or renewal term on January 1, 1978." 17 U.S.C.
11 § 304(c). Unless the material had been registered as unpublished works under
12 section 12 to the 1909 Act, copyright protection could be achieved only by
13 publication of the material, before January 1, 1978, bearing the requisite copyright
14 notice. See Siegel, 496 F. Supp. 2d at 1150; 3 PATRY ON COPYRIGHT § 7:42
15 ("Section 304(c) . . . by its own terms covers only works in either their first or
16 renewal term on January 1, 1978. The section thus does not cover works that
17 were unpublished" on that date); 3 NIMMER ON COPYRIGHT § 11.02[A][1] at 11-12
18 ("the termination provisions of Section 304(c) apply only if the work in question
19 was the subject of statutory copyright prior to the effective date of the current
20 Act"). There has been no evidence presented that any of the Siegel/Keaton
21 material was registered as an unpublished work under the 1909 Act, nor is there
22 any indication that any portions of the Siegel/Keaton material (other than that
23 appearing in Action Comics No. 4) was ever published with the requisite notice
24 before 1978. Thus, although not works made for hire, most of the Siegel/Keaton
25 material is not subject to termination.

26 The same, however, cannot be said of the 1934 Superman football story
27 script written by Siegel and sent to Keaton. Defendants do not dispute that the
28 storyline contained in Action Comics No. 4 published nearly verbatim the entirety

1 of the script, as it surely did. See generally Siegel, 496 F.Supp.2d at 1150-51
2 (discussing what was sufficient to demonstrate "publication" of material for
3 purposes of the 1909 Act).

4 Instead, defendants object to the Court's consideration of the script on
5 evidentiary grounds, complaining that the script had never been produced in
6 discovery, that it has not been authenticated, and that plaintiffs have failed to
7 provide the source of the material and how they came into possession of it.
8 (Defs.' Obj. to Pls.' Sept. 22, 2008 ¶ 7). None of these evidentiary objections are
9 well-taken. Plaintiffs have submitted declarations evidencing that the script in
10 question was in the possession of Russell Keaton's widow who turned it over,
11 along with other materials, to the family's literary and marketing agent, Denis
12 Kitchen, in 1993. Mr. Kitchen thereafter on August 21, 2008, posted a comment
13 in response to a blog story titled "Russell Keaton, Superman's Fifth Beatle,"
14 wherein he disclosed that, in addition to the subject of the story (which concerned
15 the illustrated strips, but not the scripts, Siegel and Keaton had created
16 concerning the version of Superman as someone from Earth's future), "there's
17 LOTS more correspondence and scripts." Plaintiffs' counsel thereafter ran across
18 Kitchen's post while searching the Internet, and after contacting him obtained a
19 copy of the script, which he then promptly produced. (Sept. 23, 2008 Decl.
20 Toberoff; Sept. 23, 2008 Decl. Joanne Siegel; Sept. 29, 2008 Decl. Denis
21 Kitchen).

22 Defendants also apparently argue that plaintiffs should be precluded from
23 acquiring any ownership stake in the artwork found in Action Comics No. 4, as no
24 artwork was contained in Siegel's 1934 script. As stated in their papers: "Even if
25 accepted in evidence . . . , the allegedly pre-existing continuity pertaining to Action
26 Comics #4 would not signify that the artwork and any new text in this comic book
27 were pre-existing as opposed to being prepared after March 1, 1938 as work for
28 hire." (Defs.' Obj. to Pls.' Sept. 23, 2008, filing ¶ 4). The record is devoid of any

1 evidence indicating when the artwork later found in Action Comics No. 4 was
2 created. However, also missing is what specific legal argument defendants seek
3 raise based on that silence in the record. For instance, the Court is left to wonder,
4 whether their challenge is based on an assertion that Shuster's artwork appearing
5 in Action Comics No. 4 is a work made for hire on the basis that it was created
6 following the March 1, 1938 grant; or are they asserting that Siegel's script lacks
7 sufficiently originality as to preclude any effort by plaintiffs to recapture the
8 copyright in the artwork contained in Action Comics No. 4 as part of a joint work;
9 or is it for some other unarticulated reason? Defendants have had ample time
10 and opportunity to precisely articulate their legal argument flowing from this factual
11 assertion, and they have failed to do so. The Court has permitted defendants to
12 file four post-hearing briefs related to any of the issues raised at oral argument or
13 in opposing counsel's papers that were filed following the hearing. Accordingly,
14 being unable to discern the legal basis for defendants' argument, the Court
15 declines to address the significance of defendants' unelaborated observation.
16 See Greenwood v. FAA, 28 F.3d 971, 977 (9th Cir. 1994).

17 This is not to say, however, as plaintiffs would have the Court find, that
18 Siegel writing in 1934 the script ultimately published in Action Comics No. 4 (that
19 was but an expression of one of the ideas found in his "future Superman exploits"
20 paragraph) likewise means that Siegel also wrote the other Superman material
21 that are expressions of these ideas found in that one paragraph (such as that
22 found in Action Comics Nos. 2 and 5) during the same time frame. There is no
23 evidentiary basis to support such an inference. The evidence surrounding the
24 1934 football story script gives no indication that, other than the script in question,
25 Siegel had written or planned on writing more Superman scripts. The one future
26 Superman exploits paragraph itself makes no mention that scripts for the ideas
27 therein had been or were in the process of being crafted by Siegel. The cover
28 letter Siegel submitted to Keaton with the enclosed football story script likewise

1 contains no indication that Siegel had or was planning on writing more scripts.
2 Rather, the evidence supports the inference that the script was created as a
3 discrete project to woo a prospective publisher.

4 Accordingly, because, as illustrated herein, the material appearing in Action
5 Comics No. 4 is based almost verbatim on Siegel's pre-1938 script, the Court
6 finds that the Superman material appearing therein was not a work made for hire
7 and is subject to termination.

8 3. Superman No. 1, pages 1-6

9 This leaves the question of whether the first six pages in Superman No. 1,
10 which in all other respects consist of nothing more than a reprint of the Superman
11 comic from Action Comics Nos. 1-4, contains within it any additional pre-March 1,
12 1938, material.

13 Defendants label as "grossly exaggerated" the notion that the continuity to
14 these first six pages were written by Siegel in 1934. (Defs.' Obj. to Pls.' July 28,
15 2008 Opp. Br. at 13). To this end, defendants point to the fact that Siegel wrote in
16 his memoir, "The Story Behind Superman No. 1," that a Detective Comics' editor,
17 M.C. Gaines, wrote a letter to the pair on March 27, 1939, "specifying in detail
18 [what] the contents of [those] 'first six pages' [should entail], including specific
19 headings and panels." (*Id.*) It is defendants' factual characterization, not
20 plaintiffs', that exaggerates. The letter referenced by defendants makes clear
21 that it was the first two pages of the six at issue that was created at and the
22 subject of Mr. Gaines editorial direction. Mr. Gaines remarked that insofar as the
23 "first six pages" of Superman No. 1 was concerned, the publisher would like the
24 pair to take the first page from Action Comics No. 1, "and by elaborating on this
25 one page," "work up two introductory pages" for Superman No. 1. (Decl. Marc
26 Toberoff, Ex. GG (emphasis in original)).¹¹ However, as to pages three through

27
28

¹¹ Plaintiffs' argument that the first two pages in Superman No. 1 were
(continued...)

1 six in Superman No. 1, there is nothing in Mr. Gaines' letter indicating that the
2 material was created contemporaneously with Superman No. 1's publication in
3 1939. Quite the opposite is true.

4 Specifically, Mr. Steranko's forward to DC Comics' 1989 re-printing of
5 Superman No. 1 recounts the origins of pages three through six as consisting of
6 the first week of material Siegel and Shuster had created in 1935. It had been
7 intended by the artists to be part of Action Comics No. 1, but it was "eliminated" by
8 Detective Comics from inclusion in Action Comics No. 1 in order to make more
9 space available for other comics. Given that no evidence has been submitted to
10 rebut Mr. Steranko's statement (contained in one of defendants' publications, no
11 less), the Court finds that pages three through six of Superman No. 1 is material
12 created by Siegel and Shuster in 1935 and thus was not a work made for hire.¹²

13 Thus, in addition to that set forth in the Court's earlier orders, the
14 uncontested evidence establishes that the following works were not works
15 made for hire and are thus subject to termination: Action Comics No. 4 and
16 Superman No. 1, pages three through six.

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21 ¹¹(...continued)
22 created before the March 1, 1938, grant is equally unconvincing. Plaintiffs point to
23 various scripts Siegel wrote to Keaton in 1934 to support this claim; however, too
24 many discrepancies exist between those scripts and the two published pages in
Superman No. 1 to support the conclusion sought by plaintiffs. Moreover, this
argument is in direct contradiction to Siegel's own account, set forth in his memoir,
of the date the first two pages of Superman No. 1 was created, which he places
squarely in 1939.

25 ¹² Defendants conclusorily argue that the contents of the story line (but not
26 the illustrations) contained in pages three through six of Superman No. 1 are
27 nothing more than "de minimis" elements, to which no copyright would attach.
28 Other than offering this legal conclusion, nowhere have defendant provided any
specific factual argument directed to what or how this continuity is defective.
Defendants have had ample opportunity to elaborate on this argument, but have
not. Accordingly, the Court declines to consider it.

1 B. Post-March 1, 1938, Superman Comic Book Materials Published Prior
2 to September, 1938, Employment Agreement (Material Appearing in
3 Action Comics Nos. 2-3 and 5-6)

4 With respect to the comic books containing Superman material that were
5 published by Detective Comics in the interim period after the March 1, 1938, grant
6 and the September, 30, 1938, employment agreement, namely Action Comics
7 Nos 2-3 and 5-6, defendants' principal argument for why the instance test was met
8 is because Detective Comics was the rights holder in the underlying Superman
9 material contained in Action Comics No. 1 by virtue of the March 1, 1938, grant,
10 and thus its consent was required before any derivative Superman material could
11 be published. In essence, defendants once again lean heavily on the derivative
12 nature of the work itself to demonstrate they had the right to control its creation.
13 As the Court remarked in resolving the work for hire status of the Superboy script
14 created by Siegel in 1940, the fact that a work is a derivative of another does not
15 automatically translate into it being considered a work for hire or as being
16 produced at the instance of the owner of the pre-existing work; something more is
17 required. Siegel, 496 F. Supp. 2d at 1142-43.

18 Here, however, there is more than just a naked argument regarding the
19 derivative status of the works in question. There is correspondence from
20 Detective Comics to Siegel and Shuster noting the publisher's expectation that the
21 pair would continue to generate derivative works of Superman for further
22 publication in its comic book magazines even after the character's initial release in
23 Action Comics No. 1. In an April 8, 1938, letter, Detective Comics executive J.S.
24 Liebowitz remarked that the company had "loaded [the pair] up with 43 pages a
25 month [said sum including the pair's work on other comic book features for the
26 publisher such as "The Spy" and "Slam Bradley" as well as Superman]," noting
27 that "the success of the magazine is dependent on the type of work done by
28 yourself," and then concluding that he was "looking for your complete cooperation

1 for our mutual benefit." (Decl. Michael Bergman, Ex. B). Likewise, the January
2 10, 1938, letter from Detective Comics' editor refers to Superman as a "new
3 feature" that could overburden Shuster's time.

4 This correspondence certainly suggests that the Superman material after
5 Action Comics No. 1 was provided pursuant to an implicit agreement between the
6 artists and the publisher to furnish said material on a regular basis for the
7 publisher. In essence, Detective Comics had already set aside space in its comic
8 book publications to accommodate the artist's Superman material even before the
9 character's first appearance in Action Comics No. 1. This point is reenforced by
10 the fact that in every succeeding monthly issue of Action Comics for the period in
11 question there appeared a feature of Superman. Indeed, at trial in the 1947
12 Westchester suit Shuster testified that in accepting Detective Comics' offer, the
13 pair anticipated that they would see Superman's publication in Action Comics.
14 (Decl. Marc Toberoff, Ex. N). Furthermore, the referee in the 1947 Westchester
15 suit made a factual finding that the artists were regularly paid for the material
16 created during this interim period at the rate of \$10 per page.

17 Given this correspondence, the regular appearance of the Superman
18 feature in subsequent publications, and the general understanding of the artists
19 themselves, the evidence leads the Court quite naturally to the conclusion that the
20 creation of the Superman material appearing in Action Comics Nos. 2-3 and 5-6
21 was solicited by and done at the instance of defendants. See Playboy
22 Enterprises, Inc. v. Dumas, 960 F.Supp. 710, 715 (S.D.N.Y. 1997) (holding that
23 fact that paintings were furnished and published on a regular basis, and that they
24 were described as a "regular feature," "suggest[ed] that the magazine had an
25 implicit agreement with [the painter]" to produce those works, which was, in tum,
26 "persuasive proof of [the publisher's] role" in the works' creation), aff'd without
27 published opinion, 159 F.3d 1347 (2d Cir. 1998).

28

1 Plaintiffs seek to undermine such an impression by making much of the fact
2 that there was no written agreement between the parties following the March 1,
3 1938, grant wherein Detective Comics specifically commissioned the pair to create
4 subsequent Superman comic book stories. (Pls.' Opp. at 8 (noting that the March
5 1, 1938 grant "could have but did not provide for the employment of Siegel and
6 Shuster to create subsequent Superman stories")). In plaintiffs' view, the entire
7 relationship between the parties for this six-month period following the grant is
8 akin to that of a screenwriter submitting a "spec screenplay" to a studio with the
9 hopes that it would be purchased. (Pls.' Opp. at 5). Such a characterization of
10 the parties' relationship fails to weave in all aspects of that relationship.

11 Undoubtedly plaintiffs are correct that, in creating this material, there was
12 no guarantee by Detective Comics that it would accept it and thereby pay Siegel
13 and Shuster for their work. The first issue of Superman could have been a
14 commercial flop, leading the publisher to reconsider whether to continue to publish
15 such material or to place the character in the hands of different comic book artists.
16 Because there was no guarantee of success, continuation of the parties' business
17 relationship could have ended abruptly and early, thus placing Siegel and
18 Shuster's role with Detective Comics further afield than under the traditional
19 employee-employer scenario. That said, the pair's business connection to their
20 "employer" (in the colloquial sense) was much stronger and closer to that of other
21 admitted work for hire scenarios (e.g., an independent contractor) given the nature
22 of the project and the material they were supplying to Detective Comics. Cf. Self-
23 Realization Fellowship Church, 206 F.3d at 1326-27 (noting that a monk's writings
24 and religious lectures created while the monk was supported by the church was
25 not a work made for hire as the monk had less of a connection to the church than
26 another would have had in a traditional employment setting).

27 To begin, Siegel and Shuster were not simply creating some random work
28 and submitting it to a number of publishers for consideration; the comic book

1 material was for a character to which the publisher to whom it was submitted
2 owned the pre-existing rights, rendering Siegel and Shuster's material as but a
3 derivative thereof. Moreover, the material was submitted at the request of
4 Detective Comics. Again, the letters from Detective Comics' executives in
5 January and April, 1938, indicate that the Superman material first published in
6 Action Comics No. 1 was not intended to be a one-shot deal, but rather was
7 conceived of as an ongoing "new feature" to which sequels would need to be
8 fashioned; hence, the Detective Comics executives' reference in the April 8, 1938,
9 letter to the "43 pages a month" the pair had been "loaded up" with by the
10 publisher, a page computation that included within it the 13-page Superman comic
11 book, and the January, 1938, letter voicing concerns regarding the possibility of
12 placing undesirable constraints on Shuster's time. Perhaps the best way of
13 envisioning the parties' business relationship at this time was one in which the
14 artists were given a trial period of sorts to see whether their creation would be
15 commercially successful enough to warrant further formal action by the publisher.
16 Thus, the material over this six-month period was not sent on spec to see whether
17 the publisher would like it, but rather was sent as requested for publication in a
18 monthly feature in the hopes that the publisher would eventually decide to formally
19 pick up the feature on a long-term basis.

20 This characterization of the parties' relationship during this period is
21 confirmed by the September, 1938, employment agreement's recital that Siegel
22 and Shuster "have been doing the art work and continuity for us" and that
23 Detective wanted the pair "to continue to do said work and hereby employ and
24 retain you for said purpose." In essence, the September, 1938 employment
25 agreement formalized what had informally been ongoing beforehand. That
26 Detective Comics' requests were made on an informal basis before the written
27 agreements were executed does not detract from the fundamental fact that Siegel
28 and Shuster's creation of the derivative Superman material was done at the

1 request and instance of Detective Comics. That Detective Comics waited six
2 months before more formally "employing" the pair to "continue" to do just that
3 does not detract from the core point that such production by Siegel and Shuster
4 was again done at the instance of Detective Comics; it simply shows that by that
5 point Superman had so proven itself a commercial success that the publisher
6 desired a more formalized arrangement to be placed down in writing to ensure
7 that the pair would continue to produce such material for it (rather than going on to
8 create other comic book characters for other publishers).

9 When these facts are considered in toto, it is easy to conclude that creation
10 of the works in question lie further along the spectrum from that found in a more
11 traditional employment relationship, as is the case for the comic books created by
12 in-house employees of the publisher. The lack of any long-term guarantee or
13 commitment by the publisher to the business enterprise itself, however, is not
14 something which is atypical in an independent contractor situation. That the pair
15 functioned in such a looser employment relationship with the hiring party is not
16 critical. What is important is the existence of an engagement to create the works,
17 and the level of control and direction the commissioning party thereafter had over
18 creation of the works in question. And in that regard, the fact that Siegel and
19 Shuster were commissioned by the publisher to create specific material to which
20 the publisher had the statutory right to exert control over its creation, and for which
21 they were paid upon the material's publication, is dispositive as to the instance
22 prong.

23 In short, Detective Comics, as the copyright holder of the pre-existing work,
24 approached the artists and asked that they create works derived from that pre-
25 existing material on a regular basis, and then paid the artists for that derivative
26 work. As such, the material would fall within the category as a work made for hire.
27 Burroughs, 342 F.3d at 163; Picture Music, 457 F.2d at 1216. Accordingly, the
28 Court finds that the Superman material in Action Comics Nos. 2-3 and 5-6, which

1 were published in the interim period after the March 1, 1938, grant but before the
2 execution of the September 22, 1938, employment agreement were works made
3 for hire. The Superman material appearing in Action Comics No. 4, although
4 published during this same interim period, was not a work made for hire because it
5 consisted of material created in 1935. See supra III.A.2.

6 **C. Post-September, 1938, Superman Comic Book Material (Action**
7 **Comics Nos. 7-61 and Superman Nos. 1-23)**

8 It is clear to the Court that all of the comic book material produced by
9 Siegel and Shuster after they signed the employment agreement with Detective
10 Comics were works made for hire. The employment agreement makes plain that
11 the pair were specifically "employ[ed] and retain[ed]" by Detective Comics for a
12 period of five years (with an option to extend for an additional five years) to
13 produce, on an ongoing basis, the comic book magazines for certain characters,
14 including Superman, in return for payment of a sum certain upon that materials'
15 publication. Such an arrangement has all the elements of a relationship leading to
16 the creation of works made for hire.

17 Plaintiffs' argument regarding the "instance" prong of the test centers upon
18 the contention that, although Detective Comics retained a great deal of editorial
19 control over Siegel and Shuster's comic books, it actually exercised very little.
20 That the two were permitted to exercise their creative talents largely, or even
21 exclusively, in the manner they chose is not dispositive of whether the comics
22 were prepared at Detective Comics' instance. See Martha Graham Sch., 380
23 F.3d at 640-41 ("There is no need for the employer to be the precipitating force
24 behind each work created by a salaried employee, acting within the scope of her
25 regular employment. Many talented people, whether creative artists or leaders of
26 major corporations, are expected by their employers to produce the sort of work
27 for which they were hired, without any need for the employer to suggest any
28 particular project"). "Complete control over the author's work is not necessary" to

1 meet the instance test, Twentieth Century, 429 F.3d at 880, all that is required is
2 the right to direct and supervise the manner in which the work is created, and
3 even then, "the right to direct and supervise . . . need never be exercised." Martha
4 Graham Sch., 380 F.3d at 635 (emphasis in original).

5 Here, Detective Comics contractually reserved for itself the right to
6 "reasonably supervise the editorial matter of all features," a right which in some
7 instances it did exercise to provide editorial supervision over that material before it
8 was published, suggesting changes to the art work and the continuity submitted by
9 the pair. While this supervision perhaps did not rise to the level the publisher in
10 Twentieth Century exercised over the author's manuscript, see 429 F.3d at 880
11 (explaining that "the degree of in-person supervision was much greater than usual,
12 including regular face-to-face meetings between General Eisenhower and
13 Doubleday . . . where the editorial board provided him with extensive notes and
14 comments" as opposed to the normal process of "waiting for the manuscript to be
15 completed, and then discussing possible improvements with the author"), nowhere
16 did the Ninth Circuit suggest that such heightened supervision was necessary to
17 demonstrate that the work was produced at the instance of the publisher.

18 Magnifying the extent of Detective Comics' right to control the Superman
19 comic books' creation is the fact that it was also the holder of the underlying
20 material from which the later Superman comic books were derived. The fact that
21 Detective Comics approached Siegel and Shuster and, in a written agreement,
22 specifically engaged (and paid) for them to create comic book material derived
23 from the underlying Superman material it already owned, lends strong support to
24 the conclusion that said comic books were made at its instance. See Burroughs,
25 342 F.3d at 163; Picture Music, 457 F.2d at 1217; Siegel, 496 F. Supp. 2d at 1143
26 ("It was these additional elements of requesting and paying for specific derivative
27 works that served to demonstrate that the creation of the derivative work was at
28 the instance of the commissioning party").

1 In this respect, the circumstances of this case are not all that different from
2 those in Martha Graham School. Before being hired by a dance center, the artist
3 had created/choreographed various dances. Later she was hired as the artistic
4 director (receiving a regular salary) for the dance center and charged with
5 choreographing new dances, which she did to great success. In her position as
6 director of the dance center, the artist had nearly free reign in the type and
7 manner of the dances she created. Nonetheless, the Second Circuit held that,
8 because the works in question fell specifically within the class of duties for which
9 the artist was hired to perform (the creation of dances), those works were made
10 for hire. This case is no different. Siegel and Shuster were undisputedly charged
11 after September 22, 1938, with supplying Detective Comics "each and every
12 month" the comic book material for Superman. The works in question fall
13 precisely into the duties the employment contract called on Siegel and Shuster to
14 perform, thus meeting the "instance" prong of the work made for hire test.

15 As for the "expense" prong, the plaintiffs argue that the contingent nature of
16 Detective Comic's obligation to make payment for the material created (upon its
17 acceptance for publication), coupled with the fact that Siegel and Shuster had to
18 bear up-front costs (in more of an independent contractor role than a traditional
19 employee), negates this element. This method of payment, plaintiffs argue,
20 renders the present case distinguishable from other "sum certain" cases where
21 the artist were paid regardless of whether their work was accepted for publication.
22 However, plaintiffs have failed to present evidence that Siegel and Shuster were
23 not, in any given instance, paid for their work. Although there is evidence that at
24 least one of the works produced by Siegel and Shuster, "K-Metal from Krypton,"
25 was not accepted for publication by Detective Comics, nowhere have plaintiffs
26 pointed to any direct evidence indicating that the pair were not paid for this
27 rejected submission. Plaintiffs speculate, rather than substantiate, this point.

28

1 Plaintiffs attempt to fill this vacuum by pointing to declarations from comic
2 book historians who state that the industry practice at the time was for artists only
3 to be "paid for pages actually delivered by them and eventually published by" the
4 comic book publisher. (Pls' Opp. at 20). As the Court noted previously, appeals
5 to expert opinion of industry custom and practice are of "dubious evidentiary
6 value" owing to the fact that the expert in question is not venturing any opinion as
7 to what actually occurred with respect to the specific business relationship
8 between Detective Comics and Siegel and Shuster. Siegel, 542 F.Supp.2d at
9 1130.

10 Moreover, the language in the parties' December, 1939, modification
11 agreement creates the strong inference that Shuster had been paid by Detective
12 Comics for all or a portion of that prior year's artwork for comic strips (other than
13 Superman) that he did not supply. Furthermore, as disclosed in the 1947
14 Westchester action, Detective Comics decided near the end of the five-year
15 period in question to pay Siegel and Shuster for Superman material that neither
16 had contributed in creating. See Siegel, 496 F.Supp.2d at 1138. These instances
17 of payment for material not created by the artists establishes that the parties'
18 business relationship was anything but that fitting within the industry norm of
19 which the experts opine. It also demonstrates that, despite plaintiffs' appeal to the
20 "possibilities" of payment given the contractual terms, the parties' actual business
21 relationship belied those terms. In the end, the parties' actual pattern and practice
22 under the terms of the agreement speaks louder on the expense prong of the
23 work for hire question than such textual contingencies; all the Court has been
24 presented with in this regard are appeals to such possibilities and contingencies
25 that could, but for which there is no evidence ever did, take place.

26 Plaintiffs also emphasize all the costs, expenses, and overhead Siegel and
27 Shuster incurred in running their own artists' studio (payments to assistants,
28 payment of rent, purchasing art tools and supplies, etc.) in producing the material

1 they then supplied to Detective Comics, as demonstrating that the expense prong
2 has not been met. In the end, this evidence suggests that the artists' relationship
3 with Detective Comics, even when under contract to produce the material in
4 question, was more distant from that of traditional employees and closer to that of
5 independent contractors; however, as noted above, the instance and expense test
6 under the 1909 Act also applied to independent contractors. See Siegel, 496 F.
7 Supp. 2d at 1138 ("[C]ourts employing the instance and expense test have
8 discounted reliance on the circumstances and the cost borne for the production of
9 the work. Such consideration relates to the question of whether 'an artist worked
10 as an independent contractor and not as a formal employee,' a distinction that has
11 'no bearing on whether the work was made at the hiring party's expense.'")
12 (quoting Playboy Enterprises, 53 F.3d at 555)). The "expense" prong of the test is
13 therefore met.

14 Accordingly, applying the "instance and expense test," the undisputed
15 evidence establishes that the Superman materials created by Siegel and Shuster
16 during the term of their employment agreement (namely, Action Comics Nos. 7-
17 61, and to Superman Nos. 1-23) were works made for hire.¹³

18 | D. Superman Newspaper Strips Published from 1939 to 1943

19 This leaves the last and most difficult category — the newspaper strips for
20 the period 1939 to 1943 — which the Court further subdivides into two categories:
21 (1) the two weeks' worth of newspaper strip material Siegel and Shuster created
22 before the syndication agreement was executed and (2) the remaining newspaper
23 strips the pair created thereafter under the aegis of that agreement. Because the
24 Court's ruling regarding the first two weeks' worth of newspaper strips implicates
25 more far-reaching issues, which are discussed in subsequent sections, the two

¹³ The material appearing on pages three through six of Superman No. 1 is the single exception to this conclusion. See supra section III.A.3 (holding that these pages were not works for hire).

1 sub-categories are addressed in reverse chronological order. However, before
 2 the Court may address the work for hire aspect of the newspaper strip materials, it
 3 is necessary to discuss the significance of McClure's role in the September 22,
 4 1938, agreements.

5 The complexity of the work for hire question on this last category of material
 6 is due in large measure to the added dimension of McClure's presence in the
 7 newspaper syndication endeavor, which altered and rearranged Detective Comics'
 8 and the artists' then-existing business relationship. To be sure, McClure has
 9 served as the proverbial elephant in the room in this case, an elephant whose
 10 significant impact on the business relationship created through the September 22,
 11 1938, employment agreement and newspaper syndication agreement both sides
 12 have sought to either ignore or diminish. Defendants seek to relegate McClure to
 13 the role of a mere licensee of the newspaper strips for which it owned nothing, lest
 14 the material be injected into the public domain because McClure's listing itself as
 15 the proprietor in the copyright notice and registration would arguably violate the
 16 prohibition on divisibility of copyright in the 1909 Act.¹⁴ For their part, plaintiffs

17

18 ¹⁴ As noted by Professor Nimmer, under the 1909 Act, "it was inferred" by
 19 the courts that because the 1909 Act "referred in the singular to the 'copyright
 20 proprietor' . . . the bundle of rights which accrued to a copyright owner," such as
 21 the right to reproduce the material on the stage or in books, "were 'indivisible, ' that
 22 is, incapable of assignment in parts." 3 NIMMER ON COPYRIGHTS § 10.01[A] at 10-
 23 5. Absent the complete assignment of rights commanded by the copyright, the
 24 transfer was considered to be a license, with the transferor maintaining ownership
 25 in all the rights to the copyright in the material. Id. Given this, any publication of
 26 the material by the transferee was required to contain a copyright notice in the
 27 name of the copyright owner (that is, the transferor); other actions, such as the
 28 transferee's publication of the material carrying a notice only in its name, would
 result in publication without proper notice, thereby injecting the material into the
 public domain. 3 NIMMER ON COPYRIGHTS § 10.01[C][2] at 10-12 to 10-13. In light
 of the rapid development of different forms of media in which material could be
 reproduced, pressure began to build against continued adherence to the doctrine
 of indivisibility, resulting in the creation of various judge-made exceptions to its
 application. Id. at 10-6 to 10-7. One such exception crafted by some courts was
 conceptualizing "such rights" conveyed as being "held in trust for the benefit of
 the" transferor but with "legal title" resting in the name of the transferee thereby
 allowing for the publication with notice thereto in the name of the transferee. Id. at
 10-13 to 10-14; see also Runge v. Lee, 441 F.2d 579 (9th Cir. 1971). As

(continued...)

1 contend that, in light of defendants' concession, McClure's role as a prospective
2 hiring party for a work made for hire may be ignored, but thereafter structure their
3 analysis of the relevant agreements to reach their desired conclusion that the
4 creation of the newspaper strips enured solely (and was so intended to enure
5 solely) to McClure's benefit. Such an analysis is favored by plaintiffs because it
6 seemingly forecloses a conclusion that the newspaper strips were made at
7 Detective Comics' instance and expense.

8 Although each side frames the issue differently, both do so in a manner
9 that limits the analysis of the work for hire issue to the artists and Detective
10 Comics. (Pls.' Opp. to Defs.' Sur-Reply at 6; Defs.' Reply at 9 n.8). However
11 tempting it is to follow suit, the Court cannot so easily unburden itself from
12 confronting the relevant evidence in the record and is instead tasked with
13 attempting to give legal meaning to that evidence.

14 In determining the significance of McClure's role, the Court does not write
15 on an empty slate. The significance from a copyright perspective of the terms in
16 these very agreements was previously litigated and adjudicated by the courts, a
17 fact which neither party brought to the Court's attention in their briefs, at oral
18 argument, or in the numerous unsolicited post-hearing briefs submitted.

19 In 1941, Detective Comics filed suit against Fawcett Publications, alleging
20 that Fawcett's comic book character Captain Marvel, a character who possessed
21 super strength and super speed, who wore a skin-tight costume with a cape, and
22 who hid his superhero identity by way of a radio-reporter alter ego, infringed the
23 copyright to Superman. Thus began a twelve-year legal battle. As a defense to
24 the action, Fawcett argued that the copyright to Superman had entered the public
25 domain due to asserted defects in the manner and form in which McClure had

26
27 ¹⁴(...continued)
28 Professor Nimmer observed, such judge-made exceptions effectively
"administered a death blow" to the doctrine "even under the 1909 Act." 3 NIMMER
ON COPYRIGHT § 10.01[B] at 10-9.

1 affixed copyright notices on the publications of the Superman newspaper strips.
2 See National Comics Publications, Inc. v. Fawcett Publications, Inc., 93 F. Supp.
3 349, 356 (S.D.N.Y. 1950) (cataloguing the various forms to which McClure affixed,
4 or in some cases did not even attempt to affix, a copyright notice for the
5 newspaper strips). Detective Comics' response was that it could not be charged
6 with any defects in the copyright notice as those "were errors and omissions of
7 McClure, by which it is not bound, for McClure was merely a licensee, and a
8 licensee cannot relinquish or abandon the rights of his licensor." Id. at 357. Thus,
9 the relationship of the parties to one another in the 1938 newspaper syndication
10 agreement vis-à-vis ownership of the copyrights to the Superman newspaper
11 strips assumed critical importance in resolving the case. See Detective Comics,
12 Inc. v. Fawcett Publications, Inc., 4 F.R.D. 237, 239 (S.D.N.Y. 1944) (noting that
13 Fawcett's defense would render "the status of McClure, insofar as 'Superman' is
14 concerned, and the validity of its copyrights relating thereto, . . . a material
15 inquiry").¹⁵

16 At trial, the district court rejected Detective Comics' argument that McClure
17 was merely a licensee. Instead, the district court determined that the arrangement
18 put in place by the newspaper syndication agreement was in the nature of a joint
19 venture. See Fawcett Publications, 93 F. Supp. at 357 ("I think that this
20 contention is unsound, as the agreement with McClure was not a mere license to
21 use the strips but an agreement of joint adventure"). As explained by the district
22 court:

23 The agreement with McClure contains all the
24 elements of a joint adventure. The subject matter of
25 the joint enterprise was the use of the "Superman"
26 strips for the sole purpose of newspaper syndication.
The artists agreed to create and draw the strips,
Detective agreed to pay them for their work and to
furnish the strips to McClure, and McClure agreed to

27 _____
28 ¹⁵ When Detective Comics later merged into and became National Comics
Publications, Inc., the latter was substituted as plaintiff.

1 sell the strips to newspapers. Both the artists and
 2 Detective agreed to cooperate with McClure. The
 3 proceeds of the sales (there could be no losses) were
 4 to be divided between Detective and McClure.

5 Id. The district court held that McClure took a valid copyright to the newspaper
 6 strips, but not because it was an "author, . . . proprietor, . . . [or] an assign"; rather,
 7 the district court held that the agreement's provision permitting McClure to
 8 copyright the strips in its name (which later reverted to Detective Comics) was a
 9 permissible manner by which a valid copyright could be taken. Id. at 358.

10 In light of this finding, the district court determined that "the errors and
 11 omissions of McClure" were indeed "chargeable to Detective," observing that "the
 12 rights and obligations of joint adventurers are substantially those of partners, and
 13 each participant in a joint adventure is an agent for the other." Id. The district
 14 court thereafter found that "with few exceptions," the newspaper strips were
 15 published without proper copyright notices and therefore the copyrights in the
 16 material for the same were abandoned into the public domain. Id.

17 On appeal, the Second Circuit, in a decision by none other than Judge
 18 Learned Hand, reversed and remanded. At the outset, the court noted that
 19 although characterizing the parties' agreement as one of joint venture would have
 20 "the same effect upon the copyrights in suit as though McClure were the
 21 proprietor," it found it unnecessary to decide whether that characterization was
 22 correct (although not without Judge Hand making the astute observation that the
 23 entire concept of joint venture is "one of the most obscure and unsatisfactory of
 24 legal concepts") as it concluded that "McClure was indeed the 'proprietor' of the
 25 copyrights" in the Superman newspaper strips and not a licensee of the same.¹⁶

26 ¹⁶ It was noted, however, that insofar as McClure simply borrowed existing
 27 Superman comic book material published previously by Detective Comics and
 28 then reprinted it for newspaper syndication then "at best 'McClure' could have
 become no more than a licensee." Id. at 600. McClure's copyright proprietor
 position with respect to the newspaper strips was for that material "which were
 produced and published under the contract of September, 1938." Id. at 601.

(continued...)

1 National Comics Publications, Inc. v. Fawcett Publications, Inc., 191 F.2d 594, 599
2 (2d Cir. 1951) ("We agree with the result, but because we think that 'McClure' was
3 indeed the 'proprietor' of the copyrights, and for that reason we do not find it
4 necessary to decide whether the contract constituted a "joint venture"). Thus, as
5 a matter of copyright law, the acts and omissions of McClure vis-à-vis the
6 copyright notices affixed to the material when it was published were chargeable to
7 Detective Comics.

8 Judge Hand noted that his conclusion was compelled by both the statute
9 and from construing the parties' intent as revealed in the agreements. Only if
10 McClure was determined to be a "proprietor" could its publication of the
11 newspaper strips be done in such a manner that would secure copyright
12 protection under the 1909 Act. Id. ("it is only on the assumption that 'McClure'
13 was the 'proprietor' of the 'work' — i.e., of the 'strips' prepared by the 'Artists'
14 under the contract — that any valid copyrights could be secured by publication in
15 the 'syndicated' newspapers"). Under Section 9, only "author[s] or proprietor[s]"
16 were entitled copyright a work; section 10 provided that an author or proprietor
17 could obtain copyright "by publication" with the "required" notice affixed; and
18 section 19 detailed the required contents of that notice. Thus, unless "McClure
19 was a 'proprietor' of the 'strips' the purpose of the parties to copyright them was
20 defeated," a result to be avoided if it is possible to construe the words of the
21 agreement to effectuate that purpose. Id.

22 Judge Hand found that the text of the syndication agreement compelled
23 such a construction. Id. ("we say that the text [of the agreement] itself comports
24

25 ¹⁶(...continued)
26 Nowhere have the parties in the instant case sought to delineate which of the
27 strips (outside the first two weeks of strips, which no one suggests was borrowed
28 material) fall into these respective categories. Given the Court's ultimate
disposition of the work for hire nature of the newspaper material produced after
the September, 1938, agreement is concerned, the Court declines to address this
issue.

1 only with the conclusion that 'McClure' was to be the 'proprietor"'). Toward that
2 end, the agreement was read as in effect placing ownership of the copyright with
3 McClure to be held in trust for its intended beneficiary — Detective Comics. As
4 Judge Hand ably explained:

5 The "material" — the "strips" — is to be
6 copyrighted in 'McClure's' name, but the copyright
7 "reverts to Detective at the termination of this contract."
8 That necessarily meant that, until the contract came to
9 an end, "McClure" was to have the "title" to the
10 copyrights, for property cannot "revert" from one
11 person to another unless the person from whom it
12 "reverts" holds title to it. Even though he holds it in
13 trust, its fate depends upon his acts, not upon his
14 beneficiary's. The sentence which immediately follows
15 reinforces this conclusion; it reads: "The title
16 'Superman' shall always remain the property of
17 Detective." That disclosed a plainly deliberate
18 distinction between the word, "Superman," used as a
19 "title," and the "works" which were to be produced in
20 the future and published by "McClure" in the
"syndicated newspapers": the title was to remain
"Detective's" "property"; the copyrights were only in the
future to become its "property." In final confirmation of
this interpretation is the clause in which "McClure"
assumed "to provide Detective with all the original
drawings . . . so that said drawings may be used by
Detective in the publication 'Action Comics' six months
after newspaper release." That is the language of a
"proprietor," who assumes power to license another to
copy the "works." Since for these reasons "McClure"
became the "proprietor" of any copyrights upon "strips"
published under the contract, in so far as it failed to
affix the "required" notices upon the first publication of
a "strip," and upon each copy published thereafter, the
"work" fell into the public domain.

21 Id.

22 As a result of this conclusion, Judge Hand determined that insofar as
23 McClure sent out "mats" to newspapers without any notice at all for the strips, the
24 copyrights in those strips were indeed lost to the public domain. Id. at 601. The
25 matter was remanded to the district court to conduct a new trial, in light of the
26 court's narrowing of the class of strips that could be considered abandoned, on
27 whether any newspaper strips placed at issue were validly copyrighted, and, if so,
28 whether Fawcett's Captain Marvel character infringed the copyright contained

1 therein. See National Comics Publication, Inc. v. Fawcett Publications, Inc., 198
 2 F.2d 927 (2d Cir. 1952). Thereafter, the parties settled their dispute.

3 Accordingly, defendants' characterization of McClure as nothing more than
 4 a mere "licensee" of the newspaper strips with no legal title to the copyright in
 5 question was raised and rejected by the Fawcett decision. Defendants are bound
 6 by that judgment.

7 Applying Fawcett to the terms in the syndication agreement, the Court finds
 8 that, in essence, McClure and/or Siegel and Shuster (depending on whether the
 9 work was made for hire) obtained a grant (the "permission" noted in the
 10 agreement) from Detective Comics to the newspaper rights in the underlying, pre-
 11 existing Superman material; that permission was provided so that the both could
 12 engage in the creation of a separably copyrightable derivative work (the
 13 newspaper "strips" referenced by Judge Hand of which McClure was the
 14 "proprietor") based on said pre-existing material owned by Detective Comics.

15 In this sense, discussion of divisibility is misplaced. As Professor Nimmer
 16 has noted by way of illustration strikingly similar to the circumstances presented in
 17 this case, even under the 1909 Act a party could hold the separate copyright
 18 contained in a derivative work, the pre-existing material of which was owned by a
 19 third party, without transgressing notions of indivisibility:

20 [T]he producer of a motion picture . . . is
 21 undoubtedly the proprietor of the copyright in the
 22 resulting film. The film itself may be a derivative work
 23 based for example upon a novel. In order that the
 24 [film] not constitute an infringement of the novel the
 25 producer must obtain a grant of "motion picture rights"
 26 in the novel. However, because he was the proprietor
 27 of the final film did not under the 1909 Act render him
 28 the "proprietor" of the motion picture rights [in the
 novel]. He was the licensee of the motion picture rights
 in the novel but the proprietor of the derivative work
 motion picture.

27 3 NIMMER ON COPYRIGHT § 10.01[B] at 10-9 n.30. The same holds here. McClure
 28 was the licensee of the "newspaper right" in the underlying Superman copyright

1 held by Detective Comics, but was an owner of the copyright in any of the new
2 material found in the derivative newspaper strips.

3 Therefore, McClure's position as a "proprietor" and holder of legal title to
4 the separate copyright in these derivative newspaper "strips" renders it
5 conceivable that the creation of those strips were made at its "instance and
6 expense" (and thus a work for hire).¹⁷ Thus, as alluded to earlier, although
7 plaintiffs would prefer otherwise, the Court cannot escape consideration of the
8 issue of whether the newspaper strips were works made for hire for McClure
9 (rather than Detective Comics).

10 **1. Post-September, 1938, Newspaper Strips**

11 In order to evaluate whether the post-September, 1938, newspaper strips
12 were made for hire, the Court first considers how the terms in the agreements
13 themselves should be construed as a matter of contract law. Plaintiffs urge the
14 Court to look at the terms in each agreement separate and apart from those
15 contained in the companion agreement, treating the two agreements as standing
16 alone as separate business deals. Defendants characterize the agreements as
17 but sub-parts in a "total transaction" such that the terms contained therein "run
18 together because this whole thing is one business." In defendants view, McClure
19 was "just the . . . agent or the syndication arm of [an] arrangement" that "centered
20 around Detective" Comics, and thus the terms in the agreements should be
21 construed in conjunction with and as applying to those in the other agreement.

22 The Court finds both characterizations partly accurate. The terms in each
23 agreement do overlap with, make reference to, and fill gaps in the other.

24

25 ¹⁷ "[T]he term 'proprietor' [was] used by the 1909 Act and case-law under it
26 to refer" not only to those who are owners by assignment, but also "to employers
27 who induce the creation of a work made for hire and thus own the copyright in it." Burroughs, 62 U.S.P.Q.2d at 1320 (citing Shapiro, Bernstein & Co. v. Bryan, 123
28 F.2d 697, 700 (2d Cir. 1941) ("[W]hen the employer has become the proprietor of
the original copyright because it was made by an employee 'for hire,' the right of
renewal goes with it, unlike an assignment")).

1 However, there are areas in each agreement which are self-contained and
2 unaffected by terms contained in the other agreement.

3 The employment agreement, for instance, bolsters the provision in the
4 newspaper syndication agreement wherein the artists agreed "to maintain [the
5 newspaper strips they submitted] at the standard shown in the sample submitted"
6 by containing a provision within it that requires the artists to "properly perform the
7 terms" in the newspaper syndication agreement. Likewise, the employment
8 agreement fills in the blanks from the newspaper syndication agreement as to how
9 and in what manner the artists would be compensated. The employment
10 agreement also added a further dimension to a term in the syndication agreement
11 by describing how the artists will be paid if, under the syndication agreement,
12 Detective Comics later used the newspaper strips in its comic books (paying the
13 artists at their normal "page rate less the percentage which McClure receives for
14 said syndication"). Similarly, the newspaper syndication agreement expressly
15 notes that payment for the artists' work would be addressed in the employment
16 agreement.

17 In contrast, the self-contained aspects of the agreements are best
18 illustrated by those relating to the hiring parties' contractual right to control and
19 supervise the creation of the material crafted by the artists. Thus, for instance, the
20 employment agreement provided Detective Comics a contractual right (as
21 opposed to right to control inherent in fact that material was derivative of that to
22 which Detective Comics held the rights to the underlying work) to control or
23 supervise creation of "features." It is clear in reading the employment agreement
24 that when it used the term "features" it did so solely in reference to the artists'
25 production of a comic book, describing the same as a "monthly feature," "monthly
26 magazine," or "magazine." In contrast, when the employment agreement made
27 reference to the artists' production of newspaper strips it employed terms such as
28 "newspaper strips," "McClure Newspaper Syndication strip," "material furnished for

1 syndicate purposes," and "syndicate matter." Just as importantly, in the one
 2 paragraph in the employment agreement that prohibited the artists from exploiting
 3 Superman with anyone else save Detective Comics and McClure, the agreement
 4 separately identifies each class of works rather than through use of defendants'
 5 purported global term "feature." (See Decl. Marc Toberoff, Ex. P ("You agree that
 6 you will not hereinafter at any place . . . furnish to any other person, firm,
 7 corporation, newspaper or magazine any art or copy for any comics to be used in
 8 any strip or comic or newspaper or magazine containing [Superman]")).

9 In applying the "instance and expense" test, the crucial question for the
 10 Court is how Siegel and Shuster fit into the scheme devised by the publisher and
 11 the newspaper syndicator.¹⁸

12 The Court begins with evaluating the expense element, which is made
 13 more complicated due to the method by which the pair were paid for the strips in
 14 question. Rather than being paid a salary or a sum certain for the newspaper
 15 strips, the artists were paid only a percentage of any "net proceeds" that their
 16 strips generated, that is, a royalty payment. Generally, this manner of payment
 17 tends to rebut the notion that the newspaper strips were made for hire. See
 18 Martha Graham Sch., 380 F.3d at 641 (noting that "evidence that Graham
 19 personally received royalties for her dances . . . may rebut[] the notion that the
 20 dances were made for hire); Playboy Enterprises, 53 F.3d at 555 ("in contrast,
 21 where the creator of a work receives royalties as payment, that method of
 22 payment generally weighs against finding a work-for-hire relationship"); Twentieth
 23 Century, 429 F.3d at 881 (finding that expense requirement met when publisher
 24 agreed to pay the author "a lump sum for writing the book, instead of negotiating a

25
 26 ¹⁸ Fawcett left unanswered the question of how McClure acquired
 27 ownership of the copyright in these derivative newspaper strips. Was it acquired
 28 by assignment from the artists or by their creation of the material as a work for
 hire? Or was it acquired through an assignment from Detective Comics, who
 initially owned the copyright in the works at their inception as works made for hire?
 For the Court's purposes, this distinction is not of particular importance.

1 royalty deal"); 2 PATRY ON COPYRIGHT § 5:61 ("Where payment is solely by
2 royalties, this fact weighs against an employment relationship").

3 The fact that payment of a sum certain might be forthcoming to the pair for
4 their work six months later if Detective Comics decided to reprint those newspaper
5 strips in its comic books does not detract from the fundamental nature of the
6 transaction as being geared toward a profit-sharing arrangement as the principal
7 method of compensation for all involved. Moreover, defendants have not offered
8 any evidence to show whether or to what extent Detective Comics actually
9 exercised this option to reprint the newspaper strips, thus obligating Detective
10 Comics to pay Siegel and Shuster a sum certain for those works.

11 Indeed, the ongoing and extent of the financial risk assumed by Siegel and
12 Shuster with regards to the newspaper strips was significantly higher than they
13 had borne in any of their other business dealings involving Superman. With
14 respect to the comic book strips, any financial risk assumed by the pair for the
15 expenses incurred in creating the material would be quickly ameliorated by the
16 publisher's decision to publish or not (a process taking only a matter of days or
17 perhaps weeks). With respect to the newspaper strips, in contrast, such
18 expenses could be borne for months or even longer depending entirely on the
19 material's commercial success.

20 Admittedly, questions concerning the particular method of payment for the
21 work have lessened in importance over the years in determining whether it was
22 one made for hire. As Patry has written in his treatise, "[b]oth the Second and
23 Ninth Circuits have taken a nuanced look at compensation," allowing courts to turn
24 aside or otherwise diminish the importance that receipt of payment was in
25 royalties has insofar as whether something was a work for hire. 2 PATRY ON
26 COPYRIGHT § 5:61 (citing Warren v. Fox Family Worldwide, Inc., 328 F.3d 1136,
27 1142 (9th Cir. 2003) ("That some royalties were agreed upon in addition to this
28 sum is not sufficient to overcome the great weight of the contractual evidence

1 indicating a work-for-hire relationship") and Playboy Enterprises, 53 F.3d at 555
2 (wherein the court observed that royalty payments are not conclusive)).

3 Diminishing the importance of this evolution, however, is the fact that, in
4 nearly all of these cases, the authors of the works in question were paid a salary
5 or some other sum certain in addition to the receipt of royalties. See Estate of
6 Hogarth, 62 U.S.P.Q.2d at 1317 ("Where, as here, the creator receives both a
7 fixed sum and royalties, the fact that the creator received a fixed sum is sufficient
8 to meet the requirement that the works be made at the employer's expense");
9 Warren, 328 F.3d at 1142 (creator received a fixed sum in addition to royalties).
10 Here, Siegel and Shuster were paid only royalties. Such a financial arrangement,
11 especially when viewed through the realities of the parties' relationship, places this
12 case on the outer edges of the work for hire doctrine.

13 There are, however, other features present related to the works creation
14 (factors centered on the instance prong) that go to the core of what is envisioned
15 by a work made for hire relationship. Clearly, Siegel and Shuster were engaged
16 (however viewed, by McClure or by Detective Comics, or by both) to create the
17 material. They were clearly done at the instance of either McClure or Detective
18 Comics. The syndication agreement (reinforced by the employment agreement)
19 tasked the pair as part of their job duties with the creation of the works in question.
20 Siegel and Shuster could be replaced if they did not submit their work on time.
21 Just as critically, the right to control the process in creating the work was doubly
22 reinforced between the pair's employers: McClure possessed the contractual right
23 to supervise the artists' work (which it in fact exercised for a period of time) and
24 Detective Comics possessed the additional right to supervise and control the work
25 as the rights holder of the pre-existing Superman material utilized in the creation
26 of the derivative newspaper strips. This engagement to create and this right of

27

28

1 control over the artist's creation of the work is not indicative of a joint venture with
2 the artists; rather, it is reflective of a more traditional employment engagement.¹⁹

3 In essence, read together, the syndication agreement and employment
4 agreement is suggestive of a loaned employee arrangement (although the
5 "employees" were more accurately viewed as independent contractors). See 2
6 PATRY ON COPYRIGHT § 5:79 n.1. Detective Comics retained a measure of control
7 over the artists; McClure retained control over the works those artists created and
8 that it intended to exploit for the benefit of Detective Comics, McClure, and the
9 artists themselves. However those duties were conceived and to whomever they
10 were owed, the fundamental point remains that the instance in creating those
11 newspaper strips rested with someone other than Siegel and Shuster.

12 In this respect, the Second Circuit's decision in Picture Music, which
13 applied the instance and expense test,²⁰ is eerily similar to the facts presented
14 here.²¹ There, the issue presented was whether the adaptation of the musical
15 score, "Who's Afraid of the Big Bad Wolf," from the Walt Disney cartoon, "The
16 Three Little Pigs," into a song was a work made for hire.

17 Walt Disney and Irving Berlin, Inc. (apparently the author of the musical
18 score), believed that the score from the movie could be made into a popular song.

19
20 ¹⁹ Moreover, the arrangement lacks some of the key elements for a joint
21 venture to be found under New York law: A sharing of some degree of control
22 over the venture and a sharing of the losses (as well as the profits) from the
23 venture. See Itel Containers Intern. Corp. v. Atlanttrafik Exp. Service Ltd., 909
24 F.2d 698, 701 (2d Cir. 1990) (setting forth test under New York law for joint
venture); Dinaco Inc., v. Time Warner, Inc., 346 F.3d 64, 68 (2d Cir. 2003)
(holding for a joint venture the parties "must submit to the burden of making good
the losses" of others to the venture); In re PCH Associates, 949 F.2d 585, 602 (2d
Cir. 1991) (right to inspect books and records not sufficient control for purposes of
establishing a joint venture).

25 ²⁰ Although not expressly discussing the two separate prongs of the
26 instance and expense test, Picture Music clearly applied both, as the Court does
here. See Burroughs, 342 F.3d at 160 (2d Cir. 2003).

27 ²¹ The Ninth Circuit has on more than one occasion cited approvingly to the
28 Second Circuit's decision in Picture Music. See Twentieth Century, 429 F.3d at
880; Warren, 328 F.3d at 1142.

1 With Disney's approval, Berlin engaged Ann Ronell, an apparent freelancer, to
2 assist in the adaptation; "she did so, rearranging the musical themes in
3 collaboration with an employee of Berlin, and arranging the existing lyrics and
4 adding new ones of her own." 457 F.2d at 1214.

5 Disney thereafter agreed that, "[i]n exchange for an agreement to pay
6 certain royalties[, it would] assign all its rights in the new song to Berlin," and
7 further agreed that "either one-third or one-fourth of its royalties should be paid to
8 Miss Ronell for her services." Id. The copyright in the song was subsequently
9 registered in Berlin's name, with a credit of authorship to Ronell and Frank
10 Churchill, the Disney employee who had composed the original score for the film.
11 Id. at n.1.

12 Thereafter, when the right to seek the renewal term accrued, Ronell
13 claimed that she owned a one-half interest in the song. Berlin's successor in
14 interest defended by asserting that Ronell's contribution to the song was a work
15 made for hire. Notwithstanding that Ronell was paid only royalty payments (and
16 not a "fixed salary"), the Second Circuit agreed.

17 Much like the present case, the Picture Music case involved three parties,
18 not the usual two parties to an employer-employee relationship. In Picture Music,
19 an artist freelanced with another party (Berlin) to adapt a score owned by a third
20 party (Disney) into a song. The Second Circuit was unconcerned with this
21 variation on the more ordinary dyad business relationship and method of payment:
22 "The purpose of the statute is not to be frustrated by conceptualistic formulations
23 of the employment relationship." Id. at 1216.

24 Also much like the present case, the Second Circuit found a right to control
25 the artist's work on the part of both of the other parties, although one party had
26 more direct control than the other: "[T]he trial court found that employees of Berlin
27 did in fact make some revisions in Miss Ronell's work. Moreover, since Disney
28 had control of the original song on which Miss Ronell's work was based, Disney

1 (and Berlin, with Disney's permission), at all times had the right to 'direct and
2 supervise' Miss Ronell's work." Id.

3 Although certain initial copyright registrations designated Siegel and
4 Shuster as the "authors" of the newspaper strips, the registration certificates in
5 Picture Music listing the artist as the song's "author" was disregarded in favor of
6 the realities of the parties' relationship; so too, here, the fact that McClure took it
7 upon itself to list Siegel and Shuster as the "author" of the newspaper strips is
8 effectively rebutted when one looks to the realities of the parties' actual business
9 relationship. See Burroughs, 342 F.3d at 166-67 ("A certificate of registration
10 creates no irrebuttable presumption of copyright validity . . . [w]here other
11 evidence in the record casts doubt on the question, validity will not be assumed").

12 Finally, and for the Court's current purpose, most importantly, the court
13 clearly considered the method of payment for Ronell's work — solely by way of
14 royalties — not dispositive of whether the song was made for hire: "The absence
15 of a fixed salary, however, is never conclusive, nor is the freedom to do other
16 work, especially in an independent contractor situation." Picture Music, 457 F.2d
17 at 1216.

18 As the Picture Music court summed up its holding: "In short, the 'motivating
19 factors' in the composition of the new song, 'Who's Afraid of the Big Bad Wolf,'
20 were Disney and Berlin. They controlled the original song, they took the initiative
21 in engaging Miss Ronell to adapt it, and they had the power to accept, reject, or
22 modify her work. She in turn accepted payment for it without protest That
23 she acted in the capacity of an independent contractor does not preclude a finding
24 that the song was done for hire." Id. at 1217.

25 The Court can here sum up its ruling in an almost identical manner. After
26 the execution of the syndication and employment agreements, the artists did not
27 independently decide to create the newspaper strips; rather, they did so because
28 they were contractually obligated to do so and because they expected to receive

1 compensation for their creations. McClure retained editorial supervision rights
2 over the material; it could "accept, reject, or modify [the pair's] work." Detective
3 Comics owned the original work from which the derivative newspaper strips were
4 created; it agreed to allow Siegel and Shuster to continue to create derivative
5 works based upon it. Siegel and Shuster assented to this arrangement. That they
6 did so in the capacity of independent contractors, like the artist in Picture Music,
7 "does not preclude a finding that [the newspaper strips] were done for hire."

8 Thus, the Court concludes that the expense prong is met, and that the
9 newspaper strips were works made for hire. However the duties of the artists
10 were conceived, and to whomever they were owed, the fundamental point remains
11 that the instance in creating those newspaper strips Siegel and Shuster rested
12 with someone other than themselves. Such indicia of a work for hire relationship
13 insofar as the creation of the newspaper strips is concerned is reflected in the
14 facts that the employment agreement obligated them to timely supply — "shall
15 furnish" — the necessary material to McClure; the syndication agreement
16 specified that the copyright in that material belonged to McClure, not Siegel and
17 Shuster; and the syndication agreement noted that, if the pair did not meet their
18 obligation of timely supplying such material to McClure, Detective Comics could
19 appoint someone else to create the Superman newspaper strip. Far from
20 suggesting that the creation of the material fell outside the scope of the pair's
21 rights and duties under the auspice of their employment with Detective Comics,
22 the agreements demonstrate how deeply enmeshed and integral the creation of
23 such newspaper strips were to Siegel and Shuster's job.

24 Of course, the splitting of the employer role between McClure and
25 Detective Comics makes the characterization of that role (*i.e.*, whether the true
26 employer was McClure or Detective Comics, or both) a much more difficult
27 question, but that difficulty is easily surmounted for purposes of the present
28

1 inquiry: Whether the artists' created the newspaper strips within the scope of their
2 job duties. This they clearly did.

3 Moreover, although in some circumstances the royalty payments could lead
4 to a conclusion (as suggested by plaintiffs) that the parties entered into a joint
5 venture, here, the peculiar structure of the arrangement does not (as it did not in
6 Picture Music) alter the core nature of the relationship. Specifically, the
7 arrangement "employ[ed]" the artists to provide art work and continuity to
8 Detective Comics and to "furnish," as part of their duties, the newspaper material
9 to McClure. The arrangement allowed the artists to be replaced by other artists if
10 they failed to do so in a timely manner. Thus, as in Picture Music, the fact that the
11 pair were paid in royalties rather than a sum certain does not alter the relationship
12 in such a fashion as to lead to the conclusion that the works were not made for
13 hire. Indeed, the parties' arrangement left no doubt that Siegel and Shuster's role
14 in creating the material could be (and was in fact) substituted by other artists
15 should they fail to timely supply such material. In this respect, Siegel and
16 Shuster's role was much like that of an employee or independent contractor
17 retained to perform a job, not that of a partner to a joint venture.

18 In sum, this case, much like Picture Music, lies on the outer boundaries of
19 what would constitute a work made for hire, but given that the core elements
20 sought to be captured and addressed by the doctrine are present, the Court finds
21 that the newspaper strips created by Siegel and Shuster after September, 1938,
22 were works made for hire and accordingly the termination notices submitted by
23 plaintiffs do not reach the grant to those works.

24 Thus, because the Court finds that the newspaper strips created by Siegel
25 and Shuster after September 22, 1938, were works made for hire, the right to
26 terminate does not reach the grant to those works.

27

28

1 2. Pre-Syndication Agreement Newspaper Strips

2 In stark contrast to the post-syndication agreement newspaper strips, it is
 3 clear from the record that the initial two weeks' worth of newspaper strips were not
 4 created at the instance of either Detective Comics or McClure; instead, a wholly
 5 different "motivating factor" instanced their creation by Siegel and Shuster during
 6 the spring of 1938.

7 The sequence of events surrounding these two weeks' worth of newspaper
 8 strips is telling: It began with Siegel soliciting interest in Superman for newspaper
 9 syndication in March or early April, 1938. McClure expressed some interest,
 10 telling Siegel to draft two weeks' worth of material for syndication and suggesting
 11 that the material fill in the background of Superman's origins and arrival on Earth.
 12 Siegel and Shuster created the material, focused on Superman's origin and
 13 arrival, and submitted it to McClure. McClure then returned the material to Siegel
 14 pending its decision whether it wished to proceed with syndication efforts. In the
 15 meantime, Siegel submitted the material to other newspaper syndicators for their
 16 consideration. Eventually, McClure, not any other newspaper syndicator, entered
 17 into a syndication agreement with Detective Comics and the artists.²²

18 It is clear to the Court that the initial two weeks' worth of newspaper
 19 material Siegel and Shuster created in the spring of 1938, well before the
 20 syndication agreement, was not made at the instance or expense of anyone but
 21 the artists. Admittedly, McClure did ask for the material to be created and did
 22

23 ²² Both sides make attempts at historical revisionism of this record.
 24 However, viewed in light of this record, plaintiffs' contention that Siegel had written
 25 the script for the two weeks of material "on his own volition," before soliciting
 26 McClure's interest is unsupported. (Pls.' Obj. Defs.' Reply at 13). Siegel's own
 27 recounting of how and when the material was created contradicts this contention.
 28 Defendants' characterization of the facts fares no better. They assert that Siegel's
 solicitations for Superman's appearance in newspaper strips was at Detective
 Comics' direction or, at least, with Detective Comics' approval. (Defs.' Obj. to Pls.'
 July 28, 2008 Opp. at 8). The evidence clearly shows that Siegel first approached
 McClure, then later sought to bring Detective Comics into the fold after receiving a
 positive response from McClure.

1 make suggestions as to its subject matter, but such requests were done outside
2 the confines of any business relationship between the parties and, more
3 importantly, other circumstances rebut the importance of this fact. Moreover, the
4 work was created without any discussion of, much less any guarantee of,
5 compensation and without any commitment from McClure that it would ever
6 publish the material.

7 Defendants place great weight on the fact that the two weeks' worth of
8 newspaper strips were derivative in nature, arguing that such status forecloses the
9 work's creation from being done in the instance of anyone but the owner of the
10 underlying material — Detective Comics. However, the cases defendants cite to
11 for this proposition, as noted by the Court in its prior order in the Superboy matter,
12 require that the rights holder to the underlying material actually be the one that
13 sought out and engaged the artists to create the derivative work beforehand. See
14 Siegel, 496 F. Supp. 2d at 1142-44. Here, creation of the first two weeks' worth of
15 newspaper strips were not commissioned by Detective Comics, but, at most, were
16 commissioned by McClure, who at the time held no rights to the underlying
17 Superman copyright.

18 Following up on that point, defendants next seek to label Siegel's
19 interaction with McClure as little more than "an inchoate solicitation requesting an
20 opportunity to perform a work," which it is argued is insufficient to rebut a finding
21 that the matter was done at the instance of the artists. For this proposition,
22 defendants rely on the district court's opinion in Burroughs. In that case, the noted
23 illustrator Burne Hogarth approached the owner of the copyright in the character
24 Tarzan, Edgar Rice Burroughs, Inc. ("ERB"), suggesting that the company "take
25 up the illustration of the Tarzan Sunday Color Page," which could be reproduced
26 in "hard cover book." ERB later replied that the company's comic book properties
27 were in flux and that the two would have to "suspend our discussions temporarily."
28 Undeterred, Hogarth wrote back six months later, noting his availability to create

1 the Tarzan artwork. At that point, ERB wrote a series of letters (dated in July,
2 1970) inquiring whether Hogarth could produce "a quality, high priced edition of an
3 adult version Tarzan of the Apes in graphic form," "described in detail" what it
4 envisioned the book to be, and "proposed terms for the project" (including
5 compensation) that ultimately found their way into the parties' written agreement.
6 Id. at 1303-04. Thereafter, Hogarth set about creating the work requested.

7 With this factual backdrop, the district court concluded that Hogarth's early
8 contacts with ERB were not sufficient to demonstrate the book was made at his
9 instance, commenting "not every solicitation requesting an opportunity to perform
10 work constitutes an instance." Id. at 1316. Instead, the district court found the
11 book project was "first 'instanced' by [ERB] in [its July, 1970] . . . letters, which
12 predicted all of the principal terms for production of the . . . Books." Id. The
13 district court further found significant the fact that because Hogarth was dealing
14 directly with the owner of the underlying Tarzan material of which the book
15 solicited would be derivative: "[I]t would be 'beyond cavil that [he] would . . . have
16 undertaken production of artwork for the Books [or] brought [it] to publication,
17 without receiving the assignment from ERB to do so." Id. at 1317.

18 In contrast, here, the uncontested evidence shows that Siegel and
19 Shuster did just that: Siegel created the script and Shuster created the artwork for
20 the first two weeks of newspaper strips without any indication that they received
21 permission to do so beforehand from Detective Comics. Admittedly, both Siegel
22 and McClure understood such permission from Detective Comics would ultimately
23 have to be forthcoming before the material could be published,²³ but that is a far
24 cry from the notion that Detective Comics engaged Siegel and Shuster to create
25 the material at its instance. To the contrary, the clearly defined (and expressed)

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27

²³ This is evidenced by McClure's admonition in its correspondence with
28 Siegel that he "should get a letter from [Detective Comics] before [the parties
could] get down to brass tacks on SUPERMAN."

1 understanding that an artist must eventually obtain from a copyright holder
2 approval of his or her actions in creating a derivative work before that work may
3 be published is fundamentally incompatible with the notion that the copyright
4 holder tasked that artist with creating the derivative work in the first instance.
5 Unlike the artist in Burroughs, Siegel did not solicit from the underlying rights
6 holder an opportunity to create a derivative work; he instead solicited a third party
7 who at the time held no rights.

8 Nor does the fact that Siegel and Shuster were engaged by Detective
9 Comics for creating Superman material necessarily lead to the conclusion that the
10 newspaper strips were done at Detective Comics' instance. Such material did not
11 fall within the scope of what Detective Comics had (at the time) commissioned
12 them to produce — comic books. This fact was reinforced by Detective Comics
13 letter after the execution of the syndication agreement that it did not view creation
14 of the newspaper material as giving it "little to gain in a monetary sense" and by
15 Siegel and Shuster's later testimony during the 1947 Westchester litigation that
16 the impetus to seeking such newspaper syndication material after the March 1,
17 1938, grant was precisely because Detective Comics was not in the business of
18 syndicating newspaper comic strips.

19 Nor ultimately does the Court conclude that the material was prepared at
20 McClure's instance. The fact that the material was created only after Siegel
21 approached McClure and McClure suggested a specific subject for the material
22 (Superman's origin and arrival on Earth) would normally lead to the conclusion
23 that the work was done at McClure's instance. See 2 PATRY ON COPYRIGHT § 5:74
24 ("whether the hiring party is the motivating factor for the creation of the work, a
25 very important, and usually determinative factor is whether the work was
26 substantially completed at the time it was allegedly specially ordered If the
27 work has not been begun before the parties meet, this fact weighs in the hiring
28 party's favor"). That McClure did not involve itself in supervising the creation of

1 the artists' work is likewise unimportant. Id. ("the 'status of a work created by an
2 independent contractor as a specially ordered . . . work made for hire has nothing
3 to do with whether the commissioning party exercise any . . . supervision and
4 control over the independent contractor's work.' Instead, it is sufficient that the
5 hiring party request a specific type of work without having to be involved in the
6 details of its creation"). There is, however, one complicating wrinkle that
7 distinguishes this case from all the other cases where a work is made by request
8 as a condition for obtaining employment — when presented with the works
9 reflecting the suggested storyline, McClure promptly returned it, commenting that
10 it would defer making a decision on the matter.

11 On this point, the Court finds the events that occurred after the materials'
12 return of great significance: Siegel and Shuster attempted to sell this same two
13 weeks' worth of newspaper strips to another syndicator (The Register and Tribune
14 Syndicate), a fact which they publicized to Detective Comics and McClure without
15 objection from either. If the material was intended by the parties to be a work
16 made for hire owned by McClure, such an act would be completely contrary to
17 such ownership. That the artists nonetheless openly engaged in such efforts to
18 sell the work to others weighs heavily against creation of that material being
19 treated as a work for hire. See Martha Graham Sch., 380 F.3d at 638 (finding
20 significant in conclusion that works (choreographed dances) were not made for
21 hire the fact that even after employing the artist to teach she "continued to receive
22 income from other organizations for her dance teaching and choreography").

23 Furthermore, the comment in the correspondence from the other syndicator
24 — that "[a]ny action on our part should not conflict with your progress in dealing
25 with the McClure Syndicate[; i]f they are in a position to take on your strip,
26 naturally I presume you will want to go ahead" — gives the impression that
27 ownership in the material was still, at that time, up for bid, with McClure, at most,
28 operating under the auspices of an informal right of first refusal and not under the

1 assumption that the rights belonged to any particular syndicator from its inception.
2 Such a "right of first refusal . . . is fundamentally incompatible with a finding that a
3 work . . . is . . . made for hire." Siegel, 496 F. Supp. 2d at 1141. Cf. 1 NIMMER ON
4 COPYRIGHT § 5.03[B] [2][D] at 5-56.8 ("[A] commission relationship may not exist,
5 even if the work is prepared at the request of an other, and even if such other
6 person bears the costs of its creation, where the person requesting the work is
7 expressly granted only a one-time use").

8 This leads to the next significant factor: That the creation of the material
9 occurred without any mention or provision for compensation (either a fixed sum or
10 a percentage royalty) for the artists. Even after creating the material, Siegel and
11 Shuster's efforts went unpaid for at least five months. This distinguishes the
12 present case from Burroughs where the commissioning party's suggestion for the
13 creation of the work contained within it a recital of the basic financial terms of the
14 engagement. Simply stated, there is no evidence that the material in question
15 was made at the expense of anyone save for the artists that created the material,
16 and who in turn shopped it to multiple syndicators looking for any takers to its
17 publication.

18 Accordingly, the Court finds that the two weeks' worth of newspaper comic
19 strip material created by Siegel and Shuster during the spring of 1938, before the
20 execution of the syndication agreement were not works made for hire.

21 **IV. ASSIGNMENT OF THE FIRST TWO WEEKS' WORTH
22 OF NEWSPAPER STRIPS AND TERMINATION NOTICE DEFICIENCIES**

23 As with all the Court's findings regarding work-for-hire status, this
24 conclusion has certain legal ramifications that necessarily flow from it which raise
25 secondary legal arguments concerning the plaintiffs' ability to terminate the grant
26 of these two weeks' worth of newspaper strips. Thus the Court must address
27 whether all of the rights to the first two weeks' worth of newspapers strips were
28 assigned, the failure to serve McClure with the termination notice, and the failure

1 to identify the first two weeks' worth of newspaper strips among the works subject
2 to termination in the notice.

3 **A. Assignment of the First Two Weeks' Worth of Newspaper Strips**

4 Because the initial two weeks' worth of newspaper strips were not works
5 made for hire, when those strips were created, the copyright in them belonged at
6 its inception to Siegel and Shuster. That copyright was protected under state
7 common law until the works were published in January, 1939, at which time
8 federal statutory copyright protection may have attached, depending upon
9 compliance with certain statutory formalities. See Siegel v. Time Warner Inc., 496
10 F. Supp. 2d 1111, 1130 n.7 (C.D. Cal. 2007). As Professor Nimmer explains in
11 his treatise: "As to a work created and the subject of statutory copyright prior to
12 [the 1976 Act], such copyright did not subsist from the moment of creation.
13 Rather, it became effective either upon publication with notice Prior to such
14 publication . . . , a work created before [the 1976 Act] was protected from its
15 creation under the state law of common law copyright. Common law copyright in
16 a work initially vested in the author or authors thereof." 1 NIMMER ON COPYRIGHT
17 § 5.01[B] at 5-6. Because the Court has found that the two weeks' worth of
18 newspaper strips are not works made for hire, the "author" of those strips would
19 be Siegel and Shuster, not Detective Comics or McClure. This designation is
20 important because it impacts who may claim ownership of the works when
21 published, the required contents of the copyright notice affixed to the works when
22 published, and the contents of the registration certificate that was issued.

23 The 1976 termination provisions are limited only to grants in federally
24 copyrighted works, meaning works subsisting in a statutory initial or extended
25 renewal term as of the 1976's effective date. The right to terminate does not
26 apply to unregistered copyrights protected at common law or copyrights to works
27 that have fallen into the public domain as of the time of the 1976 Act. See PATRY
28 ON COPYRIGHT § 7:42. Thus, for termination notice to be effective to reclaim the

1 rights to the newspaper strips, the newspaper strips must have obtained proper
 2 federal statutory copyright protection and maintained that protection up through
 3 the time of the 1976 Act. This then raises the question of whether and how Siegel
 4 and Shuster did obtain such statutory copyright protection of the material in their
 5 newspaper strips under the 1909 Act; any defect in the process would call into
 6 question plaintiffs' ability to terminate the grant to the copyright in those works.

7 Again as Professor Nimmer explains:

8 However, the subsequently obtained statutory
 9 copyright [upon publication with notice] vested in such
 10 author or authors only if prior thereto, there had not
 11 been a transfer of the common law copyright In
 12 the event of such disposition, it was the transferee and
 13 not the original author or authors in whom statutory
 14 copyright initially vested. The determination of the
 15 proper person initially to claim statutory copyright under
 16 the 1909 Act remains of more than antiquarian interest,
 17 as an improper claim under the 1909 Act could have
 18 injected a published work into the public domain.

14 1 NIMMER ON COPYRIGHT § 5.01[B] at 5-6.

15 The question of assignment is highly significant because, under the 1909
 16 Act, agents and licensees could not claim such statutory copyright ownership, but
 17 an assignee could. "The assignee of an author's common law copyright might, by
 18 virtue of such assignment, claim statutory copyright." Id. at 5-7.

19 The pertinent facts are reiterated for purposes of this discussion: The first
 20 two weeks of newspaper strips were first published on January 16, 1939, in the
 21 Milwaukee News Journal, which contain the following notice affixed thereto
 22 "Copyright, 1939". The initial copyright registration is treated as having been
 23 registered in the name of McClure Newspaper Syndicate, listing as the works
 24 authors "Jerry Siegel and Joe Shuster, of United States."²⁴ Later on July 3, 1944,

25 _____
 26 ²⁴ Defendants state that the copyright notice under which the material was
 27 first published was "in the name of McClure," (Defs.' Obj to New Arguments at
 28 Hearing at 1), but as noted by the Court, the notice affixed thereto actually did not
 29 list McClure, or anyone, as the copyright proprietor. Such a designation in the
 30 notice was required by § 19 under the 1909 Act, but this defect is of no

(continued...)

1 McClure "assigned to Detective Comics, Inc. all its rights, title and interest in all
2 copyrights in SUPERMAN, including the copyrights and all renewals and
3 extensions thereof."²⁵

4 As the facts are presented in this case, an assignment by Siegel and
5 Shuster to McClure must have occurred before publication of the initial two weeks'
6 worth of newspaper strips; otherwise, the copyright notice on the works when first
7 published was inadequate to comply with the statutory formalities, and the works
8 have fallen into the public domain. (Defs.' Obj and Response New Arguments at 2
9 (assuming "Siegel and Shuster owned the copyright of these works from
10 inception, there would need to have been an assignment from them of their entire
11 copyright rights to McClure before the strips appeared, in order to avoid loss of
12 copyright").

13 Plaintiffs argue that the parties' course of conduct in conjunction with
14 various terms in the syndication agreement itself clearly imply that such an
15 assignment of the artists' rights in the newspaper strips to McClure occurred. As
16 explained by plaintiffs:

17 While there is no express mention of a sale or
18 transfer, under the [syndication] agreement Siegel and
Shuster delivered the newspaper strips, protected by

19
20 ²⁴(...continued)
consequence as the Second Circuit's decision in Fawcett held that such a defect
21 in the notice was saved by virtue of § 21 except in those instances in which
22 McClure "sent out 'mats' [of the strips to newspapers] without any notice at all"; in
such a situation "the copyrights on those 'strips' were lost, regardless of
§ 21." 191 F.3d at 601.

23 ²⁵ Two years after this assignment from McClure, Detective Comics was
24 consolidated into other companies into a company called National Comics
Publications, Inc., which in turn was later consolidated in 1961 into the
25 aforementioned National Periodical Publications, Inc. In the 1961 consolidation
agreement it was represented that the new company had become "vested with all
26 the properties of Detective Comics, Inc., and National Comics Publications, Inc.,"
including that it was "the owner of and is vested with title to all of the copyrights
27 (and renewals and extensions thereof) in the artistic and literary works consisting
of newspaper cartoon strips or continuities entitled SUPERMAN which the
28 McClure Newspaper Syndicate had from the first day of publication to July 3,
1944."

1 common law copyright, to McClure. McClure then
 2 copyrighted the material in its own name [(which the
 3 syndication agreement clearly provided was
 4 permissible for them to do)], listing Siegel and Shuster
 5 as the 'authors.' McClure then granted an exclusive
 6 license to Detective with respect to the non-syndication
 7 rights [(namely, allowing Detective Comics to use the
 8 strips in its comic book magazines free of charge six
 9 months after the strips first publication in the
 10 newspapers)], and later on July 3, 1944 assigned the
 11 entire copyright [in the newspaper strips] to Detective
 12 per the term of the [syndication] agreement.

13 (Pls.' Opp and Response to Defs.' Sur-reply at 11)

14 Defendants respond by arguing that an assignment must be supported by a
 15 clear, unambiguous, written instrument, and that such instrument is lacking here.
 16 (Defs.' Obj. and Response to New Arguments at 2-3 & n.5 ("there is no question
 17 that neither of the September 22, 1938 agreements include such an assignment
 18 . . . There is no language of copyright assignment" and further commenting that
 19 "any assignment of common law copyright would have to have been in writing
 20 under the statute of frauds"). This argument does not withstand scrutiny.

21 At the outset, the Court notes that an assignment of a common law
 22 copyright was not subject to a requirement of writing. To the contrary, during the
 23 time the 1909 Act was in effect, at common law, a copyright was capable of
 24 assignment so as to completely divest the author of his rights, "without the
 25 necessity of observing any formalities." Urantia Foundation v. Maaherra, 114 F.3d
 26 955, 960 (9th Cir. 1997); accord Epoch Producing Corp. v. Killiam Shows, Inc.,
 27 522 F.2d 737, 747 (2d Cir. 1975) (noting that assignment need not be in writing);
 28 3 NIMMER ON COPYRIGHT § 10.03[B][2] at 10-56.3 ("it appears that an assignment
 of common law copyright was not within the Statute of Frauds"). Other case law
 further demonstrates that such an assignment could be oral or could be implied
 from the parties' conduct. See Jerry Vogel Music Co. v. Warner Bros., Inc., 535 F.
 Supp. 172 (S.D.N.Y. 1982); Van Cleef & Arpels, Inc. v. Schechter, 308 F. Supp.
 674 (S.D.N.Y. 1969).

1 Having rejected the notion that any writing is required, the Court
2 nevertheless concludes that the parties' syndication and employment agreements,
3 as well as their actions, make clear that the requisite complete assignment of both
4 the initial and the renewal term occurred.

5 Although the words "assign" or "transfer" do not appear in the syndication
6 agreement, such an intent was demonstrated by other language contained in the
7 agreement, as well as by Siegel and Shuster's delivery of newspaper strip material
8 to McClure. The syndication agreement provided that McClure would hold "all the
9 original drawings of the 'Superman' strip," which it would later provide to Detective
10 Comics on license for publication in its comic books. Such expressed receipt of
11 the "original" material in question and the ability to license that material is not the
12 language used to describe the recipient of a mere license to the material in
13 question, but as one of an assignee. As Judge Hand remarked, "[t]hat is the
14 language of a 'proprietor,' who assumes power to license another copy the
15 'works.'" Fawcett, 191 F.2d at 599; see also Urantia, 114 F.3d at 960 (noting that
16 language in trust instrument declaring that transferee "retain[ed] absolute and
17 unconditional control of all plates . . . for the printing and reproduction . . . thereof"
18 was indicative of an "intent to transfer the common law copyright").

19 Defendants also argue that there could have been no assignment to the
20 two weeks' worth of newspaper strips through the syndication agreement because
21 that agreement indicated that at the time of the document's execution Siegel and
22 Shuster "had already created 'the sample submitted' and that the subject 'daily
23 strip . . . entitled 'Superman' . . . was owned by Detective." (Defs.' Obj. and
24 Response to New Arguments at 3). This argument selectively pieces together
25 different portions of the agreement as if they were written as a single whole, when
26 in fact those sections, read in the context, clearly indicate that the parties were not
27 speaking specifically to the initial two weeks of newspaper strips. Rather, they
28 were speaking more generally to all newspaper strips published pursuant to the

1 agreement. Similarly, the reference defendants make to the agreement noting
2 Detective Comics' ownership to the title "Superman" does not necessarily apply to
3 the strips themselves, a distinction which Judge Hand also drew when construing
4 these same agreements.

5 Moreover, Siegel and Shuster not only allowed McClure to syndicate the
6 Superman newspaper strips, they gave McClure the original manuscript and
7 artwork to the same to McClure to hold in its possession. "It has been held that
8 delivery of a manuscript suffices" for the purpose of establishing an assignment —
9 "so long as the intent to pass title in the common law copyright is likewise
10 present." NIMMER ON COPYRIGHT § 10.03[B][2] at 10.56.3. Such an inference is
11 particularly apt when "over a long period of time, the author and other interested
12 parties had acquiesced in the putative assignee's ownership." Urantia, 114 F.3d
13 at 960. Here, not only did the parties acquiesce in the agreement to McClure
14 receiving the originals to the strips but the parties' agreement stated that the
15 copyright notice in said material was to be made in McClure's name, something
16 which under the 1909 Act could not be undertaken by a mere licensee but only
17 "the author or proprietor" of the work. Sanctioning such conduct clearly
18 constitutes an acquiescence on Siegel and Shuster's part to McClure's ownership
19 in the copyright to these newspaper strips, and is perhaps the clearest evidence in
20 the syndication agreement itself to an assignment being made in favor of McClure
21 by the artists.

22 Such language in the syndication agreement, and such action by the
23 parties clearly demonstrate at minimum an intent to transfer the initial copyright
24 term in the newspaper strips to McClure, see Urantia, 114 F.3d at 960, but there is
25 other language in the parties' September 1938 agreements that demonstrate an
26 intent by the authors to transfer the renewal term to those strips as well.

27 Not surprisingly, defendants contend that there was no such language of
28 complete assignment from Siegel and Shuster in the newspaper syndication or

1 employment agreements. However, when one surveys the agreements as a
2 whole, it becomes readily apparent that there is language of assignment not just
3 of the authors' rights to the initial term, but also (as held by and argued to the
4 Second Circuit's during the litigation surrounding the rights to the Superman
5 renewal term in the 1970s) the renewal term as well. Notably, the one paragraph
6 in the employment agreement that makes reference to and separately identifies
7 the artists' creation of both newspaper strips and comic books also contained
8 language whereby the artists agreed that they were "furnishing" this global
9 category of material "exclusively" to Detective Comics or to whomever else
10 Detective Comics might designate, an obvious reference to McClure. (See Decl.
11 Toberoff, Ex. P ("[Y]ou shall furnish such matter exclusively to us . . . as such may
12 be required by us or as designated by us in writing.")).

13 Likewise, the concluding sentence to the paragraph in the employment
14 agreement which spells out the royalty payment terms for the newspaper strip
15 material created by the artists, contains an acknowledgment by the artists that "all
16 [such] material, art and copy shall be owned by" Detective Comics or whomever
17 Detective Comics permits (undoubtedly a reference to the derivative nature of the
18 work) the title in the same to be "copyrighted or registered in our name or in the
19 names of the parties designated by us" (another clear reference to McClure).

20 Despite this language, defendants argue that it is not sufficient, as "there is
21 no question that neither of the September 22, 1938 agreements include such an
22 assignment. The agreements speak for themselves — they are not assignments
23 from Siegel and Shuster to anyone." (Defs.' Obj. and Response to New
24 Arguments Made at Hearing at 3). However, defendants' position is completely
25 contrary to that which its predecessors in interest have taken in the seven
26 decades since those agreements were executed. It has been the position of
27 defendants and its predecessors in interest (made manifest during the 1970s
28 litigation surrounding the rights to the Superman renewal term) that the March 1,

1 1938, grant as well as the other agreements the parties entered into (up to and
2 including the 1948 stipulated judgment concluding the Westchester action), that
3 the artists in each instance effectuated a complete assignment of both the initial
4 and renewal terms to the Superman character.

5 Under the 1909 Act, general words of assignment can include renewal
6 rights if the parties had so intended. See Venus Music Corp. v. Mills Music, Inc.,
7 261 F.2d 577 (2d Cir. 1958); cf. Fred Fisher Music Co. v. M. Witmark & Sons, 318
8 U.S. 643, 653 (1943) (observing that a specific intent to transfer the renewal term
9 must be present). Following this line of authority, the Second Circuit in the 1970s
10 Superman litigation held that evidence of the parties' conduct and iterations of
11 their various contractual arrangements, which included language acknowledging
12 that the publisher would hold title to the copyright in the character "forever" and
13 prohibiting the artists' from exploiting Superman "at any time hereafter" except
14 with the character's publisher, indicated not simply an assignment of the artists'
15 initial term in the Superman character, but the renewal term as well. Siegel, 508
16 F.2d at 913-914 (stating that "[t]he ready answer to this argument is that the state
17 court action determined that the agreements conveyed all of the plaintiffs' rights in
18 Superman to the defendants and not just the original copyright term" and noting
19 that the presence of such general terms of conveyance in the parties' agreements
20 such as "hold[ing] forever" a given right and agreeing not to use Superman in any
21 other strip "hereafter" connoted an assignment to the entirety of the copyright in
22 that material (emphasis added)).

23 This is the same language contained in the employment agreement
24 ("owned by us" or McClure, "will not hereafter" exploit Superman character except
25 with either Detective Comics or McClure, and shall provide such material
26 "exclusively to us" or McClure), whose terms apply, in this context at least, to the
27 syndication agreement. Defendants, having relied on that judgment for over thirty
28 years to exploit Superman to the exclusion of any rights held by the artists, cannot

1 at this late date be heard to complain that a court will likewise rely on that
2 judgment as a basis to permit those artists to reclaim, under the statutorily
3 provided termination scheme, the rights transferred in those much-hailed grants.
4 Defendants are thus precluded both as a matter of judicial estoppel and as a
5 matter of res judicata from contesting whether there was "language of [complete]
6 copyright assignment" to both the initial and renewal term to the Superman
7 material at issue in the employment and newspaper syndication agreements.

8 Thus, the Court rejects the notion that the initial two weeks' worth of
9 newspaper strips is not subject to termination on account of the lack of any
10 assignment by Siegel and Shuster to the entire copyright in that material to
11 McClure prior to the material's publication.

12 **B. Failure to Serve McClure with Termination Notice**

13 Defendants contend that, if there was such an assignment from Siegel and
14 Shuster to McClure, plaintiffs' failure to serve a copy of the termination notice on
15 McClure's successors renders the termination notice invalid. (Defs.' Obj and
16 Response to New Arguments at 3 n.6). Because all of McClure's rights in the
17 material were assigned to Detective Comics in 1944, and Detective Comics'
18 successors were served with the termination notice, the Court rejects this
19 argument.

20 The 1976 Copyright Act provides that the termination notice must be served
21 upon the "grantee or the grantee's successor in title." 17 U.S.C. § 304(c)(4).
22 Moreover, the regulations provide that an investigation will satisfy this notice
23 requirement in the context of termination of rights to works created before the
24 effective date of the 1976 Act. 37 C.F.R. § 201.10(d)(2) states that section
25 304(c)(4)'s service requirement is met if there has been a "reasonable
26 investigation" as to the current ownership of the rights to be terminated and
27 service has occurred on the person or entity "whom there is reason to believe" is
28 the current owner by transfer from the grantee.

1 Soon after the 1976 Act became effective, courts were faced with the
2 question of whether this provision, stated in the disjunctive, meant that a notice
3 served upon the immediate grantee would suffice, so that such grantee's current
4 successor in title need not be notified of the termination of its rights; the reverse
5 situation from that found in the present case.

6 In Burroughs v. Metro-Goldwyn-Mayer, Inc., 683 F.2d 610, 633 (2d Cir.
7 1982), the district court held that failure to serve the current successor in title
8 rendered ineffective a purported termination, notwithstanding service on the
9 original grantee. On appeal, although the Second Circuit found it unnecessary to
10 decide that particular issue, Judge Newman addressed it in a thoughtful
11 concurring opinion. Acknowledging that it was "not clear from the statute or the
12 regulations who [as between the 'grantee' and 'the grantee's successor in title']
13 must receive notice of termination, and the legislative history offer[ed] no
14 guidance," id., Judge Newman construed the statutory provision as "sensibly read
15 to mean that notice is to be served (a) on the grantee, if the grantee has retained
16 all rights originally conveyed, (b) on the transferee, if the grantee has conveyed all
17 rights to the transferee, or (c) if some rights have been conveyed, on the grantee
18 or the transferee (or both) depending upon which rights are sought to be
19 terminated." Id. at 634 n.5. In Judge Newman's view, the statute was written to
20 require service on only those entities that currently hold a right to be terminated; it
21 was not meant to require a mad dash to serve everyone and anyone who may
22 have been involved in the chain of title to the copyright (but who possess no
23 present right to the same), as suggested here by defendants. "Whatever the
24 meaning of 'grantee' and 'successor in title' in the notice termination provision, it
25 seems evident that their expression in the disjunctive was intended to cover
26 various contingencies, not to afford those exercising termination rights a choice as
27 to whom to serve." Id.

28

1 As explained by Professor Nimmer, "It follows that if the grantee has
 2 transferred some but not all of the rights that he acquired under the grant, whether
 3 the original grantee, his successor with respect to some of the rights, or both,
 4 must be served will turn on which rights are purportedly terminated under the
 5 termination notice. If all rights are being terminated, all of the persons who own
 6 any portion of such rights must be served in order to effectuate the termination, as
 7 the district court concluded." 3 NIMMER ON COPYRIGHT § 11.06[B] at 11-40.20.

8 The Court finds Judge Newman's concurring opinion in Burroughs to be
 9 persuasive, and adopts the reasoning contained therein. As summarized by
 10 Professor Nimmer, "[i]t follows, then, that service of the termination notice need
 11 only be made upon the last grantee in the chain of title of which those serving the
 12 notice are reasonably aware." 3 NIMMER ON COPYRIGHT § 11.06[B] at 11-40.18 -
 13 11-40.21.

14 This is exactly what occurred here. Plaintiffs served the notice on the
 15 newspaper strips' most current owner — Detective Comics' successors in interest,
 16 DC Comics. Defendants try to diminish the significance of the 1944 assignment
 17 from McClure to Detective Comics of all its (McClure's) rights in the newspaper
 18 strips as nothing but a meaningless gesture.²⁶ But if Siegel and Shuster had, in
 19

20 ²⁶ The argument is built largely on the assumption that Detective Comics
 21 never received the ownership to the renewal term copyright by way of a "grant of a
 22 transfer or license" from McClure. 17 U.S.C. § 304(c). Such an argument seeks
 23 to make much of the fact that the first proviso to section 24 of the 1909 Act,
 24 provided that the right of renewal for a "periodical" work is given to "the proprietor
 25 of such copyright." Barbara A. Ringer, Study No. 31 Renewal of Copyright (1960),
 26 reprinted in 1 Studies on Copyright at 524. As explained by Ringer, "the
 27 'proprietor' in this context means the owner of the copyright at the time renewal
 28 registration is made, and not the first or original proprietor. In other words, a
 'proprietor' claim [to the renewal right] follows the ownership of the copyright, and
 is not a personal right like the claim of an author under the second proviso." *Id.*
 Thus, when McClure secured the original copyright for the newspaper strips, it
 was the first proprietor and therefore entitled thereto to the renewal copyright in
 the same. Defendants argue that when ownership was transferred in this
 copyright from McClure to Detective Comics, that the renewal term, rather than
 being transferred by agreement, was transferred by way of an automatic function
 of the statute. (Defs.' Obj. to New Arguments at Hearing at 2 n.4). This

(continued...)

1 fact, assigned their copyright in the newspaper strips to McClure, then the transfer
2 would be deeply meaningful as it is a clear and unambiguous grant of both the
3 initial and the not-yet-vested renewal term to the copyright in those strips, thereby
4 rendering Detective Comics (as its immediate successor National Periodical
5 Publications, Inc., would proclaim a few years afterwards) sole owner of the
6 entirety in the copyright to those newspaper strips owing entirely to McClure's later
7 assignment. Indeed, defense counsel conceded during oral argument that if
8 McClure held the copyright to the newspaper strips in trust for Detective Comics,
9 then it would have required a "reassignment" for the copyright to be transferred to
10 Detective Comics. Given that Judge Hand held that the right in the material was
11 indeed held "in trust" for Detective Comics, such an assignment was anything but
12 a meaningless gesture.

13 No party disputes that the termination notice was served on DC Comics,
14 the successor to Detective Comics and current holder of all the copyright in the
15 newspaper strips. Accordingly, the termination notice complied with section
16 304(c)(4), and is not defective based on plaintiffs' failure to serve McClure.

17

18

19

²⁶(...continued)
20 distinction, however, is mistaken.

21 The second proviso to section 24 noted that "in the case of any other
22 copyrighted work, including a contribution by an individual author to a periodical or
23 to a cyclopedic work or other composite work, the author of such work" was
24 entitled to the renewal term. Judge Learned Hand later defined the term,
25 "composite work," for purposes of the first proviso in section 24, as limited to
26 works "to which a number of authors have contributed distinguishable parts, which
27 they have not, however, 'separately registered.'" Shapiro, 123 F.2d at 699. Here,
28 however, the newspaper strips were separately registered in the name of their
individual authors after the publication of the composite work in question, the
newspaper. Indeed, the two weeks' worth of newspaper strips themselves bear a
separate copyright notice on them. In such an instance, the author of the work
was entitled to the renewal in the separately registered copyright, and hence,
Detective Comics' receipt by way of assignment from McClure to said renewal
term was not effectuated automatically by way of statute. See Self-Realization
Fellowship v. Ananda Church, 206 F.3d 1322, 1329 (9th Cir. 2000) (holding that
proprietor entitled to renewal term in composite work unless the individual
contribution was separately registered).

1 **C. Failure to Include Strips in Notice as Works Affected by Termination**

2 Having found that the initial two weeks' worth of newspaper strips created
3 in the summer of 1938 were not works made for hire, having concluded that
4 Siegel and Shuster assigned all their rights in the copyright to those two weeks'
5 worth of strips to McClure (which later assigned all its corresponding statutorily
6 protected copyright to Detective Comics), and having determined that plaintiffs'
7 failure to serve McClure or its successor does not invalidate the termination notice
8 as to these newspaper strips, the Court is confronted with one final question:
9 Whether the failure to list in the termination notice the initial two weeks' worth of
10 newspaper strips, first published in the Milwaukee News Journal in January, 1939,
11 invalidates the termination notice as to these newspaper strips. (Decl. Michael
12 Bergman Summ. J. Mot., Ex. X at 325 (complete termination notice reprinted)). In
13 the end, the Court determines it does not.

14 A fact not lost on either party or the Court is that potentially valuable
15 copyright elements subsist in this material, as it is the first material in which
16 Superman's home planet of Krypton is named, Superman's Krypton name is
17 revealed, and the circumstances surrounding Krypton's destruction are revealed.
18 Plaintiffs, to their credit, candidly admit that the first two weeks' worth of
19 newspaper strips are not listed in the termination notice; but they point to the fact
20 that the notice did contain the following catch-all clause:

21 This Notice of Termination applies to each and every
22 work (in any medium whatsoever, whenever created)
23 that includes or embodies any character, story
24 element, or indicia reasonably associated with
25 SUPERMAN or the SUPERMAN stories, such as,
26 without limitation, Superman, . . . the planet Krypton
27 . . . Every reasonable effort has been made to find
28 and list herein every such SUPERMAN-related work
29 ever created. Nevertheless, if any such work has been
30 omitted, such omission is unintentional and involuntary,
31 and this Notice also applies to each and every such
32 omitted work.

33
34 (Decl. Bergman, Ex. X at 3 n.1).

1 Defendants, for their part, advocate a harsh rule: A mistake, even one of
2 omission, is a mistake of consequence; where such a mistake is made, the
3 authors and their heirs must suffer whatever consequences that flow from the
4 resulting invalidity of the copyright notice. The Court cannot countenance such a
5 harsh, *per se* rule that is divorced from the underlying facts.

6 Although there is no approved form for termination notices, the Copyright
7 Office has promulgated regulations specifying the required contents of a
8 termination notice: It must contain a "complete and unambiguous statement of
9 facts . . . without incorporation by reference of information in other documents or
10 records," 37 C.F.R. § 201.10(b)(2), and it must include the following:

- 11 1. the name of each grantee whose rights are
12 being terminated or the grantee's successor in
title, and each address at which service is made;
- 13 2. the title and the name of at least one author of,
14 and the date copyright was originally secured in,
each work to which the notice applies (including,
if available, the copyright registration number);
- 15 3. a brief statement reasonably identifying the
16 grant being terminated;
- 17 4. the effective date of the termination; and
- 18 5. the name, actual signature, and address of the
19 person executing the termination.

20 37 C.F.R. §§ 201.10(b)(1)-(1), (c)(1), and (c)(4). The regulations promulgated by
21 the Register of Copyrights also contain a safety valve that "[h]armless errors in a
22 notice that do not materially affect the adequacy of the information required to
23 serve the purposes of [the statute] shall not render the notice invalid." 37 C.F.R.
24 § 201.10(e)(1).

25 In support of their position, defendants rely on Burroughs v. Metro-
26 Goldwyn-Mayer, Inc., 683 F.2d 610 (2d Cir. 1982). In that case, the author's heirs
27 attempted to terminate the grant to the copyright in all the books written by Edgar
28 Rice Burroughs featuring the character Tarzan. In the termination notice,

1 however, the author's heirs mistakenly listed only 30 of the 35 Tarzan books
2 written by Burroughs. In considering whether the termination notice was effective
3 in recapturing the copyright in those five omitted books, the Second Circuit held
4 that the omission, although inadvertent, rendered the termination notice invalid as
5 to those omitted works. Id. at 622 (noting that "the omission of the five titles" left
6 the grant "in those five books . . . intact" and unaffected by the termination notice).
7 In reaching this conclusion, the Second Circuit did not discuss section
8 210.10(a)(1)'s harmless error provision; rather, the court simply noted that the
9 regulations required identification of the title and date of original copyright for each
10 work sought to be recaptured, observed the omission in the termination notice,
11 and held that therefore the termination notice was invalid as to the omitted works.

12 Defendants thus vastly overstate the holding of Burroughs as supporting
13 the proposition that plaintiffs' "failure to identify [the newspaper strips] is fatal to
14 their purported termination and their omission cannot be mere 'harmless error.'"
15 (Defs.' Obj. to New Argument at Hearing at 7 (emphasis added)). Its failure to
16 discuss the harmless error rule makes Burroughs of limited persuasive value to
17 the Court's current analysis.

18 On this point, the Court has discovered only one court decision that
19 considered whether omissions or defects in the termination notice were "harmless
20 errors" such that the termination notice was effective. See Music Sales Corp. v.
21 Morris, 73 F. Supp. 2d 364 (S.D.N.Y. 1999). There, the termination notice
22 consisted merely of a bland boilerplate statement: "Grant or transfer of copyright
23 and the rights of copyright proprietor, including publication and recording right."
24 Although finding that the generic statement would not "reasonably identify[] the
25 grant," the district court nonetheless upheld its adequacy on the basis that "it
26 appears to be boilerplate on termination notices customarily accepted by the
27 Register of Copyrights." Id. at 378.

28

1 Leading commentators have differing views on Music Sales Corp., and by
 2 extension, differing views on how stringent courts should be in applying the
 3 harmless error safety valve. Professor Nimmer, on one hand, is much more
 4 formalistic on this point, cautious of the proverbial slippery slope. As Professor
 5 Nimmer explained in response to the Music Sales decision:

6 [T]he Register of Copyrights does not pass judgment
 7 by accepting notices of termination, so that the
 8 ministerial act of filing them connotes no approval of
 9 their verbiage. On that basis, the court's citation to
 10 authority allowing agencies to interpret statutory
 requirements is inapposite. But the court also cites
 unspecified custom of the industry as validating the
 boilerplate approach. It remains to test what that
 custom might be.

11 3 NIMMER ON COPYRIGHT § 11.06[B] at 11-40.22 - 11.40.22(1).

12 Patry, on the other hand, praised the Music Sales decision as bringing the
 13 formalities contained in the regulations into conformity with the realities of how
 14 those regulations are actually administered by the agency that was charged with
 15 crafting them. See 3 PATRY ON COPYRIGHT § 7:45 ("In Music Sales Corp. v. Morris,
 16 the requirement of a 'brief statement reasonably identifying the grant to which the
 17 terminated grant applies' was reviewed, with the court wisely accepting industry
 18 custom and Copyright Office practices as indicating compliance").

19 The dearth of case law, along with the divergence of opinion between
 20 these two leading commentators, presents the Court with an apparent choice: On
 21 the one hand, the Nimmer approach, i.e., an insistence on rigid adherence to the
 22 formalities specified in the regulations or, on the other hand, the less formalistic
 23 (but more practical), lax approach set forth in Music Sales and endorsed by Patry,
 24 i.e., acceptance of industry and agency custom. The Court declines to choose
 25 one extreme or the other, applying instead a middle path that requires a more
 26 fact-intensive inquiry in applying the harmless error safety valve.

27 Here, it is clear to the Court that plaintiffs undertook enormous effort to
 28 comply with the overly formalist requirements of the termination provisions,

1 literally providing 546 pages' worth of works subject to the termination notice. The
2 purpose of the regulations is to give the recipient of the termination notice
3 sufficient information to understand what rights of theirs may or may not be at
4 stake. Here, any recipient of the termination notice would quickly understand that
5 the plaintiffs have sought to reclaim the copyright in any and all Superman works
6 ever created. Indeed, any publisher receiving the notice would be foolish to
7 believe otherwise. That the termination notice included a broad and
8 comprehensive catch-all clause only reinforces that which the 546-page listing of
9 titles of works subject to the notice makes painfully obvious.

10 This reasoning is all the more sound because what was sought to be
11 recaptured involved the rights to works involving a particular character that has
12 been continuously exploited for decades. It is this peculiar nature of the subject
13 matter of the termination notice that makes rigid adherence to the regulatory
14 formalities particularly inapt:

15 In the case of works consisting of a series or
16 containing characters requiring the terminating party to
list separately each work in the series or all works in
17 which the character appears would render the
termination right meaningless. Instead, notice that
18 reasonably puts the terminated party on notice of the
character being terminated is sufficient.

19 3 PATRY ON COPYRIGHT § 7:45. There is little doubt that plaintiffs' termination
20 notice satisfies this concept of reasonable notice that the copyright in the entire
21 body of works to the Superman character was sought to be recaptured.

22 The commentary accompanying adoption of the regulation buttresses this
23 view that such a reasonable notice test is particularly apt with respect to
24 copyrights in characters appearing in thousands of works in countless media over
25 many decades. In that commentary, the Register of Copyrights (Barbara Ringer),
26 observed that the Copyright Office "remained convinced that the required contents
27 of the notice must not become unduly burdensome to grantors, authors, or their
28 successors, and must recognize that entirely legitimate reasons may exist for

1 gaps in their knowledge and certainty." Termination of Transfers and Licenses
2 Covering Extended Renewal Term, 42 Fed. Reg. 45916, 45918 (Sept. 13, 1977).

3 Such a conclusion does not necessarily conflict with the Second Circuit's
4 decision in Burroughs. There was a plausible evidentiary basis upon which the
5 court in Burroughs could have reached the outcome it did, even with consideration
6 of the harmless error safety valve as articulated here. There were only thirty-five
7 Tarzan books that were possibly subject to termination. In such a case, with a
8 more finite universe of works possibly at issue, the omission of a few of those
9 works in the termination notice would comprise a significant level of exclusion
10 (roughly 15%). Thus, the works' exclusion could quite legitimately be viewed as a
11 more meaningful act by the recipient of the notice. Stated differently, in such a
12 situation, there is simply less of a chance for a mistake or oversight occurring in
13 identifying works in the notice, and thus more probable that the recipient would
14 reasonably believe the omission to be intentional, thereafter acting accordingly
15 when contracting with other parties regarding the copyrights to the omitted works.
16 If the terminating party later declares its intention to recapture the omitted works, it
17 is more likely that the notice's recipient will suffer some prejudice beyond the
18 simple reclamation of the rights to the omitted works. Such a circumstance is not
19 present in a case where, as here, there is a universe of literally thousands of
20 possible works.

21 In the end, the Court finds that some consideration must be given to the
22 nature of the copyrights sought to be recaptured. In a case involving thousands of
23 works, to insist on literal compliance with the termination notice regulations sets
24 up a meaningless trap for the unwary without any meaningful vindication of the
25 purpose underlying the regulation at issue, a result that the Register expressly
26 disavowed as the intent of the regulations. Even the most cautious cataloguer
27 could easily overlook a stray work or two among the many thousands at issue
28 here. The existence of the catch-all provision, while not always necessarily

1 dispositive, clearly and expressly evinces an attempt by the authors to recapture
2 the rights to all the Superman works they authored, and the failure to expressly list
3 the initial two weeks' worth of newspaper strips among those works is harmless
4 error.

5 Having said that, the Court does not hold that all termination notices with
6 similar catch-all provisions will necessarily be sufficient as to inadvertently omitted
7 works. However, when the notice evidences a demonstrable effort at cataloguing
8 all the relevant and related works, where the universe of those works is large (and
9 certainly larger than the universe of thirty-five works at issue in Burroughs), and
10 where the number of omitted works is minute relative to the included works, the
11 presence of a comprehensive catch-all provision such as that found here leads to
12 the conclusion that the relevant omission was harmless error and the termination
13 notice should be found to be effective even as to the omitted works.

14 Here, the near-Herculean effort and diligence then-plaintiffs' counsel,
15 Arthur J. Levine, placed on cataloging the works and drafting the termination
16 notice, and the inclusion of the express catch-all provision in the termination
17 notice, put to rest any reasonable doubt defendants may have had that plaintiffs
18 sought to recapture all, not just some, of the copyright in the Superman character.
19 In short, if receipt of the nearly six-pound, 546-page termination notice was not
20 enough to convey this message, it was made plain by the explicit statement
21 expressing plaintiffs' intent to terminate the copyrights in all the Superman works.

22 Accordingly, the Court finds that failure to list the two weeks' worth of
23 newspaper strips was harmless error that does not effect the validity of the
24 termination notice to the first two weeks' worth of Superman newspaper strips.

25 **V. CONCLUSION**

26 At the conclusion of this final installment regarding the publication history of
27 and the rights to the iconic comic book superhero Superman, the Court finds that
28 plaintiffs have successfully recaptured (and are co-owners of) the rights to the

1 following works: (1) Action Comics No. 1 (subject to the limitations set forth in the
2 Court's previous Order); (2) Action Comics No. 4; (3) Superman No. 1, pages
3 three through six, and (4) the initial two weeks' worth of Superman daily
4 newspaper strips. Ownership in the remainder of the Superman material at issue
5 that was published from 1938 to 1943 remains solely with defendants.²⁷

6 Dated: August 12, 2009
7



8
9 STEPHEN G. LARSON
10 UNITED STATES DISTRICT JUDGE
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²⁷ Although raised by the parties, the Court declines to address, and preserves for consideration in limine of trial, the remaining issues raised in the parties' briefs, including the mechanics of how such an accounting would be performed (should the concept of apportionment used in the infringement context be applied and, if so, who bears the burden of proof, and whether such apportionment should be done on a work-by-work or template basis), questions on how and to what extent to divide up profits generated from so-called "mixed use" trademark/copyright, and whether and to what extent pre-termination derivative works were published after the termination date into post-termination derivative works subject to an accounting of profits.

ADDENDUM A

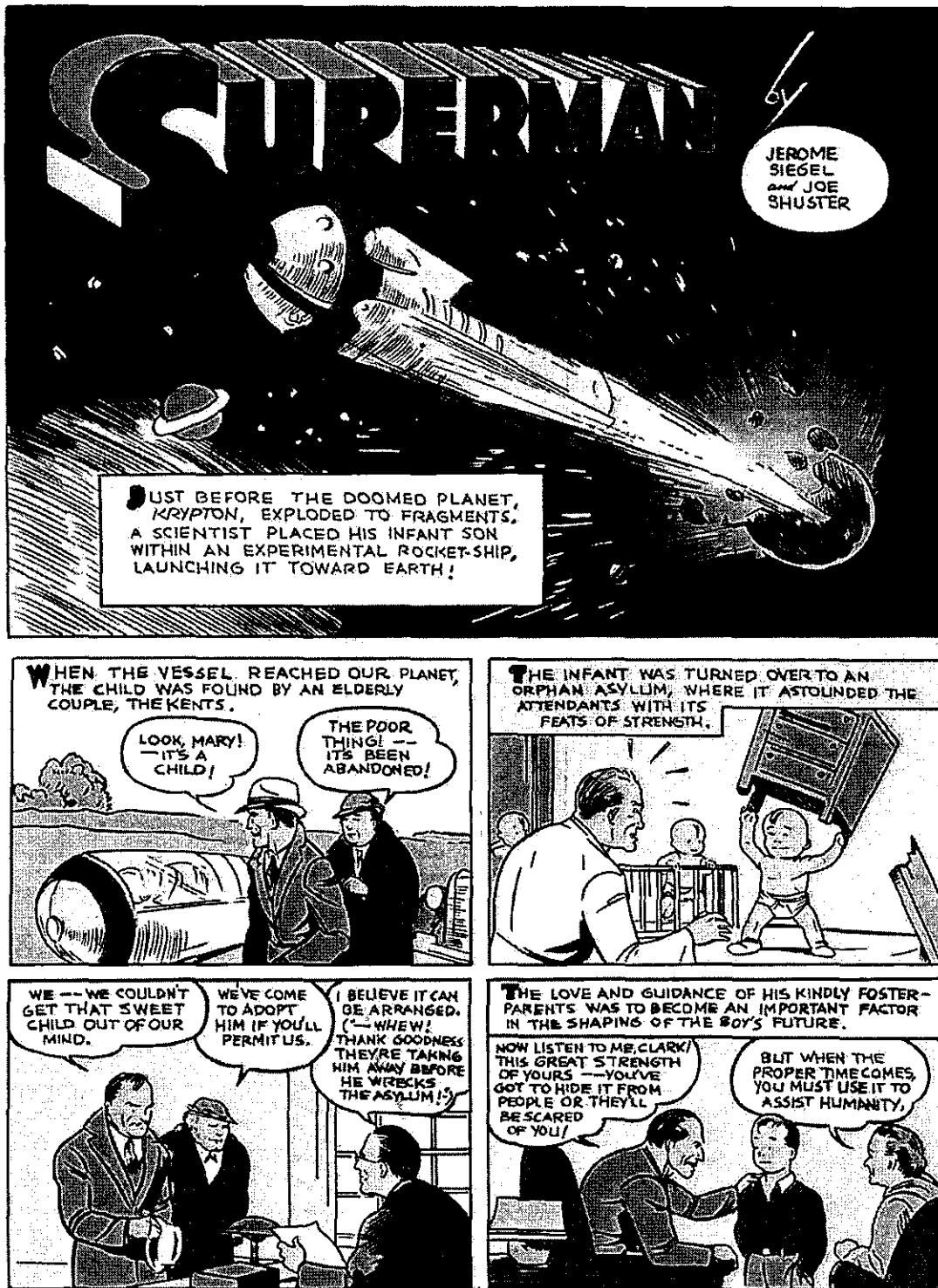












EXHIBIT Q

1 Marc Toberoff (CA State Bar No. 188547)
2 Nicholas C. Williamson (CA State Bar No. 231124)
3 Keith G. Adams (CA State Bar No. 240497)
4 TOBEROFF & ASSOCIATES, P.C.
5 2049 Century Park East, Suite 2720
6 Los Angeles, CA 90067
7 Telephone: (310) 246-3333
8 Facsimile: (310) 246-3101
9 MToberoff@ipwla.com

10 Attorneys for Plaintiffs and Counterclaim Defendants
11 JOANNE SIEGEL and LAURA SIEGEL LARSON

12 **UNITED STATES DISTRICT COURT**

13 **CENTRAL DISTRICT OF CALIFORNIA-EASTERN DIVISION**

14 JOANNE SIEGEL, an individual;
15 and LAURA SIEGEL LARSON, an
16 individual,

17 Plaintiffs,

18 vs.

19 WARNER BROS.
20 ENTERTAINMENT INC., a
21 corporation; TIME WARNER INC.,
22 a corporation; DC COMICS, a
23 general partnership; and DOES 1-10,

24 Defendants.

25 DC COMICS,

26 Counterclaimant,

27 vs.

28 JOANNE SIEGEL, an individual;
29 and LAURA SIEGEL LARSON, an
30 individual,

31 Counterclaim Defendants.

32 Case No: CV 04-08400 SGL (RZx)

33 Hon. Stephen G. Larson, U.S.D.J.

34 **PLAINTIFFS JOANNE SIEGEL
35 AND LAURA SIEGEL LARSON'S
36 OPPOSITION TO DEFENDANTS'
37 MOTION FOR
38 RECONSIDERATION OF THE
39 COURT'S AUGUST 12, 2009
40 ORDER**

41 Complaint filed: October 8, 2004
42 Trial Date: None Set

43 Date: October 19, 2009
44 Time: 10:00 a.m.
45 Place: Courtroom 1

1 **I. INTRODUCTION**

2 It is undisputed that the regulations promulgated by the Register of Copyrights
3 concerning notices of termination under 17 U.S.C. § 304(c) are binding. *See*
4 Defendants' Motion for Reconsideration ("Defts. Mot.") at 2. Such regulations
5 contain an express exception, or "safety valve," concerning the information that
6 ordinarily must be included in a notice of termination under 37 C.F.R. §
7 201.10(b)(1): "[h]armless errors in a notice that do not materially affect the adequacy
8 of the information required to serve the purposes of [section 304(c)] shall not render
9 the notice invalid." 37 C.F.R. § 201.10(e)(1). The clear purpose of a notice of
10 termination is simply that – to provide the recipient with notice.

11 This "harmless error" provision is broadly drafted as a "general rule," leaving
12 it to the courts to decide *on a case by case basis* whether an omission in a notice of
13 termination constitutes "harmless error." 37 C.F.R. § 201.10(e)(1). This is just what
14 the Court did. It expressly did not fashion a "new test," as Defendants repeat to
15 support their straw man arguments. As noted by the Court, the carefully considered
16 commentary accompanying the adoption of 37 C.F.R. § 201.10 makes clear that the
17 Register of Copyrights did not endorse a rigid or harsh application of the regulations,
18 in recognition that "the required contents of the notice must not become unduly
19 burdensome to grantors, authors or their successors." 42 F.R. 45916, 45918.

20 Given Plaintiffs' explicit statement of intent that their termination notices
21 "appl[y] to each and every work ... that embodies any character, story element or
22 indicia reasonably associated with SUPERMAN," and the 546 pages of such works
23 listed in their notices, including hundreds of the Superman newspaper strips,
24 Defendants cannot say with a straight face that they lacked notice. Order at 91:16-
25 21. Under such circumstances, the Court properly exercised its discretion as
26 contemplated, if not required, by § 201.10(e)(1), and found that *under the facts of*
27 *this case* Plaintiffs' inadvertent omission of just a handful of the Superman
28 newspaper strips constitutes "harmless error" under § 201.10(e)(1).

1 **II. ARGUMENT**2 **A. The “Harmless Error” Rule Broadly Applies to Termination Notices**

3 Defendants concede that the Register of Copyrights’ regulations, which
 4 expressly include the “harmless error” doctrine, reflect a practical approach and “are
 5 to be treated with ‘strict adherence.’” Defts. Mot. at 2; *see Community for Creative*
 6 *Non-Violence v. Reid*, 490 U.S. 730, 747 (1989). Despite Defendants’ attempts to
 7 artificially limit the “harmless error” rule, it is written quite broadly:

8 “(e)(1) **Harmless errors in a notice that do not materially affect** the adequacy of
 9 the information required to serve **the purposes** of ...**section 304(c)**, or section
 304(d) of title 17, U.S.C., whichever applies, shall not render the notice invalid.

10 (2) **Without prejudice to the general rule provided by paragraph (e)(1)** of this
 11 section, errors made in giving the date or registration number referred to in
 12 paragraph (b)(1)(iii), (b)(2)(iii), or (b)(2)(iv) of this section, or in complying with
 13 the provisions of paragraph (b)(1)(vii) or (b)(2)(vii) of this section, or in describing
 14 the precise relationships under paragraph (c)(2) or (c)(3) of this section, shall not
 15 affect the validity of the notice if the errors were made in good faith and without
 16 any intention to deceive, mislead, or conceal relevant information.”

17 37 C.F.R. § 201.10(e) (emphasis added). This makes it clear that the “harmless
 18 error” provision is a basic rule, and that the examples in paragraph (e)(2) serve as
 19 illustrations “without prejudice to the general rule provided by paragraph (e)(1).” *See*
 20 74 F.R. 12554, 12555 (section (e) gives “examples of forgivable, harmless errors”).¹

21 Defendants conspicuously ignore the text of § 201.10(e), and pretend that the
 22 examples of “harmless error” in paragraph (e)(2) are exclusive. *See* Defts. Mot. at
 23 2:20-3:9.² Defendants cite the statutory canon *expresio unius est exclusion alterius*
 24 (the inclusion of one is the exclusion of another) in contradiction to the regulation’s
 25 **express statement** that the examples are non-exclusive.³

26 ¹ The Register of Copyrights also explained that as t is was newly-required information it
 27 was listed in paragraph (e)(2) to avoid disputes over errors therein, not because these are the
 28 only errors subject to the “harmless error” analysis. *See* 42 F.R. at 45919.

29 ² Defendants also make the nonsensical contention that the “harmless error” must be “in the
 30 notice” and does not apply to omissions, and that “omissions” are not listed in 37 C.F.R. §
 31 201.10(e)(2). Defts. Mot. at 3. In our common parlance and experience, omissions can be
 32 “errors,” and just as “harmless errors” are expressly not limited to paragraph (e)(2)’s
 33 examples, the failure to list ‘omissions’ therein does not preclude them as “harmless errors.”

34 ³ The canon only applies if the statute provides a comprehensive list and is otherwise silent,
 35 not if it *expressly* provides mere examples. *See* *Chevron U.S.A. Inc. v. Echazabal*, 536 U.S.

1 The Register of Copyrights' thoughtful commentary accompanying the
 2 adoption of 37 C.F.R. § 201.10 makes clear that it did not endorse a rigid or harsh
 3 application of its regulations.⁴ Furthermore, the "harmless error" provision accords
 4 with the statute, which requires *only* that the notice state "the effective date of the
 5 termination ... [that] the notice shall be served not less than two or more than ten
 6 years before that date," while leaving the "form, content, and manner of service" to
 7 be determined by the Register of Copyrights. 17 U.S.C. § 304(c)(4)(B)(1)-(2).

8 Thus, harmless errors in a termination notice that otherwise adequately
 9 identifies the scope of the notice do not invalidate or restrict the scope of the
 10 termination.⁵ The "harmless error" rule is there to avoid invalidating terminations
 11 based on inadvertent mistakes in the drafting of the notices, particularly when, as
 12 here, the terminated party has notice of the intent to terminate. *See Music Sales*
 13 *Corp. v. Morris*, 73 F.Supp.2d 364, 378 (S.D.N.Y. 1999) (finding actual notice even
 14 though its "generic statement would not seem to reasonably identify the grant").

15 **B. Defendants Were on Notice of Plaintiffs' Intent to Terminate All
 16 Newspaper Strips and That the Omission Was Inadvertent**

17 37 C.F.R. § 201.10(e) requires that its "harmless error rule" be applied with
 18 "the purpose of ... section 304(c) in mind." The obvious purpose of section 304(c) is
 19 (1) to provide authors and their families with the right of termination, and (2) to give
 20 notice to prior grantees (or their successors) of the intent to terminate.

21 Defendants cannot seriously claim that they did not have notice of Plaintiffs'

22 73, 81 (2002) (canon "applies only when ...the omission bespeaks a negative implication.").

23 ⁴ *See, e.g.*, 42 F.R. at 45917 ("[W]e do not believe it appropriate to burden the notice with
 24 an additional requirement which may ultimately become a source of confusion, error or
 25 challenge."), 45918 ("[W]e remain convinced that the required contents of the notice must
 26 not become unduly burdensome to grantors, authors, or their successors, and must recognize
 27 that entirely legitimate reasons may exist for gaps in their knowledge and certainty."),
 45919 ("A requirement that service be effected by registered or certified mail might lead to
 totally inadvertent mistakes, and substantively insignificant grounds of avoiding or
 challenging termination.").

28 ⁵ Defendants' argument that "harmless error" is limited to "attempts to 'render the notice
 invalid'" is also misguided. Defts. Mot. at 3. There is no meaningful distinction between
 rendering a notice invalid in its entirety and rendering a notice invalid as to specific works.

1 intent to terminate the dozen Superman newspaper strips inadvertently omitted from
 2 notices which listed *hundreds* of such strips. As noted by the Court's Order,
 3 Plaintiffs' notices of termination unambiguously terminated *all* grants of copyright in
 4 Superman to Defendants' predecessors and, just as unambiguously, provided notice
 5 of Plaintiffs' intent to terminate every work portraying the Superman character.⁶ In
 6 case it was not obvious from the 546 pages of Superman works in the notices, each
 7 notice also *expressly* states that “[t]his Notice of Termination applies to each and
 8 every work ... that embodies any character, story element or indicia reasonably
 9 associated with SUPERMAN or SUPERMAN stories ... if any such work has been
 10 omitted, such omission is unintentional and involuntary....” Order at 85.⁷ As noted,
 11 “any recipient of the termination notice would quickly understand that the plaintiffs
 12 have sought to reclaim the copyright in any and all Superman works ever created.”
 13 Order at 89.⁸ Accordingly, Defendants can hardly claim to have been prejudiced by
 14 Plaintiffs' inadvertent omission of a handful of daily Superman newspaper strips.

15 The Register of Copyrights was aware that a termination notice would not
 16 necessarily provide a complete picture of the works at issue. *See* 42 F.R. at 45917
 17 (“[T]he registration number is intended to serve only as a means of possible
 18 assistance,” and the “name of at least one author ... will generally be sufficient for
 19 purposes of identifying the work.”). The Register of Copyrights believed that notice
 20 recipients would conduct their own investigation, stating “there is no real reason to

21 ⁶ The termination notices specifically listed the McClure Agreement, which solely pertained
 22 to the Superman newspaper Strips, and specifically listed each and every newspaper strip by
 23 date and copyright registration number for which Plaintiffs could uncover a copyright
 24 registration. *See Declaration of Michael Bergman in Support of Defendants' Motion for
 25 Summary Judgment, Exs. AA, X at pp. 325-449.*

26 ⁷ Defendants try to evade this “catch-all” provision by arguing that it runs afoul of 37 C.F.R.
 27 § 201.10(b)(3), which requires that the “information [be] specified ... without incorporation
 28 by reference of information in other documents or records.” Firstly, the termination notices
do not seek to incorporate information in other documents or records and thus the
 provision does not apply on its face. Secondly, Defendants' odd interpretation of this
 provision would tend to eviscerate the “harmless error” rule in § 201.10(e).

29 ⁸ This statement of intent to terminate every work relating to a character clearly
 30 distinguishes Plaintiffs' notices from notices of termination that lack such a statement of
 31 intent and fail to list relevant works. *Cf. Burroughs v. Metro-Goldwyn-Mayer, Inc.*, 683
 32 F.2d 610, 618 (2d Cir. 1982) (no indication existed in the record of such an intent).

1 believe that recipients of termination notices will rely on such statements rather than
 2 on their own review of the nature of the work and grant." *Id.* at 45918.⁹

3 This case is distinguishable from *Burroughs v. Metro-Goldwyn-Mayer, Inc.*
 4 ("Burroughs") 683 F.2d 610, 622 (2d Cir. 1982), where the termination notice listed
 5 thirty-five, but omitted five, Tarzan stories. In *Burroughs*, the termination notice
 6 lacked the express statement of intent, contained here in Plaintiffs' notices, to
 7 terminate *all works* relating to the character or grant in question, which was also not
 8 inferable from the limited number of works listed in the *Burroughs* notice. *Id.*
 9 Unlike the broad grants in this case, the single 1923 Burroughs grant that was
 10 terminated assigned specifically listed works, not the Tarzan character *per se*.¹⁰
 11 *Burroughs v. Metro-Goldwyn-Mayer, Inc.*, 491 F.Supp. 1320, 1322 (S.D.N.Y. 1980).
 12 Moreover, as admitted by Defendants, four of the five Tarzan works omitted from the
 13 notice of termination in *Burroughs* were not subject to the terminated April 2, 1923
 14 grant, as such works were created after that grant.¹¹ See Defendants' Reply In
 15 Support of Motion for Summary Judgment at 36:7-20. The fifth omitted work, "Son
 16 of Tarzan," was first published in serialized form in All-Story Weekly between
 17 December 4, 1915 - January 8, 1916, and appears from Plaintiffs' research not to
 18 have been renewed, injecting that work into the public domain. See Declaration of
 19 Nicholas Williamson in Opposition to Defts. Mot., ¶¶ 2-8. Thus, in *Burroughs* the
 20 omission from the termination notice of the five works was **intentional** (Order at

21 ⁹ That the Register of Copyrights expressly contemplated such an investigation contradicts
 22 Defendants' self-serving contention that "[t]he termination provisions were designed to
 23 provide advance notice of each affected work without need for investigation, much less
 24 speculation into others' intent." Defts. Mot. at 5. As this case shows, termination implicates
 a *host* of thorny issues, and the Register of Copyrights got it right in anticipating that notice
 recipients would make their own investigation. There was also no need for "speculation" as
 to Plaintiffs' intent as it was *expressly set forth* in the notice's "catch-all" statement.

25 ¹⁰ This distinguishes *Burroughs* from Patry's rationale for a less rigid approach to
 26 termination notices cited by this Court. Order at 89 (citing 3 *Patry On Copyright* § 7:45
 27 ("[R]equiring the terminating party to list separately ... all works in which the character
 appears would render the termination right meaningless. Instead, notice that reasonably
 puts the terminated party on notice of the character being terminated is sufficient.")).

28 ¹¹ Additionally, such works fall outside the 1979 termination date applicable to the notice of
 termination in *Burroughs*, as they were published in 1924 or later. See *Burroughs*, 683 F.2d
 at 618 (December 17, 1979 termination); 17 U.S.C. §304(c)(3); Zissu Decl., Ex. A at 25-27.

1 90:11-18) and/or *moot*. Defendants admit this. Zissu Decl., ¶ 8 (“The notice of
 2 termination at issue in the *Burroughs* case included only 35 works that the [heirs]
 3 could correctly list in the notice as being subject to termination.”). As such, in no
 4 event could the five omitted Tarzan works constitute inadvertent “harmless error.”

5 Lastly, the *Burroughs* decision, which it is not binding on this Court, has little
 6 persuasive value as it does not even address “harmless error.” Order at 87:15-17;
 7 *Burroughs*, 683 F.2d at 618. Defendants thus rely on the lower court’s decision,
 8 which, in denying a preliminary injunction, stated in part that the failure to list the
 9 five titles was not “harmless error.” *Burroughs*, 491 F.Supp. at 1326. This is
 10 arguably *dicta*.¹² Furthermore, the denial of a *preliminary* injunction lacks the
 11 precedential impact of a judgment, and the final decisions of the lower and appellate
 12 courts in *Burroughs* did not mention “harmless error.”¹³

13 Defendants also heavily rely on the statement in *Music Sales*, 74 F.Supp.2d at
 14 380, that “only works specified in a termination notice are terminated.” However, as
 15 *Music Sales* did not concern the failure to list any works in a termination notice, this
 16 is *dicta*, intended merely to distinguish *Music Sales* from *Burroughs*.

17 C. **The Court Properly Applied the Regulation’s “Harmless Error”**
 18 **Rule to the Facts of This Case**

19 Defendants’ straw man that the Court issued a “new rule” or “standard” is
 20 contrary to the moderate tone of the Court’s Order and its express statement that not
 21 “all termination notices with a similar catch-all provision[] will necessarily be
 22 sufficient.” Order at 91. The Court makes clear that it is simply applying the

23 ¹² The statement was unnecessary to the decision and the omissions were moot since the
 24 lower court decision focused on the fact that “the Notice was served prior to the effective
 25 date of the [1976] Act” and that “MGM was not given advance notice.” *Id.* at 1324-25.

26 ¹³ See *University of Texas v. Camenisch*, 451 U.S. 390, 395 (1981) (“The findings of fact
 27 and conclusions of law made by a court granting a preliminary injunction are not binding at
 28 trial on the merits ... [because] a preliminary injunction is customarily granted on the basis
 of procedures that are less formal and evidence that is less complete than in a trial on the
 merits”); *Irish Lesbian and Gay Org. v. Giuliani*, 143 F.3d 638, 644 (2d Cir. 1998);
Conwest Res. v. Playtime Novelties, 2007 U.S. Dist. LEXIS 35585 (N.D. Cal. May 1, 2007).
 In the same interim decision, the lower court also held that MGM’s agreement did not
 convey a copyright interest, but after trial it found the opposite, indicating the transitory
 nature of such a preliminary ruling. *Burroughs*, 519 F.Supp. 388, 390 (S.D.N.Y. 1981).

1 “harmless error” rule to the specific facts of this case,¹⁴ as contemplated by §
 2 201.10(e) and the Register of Copyrights. 42 F.R. at 45917-18. Defendants’ *parade*
 3 *of horrors* argument that the ruling will result in chaos and uncertainty is unavailing.
 4 If utter “certainty” were required, errors in the registration number or date of a work,
 5 or in describing the terminating parties, would not be cited in § 201.10(e)(2) as
 6 examples of harmless errors. Defendants’ “constructive notice” argument similarly
 7 fails as any reasonable copyright search relating to Superman would soon reveal
 8 Plaintiffs’ notices of termination, which listed thousands of Superman works.¹⁵

9 Defendants’ last-ditch effort to paint the omission of twelve strips as
 10 something other than inadvertent is also unpersuasive.¹⁶ Defendants’ “percentage”
 11 argument is similar *post hoc* artifice based on disputed “work for hire” issues
 12 determined over a decade after Plaintiffs served their termination notices, not on the
 13 vast number of works potentially subject to termination. *See* Order at 90.

14 Given the above, Plaintiffs’ inadvertent failure to include twelve newspaper
 15 strips in their notices of termination is properly excused as “harmless error.”¹⁷

16
 17 ¹⁴ Among other things, the Court considered the “peculiar nature” of the termination
 18 “involving a particular character that has been continuously exploited,” that “the [546
 19 pages of the] notice evidences a demonstrable effort at cataloguing all the related and
 20 relevant works, where the universe of those works is large,” “the explicit statement
 expressing plaintiffs’ intent to terminate the copyrights in all Superman works,” and that
 “any recipient of the termination notice would quickly understand that the plaintiffs have
 sought to reclaim the copyright in any and all Superman works.” *See* Order at 88-90.

21 ¹⁵ The unlisted strips would not likely be licensed – or even used – separately from the
 22 remaining Superman mythos, which was either terminated or still owned by Defendants.

23 ¹⁶ As Defendants cannot come up with a plausible reason for this to be anything other than
 24 an inadvertent error, they simply allege “there must have been a strategic reason for their
 25 omission,” with no support or explanation whatsoever. Defts. Mot. at 7. Defendants cite to
 26 the first date of the strips’ publication referenced in a Thompson & Thompson report
 27 ordered by one of plaintiffs’ prior attorneys. Given that the termination notice lists
 hundreds of Superman newspaper strips, this could just as well be evidence of a mistake.
 Contrary to Defendants’ arguments, one cannot impute to Plaintiffs *in 1997* knowledge of an
 expert (James Steranko) *later* retained in this case, or knowledge of a reference in
National Comics Publications, Inc. v. Fawcett Publications, Inc., 93 F.Supp. 349, 356
 (S.D.N.Y. 1950) to which Plaintiffs were not a party.

28 ¹⁷ “A motion for reconsideration should not be granted...unless the district court is
 presented with newly-discovered evidence, committed clear error, or if there is an
 intervening change in the controlling law.” *389 Orange St. Partners v. Arnold*, 179 F.3d
 656, 665 (9th Cir. 1995). *See also* L.R. 7-18.

1 **III. CONCLUSION**

2 For the foregoing reasons, Plaintiffs respectfully request that the Court deny
3 Defendants' motion for reconsideration of its August 12, 2009 Order.

4 DATED: October 9, 2009

TOBEROFF & ASSOCIATES, P.C.

6 By _____

7 Marc Toberoff

8 Attorneys for Plaintiffs JOANNE SIEGEL
9 and LAURA SIEGEL LARSON

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EXHIBIT R

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Joanne Siegel, et al v. Warner Bros Entertainment Inc., et al	PLAINTIFF(S), DEFENDANT(S).	CASE NUMBER: CV 04-08400 SGL(RZx)
NOTICE OF REASSIGNMENT OF CASE DUE TO UNAVAILABILITY OF JUDICIAL OFFICER		

To: All Counsel Appearing of Record

The Judge to whom the above-entitled case was previously assigned is no longer available.

YOU ARE HEREBY NOTIFIED that, pursuant to directive of the Chief U. S. District Judge and in accordance with the rules of this Court, the above-entitled case has been returned to the Clerk for random reassignment.

Accordingly, this case has been randomly reassigned to:

Hon. Otis D. Wright, II, U.S. District Judge for all further proceedings.
 Hon. , Magistrate Judge for:
 any discovery and/or post-judgment matters that may be referred.
 all proceedings in accordance with General Order 05-07.

Please substitute the initials of the newly assigned Judge/Magistrate Judge so that the new case number will read:

CV 04-08400 ODW(RZx). This is very important because documents are routed by the initials.

Clerk U.S. District Court

Date: November 20, 2009

By: Vangelina Pina,
Deputy Clerk

Traditionally filed subsequent documents must be filed at the: Western Southern Eastern Division.
Failure to file at the proper location will result in your documents being returned to you.