

EXHIBIT D

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13 UNITED STATES DISTRICT COURT
14 CENTRAL DISTRICT OF CALIFORNIA – EASTERN DIVISION

15 JOANNE SIEGEL and LAURA
15 SIEGEL LARSON,

16 Plaintiffs,

17 vs.

18 TIME WARNER INC., WARNER
19 COMMUNICATIONS INC.,
19 WARNER BROS.
20 ENTERTAINMENT INC.,
20 WARNER BROS. TELEVISION
21 PRODUCTION INC., DC COMICS,
21 and DOES 1-10,

22 Defendants.

Case Nos. CV 04-8400 SGL (RZx)
CV 04-8776 SGL (RZx)
Hon. Stephen G. Larson, U.S.D.J.

DEFENDANTS' NOTICE OF
MOTION AND MOTION FOR
PARTIAL SUMMARY
JUDGMENT; MEMORANDUM OF
POINTS AND AUTHORITIES AND
SCHEDULES A & B IN SUPPORT
THEREOF

[Defendants' Local Rule 56.1
Statement; Declarations of Michael
Bergman (2), Janice Cannon, Melinda
Hage, Paul Levitz, Mark Rose, Jeff
Rovin, Julie Spencer and Exhibits
Thereto; Notice of Lodging of Non-
Paper Exhibits; and [Proposed] Orders
Filed Con-currently Herewith]

25 Time: 10:00 a.m.
26 Date: July 16, 2007
26 Courtroom 1

27 AND RELATED COUNTERCLAIMS

2007 APR 30 PM 1:53
CLERK'S OFFICE, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
ATTORNEY'S
VERSUS

FILED

NOTICE OF DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT

1 TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

2 PLEASE TAKE NOTICE that on July 16, 2007, at 10:00 a.m., or as soon
3 thereafter as counsel may be heard, in Courtroom 1 of the above-entitled court
4 located at 3470 Twelfth Street, Riverside, California 92501, Defendants Time
5 Warner Inc., Warner Communications Inc., Warner Bros. Entertainment Inc.,
6 Warner Bros. Television Production Inc. and Defendant and Counterclaimant DC
7 Comics (collectively "Defendants") will and hereby do move for partial summary
8 judgment pursuant to Rule 56 of the Federal Rules of Civil Procedure seeking,
9 with respect to certain claims advanced by Plaintiffs Joanne Siegel and Laura
10 Siegel Larson ("Plaintiffs"), the Court's orders as follows:

11 In Case Nos. CV 04-8400 & CV 04-8776:

12 1. That Plaintiffs have no right under the Copyright Act to
13 obtain or share in Defendants' profits derived (a) from the foreign
14 exploitation of any new or existing Superman work, including any
15 work depicting "Superboy" or any other juvenile version of
16 Superman, (b) from the exploitation of the Superman family of
17 trademarks, or (c) from the continued exploitation of any Superman
18 derivative work, including "Superboy" or any other juvenile version
19 of Superman, created prior to the respective effective dates of
20 Plaintiffs' notices of termination served on Defendants under Section
21 304(c) of the Copyright Act;

22 2. That as a result of Plaintiffs' failure to terminate certain
23 copyrighted works within the timeframe and in the manner required
24 by the Copyright Act, Defendants remain free to use the
25 unterminated works and the elements contained therein without the
26 need to account to Plaintiffs and without infringing any of their
27 copyrights;

1 In Case No. CV 04-8776:

2 3. That the episodes of the television series *Smallville*
3 prepared on or after November 17, 2004 are not "substantially
4 similar" to, and therefore do not infringe upon, any of the
5 "Superboy" copyrights purportedly recaptured by Plaintiffs pursuant
6 to their notice of termination served on Defendants under Section
7 304(c) of the Copyright Act; and

8 In Case No. CV 04-8400:

9 4. That neither Warner Bros. Entertainment Inc. nor Time
10 Warner Inc. is the "alter ego" of DC Comics, and Plaintiffs therefore are
11 not entitled to reach any Superman-related profits of either of these two
12 defendants.

13 This Motion is made following the conference of counsel pursuant to Local
14 Rule 7-3, which took place on February 27, 2007, and in accordance with the
15 briefing schedule set forth in the Court's Order dated April 20, 2007.

16 This Motion is based on this Notice of Motion and Motion; the
17 accompanying Memorandum of Points and Authorities and Schedules "A" and
18 "B" appended thereto; Defendants' Local Rule 56.1 Statement; the Declarations
19 of Michael Bergman, Janice Cannon, Melinda Hage, Paul Levitz, Mark Rose,
20 Jeff Rovin and Julie Spencer, and the Exhibits thereto; Defendants' Notices of
21 Lodging of Non-Paper Exhibits; the Declaration of Michael Bergman pursuant to
22 Local Rule 7-17; all prior pleadings

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1 and proceedings in this matter; and all oral and written evidence to be presented
2 at the hearing, if any, on this Motion.

3
4 DATED: April 30, 2007 Respectfully submitted,
5 FROSS ZELNICK LEHRMAN & ZISSU, P.C.

6 -and-

7
8 PERKINS LAW OFFICE, P.C.

9 -and-

10 WEISSMANN WOLFF BERGMAN
11 COLEMAN GRODIN & EVALL LLP

12 By: Michael Bergman
13 Michael Bergman
14 *Attorneys for Defendants and Counterclaimant*

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TABLE OF CONTENTS

2	OVERVIEW	1
3	SUMMARY JUDGMENT STANDARD.....	4
4	FACTUAL BACKGROUND.....	5
5	A. The Origins of Superman and Superboy	5
6	1. <i>Action Comics No. 1</i> and Siegel and Shuster's Grants to DC	5
7	2. The Development of Superman by DC.....	7
8	B. Superboy.....	8
9	C. The Trademarks.....	10
10	D. The Prior Litigation Between the Parties' Predecessors.....	11
11	1. The Westchester Action	11
12	2. The Prior Federal Action.....	13
13	TERMINATION RIGHTS UNDER §304(c) OF THE 1976 ACT	13
14	PLAINTIFFS' NOTICES OF TERMINATION AND FILING OF THESE ACTIONS	15
15	A. Superman.....	15
16	B. Superboy.....	16
17	LEGAL ARGUMENTS ON DEFENDANTS' MOTIONS FOR PARTIAL SUMMARY JUDGMENT	17
18	I. PLAINTIFFS HAVE NO RIGHT TO OBTAIN OR SHARE IN PROFITS FROM (a) THE FOREIGN EXPLOITATION OF ANY NEW OR EXISTING SUPERMAN OR SUPERBOY WORKS, (b) THE EXPLOITATION OF THE SUPERMAN FAMILY OF TRADEMARKS, OR (c) THE EXPLOITATION OF ANY SUPERMAN OR SUPERBOY DERIVATIVE WORK CREATED PRIOR TO THE EFFECTIVE TERMINATION DATES.....	17
19	A. Summary of Argument.....	17
20	B. The Established Copyright Framework in Which Termination Must be Considered	18
21	1. Copyright Protection and Exclusive Rights	18
22	2. Rights of Co-Owners Of Copyright.....	18

1	3. Derivative Works	19
2	4. National Treatment and Territorial Nature of the United States Copyright Act.....	20
3	C. As a Matter of Law, Plaintiffs Can Terminate Only Grants of <i>Domestic, Copyright</i> Rights	21
4	1. Foreign Copyright Rights Are Not Subject to Termination 21	
5	2. Trademark Rights Also Cannot Be Affected by Termination Under Section 304(c)	26
6	D. As a Matter of Law, Defendants Are Entitled to Continue to Exploit Superman and Superboy Derivative Works Created Before the Effective Dates of the Respective Terminations Without Sharing With Or Accounting to Plaintiffs For the Revenues Derived Therefrom	26
7	E. Relief Requested.....	28
8	II. AS A RESULT OF PLAINTIFFS' FAILURE TO TERMINATE CERTAIN COPYRIGHTED SUPERMAN AND SUPERBOY WORKS WITHIN THE TIMEFRAME AND IN THE MANNER REQUIRED BY THE COPYRIGHT ACT, DEFENDANTS REMAIN FREE TO USE THE UNTERMINATED WORKS OR THE ELEMENTS CONTAINED THEREIN WITHOUT THE NEED TO ACCOUNT TO PLAINTIFFS AND WITHOUT INFRINGING ANY OF THEIR COPYRIGHTS	29
9	A. Summary of Argument.....	29
10	B. Termination Notice Requirements	30
11	C. Additional Factual Background: The Effective Dates and Contents of the Termination Notices	32
12	1. The Superman Notices	32
13	2. The Superboy Notice	32
14	D. Failure to Comply With the Time Periods Imposed By Section 304(c) and With the Regulations Promulgated Thereunder Results in the Original Copyright Grants Remaining Intact	33
15	1. The "Effective Date" Provision of Section 304(c) Operates as a Statute of Limitations, Imposing an Absolute Limitation on Termination	34
16	2. Failure to Identify Any Allegedly Terminated Works in the Notices Results in the Copyrights Grants to Those Works Remaining in Effect	37

1	E. DC Retains the Unfettered Right to Use All Copyrightable Elements in the Superman and Superboy Works That Have Not Been Terminated	38
2		
3		
4	F. Any Attempt By Plaintiffs to Invoke the "Harmless Error" Rule With Respect to the Timing and Content of the Notices Must Fail.....	39
5		
6	G. Relief Requested.....	42
7		
8	III. THE POST-TERMINATION EPISODES OF <i>SMALLVILLE</i> ARE NOT "SUBSTANTIALLY SIMILAR" TO, AND THEREFORE DO NOT INFRINGE UPON, ANY OF PLAINTIFFS' PURPORTEDLY RECAPTURED SUPERBOY COPYRIGHTS	43
9		
10	A. Summary of Argument.....	43
11	B. Additional Factual Background.....	44
12	1. The Pitch	44
13	2. The Prior Superman Publications	44
14	3. The Superboy Script.....	44
15	4. <i>More Fun Comics No. 101</i>	45
16	5. The <i>Smallville</i> Television Series.....	46
17	C. Plaintiffs' Superboy Notice and Copyright Infringement Claim	47
18	D. Judge Lew's Prior Summary Judgment Order	48
19	E. Plaintiffs' Discovery Responses Concerning Infringement.....	49
20	F. As a Matter of Law, the Post-Termination Episodes of <i>Smallville</i> Do Not Infringe Upon Any Copyright Interests Recaptured and Owned By Plaintiffs	53
21		
22	1. The Standards for Copyright Infringement.....	53
23	a. Background.....	53
24	b. "Substantial Similarity" – The Required Comparison and Dissection of the Works	55
25	c. Methodology and Analytic Tools for Filtering Out Unprotected Material in the Required Comparison.....	57
26		
27	2. There is No "Substantial Similarity" Between <i>Smallville</i> and Plaintiffs' Works	60
28		

1	a.	Setting	62
2	b.	Characters	64
3	c.	Plot and Sequence of Events.....	71
4	d.	Themes.....	74
5	e.	Mood	74
6	..	f. Pace	74
7	g.	Dialogue	75
8	G.	Relief Requested.....	75
9	IV.	NEITHER WARNER BROS. ENTERTAINMENT INC. NOR TIME WARNER INC. IS THE "ALTER EGO" OF DC, AND PLAINTIFFS THEREFORE ARE NOT ENTITLED TO REACH THE SUPERMAN-RELATED PROFITS OF EITHER OF THESE DEFENDANTS	76
10	A.	Summary of Argument.....	76
11	B.	Additional Factual Background.....	77
12	1.	Corporate History and Structure of DC	77
13	2.	Relationship of TWI and WBEI to DC.....	77
14	3.	DC's Licensing of Superman.....	80
15	C.	The Operative Allegations Against TWI and WBEI	81
16	D.	The Undisputed Facts Establish That Neither TWI Nor WBEI is Obligated to Account to or Share With Plaintiffs Its Profits From the Superman Property	82
17	1.	Plaintiffs Are Not Entitled to an Accounting from WBEI, Which is Simply a Licensee of DC with Respect to Superman	82
18	a.	Joint Owners of a Copyright are Not Entitled to an Accounting from their Co-owner's Licensees.....	82
19	b.	Notwithstanding Plaintiffs' Allegation that WBEI is an "Effective Joint Owner" of Superman, if the Superman Notices are Effective, then — <i>as a</i> <i>Matter of Law</i> — WBEI Can Only be a Licensee of DC.....	84
20	2.	Neither TWI nor WBEI is the <i>Alter Ego</i> of DC	88
21			
22			
23			
24			
25			
26			
27			
28			

1	a.	Plaintiffs Cannot Meet The First Prong Of The Alter Ego Test Because They Cannot Demonstrate Sufficient Unity Of Interest Between TWI, WBEI and DC	90
2	b.	Plaintiffs Cannot Demonstrate That Upholding DC's Separate Identity Will Result In An Inequity....	93
3	E.	Relief Requested.....	96
4	CONCLUSIONS.....		96
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			

TABLE OF AUTHORITIES

FEDERAL CASES

Page(s)

FEDERAL CASES

4	<i>Akzona, Inc. v. E.I. DuPont DeNemours and Co.,</i>	
5	607 F. Supp. 227 (D. Del. 1984).....	92
6	<i>Aliotti v. R. Dakin & Co.,</i>	
7	831 F.2d 898 (9 th Cir. 1987)	57
8	<i>Ameritec Corp. v. Ameritech Corp.,</i>	
9	1986 U.S. Dist. LEXIS 26195 (C.D. Cal. 1986)	94
10	<i>Anin v. Reno,</i>	
11	188 F.3d 1273 (11th Cir. 1999).....	36
12	<i>Apple Computers, Inc. v. Microsoft Corp.,</i>	
13	35 F.3d 1435 (9th Cir. 1994)	54, 57, 58, 59
14	<i>Ashton-Tate v. Ross,</i>	
15	916 F.2d 516 (9th Cir. 1990)	83
16	<i>Berkic v. Crichton,</i>	
17	761 F.2d 1289 (9th Cir. 1985)	56, 57, 60, 71
18	<i>Board of Trustees of Mill Cabinet Pension Trust Fund for N. Cal. v. Valley Cabinet & Manufacturing Co.,</i>	
19	877 F.2d 769 (9th Cir. 1988)	93, 94, 95
20	<i>Bodenstab v. J.R. Blank & Associate, Inc.,</i>	
21	1989 U.S. Dist. LEXIS 8554 (N.D. Ill. 1989)	86
22	<i>Burkitt v. Flawless Records, Inc.,</i>	
23	2005 U.S. Dist. LEXIS 11986 (E.D. La. 2005).....	86, 87
24	<i>Burroughs v. Metro-Goldwyn-Mayer, Inc.,</i>	
25	683 F.2d 610 (2d Cir. 1981)	37, 38, 39, 41, 62, 71
26	<i>Calvert v. Huckins,</i>	
27	875 F. Supp. 674 (E.D. Cal. 1995)	92
28	<i>Cambridge Electrics Corp. v. MGA Electrics, Inc.,</i>	
	227 F.R.D. 313 (C.D. Cal. 2004).....	90, 91
	<i>Cavalier v. Random House,</i>	
	297 F.3d 815 (9th Cir. 2002)	57, 59

1	<i>Chevron U.S.A. Inc. v. National Resources Defense Council,</i> 467 U.S. 837 (1984).....	40
2	<i>Community for Creative Non-Violence v. Reid,</i> 490 U.S. 730 (1989).....	40
3	<i>Cosgrove v. Warner Brothers Inc.,</i> 13 U.S.P.Q. 2d 1555 (E.D.N.Y. 1989)	59
4	<i>Creative Tech., Ltd. v. Aztech System Pte., Ltd.,</i> 61 F.3d 696 (9th Cir. 1995)	21
5	<i>Davidson v. Time Warner, Inc.,</i> 1997 U.S. Dist. LEXIS 21559 (S.D. Tex. 1997)	93
6	<i>Doe v. Unocal Corp.,</i> 248 F.3d 915 (9th Cir. 2001)	91
7	<i>Faulkner v. National Geographic Social,</i> 211 F. Supp. 2d 450 (S.D.N.Y. 2002)	36, 40
8	<i>Feist Publs., Inc. v. Rural Telegraph Serv. Co.,</i> 499 U.S. 340 (1991).....	18
9	<i>Fletcher v. Atex, Inc.,</i> 68 F.3d 1451 (2d Cir. 1995)	91
10	<i>Fred Ahlert Music Corp. v. Warner-Chappell Music, Inc.,</i> 155 F.3d 17 (2d Cir. 1998)	22, 26, 27
11	<i>Fred Ahlert Music Corp. v. Warner/Chappell Music, Inc.,</i> 958 F. Supp. 170 (S.D.N.Y. 1997)	22
12	<i>Frybarger v. International Bus. Machine Corp.,</i> 812 F.2d 525 (9th Cir. 1987)	54
13	<i>Funky Films, Inc. v. Time Warner Entertainment Co., L.P.,</i> 462 F.3d 1072 (9th Cir. 2006)	55, 56, 57, 59, 60, 61, 63, 65
14	<i>Haskell v. Time, Inc.,</i> 857 F. Supp. 1392 (E.D. Cal. 1994)	93, 94
15	<i>Herbert Rosenthal Jewelry Corp. v. Honora Jewelry Co.,</i> 509 F.2d 64 (2d Cir. 1974)	59
16	<i>Hogan v. DC Comics,</i> 983 F. Supp. 82 (S.D.N.Y. 1997)	58
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		

1	<i>Idema v. Dreamworks, Inc.</i> , 162 F. Supp. 2d 1129 (C.D. Cal. 2001)	58, 59, 65
2	<i>Itar-Tass Russian News Agency, Inc. v. Russian Kurier, Inc.</i> , 153 F.3d 82 (2d Cir. 1988)	20
3	<i>Jasper v. Sony Music Entertainment, Inc.</i> , 378 F. Supp. 2d 334 (S.D.N.Y. 2005)	83, 84
4	<i>Joiner v. Ryder System</i> , 966 F. Supp. 1478 (C.D. Ill. 1996)	91
5	<i>Katzir's Floor and Home Design, Inc. v. M-MLS.com</i> , 394 F.3d 1143 (9th Cir. 2004)	90
6	<i>Kouf v. Walt Disney Pictures & Television</i> , 16 F.3d 1042 (9th Cir. 1994)	56, 65, 71
7	<i>Lindsay v. R.M.S. Titanic, Inc. et al.</i> , 1999 U.S. Dist. LEXIS 15837 (S.D.N.Y. 1999)	84
8	<i>Litchfield v. Spielberg</i> , 736 F.2d 1352 (9th Cir. 1984)	60
9	<i>Los Angeles News Serv. v. Reuters Television International, Ltd.</i> , 149 F.3d 987 (9th Cir. 1998)	24
10	<i>McLeod v. Hosmer-Dorrance, Inc.</i> , 1976 U.S. Dist. LEXIS 12289 (N.D. Cal. 1976)	89
11	<i>Metclaf v. Bochco</i> , 294 F.3d 1069 (9th Cir. 2002)	57, 58
12	<i>Metro-Goldwyn-Mayer Studios, Inc. v. Peters</i> , 309 F. Supp. 2d 48 (D.D.C. 2004), <i>aff'd</i> 2005 U.S. App. LEXIS 5664 (D.C. Cir. Apr. 8, 2005)	36, 37
13	<i>Microsoft Corp. v. Grey Computer</i> , 910 F. Supp. 1077 (D. Md. 1995)	85
14	<i>Mills Music, Inc. v. Snyder et al.</i> , 469 U.S. 153 (1985)	27, 28
15	<i>Milne v. Stephen Slesinger, Inc.</i> , 430 F.3d 1036 (9th Cir. 2005)	14
16	<i>Nichols v. Universal Pictures Corp.</i> , 45 F.2d 119 (2d Cir. 1930)	58, 64

1	<i>Nielson v. Union Bank of California, N.A.</i> , 290 F. Supp. 2d 1101 (C.D. Cal. 2003).....	89, 91, 94
2		
3	<i>Oddo v. Ries</i> , 743 F.2d 630 (9th Cir. 1984).....	19, 25, 50, 83
4		
5	<i>Prussner v. United States</i> , 896 F.2d 218 (7th Cir. 1990).....	35
6		
7	<i>Pye v. Mitchell</i> , 574 F.2d 476 (9 th Cir. 1978)	19
8		
9	<i>Rice v. Fox Broadcasting Co.</i> , 330 F.3d 1170 (9th Cir. 2003).....	54, 62, 64, 71
10		
11	<i>Robert Stigwood Group Ltd. v. O'Reilly</i> , 530 F.2d 1096 (2d Cir. 1976)	24
12		
13	<i>Satava v. Lowry</i> , 323 F.3d 805 (9th Cir. 2003).....	59
14		
15	<i>Seymour v. Hull & Moreland Engineering</i> , 605 F.2d 1105 (9th Cir. 1979)	93
16		
17	<i>Shaw v. Lindheim</i> , 809 919 F.2d 1353 (9 th Cir. 1990)	55, 56, 57
18		
19	<i>Sid & Marty Krofft Television Products, Inc. v. McDonald's Corp.</i> , 562 F.2d 1157 (9th Cir. 1977)	56, 57
20		
21	<i>Siegel v. National Periodical Publications, Inc.</i> , 364 F. Supp. 1032 (S.D.N.Y. 1973)	13
22		
23	<i>Siegel v. National Periodical Publications, Inc.</i> , 508 F.2d 909 (2d Cir. 1974)	13
24		
25	<i>Silvers v. Sony Pictures Entertainment, Inc.</i> , 402 F.3d 881 (9th Cir. 2005)	85
26		
27	<i>Sinicola v. Warner Brothers, Inc.</i> , 948 F. Supp. 1176 (E.D.N.Y. 1996).....	59
28		

1	<i>Stewart v. Abend</i> , 495 U.S. 207 (1990).....	20
2		
3	<i>Subafilms, Ltd. v. MGM-Pathe Communications Co.,</i> , 24 F.3d 1088 (9th Cir. 1994)	20, 21
4		
5	<i>Swirsky v. Carey</i> , 376 F.3d 841 (9th Cir. 2004)	56
6		
7	<i>Three Boys Music Corp. v. Bolton</i> , 212 F.3d 477 (9th Cir. 2000)	54
8		
9	<i>United State v. Boyle</i> , 469 U.S. 241, 83 L. Ed. 2d 622, 105 S. Ct. 687 (1985)	35
10		
11	<i>United States v. Haggar Apparel Co.</i> , 526 U.S. 380 (1999).....	40
12		
13	<i>United States v. Locke</i> , 471 U.S. 84 (1985).....	34, 35
14		
15	<i>Wady v. Provident Life & Accident Insurance Co. of America</i> , 216 F. Supp. 2d 1060 (C.D. Cal. 2002).....	5, 91, 92, 96
16		
17	<i>Walker v. Time Life Films, Inc.</i> , 784 F.2d 44 (2d Cir. 1986)	58
18		
19	<i>Walt Disney Products v. Air Pirates</i> , 581 F.2d 751 (9th Cir. 1978)	64
20		
21	<i>Wang Labs, Inc. v. Mitsubishi Elecs., Am., Inc.</i> , 860 F. Supp. 1448 (C.D. Cal. 1993)	4
22		
23	<i>Warner Bros., Inc. v. American Broad. Co.</i> , 720 F.2d 231 (2d Cir. 1983)	59
24		
25	<i>Warner Bros., Inc. v. American Broad. Co.</i> , 654 F.2d 204 (2d Cir. 1981)	8, 65, 71
26		
27	<i>Wechsler v. Macke International Trade, Inc.</i> , 327 F. Supp. 2d 1139 (C.D. Cal. 2004)	95
28		

1	<i>Williams v. Crichton</i> , 84 F.3d 581 (2d Cir. 1996)	59
2		
3	<i>Woods v. Bourne</i> , 60 F.3d 978 (2d Cir. 1995)	28
4		
5	<i>Zuill v. Shanahan</i> , 80 F.3d 1366 (9th Cir. 1996)	19, 25, 83
6		
7		
	STATE CASES	
8	<i>Brown v. Republic Products, Inc.</i> , 26 Cal. 2d 867 (1945)	83
9		
10	<i>Doney v. TRW, Inc.</i> , 33 Cal. App. 4th 245 (1995)	95
11		
12	<i>Laird v. Capital Cities/ABC, Inc.</i> , 68 Cal. App. 4th 727 (1998)	89
13		
14	<i>Las Palmas Assoc. v. Las Palmas Center Assoc.</i> , 235 Cal. App. 3d 1220 (1991)	89
15		
16	<i>Mesler v. Bragg Management Co.</i> , 39 Cal. 3d 290 (1985)	88
17		
18	<i>Mid-Century Insurance Co. v. Gardner</i> , 9 Cal. App. 4th 1205 (1992)	89, 91
19		
20	<i>Sonora Diamond Corp. v. Superior Court</i> , 83 Cal. App. 4 th 523 (2000)	89, 90, 95
21		
22	<i>Tomaselli v. Transamerica Insurance Co.</i> , 25 Cal. App. 4th 1269 (1994)	90
23		
	FEDERAL STATUTES	
24	<u>1909 Copyright Act</u>	
25	17 U.S.C. § 7 (repealed)	10, 19
26	<u>1976 Copyright Act</u>	
27	17 U.S.C. § 101	19
28	17 U.S.C. § 102(b)	18, 57

1	17 U.S.C. § 103(b)	19, 54
2	17 U.S.C. § 104(b)	20
3	17 U.S.C. § 106	18, 19
4	17 U.S.C. § 111(d)(4)(A)	36
5	17 U.S.C. § 201	85
6	17 U.S.C. § 201(a) & (b)	19
7	17 U.S.C. § 201(e)	85
8	17 U.S.C. § § 203(b)(1), (5)	21
9	17 U.S.C. § 304(c)	passim
10	17 U.S.C. § § 304(c)(3)	31, 36
11	17 U.S.C. § § 304(c)(4)(A)	29, 30, 31
12	17 U.S.C. § § 304(c)(4)(B)	31, 37, 41
13	17 U.S.C. § 304(c)(6)(A)	26, 27
14	17 U.S.C. § § 304(c)(6)(A), (E)	17
15	17 U.S.C. § 304(c)(6)(E)	21, 24, 26
16	17 U.S.C. § 501(a)	53
17	17 U.S.C. § 501 <i>et seq.</i>	18
18	<u>Copyright Act Legislative History</u>	
19	H.R. Rep. No. 94-1476, 20 94 th Cong. 2d Sess. (1976)	14, 17, 18, 19, 20, 21, 27, 40, 58
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23	Supplementary Register's Report on the General Revision 24 of U.S. Copyright Law	14
25	<u>Other Statutes</u>	
26	43 U.S.C. § 1744(a)	34
27	Bern Convention Implementation Act of 1988, Publ. L. No. 100-568, 102 Stat. 28 2853 (1988) 20	

1	<u>Rules</u>	
2	26 C.F.R. § 20-2032A-8(a)(3)	35
3	37 C.F.R. § 201.3(c)(15)	31
4	37 C.F.R. § 201.10(b)(ii) and (iv).....	30
5	37 C.F.R. § 201.10() (1)(ii).....	37
6	37 C.F.R. § 201.10(e).....	39, 41
7	37 C.F.R. § 201.10(e)(1).....	39, 41
8	37 C.F.R. § 201.10(e)(2).....	41
9	37 C.F.R. § 202.1(a).....	62
10	37 C.F.R. § 210.10	31
11	37 C.F.R. § 210(b)(iv).....	31
12	37 C.F.R. § 210.10() (1)(ii).....	29, 31, 37
13	37 C.F.R. § 210.10(e)(1).....	41
14	<u>Treatises</u>	
15	Howard B. Abrams, <i>The Law of Copyright</i> (2006), § 12:41	2, 26
16	Paul Geller & Melville B. Nimmer, <i>International Copyright Law and Practice</i> (2005) § 6[2][a][i], fn. 70	23, 26
17	Paul Goldstein, <i>Goldstein on Copyright</i> (3d ed. 2006), § 5.4.3 at 5:135	23, 26
18	Robert A. Gorman & Jane C. Ginsburg, <i>Copyright: Cases & Materials</i> (6 th ed. 2006), 376-77	23
19	Melville B. Nimmer & David Nimmer, <i>Nimmer on Copyright</i> (2005)	
20	§ 6.03	19
21	6.10	1
22	6.12[B]	83
23	9.05[b][1]	36
24	11.02[B][2]	22, 26
25	11.06(B) at 11-40 n.33 (1981)	37
26	11.09	33
27	§ 13.03[B][4] at 13-88.7	58
28		

1	William F. Patry,	
2	<i>Choice of Law and International Copyright (2000)</i>	
2	48 Am.J.Comp.L. (2000) at 383, 447	22
3	<i>Copyright Law & Practice (2004)</i> at 495-97.....	22, 26
4	<i>Latman's The Copyright Law</i> (6 th ed. 1986) at 109	14, 20
5	<i>Patry on Copyright (2006)</i> , § 7:45 & n.5	23
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MEMORANDUM OF POINTS AND AUTHORITIES

Defendants Time Warner Inc., Warner Communications Inc., Warner Bros. Entertainment Inc., Warner Bros. Television Production Inc., and Defendant and Counterclaimant DC Comics (collectively "Defendants") respectfully move for partial summary judgment in Case Nos. CV 04-8400 SGL (the "Superman Action") and CV 04-8776 SGL (the "Superboy Action"), with respect to certain claims advanced by Plaintiffs Joanne Siegel and Laura Siegel Larson ("Plaintiffs").

OVERVIEW

As the Court is aware, these cases involve the iconic comic book hero “Superman,” who first made his public appearance in 1938, and who has loomed large in the popular cultural consciousness ever since. In the past 70 years, through careful development and marketing by his publishers, Superman’s exploits have been chronicled in newspapers, television, radio and film, and the Superman “mythology” has been expanded and deepened through each of the iterations of his story. Plaintiffs are the widow and daughter of Jerome Siegel (“Siegel”), one of the two original creators of Superman. Pursuant to Section 304(c) of the 1976 Copyright Act, Plaintiffs seek to recapture, as of specified dates, certain copyright interests in the earliest version of Superman, which Siegel originally conveyed to defendant DC Comics (“DC”) and its predecessors in 1938. But Plaintiffs’ sights are not set on Superman alone; instead, they have filed two separate actions, against overlapping Defendants,¹ asserting two different types of copyright interests: Thus, Plaintiffs claim a 50% copyright ownership interest in “Superman,” including all of his world of new characters, exploits and settings added by DC since 1938, and a 100% copyright interest in “Superboy,” a later juvenile version of the same Superman character as developed by DC with other writers and artists.

28 ¹ Warner Communications Inc. and Warner Bros. Television Production Inc. are not named in the Superman Action and are defendants only in the Superboy Action.

1 In the Superman Action, Plaintiffs claim to have terminated Siegel's prior
2 "Superman" copyright grants to DC and its predecessors effective as of April 16,
3 1999. Plaintiffs acknowledge, as they must, that DC remains a co-proprietor of the
4 Superman copyrights, and has a continuing right to exploit those copyrights.
5 Accordingly, in the Superman Action Plaintiffs seek an accounting and a one-half
6 share of Defendants' profits generated from the exploitation of those copyrights
7 after the effective date of their purported termination.

8 In the Superboy Action, Plaintiffs claim to have terminated Siegel's alleged
9 prior "Superboy" copyright grants to DC and its predecessors effective as of
10 November 17, 2004. In that case, Plaintiffs claim to be the *exclusive* owners of the
11 purportedly recaptured rights, and allege that Defendants have no continuing right
12 to exploit any of the "Superboy copyrights" without their permission.
13 Accordingly, in the Superboy Action Plaintiffs seek damages and injunctive relief
14 for Defendants' alleged infringement of their Superboy copyrights after the
15 effective date of their purported termination.

16 While Plaintiffs certainly are entitled to pursue whatever rights and remedies
17 might be afforded to them under the Copyright Act – and while Defendants have
18 no quarrel with their attempt to exercise those rights to the full extent permitted by
19 the relevant statutory scheme – what Plaintiffs *actually* are trying to recover in
20 these two actions is much more than either the statutes or established copyright law
21 allow. In a classic example of overreaching, Plaintiffs claim an entitlement to a
22 share of the revenue from *the worldwide exploitation of all aspects of the*
23 *Superman mythology* as of the purported termination dates – in blatant disregard of
24 the fact that the vast bulk of the revenues they claim are *specifically excluded* from
25 reach by the very statute on which they base their claims of termination.

26 Defendants have consistently acted in good faith towards Plaintiffs in
27 connection with their termination rights. Indeed, the parties resolved and settled
28 all of Plaintiffs' claims over five years ago, in a multi-million dollar settlement that

1 Plaintiffs repudiated at the last moment – a settlement which DC seeks to enforce
2 in these actions. But *even if* the parties' settlement agreement is not enforced,
3 Plaintiffs' recovery in both these actions must be limited as required by Section
4 304(c) and long-standing copyright precedent to an allocable share of the profits of
5 defendant DC *only*, generated from DC's *domestic* exploitation of *new works*
6 created after the effective date of the termination, and then only to the extent the
7 new works are not based on non-terminated works in which DC retains an
8 exclusive copyright ownership interest. That is, Defendants contend that *even if*
9 *Plaintiffs are successful in their termination claims, as a matter of law they are*
10 *entitled to recover far less than they have alleged in their complaints.*

11 Accordingly, Defendants bring this Motion for Partial Summary Judgment to
12 properly delineate, pursuant to established copyright law, the scope and nature of
13 any recovery Plaintiffs may be entitled to at trial.

14 In particular, Defendants assert that the uncontested facts, as well as
15 settled copyright doctrine and precedent, establish, as a matter of law, that:

16 1. Plaintiffs have no right under the Copyright Act to obtain
17 or share in Defendants' profits derived from (a) the foreign
18 exploitation of any new or existing Superman work, including any
19 work depicting "Superboy" or any other juvenile version of Superman,
20 (b) the exploitation of the Superman family of trademarks, or (c) from
21 the continued exploitation of any Superman derivative work created
22 prior to the respective effective termination dates, including any work
23 depicting "Superboy" or any other juvenile version of Superman.

24 2. As a result of Plaintiffs' failure to terminate certain
25 copyrighted works within the timeframe and in the manner required
26 by the Copyright Act, Defendants remain free to use the unterminated
27 works and the elements contained therein without the need to account
28 to Plaintiffs and without infringing any of their copyrights.

1 3. The post-termination episodes of the television series
2 *Smallville* are not “substantially similar” to, and therefore do not
3 infringe upon, any of Plaintiffs’ purportedly recaptured Superboy
4 copyrights.

5 4. Neither Warner Bros. Entertainment Inc. nor Time
6 Warner Inc. is the “alter ego” of DC, and Plaintiffs therefore are not
7 entitled to reach any Superman-related profits of either of these
8 defendants.

9 The first two grounds apply to both the Superman and the Superboy Actions.
10 The third ground – regarding non-infringement of the *Smallville* television series –
11 concerns the Superboy Action only. And the fourth ground – regarding “alter ego”
12 – applies to the Superman Action only.

13 **SUMMARY JUDGMENT STANDARD**

14 Rule 56(a) of the Federal Rules of Civil Procedure provides that “[a] party
15 against whom a claim . . . is asserted . . . may, at any time, move with or without
16 supporting affidavits for a summary judgment in the party’s favor *as to all or any*
17 *part thereof.*” (Emphasis added.) The standards and procedures for a partial
18 summary judgment are the same as those for summary judgment. *See Wang Labs.,*
19 *Inc. v. Mitsubishi Elecs., Am., Inc.*, 860 F. Supp. 1448, 1450 (C.D. Cal. 1993)
20 (citing Schwarzer, Tashima & Wagstaffe, *Federal Civil Procedure Before Trial*, at
21 14:33 (The Rutter Group 2005)).

22 A motion for summary judgment must be granted when “the pleadings,
23 depositions, answers to interrogatories, and admissions on file, together with the
24 affidavits, if any, show that there is no genuine issue as to any material fact and
25 that the moving party is entitled to a judgment as a matter of law.” Fed. R. Civ. P.
26 56(c). A party seeking summary judgment bears the initial burden of informing
27 the court of the basis of its motion and of identifying those portions of the
28 pleadings and discovery responses that demonstrate the absence of a genuine issue

1 of material fact. *Wady v. Provident Life & Accident Ins. Co. of Am.*, 216 F. Supp.
2 2d 1060, 1065 (C.D. Cal. 2002). However, on an issue where the nonmoving party
3 will have the burden of proof, the movant can prevail merely by pointing out that
4 there is an absence of evidence to support the nonmoving party's case. *Id.*
5 Accordingly, the nonmoving party is thereafter required to demonstrate, by
6 admissible evidence, the specific facts showing that there is a genuine issue for
7 trial. *Id.* See also F.R.Civ.P. 56(e). The evidence presented must be *admissible*;
8 conclusory or speculative testimony in affidavits and moving papers is *insufficient*
9 to raise genuine issues of fact and defeat summary judgment. *Id.*

10 **FACTUAL BACKGROUND²**

11 **A. The Origins of Superman and Superboy**

12 **1. Action Comics No. 1 and Siegel and Shuster's Grants to DC**

13 In the 1930s, Plaintiffs' predecessor, Siegel, along with his creative partner,
14 artist Joseph Shuster ("Shuster"), jointly conceived of and created a cartoon strip
15 that ultimately became the first Superman story. (See Declaration of Paul Levitz
16 ("Levitz Decl."), ¶ 4.) Their proposed syndicated strip of Superman was rejected
17 numerous times over several years by a number of different publishers; but in 1938
18 Detective Comics, Inc. ("Detective"), the predecessor-in-interest to DC, agreed to
19 publish Superman in its upcoming new comic book series, *Action Comics*. (*Id.*)³
20 Accordingly, on March 1, 1938, Siegel and Shuster executed an assignment to
21

22 ² The uncontested facts summarized in this section are relevant as background and
23 as to each of the several independent grounds advanced for partial summary judgment.
24 Those uncontested facts that are relevant to only one of the several grounds advanced
25 in this motion are addressed separately in the section discussing that particular ground.
26 All of these facts, and the evidentiary support for the facts, is set forth in Defendants'
27 Separate Statement of Uncontested Facts and Conclusions of Law submitted with this
28 motion.

29 ³ Siegel and Shuster had been providing Detective with comic book features since late
30 1935, and had entered into an agreement with Detective in December 1937, which
31 provided that "any new and additional features which [Siegel and Shuster] produce for
32 use in a comic magazine are to be first submitted to [Detective]." Siegel and Shuster
33 submitted their Superman strip to Detective under the December 1937 agreement.
34 (Levitz Decl. ¶ 4; see also Exhibit A to the Declaration of Michael Bergman in Support
35 of Defendants' Motion for Partial Summary Judgment ("Bergman Decl.").)

1 Detective of all of their rights in Superman and in any previously created work
2 employing that character (the “1938 Assignment”) (Levitz Decl. ¶ 5; Bergman
3 Decl. Exh. B.)

4 At Detective’s instruction, Siegel and Shuster expanded and adapted their
5 existing Superman strips into a format suitable for a comic book, and Detective
6 announced the debut of its *Action Comics* series, and Superman, in full page
7 announcements in its May, 1938 issues of some of its existing publications.

8 (Levitz Decl. ¶ 5; Bergman Decl. Exhs. C, D).⁴ The first Superman story was
9 published by Detective on April 18, 1938 in *Action Comics No. 1*, which had a
10 cover date of June 1938. (Levitz Decl. ¶ 5; Bergman Decl. Exh. E.)

11 Thereafter, Siegel and Shuster agreed to provide additional Superman stories
12 and artwork for subsequent issues of *Action Comics*, and on September 22, 1938,
13 entered into two further agreements with Detective (collectively the “September
14 1938 Agreements”), which specifically related to Superman and other named
15 characters. (Bergman Decl. Exhs. F, G.) The first agreement reaffirmed
16 Detective’s copyright ownership of Superman, and “employ[ed] and retain[ed]”
17 Siegel and Shuster to continue creating the Superman comics, among others. (*Id.*
18 Exh. F). Siegel and Shuster agreed that they would not exploit Superman on their
19 own, including outside of the United States, and also that, if they created artwork
20 or continuity for any comics or strips containing the Superman character or “in any
21 wise similar thereto,” they would furnish such material exclusively to Detective for
22 the duration of such agreement. Siegel and Shuster also agreed that, if they created
23 any *other* material suitable for comics, Detective had the right to publish it. (*Id.*
24 Exh. F). The second agreement included the McClure Newspaper Syndicate as an
25 additional party and added the terms under which Siegel and Shuster would

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27 ⁴ *More Fun Comics No. 31*, published on April 5, 1938 (Bergman Decl. Exh. C), and
28 *Detective Comics No. 15*, published on April 8, 1938 (*id.* Exh. D), both contained full-
page ads which reproduced the cover of the soon to be published first issue of *Action
Comics* (the “Announcements”). The Announcements are described and discussed in
more detail in Argument Section II, *infra*.

1 prepare Superman newspaper comic strips, as well as a provision in which they
2 acknowledged Detective's right to sell such strips to foreign newspapers. (*Id.* Exh.
3 G). Both Agreements make clear that Siegel and Shuster were to furnish
4 Superman comics *only* to Detective. (*Id.* F, G.)

5 2. The Development of Superman by DC

6 The initial graphic representations of the Superman character in 1938, in a
7 simple cartoon style, presented his adventures with a limited number of characters
8 in settings that had the look and feel of that particular period. (Bergman Decl.
9 Exh. E; Levitz Decl. ¶ 6.) From *Action Comics No. 1* we know only that he is a
10 "champion of the oppressed" who was sent as an infant to Earth aboard a space
11 ship from an unnamed distant planet destroyed by old age. (Bergman Decl. Exh.
12 E). Superman is depicted as secretly possessed of extraordinary physical abilities,
13 including superhuman strength and the ability to leap 1/8th of a mile, hurdle a
14 twenty-story building and run faster than an express train. (*Id.*) In his ordinary
15 life, the character is depicted as a cowardly newspaper reporter known as Clark
16 Kent, and in his alter ego, Superman is a costumed heroic figure using his
17 extraordinary physical abilities to fight against crime. (*Id.*)

18 In the almost 70 years since the publication of *Action Comics No. 1*, DC has
19 authored or supervised the creation of, and has published and distributed,
20 thousands of other comic books and syndicated newspaper comic strips containing
21 the adventures of Superman throughout the United States and abroad in many
22 millions of copies. (Levitz Decl. ¶ 6.) These have changed his appearance and
23 added decades of new material to further define, update and develop the character
24 in an ongoing flow of new exploits and supporting characters resulting in the
25 creation of an entire fictional Superman "universe." (*Id.*) In this time frame, DC
26 has also overseen the creation, development and licensing of the character in a
27 variety of media, including but not limited to radio, novels, live action and
28

1 animated motion pictures, television, live theatrical productions, merchandise and
2 theme park exploitations. (*Id.*)

3 As judicially recognized, see *Warner Bros., Inc. v. American Broadcasting*
4 *Cos.*, 654 F.2d 204, 205-06 (2d Cir. 1981), the presentations of Superman since
5 1938, provided first by Detective and then DC, were not a static depiction but an
6 ever-evolving portrayal, featuring new super powers, new villains and new
7 components to the Superman universe and backstory. (Levitz Decl. ¶ 7.) Indeed,
8 the Superman story and characters evolved on an episode-by-episode basis as
9 directed by the editors of DC for decades. (*Id.*) Significantly, many of
10 Superman's powers that are among his most famous today did *not* appear in *Action*
11 *Comics No. 1* but only appeared in later publications. (*Id.*) These include his
12 ability to fly; his super-vision which enables him to see through walls ("x-ray"
13 vision) and across great distances ("telescopic" vision); his super-hearing which
14 enables him to hear conversations at great distances; his "heat vision," the ability
15 to aim rays of extreme heat with his eyes; and his ability to survive in space
16 without atmospheric protection. (*Id.*) Also absent from *Action Comics No. 1* was
17 any reference to some of the more famous story elements now associated with
18 Superman but at that time not yet created, such as "Kryptonite" or the name of
19 Superman's home planet "Krypton," the "Fortress of Solitude," and the "Daily
20 Planet." (*Id.*) In addition, some of the most famous supporting characters
21 associated with Superman do not appear in *Action Comics No. 1*, including Jimmy
22 Olsen and villains Lex Luthor and Brainiac. (*Id.*)⁵

23 B. Superboy

24 On November 30, 1938, shortly after signing the September 1938
25 Agreements, Siegel sent a letter to Detective enclosing some of his work
26 assignments and "pitching" some ideas for new comics (the "Pitch"). (Levitz

27 ⁵ Unlike many creative properties developed for media in later decades, in its early days
28 there was no Superman "bible" wh ch explored aspects of the property not yet presented
in the comics. (Levitz Decl. ¶ 7.)

1 Decl. ¶ 8; Bergman Decl. Exh. H) Among the ideas submitted was one for a
2 comic strip entitled *Superboy* “which would relate to the adventures of Superman
3 as a youth.” (Levitz Decl. ¶ 8; Bergman Decl. Exh. H.) The Pitch discussed
4 conceptually the physical format for such a comic, and noted that “[t]here’d be lots
5 of humor, action, and the characters would be mainly children of about 12-years
6 rather than adults,” but did not describe any specific plot or other story elements
7 which would be included. (Levitz Decl. ¶ 8; Bergman Decl. Exh. H.) Detective
8 did not pursue the idea. (Levitz Decl. ¶ 9.)

9 In December 1940, Siegel made another submission to Detective, this time
10 of a thirteen-page typed script titled “Superboy” under the byline of Siegel and
11 Shuster (the “Script”). (Levitz Decl. ¶ 8; Bergman Decl. Exh. I.) As admitted by
12 Plaintiff Laura Siegel Larson (Bergman Decl. Exh. J, at 99:11-25), the Script was
13 based on earlier presentations of Superman. (Levitz Decl. ¶ 8.) The Script again
14 sought to capitalize on the then-existing popularity of Superman, proclaiming in the
15 very first “script box” that: “It has to happen! So many faithful followers of
16 today’s leading adventure comic strip, SUPERMAN, wrote in demanding the
17 adventures of Clark Kent as a youth” (Bergman Decl. Exh. I.) The Script
18 went on to repeat Superman’s provenance and early upbringing from Detective’s
19 prior Superman publications, including *Action Comics No. 1* (Bergman Decl. Exh.
20 E), a series of newspaper comic strips published in 1939 (*id.* Exh. K), and the
21 comic book *Superman No. 1*, published in May 1939 (*id.* Exh. L) – all works
22 owned exclusively by Detective and which pre-dated the Script. (Levitz Decl. ¶ 8;
23 Bergman Decl. Exh. I).⁶ In addition to the lengthy recap of Superman’s origins, the
24 Script contains dialogue and action involving the young Clark Kent; first as a
25 toddler, then as a kindergartner, and finally as a fifth grader, concluding with the
26 young Superman deciding to create his own “masquerade costume” in order to hide

27
28 ⁶ These pre-Script works are collectively referred to as the “Prior Superman
Publications” and are described and discussed more fully in Argument Section III, *infra*,
regarding Plaintiffs’ copyright infringement claim.

1 his true identity. Detective did not proceed with the Script. (Levitz Decl., ¶ 9;
2 Bergman Decl. Exh. I.)

3 On or around November 18, 1944, without Siegel or Shuster's participation,
4 Detective published a comic strip entitled "Superboy" in *More Fun Comics No.*
5 *101*. (Levitz Decl. ¶ 9; Bergman Decl. Exh. M.)⁷ By that time, various aspects of
6 Superman's youth had already been imagined and explored in a number of
7 different works, including in the Prior Superman Publications, and in certain other
8 works, most notably the novel *The Adventures of Superman* by George Lowther,
9 first published under license from Detective on November 2, 1942 (the "Lowther
10 Novel"). (Levitz Decl. ¶ 8; Bergman Decl. Exh. N.)⁸ Detective continued to
11 publish "Superboy" comic strips – again without Siegel's or Shuster's participation
12 – bi-monthly until 1946 and monthly thereafter for many years. (Levitz Decl. ¶ 9.)

13 **C. The Trademarks**

14 Throughout the almost 70 year history of Superman, DC has built up strong
15 trademark rights in the name and mark "Superman" and in certain key symbols and
16 indicia of origin in connection with, and to identify all authorized uses of, the
17 Superman character in print and all other media. (Levitz Decl. ¶ 10.)⁹ The
18 development of one particularly strong trademark corresponded with the evolution
19 of the appearance of the emblem on the chest of Superman's costume. (*Id.* ¶ 11.)
20 In *Action Comics No. 1*, the emblem was a small yellow inverted triangle bearing
21
22

23 ⁷ Both the Script and *More Fun Comics No. 101* are also described and discussed
24 more fully at Argument Section III, *infra*.

25 ⁸ Superman's childhood had also been depicted or described in *Superman No. 1*, a
26 *Superman Sunday Strip* published in May, 1942 (Bergman Decl. Exh. Q), and in a
27 Superman animated cartoon from the Max Fleischer studios from September, 1941
(Levitz Decl. ¶ 8). These publications, along with the Lowther Novel, the Prior
Superman Publications and various others, are referred to collectively as the "Non-
Terminated Superboy Works" and are discussed more fully in Argument Sections II and
III, *infra*.

28 ⁹ DC owns dozens of federal trademark registrations for Superman-related indicia
across a broad array of goods and services. (Levitz Decl. ¶ 10; Bergman Decl. Exh. P.)

1 the letter "S" shown in yellow and twice in red. (*Id.* ¶ 11.)¹⁰ Thereafter, the
2 emblem changed significantly, and today is a large yellow five-sided shield,
3 outlined in the color red, and bearing the letter "S" in the middle, also in the color
4 red (the "S in Shield Device"). (*Id.* ¶ 11.)¹¹

5 The Superman name and mark and the Superman symbols and indicia of
6 origin include, *inter alia*, Superman's characteristic outfit, comprised of a full
7 length blue leotard with red cape, a yellow belt, the S in Shield Device, as well as
8 certain key identifying phrases. (*Id.* ¶ 10.) Most notable among the latter is
9 "Look! . . . Up in the sky! . . . It's a bird! . . . It's a plane! . . . It's Superman!" first
10 used in the introduction to the 1940 radio program *The Adventures of Superman*,
11 and thereafter continuously repeated in Superman television programming and
12 various Superman licensed product. (*Id.* ¶ 10.) All of these Superman symbols
13 and in *icia* of origin have been used on and in connection with a wide variety of
14 publications and licensed goods and services, as they have been added to the
15 Superman character and mythology under DC's and/or its predecessors'
16 supervision and direction, since as early as 1938. (*Id.* ¶ 11.)

17 **D. The Prior Litigation Between the Parties' Predecessors**

18 **1. The Westchester Action**

19 In 1947, Siegel and Shuster commenced an action in the Supreme Court of
20 the State of New York (the "Westchester Action") against, *inter alia*, DC's
21 predecessor National Comics Publications, Inc. ("National"), Detective's parent
22 company. (Bergman Decl. Exh. Q.) The Westchester Action did not involve
23 federal copyright doctrines; instead, Siegel and Shuster sought to annul and rescind
24

25 ¹⁰ There is no evidence in the case that Siegel and Shuster originated any of the colors
26 in Superman as their original submissions to DC Comics were in black and white.
27 Notably, the two places where Superman's "S" is shown in red (the cover and last panel)
28 were not part of the original strips. They were created at DC's direction *after* it agreed to
publish Superman in *Action Comics No. 1*.

¹¹ The S in Shield Device, as transformed by DC and its predecessors, has become a
strong symbol, standing alone of all goods and services relating to Superman and his sole
source, DC and its predecessors. (*Id.* ¶ 11.)

1 their prior agreements with Detective in an effort to reclaim rights in Superman,
2 and also sued for National's alleged improper use of the "entire plan" and
3 "conception" of the Superboy character as set forth in the 1938 Pitch and the 1940
4 Script. (*Id.*)

5 On November 21, 1947, the referee to whom the case was referred issued a
6 report making "interlocutory findings" substantially rejecting Siegel and Shuster's
7 claims regarding Superman. (*Id.* Exh. R, at 10-11.) However, the referee found
8 that *Superboy* "was a separate and distinct entity" from *Superman* (*id.* at 11), and
9 in interlocutory Findings of Fact and Conclusions of Law dated April 12, 1948 (the
10 "Interlocutory Findings"), found that Detective's publication of Superboy in *More*
11 *Fun Comics No. 101* without authorization "embodied and was based upon the
12 idea, conception, and plan" contained in the Pitch and in the Script (*id.* Exh. S, ¶
13 164). Based on his interlocutory rulings, the referee subsequently entered an
14 "Interlocutory Judgment" which, *inter alia*, provided for enjoining National from
15 publishing Superboy and declaring that Siegel (independently of Shuster) was the
16 "sole owner of the comic strip feature SUPERBOY." (*Id.* Exh. T, at 4-5.)

17 The parties both appealed from the referee's decision. However, while the
18 appeals were pending, they settled their dispute, and on or about May 19, 1948,
19 entered into a stipulation (the "Stipulation") under which the Interlocutory
20 Judgment was to be "in all respects vacated" and the action dismissed in its
21 entirety. (*Id.* Exh. U.) Pursuant to the Stipulation, the court entered a "Final
22 Judgment" which provided that the Interlocutory Judgment "be and the same
23 hereby is in all respects vacated" and declaring and adjudging that National "is the
24 sole and exclusive owner of and has the sole and exclusive right to the use of the
25 title SUPERBOY and to create, publish, sell, and distribute . . . cartoon or other
26 comic strip material containing the character SUPERBOY and all other characters
27 which have heretofore appeared in said cartoon or other comic strip material . . ."
28 (*Id.* Exh. V.) Relying on the Final Judgment, National -- and then DC -- continued

1 to publish comics, conduct merchandising, and license television programs under
2 the name "Superboy" in the almost 60 years since. (Levitz Decl. ¶ 9.)

3 2. The Prior Federal Action

4 In 1969, Siegel and Shuster again sued DC's predecessors, this time
5 claiming to own the renewal copyrights in Superman (the "Federal Action").
6 Summary judgment was granted against Siegel and Shuster by the United States
7 District Court for the Southern District of New York in a published opinion, *Siegel*
8 *v. National Periodical Publications, Inc.*, 364 F. Supp. 1032 (S.D.N.Y. 1973), and
9 was affirmed by the Second Circuit Court of Appeals in *Siegel v. National*
10 *Periodical Publications, Inc.*, 508 F.2d 909 (2d Cir. 1974), with the Second Circuit
11 holding that *all* of Siegel's and Shuster's copyright interests in Superman,
12 including all renewal rights, had previously been conveyed to DC's predecessors
13 via the 1938 Assignment. *Id.* at 912-13. Superboy was not at issue in the Federal
14 Action. *Siegel*, 364 F. Supp. at 1035. After the conclusion of the Federal Action,
15 the parties entered into a further agreement, dated December 23, 1975, in which
16 Siegel and Shuster confirmed that all right, title and interest in Superman resided in
17 DC's predecessor and its parent and affiliated corporations (the "1975
18 Agreement"). (Bergman Decl. Exh. W.)

19 TERMINATION RIGHTS UNDER § 304(c) OF THE 1976 ACT

20 In 1976, Congress enacted a comprehensive new copyright statute (the
21 "1976 Act"), which resulted from an extraordinary 20-year legislative effort. *Sony*
22 *Corp. v. Universal City Studios, Inc.*, 464 U.S. 417, 462 n.9 (1984). Under the
23 predecessor statute (the "1909 Act"), copyright protection was available for an
24 original 28-year term that could be renewed for another 28 years. The 1976 Act
25 extended the renewal term for copyrights subsisting on January 1, 1978 by 19
26 years, thereby extending the combined term of available protection from 56 to 75
27 years. *See* Pub. L. No. 94-553, 90 Stat. 2541, § 304(a) (1976).

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1 To give “the author or the dependents of the author . . . a chance to benefit
2 from the extended [renewal] term,” the 1976 Act included a new “termination”
3 option. H.R. Rep. No. 94-1476, 94th Cong. 2d Sess. (1976) (“H. Rep.”) at 140; S.
4 Rep. No. 94-473, 94th Cong. 1st Sess. (1975) (“S. Rep.”) at 123; *see* 17 U.S.C. §
5 304(c). This option enabled the author and the author’s heirs to terminate certain
6 subsisting grants of rights under copyright that had been made by the author or his
7 heirs before January 1, 1978. The goal was to give authors and their descendants
8 “the right to renegotiate” their prior transfers originally made when the true value
9 of the copyrighted works was unknown. Supplementary Register’s Report on the
10 General Revision of U.S. Copyright Law at 72 (1965) (hereafter “Supp. Reg.
11 Rep.”); H. Rep. at 124; S. Rep. at 108; *see also Milne v. Stephen Slesinger, Inc.*,
12 430 F.3d 1036, 1046 (9th Cir. 2005).

13 The new termination provision was not meant to be one-sided; rather, it
14 reflected “a practical compromise that would further the objectives of the copyright
15 law while recognizing the problems and legitimate needs of all interests involved,”
16 H. Rep. at 124; S. Rep. at 108, and created “a practical benefit for authors and their
17 families without being unfair to publishers, film producers and other users.” Supp.
18 Reg. Rep. at 72; *Milne*, 430 F.3d at 1046. Thus, in crafting the copyright
19 termination right, Congress intended to protect the rights of authors and their
20 families as well as those of publishers and others to whom they had granted rights.
21 Accordingly, the statute makes very clear that termination under Section 304(c) is
22 not automatic but merely an “option” available under specified circumstances and
23 only where certain notice and timing requirements are met. William F. Patry,
24 *Latman’s The Copyright Law* 109 (6th ed. 1986) (“Latman’s”); *see Milne* at 1045.

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**PLAINTIFFS' NOTICES OF TERMINATION AND FILING OF
THESE ACTIONS**

A. Superman

4 On April 3, 1997, Plaintiffs served seven separate notices of termination
5 under Section 304(c), purporting to terminate Siegel's copyright grants to DC's
6 predecessors in the Superman character and comic book stories dating back to
7 1938 (the "Superman Notices"), all effective as of April 16, 1999. (Bergman Decl.
8 Exhs. Z-DD, ¶ 4.) By letter dated April 15, 1999, DC rejected the Superman
9 Notices as untimely and legally invalid. (Bergman Decl. Exh. EE, ¶ 49).¹²

10 The Superman Notices purport to terminate Siegel's – but not Shuster's –
11 participation in the copyright grants to Detective and its successors. (Bergman
12 Decl. Exhs. Z-DD, ¶ 2.) Therefore, even if the Superman Notices are effective,
13 DC remains (through Shuster's unterminated interests) a co-owner of the
14 copyrights which are the subject of the Notices, and retains all the rights of a co-
15 owner to exploit those copyrights without being subject to a claim for
16 infringement. Accordingly, in the Superman Action, filed on October 8, 2004,
17 Plaintiffs essentially seek an accounting and a one-half share in the profits from the
18 exploitation of Superman after the effective date of their Notices. (FASMC, ¶¶
19 54(c), 57-59, 66-73, 105(d), 106, 108-110.)

20 Plaintiffs' operative complaint casts a wide – and inappropriately excessive
21 – net with respect to the profits they seek to share: Thus, Plaintiffs allege that they
22 are entitled not only to a share of the profits arising from the domestic exploitation
23 of Superman copyrights, but also to a share of the profits arising from any *foreign*
24 exploitation of the character. (FASMC, ¶ 58(a).) Plaintiffs further allege that they
25 are entitled to a share of the profits arising from the exploitation the Superman
26 trademarks, including the related characters and symbols associated with the

²⁸ ¹² Plaintiffs' First Amended Complaint in the Superman Action (Bergman Decl. Ex. EE) is hereinafter referenced as the "FASMC."

1 character. (FASMC, ¶¶ 61-63, 107.) Finally, Plaintiffs allege that they are entitled
2 to share in the profits of Defendants from the post-termination exploitation of
3 derivative works that had been prepared by Defendants before the effective date of
4 the termination. (FASMC, ¶¶ 58(c), 66-73.)

5 B. Superboy

6 On November 8, 2002, Plaintiff served a separate notice under Section
7 304(c), purporting to terminate, effective as of November 17, 2004, grants by
8 Siegel contained in the 1948 Stipulation entered into in the Westchester Action and
9 in the 1975 Agreement entered into after the conclusion of the Federal Action,
10 insofar as they pertained to Superboy (the “Superboy Notice”). (Bergman Decl.
11 Exh. FF.) The Superboy Notice listed hundreds of allegedly affected Superboy
12 works identical to those listed earlier in the Superman Notices. (Compare *id.* Exh.
13 FF at 6-52 *with id.* Exh. X at 5-550.) By letter dated August 27, 2004, DC rejected
14 the Superboy Notice as untimely and legally invalid. (Bergman Decl. Exh. GG, ¶
15 54.)¹³

16 On October 22, 2004, Plaintiffs filed the Superboy Action, seeking a
17 declaration that Plaintiffs have recaptured all copyright rights in Superboy, and
18 alleging that “[d]efendants’ ongoing exploitation of the ‘Superboy’ mythology,
19 including but not limited to the Superboy Comic Books, and other publications,
20 ‘Superboy’ merchandising, animated and live action television programming (e.g.,
21 the *Smallville* Series)” infringes Plaintiffs’ recaptured copyright rights. (FASBC,
22 ¶¶ 67-68.) That is, Plaintiffs seek in this action all profits generated from the
23 exploitation of the Superboy character after the November 17, 2004 effective date
24 of the purported termination, including all profits from the post-termination
25 episodes of *Smallville*, which Plaintiffs claim infringe their Superboy copyrights.
26 (FASBC, ¶¶ 68-74, 111-112.)

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28 ¹³ Plaintiffs’ First Amended Complaint in the Superboy Action (Bergman Decl. Exh.
 GG) is hereinafter referenced as the “FASBC.”

LEGAL ARGUMENTS ON DEFENDANTS' MOTIONS FOR PARTIAL SUMMARY JUDGMENT

3 As stated above, whatever the ultimate merits of Plaintiffs' claims of
4 termination and recapture might be, the uncontested facts establish as a matter
5 of law that Plaintiffs are not entitled to reach all of the revenues of Superman and
6 Superboy which they seek to claim in these actions. Accordingly, Defendants
7 move for partial summary judgment as to each of the following issues.

I. PLAINTIFFS HAVE NO RIGHT TO OBTAIN OR SHARE IN PROFITS FROM (a) THE FOREIGN EXPLOITATION OF ANY NEW OR EXISTING SUPERMAN OR SUPERBOY WORKS, (b) THE EXPLOITATION OF THE SUPERMAN FAMILY OF TRADEMARKS, OR (c) THE EXPLOITATION OF ANY SUPERMAN OR SUPERBOY DERIVATIVE WORK CREATED PRIOR TO THE EFFECTIVE TERMINATION DATES

A. Summary of Argument

15 As mentioned above, the termination right was added to the 1976 Act to
16 improve the “bargaining position of authors” by giving them another chance to sell
17 rights in their works after they had been sufficiently “exploited” to determine their
18 “value.” H. Rep. at 124. However, in crafting the termination provision, Congress
19 drew lines reflecting “a practical compromise that [would] further the objectives of
20 the copyright law while recognizing the problems and needs of all interests
21 involved.” *Id.* This compromise is reflected in significant statutory limitations on
22 the effect of any termination. Among other things, even where properly exercised,
23 termination applies *only* to the *United States copyright* in the original work under
24 the grant – it cannot affect foreign copyright rights, trademark rights, or the right to
25 continue to exploit any “derivative work prepared . . . before” the effective date of
26 the termination. 17 U.S.C. §§ 304(c)(6)(A), (E). Accordingly, Plaintiffs are not
27 entitled to share – in whole or in part – in any revenues generated by Defendants
28 from the exploitation of any new or existing Superman or Superboy work outside

1 the United States; from the exploitation of any of the Superman or Superboy
2 trademarks; or from the continuing exploitation of derivative works prepared
3 before the effective date of the respective terminations.

4 **B. The Established Copyright Framework in Which Termination**
5 **Must be Considered**

6 Since Section 304(c) was enacted and must be considered in the framework
7 of the remaining provisions of the 1976 Act, the particularly relevant provisions of
8 the Act are summarized below.

9 **1. Copyright Protection and Exclusive Rights**

10 Section 102(b) of the 1976 Act provides that copyright protection subsists
11 for “original works of authorship.” 17 U.S.C. §102(b). But “[i]n no case does
12 copyright protection . . . extend to any idea . . . [or] concept . . . regardless of the
13 form in which it is described, explained, illustrated, or embodied in such work.”
14 17 U.S.C. §102(b); *See Feist Publs., Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 350
15 (1991); H. Rep. at 56 (“[c]opyright does not preclude others from using the ideas
16 or information revealed by the author’s works.”)¹⁴

17 A copyright owner is afforded several exclusive rights including, among
18 other things, the right to reproduce the copyrighted work in copies; the right to
19 prepare derivative works based upon the copyrighted work; and the right to
20 distribute copies of the copyrighted work to the public by sale or other transfer of
21 ownership, or by rental, lease, or lending. 17 U.S.C. §106. A violation of any of
22 these exclusive rights constitutes infringement under Section 501 *et seq.*

23 **2. Rights of Co-Owners Of Copyright**

24 Section 201 of the 1976 Act also carried forward the basic principles that
25 copyright “vests initially in the author or authors of the work,” that “authors of a
26 joint work are co-owners of [the] copyright” and that “[i]n the case of works made

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28 ¹⁴ Section 102 of the 1976 Act carries forward “the standard of originality established
by the courts” under the predecessor 1909 Act. H. Rep. at 51.

1 for hire the employer . . . is considered the author . . . ” and initial owner of
2 copyright. 17 U.S.C. § 201(a) & (b). *See also* H. Rep. at 120-21. Under the 1909
3 Act, as today, each joint author is a co-owner who possesses “an undivided
4 ownership in the entire work, including all of the contributions contained therein”
5 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright*, § 6.03, at 6-7
6 (2005) (“Nimmer”); *see Pye v. Mitchell*, 574 F.2d 476, 480 (9th Cir. 1978)), and
7 who can nonexclusively exercise all the rights of the copyright owner subject only
8 to a duty to account to other co-owners for their share of “profits” earned from
9 such use or licensing (1 *Nimmer* § 6.10; *Oddo v. Ries*, 743 F.2d 630, 632-33 (9th
10 Cir. 1984)). A joint author *cannot* be liable for infringement of copyright from
11 such use or licensing. *Id. See also Zuill v. Shanahan*, 80 F.3d 1366, 1369 (9th Cir.
12 1996).¹⁵

13 3. Derivative Works

14 As was the case under the now repealed Section 7 of the 1909 Act, 17
15 U.S.C. § 7 (repealed), the 1976 Act provides for protection of “derivative works
16 based upon the copyrighted work,” 17 U.S.C. § 106 and 103(a), similarly defining
17 a “derivative work” as “a work based upon one or more preexisting works, such as
18 . . . any . . . form in which a work may be recast, transformed, or adapted.” 17
19 U.S.C. § 101. Section 103(b) provides that the “copyright in a . . . derivative work
20 extends only to the material contributed by the author of such work, as
21 distinguished from the preexisting material employed in the work, and does not
22 imply any exclusive right to the preexisting material.” 17 U.S.C. § 103(b). As
23 explained in the legislative history, “[t]he most important point here is one that is
24 commonly misunderstood today [under the 1909 Act]: copyright in a ‘new version’
25 covers only the material added by the later author, and has no effect one way or the

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27 ¹⁵ Since no representative of Shuster exercised any termination right under Section
28 304(c), even assuming that Plaintiffs validly exercised their termination right, DC retains
Shuster’s share of any purportedly terminated Superman work, fully entitled to exercise
such co-ownership rights today subject only to its duty to account.

1 other on the copyright or public domain status of the preexisting material.” H.
2 Rep. at 57; *accord Stewart v. Abend*, 495 U.S. 207, 224 (1990). As a result, one
3 who co-owns an original work upon which a derivative has been based by his co-
4 owner cannot use the derivative without the permission of the co-owner who
5 prepared the derivative unless he actually participated in preparing the new
6 version. *Weissman v. Freeman*, 868 F.2d 1313, (2d Cir.), *cert. denied*, 493 U.S.
7 883 (1989).

8 4. **National Treatment and Territorial Nature of the United**
9 **States Copyright Act**

10 Both in the United States and abroad, under the rule of so-called “national
11 treatment,” works authored in the U.S., such as the first Superman comic strip in
12 *Action Comics No. 1*, are afforded the same protection in other countries as that
13 provided therein to their own citizens. *See Itar-Tass Russian News Agency, Inc. v.*
14 *Russian Kurier, Inc.*, 153 F.3d 82, 89 & n.8 (2d Cir. 1988); *Latman’s*, at 302.¹⁶ As
15 a result, for any one work by an American or foreign author there can be as many
16 copyrights as there are countries affording copyright protection. Under the Berne
17 Convention for the Protection of Literary and Artistic Works (the “Berne
18 Convention”), to which the United States has adhered since 1989 (*see Berne*
19 *Convention Implementation Act of 1988*, Pub. L. No. 100-568, 102 Stat. 2853
20 (1988)), such national treatment of copyright protection means that the substantive
21 law of the country in which copyright infringement is alleged will govern a claim,
22 even if the law of that country differs from the law of the country in which the
23 work was created. *See also Subafilms, Ltd. v. MGM-Pathe Communications Co.*,
24 24 F.3d 1088, 1097 (9th Cir. 1994). As explained by the Ninth Circuit in
25 *Subafilms*, national treatment implicates a rule of territoriality in which “[t]he
26 applicable law is the copyright law of the state in which the infringement occurred,

27 ¹⁶ In order for foreign works to have the benefit of “national treatment” in the U.S., at
28 least one of the indicia of reciprocity specified in Section 104(b) must be satisfied. 17
U.S.C. § 104(b).

1 not that of the state of which the author is a national or in which the work was first
2 published." *Id.* at 1097. *See also Creative Tech., Ltd. v. Aztech Sys. Pte., Ltd.*, 61
3 F.3d 696, 701 (9th Cir. 1995).

4 **C. As a Matter of Law, Plaintiffs Can Terminate Only Grants of**
5 **Domestic, Copyright Rights**

6 **1. Foreign Copyright Rights Are Not Subject to Termination**

7 Based upon their Superman and Superboy Notices, Plaintiffs claim they
8 have terminated and recaptured not only United States copyright rights, but also a
9 purported share of all rights to exploit the Superman and Superboy copyrights
10 outside the United States. However, Section 304(c) specifically provides that:
11 "Termination of a grant under this subsection affects only those rights covered by
12 the grant that arise under this title [*i.e.* the Copyright Act], and *in no way affects*
13 *rights arising under any other Federal, State, or foreign laws.*" 17 U.S.C. §
14 304(c)(6)(E) (emphasis added). This language is unequivocal and direct:
15 termination "in no way affects rights" arising under foreign laws. As Congress
16 also explained in the legislative history, "rights under other Federal, State or
17 foreign laws are unaffected." H. Rep. at 126 (describing Section 203's nearly
18 identical termination right as to post-1978 grants).¹⁷

19 The statutory limitation restricting the effect of termination to domestic
20 copyright grants has been judicially recognized:

21 The Copyright Act of 1976 . . . expanded the rights of
22 authors and their heirs by automatically extending the life
23 of heir copyrights by 19 years, for a total of 75 years . . .
24 and by allowing authors (or, if the authors are deceased,
25 their statutory heirs) to terminate, for the period of the

27

¹⁷ Section 304(c) is a close but not exact counterpart of Section 203, which provides a
28 right to terminate an author's post-1977 grants of copyright rights. H. Rep. at 140. The
same limitation on termination appears in Section 203. 17 U.S.C. §§ 203(b)(1), (5).

1 extended copyrights, any *domestic* copyrights interests in
2 their work that they may have granted to others

3 *Fred Ahlert Music Corp. v. Warner-Chappell Music, Inc.*, 155 F.3d 17, 18 (2d Cir.
4 1998) (emphasis added).¹⁸ In *Ahlert*, after noting the fact of the termination, the
5 court stated further that “Warner’s *domestic* rights in the Song reverted to Dixon’s
6 heirs” and that Warner retained the foreign rights after termination. *Id.* at 20
7 (emphasis added).

8 All of the copyright treatises are in agreement on this point. According to
9 *Nimmer*, Congress not only made a clear choice b t also, because of the territorial
10 nature of copyright protection, had no power to do otherwise:

11 A grant of copyright ‘throughout the world’ is terminable
12 only with respect to *uses within the geographic limits of*
13 *the United States*. Because copyright has no
14 extraterritorial operation, arguably American law is
15 precluded from causing the termination of rights based on
16 foreign copyright laws. . . . [E]ven if the conflicts rule of
17 a foreign nation were to call for application of the
18 American termination rule of contract law, that rule by its
19 own terms excepts from termination the grant of those
20 rights arising under foreign copyright law.

21 3 *Nimmer* §11.02[B][2]. Other commentators are in accord. *See, e.g.*, 1 William
22 F. Patry, *Copyright Law & Practice*, 495-97 (2004) (exceptions to termination
23 include “rights that arise under any . . . foreign law”); William F. Patry, *Choice of*
24 *Law and International Copyright*, 48 Am.J.Comp.L. 383, 447 (2000) (“One
25 provision is quite clear, however: termination only affects U.S. rights.”); Paul

26 ¹⁸ Similarly, the District Court concluded that “[w]hile the [heirs] terminated
27 defendant’s right to use the song in the United States, defendant retained a grant to
28 license the song everywhere else in the world except the United States.” *Fred Ahlert*
 Music Corp. v. Warner/Chappell Music, Inc., 958 F. Supp. 170, 172, n.1 (S.D.N.Y.
 1997). We have been able to find no other case that addresses this issue even in passing.

1 Geller & Melville B. Nimmer, 1 *International Copyright Law and Practice*, §
2 6[2][a][i], fn. 70 (2005) (noting that *Nimmer* “clarif[ies] that only the transfer of
3 U.S. copyright would be terminated by invoking the U.S. right to terminate.”); 1
4 Paul Goldstein, *Goldstein on Copyright*, § 5.4.3 at 5:135 (3d ed. 2006); 2 Howard
5 B. Abrams, *The Law of Copyright*, § 12:41 (2006) (“The Act limits its application
6 to termination of grants of rights based upon the United States Copyright laws . . .
7 .”); 2 William F. Patry, *Patry on Copyright*, § 7:42 & n.5 (2006).¹⁹

8 In the face of Congress’ clear and unambiguous language, Plaintiffs’
9 pleadings nevertheless allege that a recapture of United States rights under
10 copyright entitle them, in the case of Superman, to participate equally with
11 Defendants in revenues derived from foreign exploitation. (See FASMC ¶¶ 58(a)
12 & 106(b) (Defendants’ accounting obligations “include Defendants’ revenues from
13 the [post-termination] exploitation of the Recaptured Copyrights in foreign
14 territories, when such exploitation results from the predicate exercise in the United
15 States of any right(s) under the Recaptured Copyrights by any Defendant, their
16 licensees or assigns.”).)

17 Plaintiffs’ apparent theory for such a right is that if any act of Defendants
18 relating to foreign exploitation occurred in the United States, then termination
19 under the Act also applies in the relevant foreign jurisdiction, and that the statutory
20 exclusion for rights arising under foreign law applies only where there is no
21 connection between the grantee’s foreign uses of the copyright and any action or
22 occurrence in the United States. But this theory makes no sense and would render
23 the statute’s express language entirely meaningless. Congress was fully cognizant
24 of the principles of national treatment and the inability of United States copyright
25 law to have extraterritorial application, but nonetheless decided in the clearest of.
26

27 ¹⁹ That termination cannot affect rights arising under foreign copyright laws is such a
28 basic tenet of the termination provisions, it is taught to law students in introductory
copyright courses. See, e.g., Robert A. Gorman & Jane C. Ginsburg, *Copyright: Cases &
Materials*, 376-77 (6th ed. 2006).

1 terms that termination “in no way affects rights arising under . . . foreign laws” (17
2 U.S.C. § 304(c)(6)(E)). Furthermore, in any case in which, as here, there is a U.S.-
3 authored work in which all the original rights, including United States and foreign
4 copyrights, were assigned and then were exploited outside of the country, there
5 will always be some act relating to foreign use occurring in the United States, if
6 only an approval of such foreign exploitation. But the Ninth Circuit has expressly
7 held that such an act *cannot* be the basis for a claim for relief under the United
8 States Copyright Act. *Subafilms*, 24 F.3d at 1089.²⁰

9 The only conceivable basis in law for Plaintiffs’ theory – *albeit* one directly
10 contrary to the plain language of the Copyright Act – is by analogy to the doctrine
11 of “predicate acts.” Under this doctrine, where there is a predicate act of
12 infringement in the United States, the defendant can be sued in this country for the
13 ensuing violations of copyright occurring abroad under foreign law. *See, e.g.*,
14 *Subafilms*, 24 F.3d at 1094-95. For liability to attach, however, there must be (i)
15 an *infringing* act in the United States, which (ii) contributes to or assists (iii) an
16 *infringing* act overseas. *See Los Angeles News Serv. v. Reuters Television Int’l,*
17 *Ltd.*, 149 F.3d 987, 991-92 (9th Cir. 1998) (citing, *inter alia*, *Subafilms*, 24 F.3d at
18 1099; *Robert Stigwood Group Ltd. v. O’Reilly*, 530 F.2d 1096, 1100-01 (2d Cir.
19 1976) (copyright holders cannot recover for unauthorized performances of
20 copyrighted work in Canada merely because the performers may have assembled
21 and arranged all necessary elements in the United States)).

22 Here, insofar as Superman is concerned, because the termination of only
23 *Siegel’s domestic* Superman copyright grants is involved, the Superman Notices
24 can have no effect on DC’s legal right to exploit those works in the United States
25 as a co-owner (through *Shuster’s* share) of the United States copyright, and

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27 ²⁰ In *Subafilms*, 24 F.3d at 1089, the Circuit Court accordingly held that, with respect
28 to an infringement abroad of a work protected under United States law, a claim for
copyright infringement cannot be brought under the United States Copyright Act “when
the assertedly infringing conduct consists solely of the authorization within the territorial
boundaries of the United States of acts that occur entirely abroad.”

1 overseas as the sole owner of the foreign copyright. In other words, any act by DC
2 or its licensees in the exercise of some or all of the rights of copyright as a co-
3 owner in the United States and exclusive owner outside the country can *never*
4 constitute an *infringing* act in the United States *or* overseas. DC, as the sole owner
5 of the foreign copyrights in foreign jurisdictions, is entitled to exercise all rights of
6 ownership in such other jurisdictions without infringing any rights which may be
7 held by Plaintiffs. Since the concepts of contributory infringement, constructive
8 trust, and predicate acts – as they apply to the recovery of foreign revenues or
9 damages – *all* depend upon there being an ultimate act in the foreign jurisdiction
10 which is a copyright infringement or is otherwise wrongful, a determination that
11 DC remains the sole owner of the copyrights overseas renders those concepts
12 irrelevant here. That is, to accept Plaintiffs’ “predicate acts” argument would
13 completely nullify the inherent and express limitations on the consequence of a
14 U.S. termination affecting only rights under copyright in the U.S. and, for this
15 reason, must be rejected. Finally, to the extent Plaintiffs rely on such a theory, the
16 Ninth Circuit has also expressly rejected that a co-owners’ duty to account to her
17 co-owner has any relation to the predicate acts doctrine sometimes employed in
18 connection with infringement analyses. In *Oddo v. Reis, supra*, 743 F.2d at 633,
19 the Court held that, as between co-owners of a copyright, “the duty to account does
20 not derive from the copyright law’s proscription of infringement. Rather, it comes
21 from ‘equitable doctrines relating to unjust enrichment and general principles of
22 law governing the rights of co-owners.’” *Accord Zuill*, 80 F.3d at 1369.

23 In short, the termination provisions of the 1976 Act expressly exclude from
24 their reach any rights arising under foreign copyright laws. Plaintiffs’ attempt to
25 reach beyond the statute to increase their monetary recovery must therefore be
26 rejected as a matter of law.

27
28

**2. Trademark Rights Also Cannot Be Affected by
Termination Under Section 304(c)**

3 The same exclusion concerning the inapplicability of Section 304(c) to
4 foreign copyright rights applies to Defendants' extensive trademark rights in the
5 Superman trademarks, since a termination "in no way affects rights arising under
6 any other Federal [or] State . . . laws." 17 U.S.C. § 304(c)(6)(E). *See also* 3
7 *Nimmer* §11.02[B][2]; 1 *Copyright Law & Practice*, 495-97; 1 *International*
8 *Copyright Law and Practice*, § 6[2][a][i], fn. 70; 1 *Goldstein on Copyright*, § 5.4.3
9 at 5:135; 2 *The Law of Copyright*, § 12:41. Accordingly, to the extent that, on the
10 basis of a *copyright* termination, Plaintiffs seek to recover a share of Defendants'
11 profits attributable to DC's continuing use of the Superman trademarks (FASMC, ¶
12 63(c)) or to enjoin DC's ongoing exploitation of such marks (FASBC, ¶ 78(d)),
13 such claims are expressly barred by the applicable statute.

D. As a Matter of Law, Defendants Are Entitled to Continue to Exploit Superman and Superboy Derivative Works Created Before the Effective Dates of the Respective Terminations Without Sharing With Or Accounting to Plaintiffs For the Revenues Derived Therefrom

19 The 1976 Act contains another direct and express limitation to the reach of a
20 copyright termination of transfer pursuant to Section 304(c):

21 A derivative work prepared under the authority of the
22 grant before its termination may continue to be utilized
23 under the terms of the grant after its termination

24 17 U.S.C. § 304(c)(6)(A). This exception permits a grantee, such as DC, who
25 prepares a derivative work before termination to continue to utilize the derivative
26 work during the extended renewal copyright term “under the terms of the grant.”
27 *Ahlert*, 155 F.3d at 19 (quoting 17 U.S.C. § 304(c)(6)(A)). As noted in the
28 legislative history, this so-called “Derivative Works Exception,” represented

1 another key compromise in the formation of the termination provisions. H. Rep. at
2 127.

3 In discussing the policy objective of benefiting authors' heirs that underlies
4 the termination right, the Supreme Court has held:

5 The Exception in § 304(c)(6)(A) was designed, however,
6 to exclude a specific category of grants – even if they
7 were manifestly unfair to the author – from that broad
8 objective. The purpose of the Exception was to 'preserve
9 the right of the owner of a derivative work to exploit it,
10 notwithstanding the reversion.' Therefore, even if a
11 person acquired the right to exploit an already prepared
12 derivative work by means of an unfavorable bargain with
13 the author, that right was to be excluded from the bundle
14 of rights that would revert to the author when he
15 exercised his termination right. The critical point in
16 determining whether the right to continue utilizing a
17 derivative work survives the termination of a transfer of a
18 copyright is whether it was 'prepared' before the
19 termination. Pretermination derivative works – those
20 prepared under the authority of the terminated grant –
21 may continue to be utilized *under the terms of the*
22 *terminated grant.*

23 *Mills Music, Inc. v. Snyder et al.*, 469 U.S. 153, 173 (1985) (emphasis added). As
24 the Second Circuit explained later, "[t]he exception seeks to protect public access
25 to the derivative work as well as the rights of persons who have invested in
26 creating the derivative work." *Alhert*, 155 F.3d at 19 (citation omitted).²¹

27
28 ²¹ The Second Circuit has further explained that, without the Derivative Works
Exception "authors might use their reversion rights to extract prohibitive fees from
owners of successful derivative works or to bring infringement actions against them."

1 In *Mills*, the Supreme Court also held that “the phrase ‘under the terms of
2 the grant’ as applied to any particular licensee would necessarily encompass both
3 the [composer’s original] 1940 grant [to the music publisher] and the individual
4 license executed pursuant thereto.” *Mills*, 469 U.S. at 166-67. Thus, the “terms of
5 the grant” include the “entire set of documents that created and defined each
6 licensee’s right to prepare and distribute derivative works.” *Id.* at 167. In other
7 words, the effect of the Derivative Works Exception was “to preserve during the
8 post-termination period the panoply of contractual obligations that governed pre-
9 termination uses of derivative works by derivative work owners and their
10 licensees.” *Woods*, 60 F.3d at 987.

11 Here, the Derivative Works Exception and the Supreme Court’s ruling in
12 *Mills Music* make clear that Defendants retain the right to exploit (i) all of the
13 Superman derivative works created prior to April 16, 1999 pursuant to the terms of
14 the original 1938 Assignment and (ii) all of the Superboy derivative works created
15 prior to November 17, 2004 pursuant to the terms of the Westchester Stipulation,
16 without further payment or obligation to Plaintiffs.

17 **E. Relief Requested**

18 Accordingly, Defendants respectfully request that the Court issue an Order
19 in both the Superman Action and the Superboy Action that to the extent Plaintiffs
20 are entitled to an accounting of or a share in the revenues generated by the post-
21 termination exploitation of Superman and/or Superboy, those revenues cannot
22 include any amounts attributable to the foreign exploitation of the copyrights, the
23 exploitation of any of the Superman family of trademarks, or the post-termination
24 exploitation of derivative works prepared prior to termination.

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28 *Woods v. Bourne*, 60 F.3d 978, 986 (2d Cir. 1995).

1 **II. AS A RESULT OF PLAINTIFFS' FAILURE TO TERMINATE**
2 **CERTAIN COPYRIGHTED SUPERMAN AND SUPERBOY**
3 **WORKS WITHIN THE TIMEFRAME AND IN THE MANNER**
4 **REQUIRED BY THE COPYRIGHT ACT, DEFENDANTS**
5 **REMAIN FREE TO USE THE UNTERMINATED WORKS OR**
6 **THE ELEMENTS CONTAINED THEREIN WITHOUT THE**
7 **NEED TO ACCOUNT TO PLAINTIFFS AND WITHOUT**
8 **INFRINGEMENT ANY OF THEIR COPYRIGHTS**

9 **A. Summary of Argument**

10 In crafting the termination right included in the 1976 Act, Congress set out
11 express parameters limiting the works that can be recaptured. Specifically, persons
12 claiming to exercise the termination right *must* specify the effective date of the
13 termination, and that effective date *must* fall within a set five-year window which
14 is at least fifty-six years, but not more than sixty-one years, from the date the
15 copyright was originally secured. 17 U.S.C. § 304(c)(3) & (4)(A). This copyright
16 termination window is tantamount to a statute of limitations. As such, if any work
17 falls outside the five-year window established by the effective date, it *cannot* be
18 recaptured, and the original copyright grant remains in force for that work,
19 allowing the grantee to continue exercising the granted rights without liability.
20 Additionally, the Regulations adopted by the Register of Copyrights require that
21 the terminating party identify in the notice “each work as to which the notice of
22 termination applies.” 37 C.F.R. § 210.10(b)(1)(ii). Failure to list a work in the
23 notice of termination results in the copyright grant in any such work remaining
24 intact.

25 *The Superman Notices.* The Superman Notices list an effective date of April
26 16, 1999. (Bergman Decl. Exhs. Z-DD, ¶ 4.) Accordingly, even assuming the
27 validity of the Notices, Plaintiffs cannot recapture any work that was published
28 prior to April 16, 1938; *i.e.* sixty-one years before the stated effective date. While
29 *Action Comics No. 1*, which contained the first Superman *story*, was originally
published on April 18, 1938 (Levitz Decl. ¶ 5), and is thus within this five-year

1 window, at least two in-house announcements (identified in Schedule "A" hereto;
2 *see also* Bergman Decl. Exhs. C, D) for that comic book, consisting of the cover
3 image of that comic (*i.e.*, the "Announcements") were originally published prior to
4 that date, and fall beyond the reach of Plaintiffs' Notices. Moreover, neither the
5 Announcements, nor the works in which they are contained, are identified in the
6 Superman Notices as terminated works. (*Id.* Exhs. Z-DD.) Therefore, Plaintiffs
7 are not entitled to recapture any copyright grant in the Announcements, and
8 Defendants remain free to use any and all copyrightable elements in the
9 Announcements without liability to or recourse by Plaintiffs.

10 *The Superboy Notice.* The Superboy Notice lists an effective date of
11 November 17, 2004. (Bergman Decl. Exh. FF, ¶ 4.) Accordingly, no "Superboy"
12 work originally published prior to November 17, 1943 – *i.e.*, sixty-one years before
13 the effective date – is subject to recapture, even assuming the validity of the
14 Notice. The Non-Terminated Superboy Works (identified in Schedule "B" hereto;
15 *see also*, *e.g.*, Bergman Decl. Exhs. E, K, L, N, Q) – all of which contain aspects of
16 Superman's childhood and youth – were originally published prior to November
17 17, 1943, and fall beyond the reach of the Notice. Moreover, none of the Non-
18 Terminated Superboy Works is identified in the *Superboy* Notice as a terminated
19 work. Therefore, Defendants retain the right to exploit each of the story elements
20 in these works without infringing on any copyright interests Plaintiffs claim to
21 have recaptured by virtue of the Superboy Notice.

22 **B. Termination Notice Requirements**

23 Among the conditions that must be satisfied in connection with the exercise
24 of the termination right are (i) specification of "the effective date of termination,"
25 and (ii) identification of "the title . . . and the date copyright was originally secured
26 in, each work to which the notice of termination applies." 17 U.S.C. §
27 304(c)(4)(A); 37 C.F.R. §§ 201.10(b)(ii) and (iv).

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1 The requirement that the effective date of termination be specified is
2 grounded in 17 U.S.C. § 304(c)(3), which provides:

3 Termination of the grant may be effected at any time
4 during a period of five years beginning at the end of fifty-
5 six years from the date copyright was originally secured,
6 or beginning on January 1, 1978, whichever is later.

7 17 U.S.C. § 304(c)(3). Section 304(c)(4)(A) further specifies that in order to effect
8 termination, the “notice shall state the effective date of the termination which shall
9 fall within the five-year period specified by [§ 304(c)(3)].” Section 304(c)(3)
10 operates such that the effective date of termination must be no later than 61 years
11 “from the date copyright was originally secured.” 17 U.S.C. § 304(c)(4)(A).²²

12 Section 304(c)(4)(B) provides that “[t]he [termination] notice shall comply
13 in form, content and manner of service, with requirements that the Register of
14 Copyrights shall prescribe by regulation.” Those Regulations are set forth at 37
15 C.F.R. § 210.10 and provide, in relevant part, that “[a] notice of termination must
16 include a clear identification of . . . (iv) the effective date of termination.” 37
17 C.F.R. § 210.10(b)(iv).

18 The Regulations also provide that “A notice of termination *must* include a
19 clear identification of each of the following: ¶ (ii) The title and the name of at least
20 one author of, and the date copyright was originally secured in, each work to which
21 the notice of termination applies; and, if possible and practicable, the original
22 copyright registration number.” 37 C.F.R. § 210.10(b)(1)(ii) (emphasis supplied).
23 These requirements serve a number of important functions: They give notice to the
24 grantee of the specific works terminated; they establish the required fee for
25 recording the notice of copyright termination, which is based upon the number of
26 titles identified in the notice (37 C.F.R. § 201.3(c)(15)); and they provide a check
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28 ²² The statute also requires that “the notice shall be served not less than two or more
than ten years” before the effective date of termination. 17 U.S.C. § 304(c)(4)(A).

1 against the "effective date," in that the timeliness of the termination notice as to
2 any identified work can be measured by reference to the date its copyright was
3 originally secured.

4 C. Additional Factual Background: The Effective Dates and
5 Contents of the Termination Notices

6 1. The Superman Notices

7 The Superman Notices specify an effective date of April 16, 1999.²³
8 (Bergman Decl. Exhs. Z-DD, ¶ 4.) Applying the formula prescribed by statute, the
9 Notices are as a matter of law ineffective as to any Superman works for which
10 cop right was originally secured more than 61 years before that date – *i.e.*, prior to
11 April 16, 1938. As noted above, the Announcements for the upcoming release of
12 *Action Comics No. 1* were published prior to April 16, 1938; specifically, in *More*
13 *Fun Comics No. 31* (published April 5, 1938) (*id.* Exh. C) and *Detective Comics*
14 *No. 15* (published April 10, 1938) (*id.* Exh. D).²⁴ Moreover, the Notices fail to
15 identify in any manner the Announcements or the publications in which they were
16 contained. (Bergman Decl. Exhs. Z-DD).²⁵

17 2. The Superboy Notice

18 The Superboy Notice lists an effective date of November 17, 2004.
19 (Bergman Decl. Exh. FF, ¶ 4.) Applying the formula prescribed by statute, the
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21 ²³ The April 16, 1999 "effective date" of termination is a repeated focus of Plaintiffs' Superman Action. *See, e.g.*, FASMC ¶¶ 44 & 45.

22 ²⁴ As shown in Bergman Decl. Exhs. C and D, the Announcements depict the cover of *Action Comics No. 1*, which contains the image of a fully-costumed Superman lifting an automobile over his head.

23 ²⁵ The published appearance of Superman in comic books *prior* to *Action Comics No. 1* has long been recognized. For example, the book "The Adventures of Superman Collecting," published by DC Comics in 1988, states that "Superman made his first public appearance in the ad above, which was printed in New Adventure Comics shortly before the first issue of Action Comics (June 1938) was released." (Bergman Decl. Exh. HH.) Similarly, the comic book industry's industry standard "blue book," the Overstreet Price Guide, has for many years noted the appearance of Superman in *More Fun Comics No. 31*. For instance, the 1996 edition of the Overstreet Price Guide, published a year before Plaintiffs served their Notices, describes *More Fun Comics No. 31* as "Has ad for Action #1." (*Id.* Exh. II.)

1 Superboy Notice is ineffective as to any "Superboy" work for which copyright was
2 originally secured more than 61 years before that date — *i.e.*, prior to November 17,
3 1943. The Non-Terminated Superboy Works (Schedule "B" hereto; *see also*
4 Bergman Decl. Exhs. E, K, L, N, Q) — all of which contain aspects of Superman's
5 childhood and youth — were published prior to November 17, 1943. Furthermore,
6 and as a necessary result of the "effective date" chosen by Plaintiffs, none of the
7 Non-Terminated Superboy Works is identified in the Superboy Notice as a
8 terminated work. (Bergman Decl. Exh. FF.)

9 **D. Failure to Comply With the Time Periods Imposed By Section**
10 **304(c) and With the Regulations Promulgated Thereunder Results**
11 **in the Original Copyright Grants Remaining Intact**

12 In explaining the statutory requirements of copyright termination, the
13 *Nimmer* treatise states as follows:

14 If the persons entitled to terminate a grant fail to serve a
15 proper termination notice within the required time, or
16 otherwise to comply with the required formalities, no
17 termination will occur by operation of the termination
18 provisions of the Copyright Act. The grant will continue
19 in effect unless terminated by its own terms or for other
20 reasons, subject to attack for failure of consideration or
21 otherwise.

22 3 *Nimmer* § 11.09. This conclusion is supported by long-standing legal principles
23 applicable to the interpretation and enforcement of statutory deadlines and
24 substantive administrative requirements.

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1 1. The “Effective Date” Provision of Section 304(c) Operates
2 as a Statute of Limitations, Imposing an Absolute
3 Limitation on Termination

4 When, as part of a statutory right, Congress prescribes a specific time period
5 within which a party may take legal action to enforce that right, the time period is
6 effectively a statute of limitations. *Westinghouse Elec. Corp. v. Pacific Gas &*
7 *Elec. Co.*, 326 F.2d 575, 579 (9th Cir. 1964). Such time periods are absolute, and
8 cannot be circumvented by a claim of “substantial compliance”; as the Supreme
9 Court has noted, there is no such thing as “substantial compliance” when statutory
10 deadlines are at issue. *United States v. Locke*, 471 U.S. 84, 101 (1985).

11 In *Locke*, owners of certain mining claims filed their “annual notice of
12 intention to hold the claim” on December 31, 1980. 471 U.S. at 89-90. However,
13 the relevant statute, 43 U.S.C. § 1744(a), provided that the filing occur “prior to
14 December 31 of each year.” 471 U.S. at 89. The mining claim owner asserted that
15 because the filing was only one day late, there had been “substantial compliance”
16 with the statutory requirements, an argument flatly rejected by the Supreme Court:

17 The notion that a filing deadline can be complied with by
18 filing sometime after the deadline falls due is, to say the
19 least, a surprising notion, and it is a notion without
20 limiting principle. If 1-day late filings are acceptable, 10-
21 day late filings might be equally acceptable, and so on in
22 a cascade of exceptions that would engulf the rule erected
23 by the filing deadline; yet regardless of where the cutoff
24 line is set, some individuals will always fall just on the
25 other side of it. Filing deadlines, like statutes of
26 limitations, necessarily operate harshly and arbitrarily
27 with respect to individuals who fall just on the other side
28 of them, but if the concept of a filing deadline is to have

1 any content, the deadline must be enforced. “Any less
2 rigid standard would risk encouraging a lax attitude
3 toward filing dates,” *United States v. Boyle*, 469 U.S., at
4 249. A filing deadline cannot be complied with,
5 substantially or otherwise, by filing late – even by one
6 day.

7 471 U.S. at 100-101(emphasis added).

8 The rule and rationale of *Locke* has been applied in a wide variety of
9 contexts. In *Prussner v. United States*, 896 F.2d 218, 222 (7th Cir. 1990) (*en*
10 *banc*), the Seventh Circuit, sitting *en banc*, was called upon to decide whether
11 there had been substantial compliance with a Treasury regulation (26 C.F.R. § 20-
12 2032A-8(a)(3)) which required that “an election under this section is made by
13 attaching to a timely filed estate tax return [a recapture agreement],” where the
14 recapture agreement was filed four months late. 896 F.2d at 222. Relying on
15 *Locke*, the full court held:

16 All fixed deadlines seem harsh because all can be missed
17 by a whisker – by a day [citing *Locke*] or for that matter
18 by an hour or a minute. They are arbitrary by nature. . . .
19 The legal system lives on fixed deadlines; their
20 occasional harshness is redeemed by the clarity which
21 they impart to legal obligation. “Deadlines are inherently
22 arbitrary; fixed dates, however, are often essential to
23 accomplish necessary results . . .” *United State v. Boyle*,
24 469 U.S. 241, 249, 83 L.Ed.2d 622, 105 S.Ct. 687 (1985)
25 . . . There is no general judicial power to relieve from
26 deadlines fixed by legislatures or, as here, by agencies
27 exercising legislative-type powers.

1 896 F.2d at 222-23, *accord Anin v. Reno*, 188 F.3d 1273, 1278 (11th Cir. 1999)
2 (“Congressional filing deadlines are given a literal reading by federal courts”).

3 The rule in *Locke* has also been applied to the copyright statutes. As noted
4 by the *Nimmer* treatise with respect to the deadline for renewal term copyright
5 applications, “[i]t has been held that a variance of even several days is fatal and
6 that the purported renewal is void to rescue the subject work from the public
7 domain, whether filed after expiration of the one year [in which the renewal
8 application may be filed] or prior to its initiation.” See 3 *Nimmer* § 9.05[b][1], at
9 9-44; *accord, Faulkner v. National Geographic Soc.*, 211 F. Supp. 2d 450 at and
10 n.81 (S.D.N.Y. 2002).

11 More recently, in *Metro-Goldwyn-Mayer Studios, Inc. v. Peters*, 309 F.
12 Supp. 2d 48 (D.D.C. 2004), *aff'd* 2005 U.S. App. LEXIS 5664 (D.C. Cir. Apr. 8,
13 2005), the court was called on to decide whether a claim for statutory royalties that
14 arrived at the Copyright Office on August 1st – *one day late* – nonetheless
15 “substantially complied” with 17 U.S.C. § 111(d)(4)(A), which required that such
16 claims be filed “[d]uring the month of July in each year.” 309 F. Supp. 2d at 60.
17 The court held there was no compliance, substantial or otherwise, stating that “[a]
18 claim received after July 31 is plainly and simply late.” *Id.* at 61. The court
19 explained its ruling by observing that “[t]hese longstanding deadlines operate with
20 a conditional grace period,” and quoted *Locke* for the proposition that “if the
21 concept [of a deadline] is to have any meaning, the deadline must be enforced.”
22 *Id.*

23 The holding of *Locke* and its progeny apply with equal force here. The
24 specification of the “effective date” of termination, in conjunction with the time
25 limits imposed by 17 U.S.C. § 304(c)(3), establishes a 61-year deadline beyond
26 which works simply are not subject to termination.

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2. Failure to Identify Any Allegedly Terminated Works in the
3. Notices Results in the Copyrights Grants to Those Works
4. Remaining in Effect

5 As discussed above, in 17 U.S.C. § 304(c)(4)(B) Congress directed the
6 Register of Copyrights “to prescribe” regulations setting forth the “requirements”
7 for the “form, content and manner of service” to be included in all copyright
8 notices of termination. Those Regulations require, *inter alia*, that the notice
9 include “[t]he title and name of at least one author, and the date copyright was
10 originally secured in, each work to which the notice of termination applies; and, if
11 possible and practicable, the original copyright registration number” 37
12 C.F.R. § 201.10(b)(1)(ii). The failure to specify “each work to which the notice of
13 termination applies” results in the copyright grant in any such work remaining
14 intact. *Burroughs v. Metro-Goldwyn-Mayer, Inc.*, 683 F.2d 610, 622 (2d Cir.
15 1982).

16 *Burroughs* involved the attempt of the heirs of the author of stories featuring
17 the character “Tarzan” to exercise their right of termination pursuant to Section
18 304(c). 683 F.2d 610. In that case, however, although plaintiffs’ notice of
19 termination listed and covered the first Tarzan story, “Tarzan of the Apes,” it did
20 not list five of the later Tarzan books. Because of this failure to comply with the
21 Regulations, the Second Circuit held that the plaintiffs’ notice of termination was
22 not effective as to those unlisted titles, and that defendant was free to continue
23 unfettered use of the Tarzan character as originally delineated. As explained by
24 the Court:

25 While we do not suggest that the omission of the five
26 titles affected the efficacy of the notice to terminate the
27 interest of ERB, Inc., in such titles as were listed, see 3
28 Nimmer on Copyright § 11.06(B), at 11-40 n.33 (1981),
it did leave ERB, Inc.’s interest in those five books, all of

which feature "Tarzan," intact . . . *We conclude, therefore, that the heirs' incomplete notice left ERB, Inc., with license to use and exploit the character Tarzan.*

4 *Id.* at 622 (emphasis added). That is, *even if* the copyrightable content in works not
5 included in a notice of copyright termination *is* contained in other works that *have*
6 *been* properly terminated, the original grantees retain the right to use the
7 unterminated works pursuant to the terms of the original grant. *Id.*

E. DC Retains the Unfettered Right to Use All Copyrightable Elements in the Superman and Superboy Works That Have Not Been Terminated

11 Under the principles enunciated above, DC and its licensees continue to
12 have the right to use the copyrightable elements contained in the Announcements
13 without the need to account to Plaintiffs and, with respect to Superboy, continue to
14 have the right to use the copyrightable elements contained in the Non-Terminated
15 Superboy Works without infringing any Superboy copyrights purportedly
16 recaptured by Plaintiffs.

17 As noted above, the cover of *Action Comics No. 1* (Bergman Decl. Exh. E) –
18 depicting the familiar image of Superman lifting a car over his head – was
19 published *before* the initial publication of the comic book in at least two comic
20 magazines cover-dated May 1938.²⁶ Because those magazines, namely *More Fun*
21 *Comics No. 31* (*id. Exh. C*) and *Detective Comics No. 15* (*id. Exh. D*), were
22 published more than 61 years prior to the “effective date” specified in the
23 Superman Notices, and because they were not identified in the Notices, the
24 Announcements for *Action Comics No. 1* and Superman contained in those
25 publications have not been terminated or recaptured. As a result, the

²⁷ ²⁶ A third announcement showing the cover of *Action Comics No. 1* was contained in the May 1938 issue of *New Adventure Comics No. 26*, believed to have been published on April 8, 1938. (Bergman Decl. Exh. J.J.) Defendants have thus far been unable to locate the copyright certificate for this magazine.

1 Announcements, and Defendants' right to use any of the copyrightable elements
2 contained therein, remain unaffected by the Plaintiffs' Notices. *Burroughs*, 683
3 F.2d at 622. That is, DC and its licensees retain the unfettered right to use the
4 content of the Announcements without the need to account to Plaintiffs.

5 With respect to *Superboy*, Plaintiffs have not, and could not, terminate any
6 grants in the Non-Terminated Superboy Works, the original publication date of
7 each of which was well before the November 17, 1943 reach of the Superboy
8 Notice (see Schedule "B" and Bergman Decl. Exhs. E, K, L, N, O), and none of
9 which was listed in the Notice (Bergman Decl. Exh. FF). Accordingly, DC and its
10 licensees retain the right to use all story elements contained in the Non-Terminated
11 Superboy Works regarding Superman's youth without infringing on any exclusive
12 copyright interests Plaintiffs claim to have recaptured by virtue of the Superboy
13 Notice.

14 **F. Any Attempt By Plaintiffs to Invoke the "Harmless Error" Rule**
15 **With Respect to the Timing and Content of the Notices Must Fail**

16 Plaintiffs might attempt to argue that under the Register of Copyright's
17 Regulation that "[h]armless errors in a notice that do not materially affect the
18 adequacy of the information required to serve the purposes of . . . Section 304(c) . . .
19 . shall not render the notice invalid" (37 C.F.R. § 201.10(e)), the Court may
20 overlook the statutory deficiencies in the Notices.²⁷ However, to do so would
21 contradict the plain language of the Copyright Act as well as the express content of
22 the Regulations themselves. Indeed, any attempt to avoid the very specific
23 deadlines and limitations imposed by the termination statute would destroy the
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26 ²⁷ While Plaintiffs might try to argue "harmless error" in connection with the
27 Announcements, which fall just days outside the reach of the Superman Notices, any
28 attempt to establish a "grace period" would merely place one on a slippery slope. The
various unterminated works fall anywhere from six days to over four years outside the
statutory term nation window. There is no basis for arbitrarily deciding that six days late
is not late, but that six months late is.

1 balance Congress created to protect the rights of *all* who are affected by
2 termination – publishers as well as authors.²⁸

3 First, the “effective date” requirement – and therefore the maximum
4 allowable reach of a termination notice – is a condition embodied in the statute
5 itself, and accordingly cannot be modified or ignored through administrative
6 construction. *Chevron U.S.A. Inc. v. National Resources Defense Council*, 467
7 U.S. 837, 843, n.9 (1984) (“the judiciary” as “the final authority on issues of
8 statutory construction . . . must reject administrative constructions which are
9 contrary to clear congressional intent.”). Accordingly, a regulation cannot control
10 if it is inconsistent with the statutory language. *See United States v. Haggar*
11 *Apparel Co.*, 526 U.S. 380, 392 (1999). Indeed, if “Congress has directly spoken
12 to the precise question at issue,” then “that is the end of the matter; for the court, as
13 well as the agency, must give effect to the unambiguously expressed intent of
14 Congress.” *Chevron*, 467 U.S. at 842-843.

15 Second, statutory filing deadlines affecting the existence and ownership of
16 copyright are sacrosanct and immutable in the absence of any statement by
17 Congress to the contrary. *See Faulkner*, 211 F. Supp. 2d at 464 (collecting cases)
18 (“rule” that failure to file application for renewal copyright within statutory
19 deadline “resulted in work entering public domain” is “undeniably strict”). Here,
20 Congress has not made any suggestion to the contrary; indeed, it has expressly
21 stated the opposite: Section 304(c) is plain and unambiguous – copyright
22 termination *cannot* apply to works for which copyright has been obtained more
23 than 61 years prior to the effective date. Indeed, the regulatory task given to the
24 Register of Copyrights was clearly limited to regulating the “form, content, and

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26 ²⁸ The 1976 Act’s unique 20-year drafting process has given its legislative history
27 special status in its interpretation. *See Sony Corp.*, 464 U.S. at 462 n.9; *see also*
28 *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 743 (1989). That
legislative history emphasizes that the statutory provisions were not written as a one-way
street, but were carefully crafted as “a practical compromise,” H. Rep. at 124; S. Rep. at
108, to protect not just authors’ families but also “publishers, film producers and other
users” of their work. Supp. Reg. Rep. at 72.

1 manner of service" of notices of termination served pursuant to the Copyright Act;
2 it did not reach the time in which such notices could be served. 17 U.S.C.
3 § 304(c)(4)(B).²⁹

4 Third, the "harmless error" regulation is directed only at attempts to "render
5 the notice invalid." 37 C.F.R. § 201.10(e). Defendants here do not rely upon
6 Plaintiffs' failure to timely terminate and failure to list the Announcements and the
7 Non-Terminated Superboy Works to render any portion of the Notices "invalid."
8 The question here does not concern *the validity* but only the *effect* of the Notices as
9 written and served; namely that Plaintiffs cannot recapture the copyrights to those
10 untimely and unlisted works. Indeed, as shown above in *Burroughs*, the Second
11 Circuit expressly held that the "omission" of works from the termination notice did
12 not affect the "efficacy" of *the notice* as it related to *the listed works*. *Burroughs*,
13 683 F.2d at 622.³⁰

14 Finally, the Court should recognize that Plaintiffs' selection of April 16,
15 1999 as the effective date of the Superman Notices was calculated. Plaintiffs had
16 the benefit of knowledgeable and astute counsel,³¹ who designated the April 16,
17 1999 date for the dual purpose of (i) capturing *Action Comics No. 1*³² and (ii)
18 maximizing the number of additional "Superman" works that would be within the
19 five-year termination window.³³ Thus, there was no "harmless error" – Plaintiffs'
20

21 ²⁹ Indeed, mistakes in designating the effective date are not included among the
22 Copyright Office's specific examples of "harmless errors" in 37 C.F.R. § 201.10(e)(2).

23 ³⁰ Accordingly, such an omission also does not qualify as a "harmless error" that does
24 "not materially affect the adequacy of the information required to serve the purposes of
25 section 304(c)." 37 C.F.R. § 210.10(e)(1).

26 ³¹ Their counsel at the time, Arthur Levine of the Washington DC law firm Finnegan,
27 Henderson, Farabow, Garrett & Dunner, L.L.P., is a highly regarded copyright law
28 expert, a former General Counsel of the U.S. Copyright Office and was Executive
Director of CONITU, the National Commission on New Technological Uses of
Copyrighted Works. (Bergman Decl. Exh. KK.)

29 ³² The termination date was chosen with the April 18, 1938 publication date of *Action
Comics No. 1* firmly in mind. The last "effective date" of termination that would capture
30 that work was April 18, 1999. Plaintiffs specified April 16, 1999 as the "effective date"
31 of termination – giving themselves two days to spare.

1 designation of the "effective date" of termination was deliberate and carefully
2 selected to take advantage of the choice Congress decided to give to authors and
3 their families.³⁴

4 Thus, Plaintiffs cannot use the "harmless error" regulation to extend the
5 reach of the Superman Notices to the Announcements.

6 **G. Relief Requested**

7 Defendants therefore request an Order determining that DC and its licensees
8 are entitled to continue using all of the copyrightable elements contained in the
9 Announcements without the need to account to or share with Plaintiffs any of the
10 profits generated from such use, and that DC and its licensees are entitled to use all
11 of the story elements contained in the Non-Terminated Superboy Works without
12 infringing on any of the copyright rights Plaintiffs claim to have recaptured by
13 virtue of the Superboy Notice.

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19 ³³ Plaintiffs contend (and Defendants dispute) that *every* published Superman work
20 within the five-year window defined by Section 304(c) (i.e. from 56-61 years prior to the
21 "effective date") is "recaptured" through the termination notices. Accordingly, Plaintiffs
22 chose a date as close as possible to April 18, 1999 in the belief that this would allow
23 them, without serving any later notices, to recapture copyright rights in the maximum
24 number of Superman works. This is illustrated by the allegations of Plaintiffs' complaint,
25 which in addition to claiming to have terminated and recaptured *Action Comics No. 1*,
26 also claims to have terminated and recaptured all other *Action Comics* issues through no.
27 61, which was published on April 13, 1943 – and falling just within the 5-year window
28 established by the designated effective date. (FASMC ¶39.)

29 ³⁴ The choice of the effective date for the Superboy Notice likewise was not random.
30 Virtually all of the "terminated works" identified in the Superboy Notice had previously
31 been identified as "terminated works" in the Superman Notices. However, when
32 Plaintiffs decided to try to segregate Superboy from Superman on the theory that they
33 could claim a 100% copyright interest in Superboy while they could claim at most a 50%
34 copyright interest in Superman, they had to serve a new and separate notice.
35 Accordingly, the Superboy Notice was served in November, 2002. Since Section 304(c)
36 requires that a termination notice be served a minimum of two years prior to the
37 designated effective date, the Superboy Notice could not have had an effective date prior
38 to November, 2004.

1 **III. THE POST-TERMINATION EPISODES OF**
2 **SMALLVILLE ARE NOT "SUBSTANTIALLY SIMILAR"**
3 **TO, AND THEREFORE DO NOT INFRINGE UPON, ANY**
4 **OF PLAINTIFFS' PURPORTEDLY RECAPTURED**
5 **SUPERBOY COPYRIGHTS**

6 **A. Summary of Argument**

7 In an attempt to maximize their potential monetary interest in the pop lar
8 television series *Smallville*, Plaintiffs have alleged that the series is not derivative
9 of Superman (as to which they have *at most* a one-half interest) but rather infringes
10 on their alleged exclusive copyright interest in Superboy. Notwithstanding the
11 obvious logical difficulty of viewing Superboy as a wholly independent original
12 creation – not derivative of or otherwise related to his pre-existing adult self
13 “Superman” – Plaintiffs have obtained a ruling that Siegel was the sole creator of
14 Superboy, and that Plaintiffs have effectively recaptured the “Superboy
15 copyrights” as of November 17, 2004.³⁵ While the Court is presently determining
16 Defendants’ motion to reconsider that earlier ruling, they do not challenge it for
17 p rposes of the instant Motion. Instead, Defendants contend, and the undisputed
18 facts establish as a matter of law, that *Smallville* does not infringe on any possible
19 copyright interest that Plaintiffs could have recaptured in Superboy.

20 The only “Superboy” works arg ably authored by Siegel are the 1938 Pitch
21 and the 1940 Script (collectively the “Submissions”), and accordingly the original
22 copyrightable elements in those two works are the only “Superboy copyrights”
23 Plaintiffs could have recaptured by virtue of the Superboy Notice. Under the
24 infringement analysis long-mandated – and recently reiterated – by the Ninth
25 Circuit, *Smallville* is not “substantially similar” to any of Plaintiffs’ “Superboy”
26 works as a matter of law; that is, the disputed works do not share similar
27

28 ³⁵ As noted above, Plaintiff Laura Siegel Larson has admitted that the Superboy works
29 allegedly prepared by Jerome Siegel were based on earlier presentations of Superman.
(Bergman Decl. Exh. J at 99:11-25.)

1 characters, settings, plots, sequence of events, themes, mood or pace. Accordingly,
2 there is no infringement here.

3 **B. Additional Factual Background**

4 1. **The Pitch**

5 As set forth above, on November 30, 1938, Siegel "pitched" the idea of a
6 comic entitled "Superboy" "which would relate to the adventures of Superman as a
7 youth." (Bergman Decl. Exh. H) The Pitch did not describe any specific plot or
8 other story elements which would be included in the proposed comic. (*Id.*)

9 Detective did not pursue the idea. (Levitz Decl. ¶ 9.)

10 2. **The Prior Superman Publications**

11 Throughout 1939 and 1940 Detective continued to publish Superman stories
12 in *Action Comics*, and eventually gave Superman his own home in a series of
13 comics books titled *Superman*. (See, e.g., Bergman Decl. Exh. L.) Superman was
14 also published as a daily newspaper comic strip. (*Id.* Exh. K.) These early
15 Superman comic books and comic strips recounted Superman's adventures, but
16 also expanded on his "backstory": Detective introduced Superman's Kryptonian
17 parents, "Lora" and "Jor-L," in a series of newspaper strips published in 1939, and
18 added Superman's Earthly parents, the Kents, in *Superman No. 1*, published in May
19 1939. (*Id.* Exhs. K, L.) In *Superman No. 1* the Kents are shown to counsel young
20 Clark to hide his great strength from people, but to use it to help humanity "when
21 the proper time comes." (*Id.* Exh. L.) Indeed, the comic states that "the love and
22 guidance of his kindly foster parents was to become an important factor in the
23 shaping of the boy's future." (*Id.*)

24 3. **The Superboy Script**

25 In December, 1940, Siegel submitted the thirteen-page typed "Superboy"
26 Script to Detective. (Bergman Decl. Exh. I.) The Script, which contains dialogue
27 and describes panels – but contains no art work – tells the story of Superman at a
28 few different stages in his childhood. (*Id.*) The Script recounts how the infant

1 Superman was sent to Earth in a spaceship, how he was adopted by the Kents, and
2 how even as a baby he showed his superpowers, which the Kents teach him to
3 conceal. (*Id.*) These elements were all repeated from the Prior Superman
4 Publications. (See, e.g., *id.* Exhs. E, K, L.)

5 The Script goes on to portray a few vignettes of Clark in his early childhood:
6 the infant Clark giving a young bully a black eye, and Clark in kindergarten,
7 impervious to the pranks of his classmates. (*Id.* Exh. I at 7-9.) The Script then
8 jumps to the fifth grade and describes an incident in which a group of classmates
9 plot to scare young Clark by luring him to a reputedly haunted house on the
10 promise of allowing him to join their club. (*Id.* Exh. I at 9-10.) As it turns out, the
11 old house is being used by a gang of criminals who capture and menace the
12 children. Young Clark arrives and, with his superpowers, rescues his classmates
13 and apprehends the criminals. (*Id.* Exh. I at 10-12.) As a result of this incident,
14 Clark determines to devote himself to helping people in need and decides to create
15 his own “masquerade costume” in order to hide his true identity. (*Id.* Exh. I at 13.)
16 While the costume is not described in the Script, it can be inferred it is the
17 Superman costume that was already famous from previously published comics.
18 The story concludes with the description of a panel in which Superboy is to be
19 portrayed “streaking over [a] city at night.” (*Id.* Exh. I at 13.)

20 **4. More Fun Comics No. 101**

21 On or around November 18, 1944, Detective published, without Siegel’s
22 involvement, a five page comic strip entitled “Superboy” in the comic book *More*
23 *Fun Comics No. 101* (“MF 101”). (Bergman Decl. Exh. M).³⁶ The first three
24 pages of the strip depict Superman’s origin story from Krypton, and the first part of
25 page 4 reiterates how he was found, as a babe, in the ruins of his spaceship by a
26 passing motorist, was left at an orphanage, and was thereafter adopted by the

27
28 ³⁶ The story in *MF 101* is generally credited to author Don Cameron and Editor Jack Schiff. While the artwork is not credited, it is undisputed that it was not created by Jerry Siegel.

1 Kents. (*Id.*) The remainder of page 4 shows the boy demonstrating super-strength,
2 super-speed, and the ability to leap over buildings, and concluding to himself that
3 he should not let others learn how different he is. (*Id.*) The last page of the strip
4 shows young Clark rescuing a man pinned under a car, and deciding to use his
5 powers for good, but to conceal them. (*Id.*) The final panel of the strip shows a
6 juvenile Superman, and states that "Clark Kent secretly fashions a colorful red-
7 and-blue costume – and thus is born – SUPERBOY." (*Id.*)

8 Detective continued to publish additional "Superboy" comic strips thereafter
9 for a number of years – all without Siegel's participation. (Levitz Decl. ¶ 9.)

10 **5. The Smallville Television Series**

11 DC entered into an agreement dated as of December 5, 2000, with Warner
12 Bros. Television Production ("WBTV"), a division of Time Warner Entertainment
13 Company, L.P., pursuant to which DC granted WBTV an exclusive license to
14 produce a live action episodic television series based on "the stories and
15 adventures of the comic book character known as 'Clark Kent' or 'Superman'...."
16 (Levitz Decl. ¶ 16.) DC approved the name "Smallville" for the series, which was
17 contemplated to be an hour-long dramatic action series focusing on Clark Kent as a
18 teenager, before he became Superman. (*Id.*)³⁷

19 *Smallville* premiered in the fall of 2001 on the WB Network, and chronicles
20 the adventures of Clark Kent and various other characters from the Superman
21 mythology during and after high school in the town of Smallville. (Declaration of
22 Melinda Hage ("Hage Decl."), ¶ 3.)³⁸ A major premise of *Smallville* is that, on the
23 day the infant who was to become Clark Kent arrived in his space capsule from the
24 planet Krypton, a shower of meteors (Kryptonite) from Krypton also struck

25
26 ³⁷ The town in which Clark Kent grew up was first named "Smallville" in the comic
27 book *Superboy No. 2*, cover dated May-June 1949, and published after the conclusion of
28 the Westchester Action. (Bergman Decl. Exh. L.L.)

³⁸ The DVDs and Synopses of each *Smallville* episode which first aired on or after
November 17, 2004, are submitted herewith as Exhibits C through H to the Hage
Declaration.

1 Smallville, plaguing the town with a number of unexplained supernatural
2 phenomena ever since. (*Id.* ¶ 3.) The show centers around Clark Kent as a modern
3 young man coming to terms with his evolving powers and dealing with the unusual
4 Kryptonite-related occurrences in Smallville. (*Id.*) The action also highlights his
5 relationships with Lana Lang (his love interest) and a young Lex Luthor (who
6 grows up to be Superman's arch-enemy). (*Id.*)

7 As the series has progressed, it has increasingly devoted more of its story
8 lines to the supernatural and science fiction – with, among other things, a focus on
9 Superman's discovery of his origins on the planet Krypton and his father, Jor-El.
10 (*Id.*) Clark Kent in *Smallville* does not don the traditional Superman costume (*id.*),
11 nor does he exhibit many of the fully-formed powers possessed by the adult
12 Superman. *Smallville* is currently in its sixth network season (*id.* ¶ 10), and Clark
13 Kent has now graduated from high school and is working in Metropolis. (*Id.* Exh.
14 H.)

15 **C. Plaintiffs' Superboy Notice and Copyright Infringement Claim**

16 As previously described, Plaintiffs' Superboy Notice relates only to
17 *Superboy*, and purports to terminate grants made only by Siegel in certain
18 *Superboy* works. (Bergman Decl. Exh. FF.) Specifically, Plaintiffs purported to
19 terminate any grant made by Siegel in the Stipulation entered into in the
20 Westchester Action, as well as in the 1975 Agreement between the parties (which
21 referenced "Superman" but not "Superboy"), to the extent they concern
22 "Superboy." (*Id.*) Since both the Pitch and the Script pre-date November 17, 1943
23 (*i.e.* 61 years before the effective date of the Superboy Notice), and their contents
24 were never themselves published, Plaintiffs have argued, based on the vacated
25 Westchester Interlocutory Findings, that *MF 101*, which was published on or about
26 November 18, 1944, effectively "published" the previously unpublished
27 Submissions, and that any rights to those early Submissions therefore were
28

1 recaptured pursuant to the Superboy Notice due to their much later “publication.”
2 (FASBC (Bergman Decl. Exh. GG), ¶¶ 31-43.)³⁹

3 Accordingly, in the Superboy Action Plaintiffs seek a declaration that they
4 have recaptured all rights in “Superboy” as of the November 17, 2004 effective
5 date of the Superboy Notice. (*Id.* ¶ 78(c).) The First Claim for Relief in this action
6 is for copyright infringement, wherein Plaintiffs specifically allege that
7 “Defendants’ ongoing exploitation of the ‘Superboy’ mythology, including but not
8 limited to the Superboy Comic Books, and other publications, ‘Superboy’
9 merchandising, animated and live action television programming (e.g., the
10 *Smallville* Series)” after the November 17, 2004 effective date infringes Plaintiffs’
11 copyright rights in the “Siegel Superboy Material.” (*Id.* ¶ 67). The “Siegel
12 Superboy Material” is defined in the complaint as the “Siegel Superboy Story” –
13 *i.e.* the December, 1940 Script – “together with all other material created by
14 Jerome Siegel relating to Superboy.” (*Id.*) Plaintiffs’ Fifth Claim for Relief
15 requests an injunction against, among other things, Defendants’ purported acts of
16 copyright infringement with respect to Superboy. (*Id.* ¶¶ 104-07.)

17 **D. Judge Lew’s Prior Summary Judgment Order**

18 In February, 2006, the parties filed cross-motions for summary judgment
19 and partial summary judgment in the Superboy Action. Plaintiffs argued that, as a
20 matter of law, the Superboy Notice was proper, adequate and effective, and that
21 Plaintiffs had recaptured the “Superboy copyrights” as of November 17, 2004.
22 Defendants, on the other hand, argued that, as a matter of law under established
23 copyright doctrines, Siegel’s Submissions (1) were derivative of pre-existing
24 Superman works, (2) constituted “works for hire” under the applicable 1909 Act,
25 and as such were owned by DC’s predecessor, Detective, and (3) had never been
26 “published” or registered as unpublished works; therefore, they were not eligible
27 for termination and recapture under Section 304(c). Additionally, Defendants

28
39 Defendants dispute this contention.

1 argued that even if Plaintiffs had successfully recaptured copyright rights in
2 Superboy, those rights were not infringed by any of the post-termination episodes
3 of *Smallville* because *Smallville* does not contain any copyrightable material
4 emanating from any work which Plaintiffs claim to own exclusively by reason of
5 termination; namely the Submissions.

6 On March 23, 2006, the Court granted Plaintiffs' motion for partial summary
7 judgment, and denied Defendants' motion for summary judgment. (Bergman Decl.
8 Exh. MM.) Relying almost exclusively on the vacated Interlocutory Findings in
9 the Westchester Action, the Court (i) rejected each of Defendants' copyright
10 defenses contesting the validity of the Superboy Notice, (ii) agreed that *MF 101*
11 "published" the Submissions, and (iii) held that Plaintiffs had recaptured the
12 "Superboy copyrights" as of November 17, 2004. (*Id.*) The "Superboy"
13 "copyrights" were not defined or described in the Order. (*Id.*)⁴⁰

14 With respect to Defendants' argument that, in any event, the *Smallville*
15 series did not infringe on any copyrightable expression contained in the
16 Submissions, the Court held that "the specific question as to whether the television
17 show *Smallville* infringes on Plaintiffs' Superboy copyrights requires a detailed
18 factual comparison of each property's content characteristics . . ." (*Id.* at 16.)
19 However, the Court did not engage in that detailed factual comparison; instead,
20 after noting that Plaintiffs drew comparisons between "the storylines of *Smallville*
21 and the Superboy comic strip," the Court simply concluded that fact issues
22 precluded summary judgment in favor of Defendants on the infringement claim.
23 (*Id.* at 16-17.)

24 **E. Plaintiffs' Discovery Responses Concerning Infringement**

25 Following the Court's March 23 Order, DC served interrogatories on
26 Plaintiffs seeking, *inter alia*, to probe all factual issues regarding Plaintiffs' claims

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28 ⁴⁰ As the Court is aware, the March 23, 2006 Order is the subject of Defendants'
Motion for Reconsideration, which was argued on February 12, 2007, and is presently
under submission and awaiting decision.

1 of infringement in connection with Superboy. (Bergman Decl. Exh. NN.)
2 Specifically, DC propounded an interrogatory (Interrogatory No. 3) asking
3 Plaintiffs to identify (1) Defendants' allegedly infringing works; (2) Plaintiffs'
4 allegedly infringed works; and (3) the specific passages, images or scenes which
5 Plaintiffs contend constitute the infringement. (*Id.* at 4.) Plaintiffs initially
6 objected to this discovery, but ultimately stipulated to the entry of a court order
7 requiring them to provide, without objection, "complete, substantive responses" to
8 the infringement interrogatory. (*Id.* Exh. OO.) The parties agreed, however, that
9 Plaintiffs could limit their infringement responses to the *Smallville* series. (*Id.*)

10 On or about July 14, 2006, Plaintiffs served their Supplemental Responses to
11 DC's Interrogatory No. 3. (*Id.* Exh. PP.) In their responses, Plaintiffs identified
12 the allegedly infringing works as the post-termination episodes of *Smallville*, and
13 the allegedly infringed works as the Superboy Pitch and Script "and the original
14 characters and other elements contained in such works," and *MF 101* "which
15 published the Siegel Superboy Material." (*Id.* at 5.)⁴¹ However, Plaintiffs did *not*
16 identify the specific passages, images or scenes in the respective works which they
17 contended constituted the infringement, providing instead a lengthy narrative
18
19
20

21
22 ⁴¹ It is difficult to understand, under copyright principles, how Plaintiffs could have
23 any copyright interest in the content of *MF 101*, which was written by another author
24 under a work-for-hire relationship with Detective, without any input by Siegel. (See
25 Bergman Decl. Exh. M (last two pages).) It is similarly difficult to understand how
26 Plaintiffs could be deemed the *exclusive* copyright owners in *MF 101* since even if this
27 were not a work for hire owned solely by Detective, it is undisputed that it would then be
28 a joint work comprised of words *and* artwork, which artwork was undisputedly not
created by Siegel or his heirs. *MF 101* would then be a joint work of copyright – just like
Action Comics No. 1 – whose undivided one-half interest remains the property of DC. As
explained above, a joint owner of copyright cannot infringe its own copyright. See, e.g.,
Oddo, 743 F.2d at 632-33. Nevertheless, for purposes of this Motion, Defendants assume
such an exclusive ownership interest by Plaintiffs to the extent *MF 101* used any material
in the Submissions that was not already contained in the Prior Superman Publications.
The Submissions and *MF 101* are heremaster collectively referred to as "Plaintiffs'
Works."

1 describing and comparing only the most vague and general aspects of Plaintiffs' 2 Works and of the *Smallville* series as a whole. (*Id.*)⁴²

3 Accordingly, DC moved to compel Plaintiffs to provide the "complete, 4 substantive responses" they had previously been ordered to provide, and on 5 October 27, 2006, Magistrate Zarefsky granted DC's motion and ordered Plaintiffs 6 to provide further supplemental responses more fully responding to the 7 Interrogatory by identifying the allegedly infringed and infringing "passages, 8 images or scenes" in the disputed works. (*Id.* Exh. QQ.) Plaintiffs' further 9 supplemental responses were served on November 22, 2006, and purport to 10 identify 74 separate types of "similarities" in the post-November 17, 2004 episodes 11 of *Smallville* that allegedly infringe Plaintiffs' Works. (*Id.* Exh. RR.) These 74 12 separate itemizations of purportedly infringing "similarities" include such broad 13 comparisons and characterizations as "Clark as a child" (item 2); "Clark does not 14 wear glasses" (item 4); "Clark hangs out and interacts with classmates and peers 15 outside of school" (item 39); and "locals are nosy regarding outsiders" (item 66). 16 (*Id.*)

17 What these discovery responses clearly and unequivocally demonstrate is 18 that Plaintiffs can point to no actionable similarity between *Smallville* and any of 19 the materials in which Plaintiffs assert a copyright ownership interest: A review of 20 Plaintiffs' claimed instances of infringement reveals that all of the purported 21

22 ⁴² Thus, Plaintiffs' discovery responses purported to identify the following similarities 23 between Plaintiffs' Works on the one hand, and the *Smallville* series on the other hand: 24 (i) Both sets of works purportedly have a "lead character" who is a "modest, sensitive 25 young man (somewhat of a loner) who, while attending school in a small rural town, 26 must face growing up and all which that entails in the heightened context of coming to 27 grips with the fact that he is very different from others and with the challenges and 28 responsibilities of his supernatural powers." (ii) Both sets of works portray the lead's 29 relationship with his adoptive parents, the Kents, who are "earnest, humble and moral 30 people"; "simple country folk" who raise their adopted son as a human, and "gently guide 31 and . . . counsel him on the need to restrain or conceal his tremendous power." (iii) Both 32 sets of work are purportedly set in "a small rural town." (iv) And both sets of work 33 purportedly explore the central theme of the "coming-of-age of a young man destined for 34 greatness as a superhero," with the lead character "coming to grips with who he really is . 35 . while repressing and concealing his true self for fear that he will not be accepted by his 36 peers." (*Id.*)

1 “similarities” are simply general ideas or generic scenes standard to a young super-
2 hero story, *none of which is protectable by copyright*. Furthermore, each of the
3 “Superboy” ideas, characters and relationships on which Plaintiffs now base their
4 claim of infringement were explored and expressed in (i) the Prior Superman
5 Publications in which DC remains co-owner of copyright, as well as in (ii) the
6 Non-Terminated Superboy Works published prior to November 17, 1943, which
7 are beyond the reach of the Superboy Notice.⁴³ (Declaration of Jeff Rovin (“Rovin
8 Decl.”), ¶ 22 & Exh. B.) Defendants therefore are free to use the content of these
9 works – whether it is copyrightable expression or non-copyrightable ideas –
10 without infringing any of Plaintiffs’ purportedly recaptured “Superboy copyrights.”

11 After the close of fact discovery, the parties exchanged their respective
12 expert reports on the issue of infringement. Defendants’ experts have prepared
13 comprehensive reports comparing Plaintiffs’ Works to the post-termination
14 *Smallville* episodes in accordance with the standards established by the Ninth
15 Circuit, and have concluded that there are no eas of substantial similarity
16 between the works which could arguably constitute copyright infringement. (See
17 generally Rovin Decl.; Declaration of Mark Rose (“Rose Decl.”), Exh. A.) These
18 experts have also addressed each of the 74 claimed areas of similarity listed in
19 Plaintiffs’ supplemental discovery responses (virtually all of which are non-
20 protectable ideas, themes or generic scenes) and most of which also have
21 specifically appeared in the Prior Superman Publications or the Non-Terminated
22 Superboy Works. (Rovin Decl. ¶ 22 & Exh. B; Rose Decl. Exh. A at 18-26.) As
23 Defendants’ experts concluded, once these kinds of alleged similarities are filtered
24 out, there is simply nothing left of Plaintiffs’ Works that is even arguably

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27 ⁴³ The Non-Terminated Superboy Works (Schedule “B”) all contain story elements
28 that Plaintiffs claim to have recaptured through the Superboy Termination Notice – such
 as a juvenile Superman, his rural upbringing, his outsider status, and his relationship with
 his adoptive parents.

1 copyrightable which has been used in any way in the post-termination episodes of
2 *Smallville*. (*Id.*)

3 Plaintiffs have now had every opportunity to discover, gather, and articulate
4 the bases for their copyright infringement claim concerning "Superboy" and have
5 been unable to do so. Accordingly, on the basis of the updated and now completed
6 record, Defendants move again for summary judgment. Defendants submit that
7 Plaintiffs, as a matter of law, cannot establish and have no evidence to support
8 their claim that the post-termination episodes of the *Smallville* television series
9 infringe on any of the copyrightable elements contained in Plaintiffs' Works which
10 are or could be owned by Plaintiffs.⁴⁴

11 **F. As a Matter of Law, the Post-Termination Episodes of *Smallville***
12 **Do Not Infringe Upon Any Copyright Interests Recaptured and**
13 **Owned By Plaintiffs**

14 **1. The Standards for Copyright Infringement**

15 **a. Background**

16 The Copyright Act provides that "[a]nyone who violates any of the exclusive
17 rights of the copyright owner provided in section 106 . . . is an infringer . . .," 17
18 U.S.C. § 501(a). Because the statute does not contain any further definition of
19 infringement, case law determines the elements that will establish such a cause of
20 action. It is well settled in these cases that to prove copyright infringement,
21 Plaintiffs must show (1) ownership of a valid copyright and (2) Defendants'

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23 ⁴⁴ The Declaration of Michael Bergman pursuant to Local Rule 7-17 ("L.R. 7-17") is
24 submitted concurrently herewith. L.R. 7-17 requires a party to submit a declaration to the
25 court when, as is the case here, the party submits an issue to a new judge that was
26 previously addressed and denied by a prior judge. That declaration must notify the new
27 judge of (1) "the material facts and circumstances as to each prior motion"; (2) "the
28 ruling, decision, or order made"; and (3) "the new and different facts or circumstances
claimed to warrant relief and why such facts or circumstances were not shown to the
judge who ruled on the motion." *Id.* Accordingly, the L.R. 7-17 declaration of Mr.
Bergman describes in detail: (1) the issues presented earlier in Defendants' Motion for
summary judgment regarding copyright infringement; (2) the pertinent holding in Judge
Lew's March 23, 2006 Order on Defendants' Motion for Summary Judgment; and (3)
how, through subsequent discovery efforts, Defendants have developed additional facts
not previously available or addressed by Judge Lew that entitle them to relief.

1 copying of protected elements of the copyrighted work. *Apple Computers, Inc. v.*
2 *Microsoft Corp.*, 35 F.3d 1435, 1442 (9th Cir. 1994).

3 Thus, the starting point in the infringement analysis is what work is alleged
4 to have been copied. Here, Plaintiffs concede in their responses to interrogatories
5 that the only specific works they allege have been infringed are the 1938 Pitch, the
6 1940 Script, and *MF 101* (i.e., Plaintiffs' Works).⁴⁵ Accordingly, the only
7 question addressed by this Motion is whether Plaintiffs can establish the second
8 element, i.e., that Defendants have copied protectable elements of those works.
9 Where, as here, copying is not conceded, "the latter element may be established by
10 showing that the works in question are substantially similar in their protected
11 elements, and that the [allegedly] infringing party 'had access' to the copyrighted
12 work." *Rice v. Fox Broadcasting Co.*, 330 F.3d 1170, 1174 (9th Cir. 2003)
13 (summary judgment granted); *Three Boys Music Corp. v. Bolton*, 212 F.3d 477,
14 481 (9th Cir. 2000) (summary judgment granted).⁴⁶ The absence of substantial
15 similarity between two works may be decided as a matter of law, and the Court of
16 Appeals has "frequently affirmed summary judgments in favor of defendants" on
17 that issue. *Frybarger v. International Bus. Mach. Corp.*, 812 F.2d 525, 528 (9th
18 Cir. 1987).

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22 ⁴⁵ To the extent Plaintiffs claim to have recaptured anything from *MF 101*, this could
23 consist only of material from the Pitch or Script *actually used* in *MF 101*, not anything
24 else newly added by that comic book's authors employed by Detective in 1944 – who did
25 not include Siegel or Shuster. If *MF 101*, in fact, made use of preexisting material from
26 the Pitch and Script, then it was to that extent a derivative work based upon the
27 Submissions. It is basic copyright law, however, that the copyright in a derivative work
28 is "independent of . . . any copyright protection in the pre existing material" so that only
the author of the material newly contributed can be the copyright owner of anything
added to the pre-existing material. 17 U.S.C. § 103(b). Thus, Siegel could not be the
copyright owner of any newly added material to any works featuring the character
Superboy prepared after submitting the Script in December 1940.

28 ⁴⁶ For purposes of this Motion, Defendants do not dispute that DC's predecessor,
Defective, had access to both the Pitch and the Script.

b. “Substantial Similarity” – The Required Comparison and Dissection of the Works

3 The test for “substantial similarity,” a term of art, has been developed and
4 refined over the years in the summary judgment context. The Ninth Circuit has
5 most recently addressed the “substantial similarity” test in some depth, granting
6 summary judgment in a copyright infringement case quite analogous to this one.
7 See *Funky Films, Inc. v. Time Warner Entm’t Co., L.P.*, 462 F.3d 1072 (9th Cir.
8 2006). In *Funky Films*, plaintiff alleged that defendant’s HBO television series *Six
9 Feet Under* infringed upon her prior screenplay *The Funk Parlor*: Both works take
10 place in a family-run funeral home which has fallen on hard times; both begin with
11 the untimely death of the family patriarch; in both, the death of the father
12 precipitates the return of the eldest son who had earlier rejected the family business
13 and left town; and in both works the older son joins his younger (gay) brother, who
14 had remained at home, in trying to revive the family business in its struggle against
15 a larger competitor. *Id.* at 1077-78. Both works also explore the themes of death,
16 relationships, and sex. *Id.* at 1079.

17 The district court conducted an independent analysis of the two works and
18 determined, as a matter of law, that no jury could reasonably find substantial
19 similarities between the works, and accordingly granted summary judgment in
20 favor of defendant. *Id.* at 1076. The Ninth Circuit *affirmed* after conducting its
21 own *de novo* analysis of the works, reasoning that whatever similarities there were
22 existed only at “a very high level of generality.” *Id.* at 1081. In reaching this
23 conclusion, the Court explained at length the “substantial similarity” test and its
24 appropriate application.

As noted by the *Funky Films* court, the substantial similarity test contains an extrinsic and intrinsic component. *Id.* at 1077.⁴⁷ At summary judgment, courts

⁴⁷ The intrinsic test, which examines an ordinary person's subjective impressions of the similarities between two works, is exclusively the province of the jury. See *Shaw v. Lindheim*, 919 F.2d 1353, 1360-61 (9th Cir. 1990).

1 apply only the *extrinsic* test, since a “plaintiff who cannot satisfy the extrinsic test
2 necessarily loses on summary judgment, because a jury may not find substantial
3 similarity without evidence on both the extrinsic and intrinsic tests.” *Kouf v. Walt*
4 *Disney Pictures & Television*, 16 F.3d 1042, 1045 (9th Cir. 1994).⁴⁸ The extrinsic
5 test is objective in nature. “[I]t depends not on the responses of the trier of fact,
6 but on specific criteria which can be listed and analyzed.” *Sid & Marty Krofft*
7 *Television Prods., Inc. v. McDonald’s Corp.*, 562 F.2d 1157, 1164 (9th Cir.
8 1977).⁴⁹ It is appropriate for the Court to consider the testimony of experts in
9 analyzing the factors in the extrinsic test. *Id.* The Court is required to make a
10 comparison of the works, including an “analytical dissection” of their “constituent”
11 and “protected elements,” in which “it is essential to distinguish between the
12 protected and unprotected material in a plaintiff’s work.” *Swirsky v. Carey*, 376
13 F.3d 841, 845 (9th Cir. 2004) (citations omitted). In applying the extrinsic test, the
14 Court must also compare “*the actual concrete elements* that make up the total
15 sequence of events and relationships between the major characters” in the
16 compared works. *Berkic*, 761 F.2d at 1293 (emphasis added). Accordingly, the
17 test focuses on the “articulable similarities between the plot, themes, dialogue,
18 mood, setting, pace, characters, and sequence of events” in the two works. *Funky*
19 *Films*, 462 F.3d at 1077; *Kouf*, 16 F.3d at 1045 (citations omitted). In all of these
20 cases summary judgment was granted.

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25 ⁴⁸ Thus, “[w]hen the issue is whether two works are substantially similar, summary
26 judgment is appropriate if no reasonable juror could find substantial similarity of ideas
and expression.” *Id.*

27 ⁴⁹ Accordingly, substantial similarity “may often be decided as a matter of law.” *Id.*
28 See also *Shaw*, 919 F.2d at 1355 (“We have frequently affirmed summary judgment in
favor of copyright defendants on the issue of substantial similarity.”) and *Berkic v.*
Crichton, 761 F.2d 1289, 1292 (9th Cir. 1985) (same).

c. Methodology and Analytic Tools for Filtering Out Unprotected Material in the Required Comparison

3 The methodology and analytic tools for filtering out unprotected material in
4 the substantial similarity comparison for deciding summary judgment motions
5 include several bedrock precepts. First, in assessing substantial similarity the court
6 “may place *no* reliance upon any similarity in expression resulting from
7 ‘unprotectable elements.’” *Apple Computers, Inc.* 35 F.3d at 1443 (quoting *Aliotti*
8 *v. R. Dakin & Co.*, 831 F.2d 898, 901 (9th Cir. 1987)). Included in “unprotectable
9 elements” are “ideas” as opposed to their expression.⁵⁰ As the Ninth Circuit has
10 frequently emphasized, “[g]eneral plot ideas are not protected by copyright law;
11 they remain forever the common property of artistic mankind.” *Berkic*, 761 F.2d at
12 1293; *Funky Films*, 462 F.3d at 1081.⁵¹ Instead, “protectable expression includes
13 the *specific details* of an author’s rendering of ideas.” *Metclaf v. Bochco*, 294 F.3d
14 1069, 1074 (9th Cir. 2002) (emphasis added). As noted in this Circuit’s seminal
15 case, *Krofft*, 562 F.2d at 1163, n.6, “no better formulation has been devised” to
16 distinguish an unprotected idea from protected expression than Judge Learned
17 Hand’s so-called abstractions test:

Upon any work, and especially upon a play, a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out. The last may perhaps be no more than the most general statement of what the play is about, and at times might consist of only its title; but there is a point in this series of abstractions where they are no longer protected, since

⁵⁰ See 17 U.S.C. § 102(b) (“[i]n no case does copyright protection for an original work of authorship extend to any idea . . . concept, principle or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work”).

⁵¹ See also *Cavalier v. Random House*, 297 F. 3d 815, 824 (9th Cir. 2002) (“basic plot ideas . . . are not protected by copyright law.”); and *Shaw*, 919 F.2d at 1356 (“Copyright law protects an author’s expressions; facts and ideas within a works are not protected.”).

otherwise the playwright could prevent the use of his
“ideas,” to which, apart from their expression, his
property is never extended.

⁴ *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930).

5 Second, material considered to be “*scenes a faire*” is treated like ideas and
6 likewise is not protectable. *Id.*; *Funky Films*, 462 F.3d at 1077. *Scenes a faire*
7 include material or scenes that are “as a practical matter indispensable, or at least
8 standard, in the treatment of a given [idea],” *Apple Computer, Inc.*, 35 F.3d at
9 1444, as well as scenes and relationships which flow naturally from or are generic
10 from basic plot lines. *Metcalf*, 294 F.3d at 1074; *Funky Films*, 462 F.3d at 1077.⁵²

11 Third, also to be excluded from the substantial similarity analysis are those
12 materials in a plaintiff's work which are repeated from pre-existing works, *Shaw v.*
13 *Lindheim*, 809 F. Supp. 1393, 1402 (C.D. Cal. 1992), as well as all "elements
14 borrowed from another author." *Idema v. Dreamworks, Inc.*, 162 F. Supp. 2d
15 1129, 1177 (C.D. Cal. 2001).⁵³

16 Obviously, any material of which a plaintiff is not copyright owner cannot
17 be the basis for an infringement claim. Accordingly, the required “filtration
18 process,” must remove from the comparison of the works any portion of the
19 plaintiff’s work not protected under copyright or not owned by the plaintiff. *Apple*

⁵² Obvious and simple examples of *scenes a faire* would be the boy-meets-girl scene in a romantic comedy, the climactic fight between hero and villain in an action adventure, and the death in combat of a buddy in a war film. More involved examples from summary judgment case law include the following: "The appearance of drunks, prostitutes, vermin and derelict cars in any realistic work about the work of policemen in the South Bronx," *Walker v. Time Life Films, Inc.*, 784 F.2d 44, 50 (2d Cir. 1986); in a comedy involving a quarrel between prototypical Jewish and Irish fathers, "the marriage of their children, the birth of grandchildren and reconciliation," *Nichols* 45 F.2d at 122; and in a writing about vampires, descriptions of "killings, macabre settings, and choices about good and evil," 4 *Nimmer* at § 13.03 [B][4] at 13-88.7 (citing *Hogan v. DC Comics*, 983 F. Supp. 82 (S.D.N.Y. 1997)).

⁵³ This point is explained in the legislative history: "The most important point here is one that is commonly misunderstood today: copyright in a 'new version' covers only the material added by the later author, and has no effect one way or the other on the copyright or public domain status of the preexisting material." H. Rep. at 57.

1 *Computer, Inc.*, 35 F.3d. at 1443; *Idema*, 162 F. Supp. 2d at 1176-77; *Satava v.*
2 *Lowry*, 323 F.3d 805, 812 (9th Cir. 2003) (“*subtracting unoriginal elements*”
3 required) (emphasis added); *see also Cavalier*, 297 F.3d at 822 (courts “must take
4 care to inquire only whether ‘the *protectable elements, standing alone*, are
5 substantially similar.’”) (quoting *Williams v. Crichton*, 84 F.3d 581, 599 (2d Cir.
6 1996) (emphasis in original)). Once the non-copyrightable elements and matter
7 not owned by the plaintiff are filtered out of the work, an objective comparison of
8 the remaining copyrightable elements of the works must be conducted in order to
9 determine if they are “substantially similar.” *Id.*; *Funky Films*, 462 F.3d at 1077.

10 In addition, in examining the level and quality of the similarities found, the
11 courts have also accorded weight to the *differences* between the works, finding that
12 “numerous differences tend to undercut substantial similarity.” *Warner Bros.,*
13 *Inc. v. American Broad. Co.*, 720 F.2d 231, 241 (2d Cir. 1983) (citation omitted);
14 *Herbert Rosenthal Jewelry Corp. v. Honora Jewelry Co.*, 509 F.2d 64, 65-66 (2d
15 Cir. 1974). *See also Sinicola v. Warner Bros., Inc.*, 948 F. Supp. 1176, 1190
16 (E.D.N.Y. 1996) (“numerous differences between the works cannot be ignored”);
17 *Cosgrove v. Warner Bros. Inc.*, 13 U.S.P.Q.2d 1555, 1558 (E.D.N.Y. 1989) (“there
18 are innumerable other differences between the two works”).

19 Plaintiffs claim that their copyright in the Submissions and *MF 101*
20 (Bergman Decl. Exhs. H, I, M) are infringed by *Smallville*. However, when these
21 works are stripped of both pre-existing material (such as any material from the
22 Prior Superman Publications) and other unprotectable material (such as *scenes à
faire*, ideas, or the expression of those ideas contained in the Non-Terminated
23 Superboy Works (Bergman Decl. Exhs. E, K, L, N, O)), Plaintiffs are left with
24 very little, if any, copyrightable material they can claim to own exclusively on
25 which to base any infringement claim. And, more importantly here, as shown
26 below, none of that copyrightable material has been used in any *Smallville* episode
27 created after November 17, 2004. (Hage Decl. Exhs. D, E, H.)

2. **There is No “Substantial Similarity” Between *Smallville* and Plaintiffs’ Works**

3 As noted above, Plaintiffs' interrogatory responses describe Plaintiffs'
4 Works in the most general terms as being about "a modest young man" attending
5 school in "a small rural town," and "coming to grips with the fact that he is very
6 different from others and with the challenges and responsibilities of his
7 supernatural powers." (Bergman Decl. Exh. PP at 6). Plaintiffs allege that these
8 works center around the main character's relationship with his adoptive parents and
9 explore the central themes of the "coming-of-age of a young man destined for
10 greatness as a superhero," "themes which re-interpret, amplify and express the
11 predicaments of adolescence in a wish fulfillment fantasy context." (*Id.* at 7.)
12 These characters, relationships, and themes are also alleged to be present in the
13 post-November 17, 2004 episodes of *Smallville*.⁵⁴ (*Id.* at 7-9.) As an initial matter
14 — and as a simple review of the short works themselves clearly demonstrates —
15 Plaintiffs grossly mischaracterize what the Script and *MF 101* actually contain.
16 There is nothing in these works to indicate that the young Clark Kent is modest,
17 lives in a small rural town, has any notable relationship with his parents, or is
18 dealing with "adolescent" issues. *Compare* Plaintiffs' Works with *Smallville*
19 episodes (Hage Decl. Exhs. D, E, H.) *See also* Rose Decl. Exh. A at 8; Rovin Decl.
20 ¶¶ 9, 15. Furthermore, these broad types of similarities, even if they existed — and
21 they do not — are insufficient to satisfy the extrinsic test of substantial similarity.
22 *Funky Films*, 462 F.3d at 1081. *See also* *Berkic*, 761 F.2d at 1293, Rose Decl. Exh.
23 A at 10.⁵⁵

25 ⁵⁴ While lists of similarities have sometimes been used by the courts, because they are
26 drawn up by counsel and therefore self-serving, the Ninth Circuit has noted that "they are
27 inherently subjective and unreliable." *Litchfield v. Spielberg*, 736 F.2d 1352, 1356 (9th
Cir. 1984). Plaintiffs' "list" of unprotectable themes and ideas similarly proves itself to
be "inherently . . . unreliable."

⁵⁵ In *Berk c*, the Ninth Circuit noted that “[b]oth [works] deal with criminal organizations that murder healthy young people, then remove and sell their vital organs to wealthy people in need of organ transplants. To some extent, both works take their

1 When pressed by Defendants – and *ordered by the court* – to provide the
2 details of what *specific passages, images or scenes* in their works were allegedly
3 infringed by Defendants, Plaintiffs submitted a list of 74 purported elements or
4 characteristics of their works which they contend are similar to the elements and
5 characteristics of *Smallville*. (Bergman Decl. Exh. RR.) This list also consists
6 mainly of general ideas or stock concepts that are standard or inevitable for the type
7 of work involved⁵⁶ and, to a large extent, inaccurately represents the contents of the
8 Script and *MF 101*. (Rovin Decl. ¶ 22 & Exh. B.) Further, many of these ideas,
9 concepts and relationships had previously been expressed in the Prior Superman
10 Publications, or were later explored in the Non-Terminated Superboy Works, and
11 accordingly must be “filtered out,” as unoriginal material not exclusively owned by
12 Plaintiffs or not subject to Plaintiffs’ Superboy Notice. (*Id.*) That is, using the
13 specific analysis mandated by the Ninth Circuit for the extrinsic test – and
14 comparing the two works for their *setting, plot, characters, theme, mood, pace,*
15 *dialogue and sequence of events* (*Funky Films*, 462 F.3d at 1078) – it is
16 incontestable that there is no “substantial similarity” between Plaintiffs’ Works and
17 *Smallville*.⁵⁷

18 The lack of any such substantial similarity is readily demonstrated by
19 viewing any of the post-termination episodes of *Smallville* and comparing them
20 under applicable Ninth Circuit standards to the Plaintiffs’ Works (Bergman Decl.
21 Exhs. H, I, M). For the Court’s convenience Defendants have submitted DVDs of
22 each post termination episode along with written summaries prepared by WBTV
23

24 general story from the adventures of a young professional who courageously investigates,
25 and finally exposes, the criminal organization. *But this degree of similarity between the
basic plots of two works cannot sustain a plaintiff’s claim that the works are
‘substantially similar.’* *Id.* (emphasis added).

26 ⁵⁶ See, e.g., item 24 (“young Clark uses his powers to foil bad guys”); item 49 (“Mr.
27 and Mrs. Kent are small town folk”); and item 72 (“young Clark comes to realize that he
is very different from everyone else”).

28 ⁵⁷ While these elements are addressed at some length below, they are discussed in
much more detail in the Rovin and Rose Declarations submitted herewith.

1 for purposes other than this litigation. (Hage Decl. Exhs. C through H.) As a
2 supplement to the Court's own analysis, Defendants respectfully submit the
3 following comparison using the Ninth Circuit's keystone considerations.

a. **Setting**

5 Plaintiffs have claimed that both Plaintiffs' Works and *Smallville* are set in
6 the rural town of "Smallville." (FASBC, ¶ 39.) However, this claim fails for a
7 number of reasons. First, there is no mention of the name "Smallville" in either the
8 Pitch, the Script, or *MF 101*. (Bergman Decl. Exhs. H, I, M.) Indeed, it is
9 undisputed that Superman's home town of "Smallville" did not receive its name
10 until *Superboy No. 2*, cover dated May-June 1949, a work which was never created
11 or owned by Siegel. (*Id.* Exh. LL.) Thus, such work could not be the basis for
12 Plaintiffs' copyright claim as Plaintiffs cannot claim to own it. Moreover, it is
13 black letter copyright law that names, such as "Smallville," are not protected by
14 copyright. *See, e.g.* 37 C.F.R. § 202.1(a) (words and short phrases such as names,
15 titles, and slogans are not subject to copyright protection).⁵⁸

16 Plaintiffs' claim of copyright infringement based on the notion that both
17 works take place in a "rural" setting is similarly without merit. Attempting to
18 claim copyright ownership in a "rural setting" is like trying to own stories that take
19 place on a street, or in the jungle. This is the very sort of generality for which
20 protection is denied under Judge Hand's "abstractions test." As a result, courts in
21 this Circuit have consistently held that such claims do not give rise to copyright
22 infringement. *See, e.g., Rice*, 330 F.3d at 1177 (in story about magician revealing
23 his secrets, similarities such as being filmed in a street location without any
24 audience is too generic to copy and is inconsequential); *Burroughs*, 683 F.2d at
25 624 (commonality in locale of sub-Saharan African jungle held too general and

⁵⁸ As a result of DC's use of the term SMALLVILLE in commerce, it has attained trademark significance, which trademark is owned by DC. (Bergman Decl. Exh. P.) As established in Argument Section I.C.2, *supra*, even if Plaintiffs' Superboy Notices are effective, they cannot affect DC's ownership of or its ability to use the SMALLVILLE trademark.

1 abstract); and *Funky Film*, 462 F.3d at 1077-78 (that both works take place in a
2 family run, small funeral home held of no moment in view of differences at more
3 detailed levels of plot, character, themes, mood, pace, dialogue and sequence of
4 events).

5 Furthermore, Plaintiffs read much more into the Submissions than what
6 those works actually contain. The Submissions (Bergman Decl. Exhs. H, I) are
7 entirely vague as to setting, and, as established above, the name “Smallville” that
8 later became associated with the Superboy character nowhere appears in them.
9 Importantly, there is no indication in the Submissions that the key setting is a
10 farming community or that the Kents live on a farm. (*Id.*) Indeed, the Script
11 implies an *urban* setting, with the final panel of the work describing Superboy
12 “streaking over city at night.” (*Id.* Exh. I at 13.) Similarly, *MF 101* has no defined
13 setting. (*Id.* Exh. M.) While some of the earlier panels in the 1944 comic could
14 possibly be interpreted as taking place in a rural or suburban setting, the final
15 scenes in *MF 101* – where young Clark rescues a trapped motorist and astounds his
16 friends with his strength – are clearly in an *urban* setting, among tall buildings and
17 skyscrapers. (*Id.* at 5.)

18 In contrast, *Smallville* decidedly takes place in a small town and on a farm,
19 among encroaching development and industrialization. (Hage Decl. Exhs. D, E,
20 H).⁵⁹ Even if Plaintiffs could point to some clear indication that the Submissions
21 or *MF 101* are set in a rural setting, which they cannot, they can certainly point to
22 no similarity in the particular *expression* of rural settings in the respective works.
23 In other words, there are no specific similar landmarks, homes, schools,
24 topographies, or any other specific places in common in the respective works. (See
25

26
27 ⁵⁹ In fact, Superman’s upbringing on a farm was first conceived in the 1942 Lowther
28 Novel (Bergman Decl. Exh. N at 24), a Non-Terminated Superboy Work, and DC and its
licensees retain the right to use the contents of the Lowther Novel – and all of the Non-
Terminated Superboy Works – without infringing on any of Plaintiffs’ “Superboy
copyrights.”

1 Rose Decl. Exh. A at 10; Rovin Decl. ¶ 15.) In short, there is simply no similarity
2 in setting between the two sets of works.

b. Characters

4 Judge Learned Hand's classic 1930 observation in *Nichols* underlies the
5 basic rule that has informed the law of character protection ever since:

If Twelfth Night were copyrighted, it is quite possible that a second comer might so closely imitate Sir Toby Belch or Malvolio as to infringe, but it would not be enough that for one of his characters he cast a riotous knight who kept wassail to the discomfort of the household, or a vain and foppish steward who became amorous of his mistress. These would be no more than Shakespeare's "ideas" in the play, as little capable of monopoly as Einstein's Doctrine of Relativity, or Darwin's theory of the Origin of Species. It follows that the less developed the characters, the less they can be copyrighted; that is the penalty an author must bear for making them too indistinctly.

¹⁹ *Nichols*, 45 F.2d at 121.

20 Plaintiffs' claims of similarities in characters are legally unfounded and
21 factually without merit. Initially, only "sufficiently delineated" characters warrant
22 copyright protection. *Rice*, 330 F.3d at 1175-76. While visual depictions, such as
23 cartoons, might readily meet the test, protection for literary characters is often
24 difficult to achieve. *Walt Disney Prods. v. Air Pirates*, 581 F.2d 751, 755 (9th Cir.
25 1978). The schematic, exclusively verbal depictions of Superboy and the other
26 stock characters in the Script's exclusively textual continuity scenes are
27 consequently borderline in meriting copyright protection at all. *Id.* Even where
28 threshold protectable characterization exists, a plaintiff's claimed similarities as to

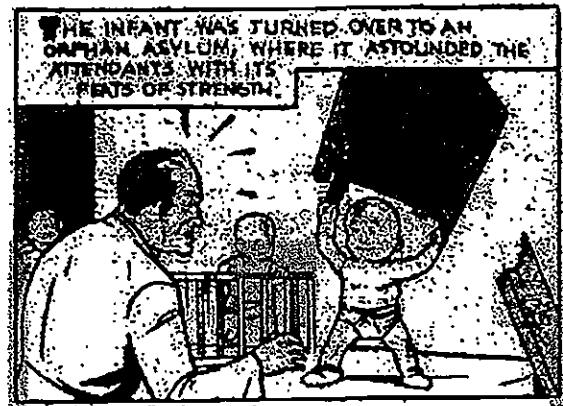
1 characters will be rejected, as a matter of law, where these pertain to material that
2 is too general and indistinctive. *See, e.g., Kouf*, 16 F.3d at 1042 (similarities with
3 respect to the “genius kid with thick-rimmed glasses” *held* not actionable).

4 To the extent there is any detailed character delineation in the Submissions,
5 this comes from the necessary incorporation of the attributes of the pre-existing
6 Superman character developed in the Prior Superman Publications in which
7 Plaintiffs admittedly do not claim exclusive ownership rights and which
8 characteristics therefore *may not be considered* when evaluating Plaintiffs’
9 infringement claim. *See Shaw*, 809 F. Supp. at 1402; *Idema*, 162 F. Supp. 2d at
10 1177. The kind of superhero traits repeated in the Superboy character, which
11 Plaintiffs incorrectly assert are new, have in any event been judicially held to be
12 too common in the superhero genre or are *scènes à faire* that are irrelevant to
13 establish substantial similarity where there are differences in incident and detail
14 between the works. *See Warner Bros. Inc.*, 654 F.2d at 210-11 (common use of:
15 tight fitting acrobatic costumes; heroes who fight megalomaniac villains;
16 traits/powers of self-propelled flight; imperviousness to bullets; x-ray vision;
17 leading double life, with the character’s heroic side kept in secrecy; and
18 stereotypical feats showing great strength, such as lifting a car with one hand, *held*
19 not actionable).

20 As shown below, the differences in detail between the characters in the
21 Submissions and those in *Smallville*, including new characters in *Smallville* with
22 no counterpart in the Submissions, also strongly militate against Plaintiffs’
23 infringement claim. *See Funky Films*, 462 F.3d at 1079.

24 Young Clark Kent. It is basic that Plaintiffs cannot appropriate for
25 themselves under a copyright theory the mere *idea* of portraying Superman as a
26 youth, as opposed to any particular expression of that idea. Indeed, the general
27 idea of a young Clark Kent derives from the Prior Superman Publications. As
28

1 described above, DC published young Clark Kent in *Superman No. 1*, more than a
2 year prior to Siegel's initial submission of the Script:



1 1939.”). Moreover, since DC remains an undisputed co-copyright proprietor of the
2 Clark Kent/Superman character, it also has every right to depict that character, and
3 to license others to depict that character – at whatever stage in his life – without
4 being subject to a claim for copyright infringement.

5 The young Clark Kent as depicted in the Script is a fairly one-dimensional
6 character, shown briefly in a couple of vignettes from early childhood, and then in
7 a short action-adventure as a fifth-grader. (Bergman Decl. Exh. I). This Clark
8 shows no internal struggle, no moral turmoil, and no angst, adolescent or
9 otherwise; he is simply a young boy engaged in light adventure. (*Id.*) Similarly,
10 *MF 101* shows young Clark in a few panels demonstrating his superpowers, and
11 culminates in a brief episode where he uses his super-strength to free a trapped
12 motorist. (*Id.* Exh. M.) There is no exploration of Clark’s thoughts, feelings, or
13 relationships. (*Id.*)

14 This is markedly different from the depiction of the young Clark Kent in
15 *Smallville*. *Smallville*’s Clark is much older and more mature than the Clark of
16 Plaintiffs’ Works. (See generally, Hage Decl. Exhs. C-H; Rose Decl. Exh. A at
17 11.) In the first episode allegedly affected by Plaintiffs’ termination, he is a high
18 school senior, on the verge of adulthood with emerging sexual interests and a
19 varied set of relationships with his peers and his parents. (Hage Decl. Exh. C at 3
20 & Exh. D episode 9.) He is troubled, questioning, and unsettled, and deeply
21 interested in his Kryptonian past. Unlike the Superboy character in the Script and
22 in *MF 101*, the *Smallville* character is never shown in the traditional Superman
23 costume. (*Id.* ¶ 3.) Nor is there precedent in Plaintiffs’ Works for such aspects of
24 the *Smallville* character as his vulnerability to various kinds of Kryptonite or the
25 split personality that he develops as the series unfolds. (Rose Decl. Exh. A at 11.)
26 In short, there is no substantial similarity between Plaintiffs’ Works and *Smallville*
27 with respect to the Clark Kent character.

28

1 *The Kents.* In *Smallville*, the Kents are depicted as a *young* farming couple,
2 who are presented as kindly and loving towards their adopted son, whom they
3 discovered as a small child in the wreckage of a spaceship. (*Id.* Exh. A at 1 & Exh.
4 B at pilot episode.) The Kents have a complex and deeply explored relationship
5 with the teenage Clark Kent, and help him to come to terms with his Kryptonian
6 origins. (*Id. generally* Exhs. C-H.)

7 The age of the Kents is unstated in the Script (Bergman Decl. Exh. I), but in
8 *MF 101* they are clearly shown as being *elderly* (*id* Exh. M). Neither work shows
9 them as being farmers or living on a farm. (*Id.* Exhs. I, M).⁶⁰ There is virtually no
10 depiction of the Kents in *MF 101*, and no material interaction between them and
11 Clark. Although there is a more significant description of the Kents in the Script,
12 these characters were first introduced in the Prior Superman Publications, which
13 pre-date the Script, notably in *Superman No. 1*:



28 ⁶⁰ The idea of the Kents as farmers was also first expressed in the 1942 Lowther
29 Novel. (*Id.* Exh. N at Chapter III.)



(Bergman Decl. Exh. L.)

Since these pre-existing depictions and characteristics of the Kents under any scenario will remain co-owned by DC, they must be “filtered out” of any substantial similarity analysis. Accordingly, there is no evidence of any substantial similarity between Plaintiffs’ Works and *Smallville* with respect to the characters of the Kents.

Jor-El and Lara. Clark Kent’s Kryptonian father “Jor-El” is a recurring character in *Smallville*. (Hage Decl. ¶ 3; Rose Decl. Exh. A at 10.) The characters of Superman’s Kryptonian parents, “Jor-L” and “Lora” are briefly mentioned in the Script. (Bergman Decl. Exh. L.) “Jor-El” and “Lara,” as they were later called, are more extensively depicted in the first three pages of *MF 101*, as concerned and

1 caring parents who send their only son away in a spaceship to escape the
2 impending destruction of Krypton. (*Id. Exh. M.*) But the characters of
3 Superman's Kryptonian parents were established in the Superman mythology well
4 before the Submissions, and appeared in the first daily Superman comic strips,
5 published in January of 1939:



19 (Id. Exh. K.) Accordingly, there is no basis to find substantial similarity based on
these characters.

Other Characters. Neither the Script nor *MF 101* shows young Clark having a significant relationship with any other characters. (Bergman Decl. Exhs. I, M.) *Smallville*, on the other hand, is populated with a number of distinct and fully realized characters, who befriend, influence, or otherwise have a major impact on Clark's life. These include his love interest, Lana Lang; his friend Chloe Sullivan; and his good friend (and later to be Superman's arch-enemy) Lex Luthor. (Hage Decl. ¶ 3 & generally Exhs. C-H; Rose Decl. Exh. A at 8-10.) There is no counterpart for *any* of these characters in Plaintiffs' Works.

c. Plot and Sequence of Events

2 It is well established that in granting summary judgment the courts “attach
3 no significance” to similarities in general plot ideas because these are only at the
4 abstract or general level and not protected by copyright. *See, e.g., Kouf*, 16 F.3d at
5 1045 (life struggle of kids fighting insurmountable dangers); *Berkic*, 761 F.2d at
6 1293 (exposing a criminal organization that murders healthy people and sells their
7 organs for transplants); *Shaw*, 919 F.2d at 1362 (random similarities, such as
8 danger scenes and concerned parents); *Burroughs*, 683 F.2d at 624 & 627
9 (common stories of (a) Tarzan, an ape-man living in the jungle, and Jane, a
10 beautiful woman from civilized society who meet and fall in love and (b) “a
11 woman choosing between two suitors”); and *Warner Bros. Inc.*, 654 F.2d at 210
12 (heroes in each work leading double lives, their heroic side being kept in deep
13 secrecy). *See also Rice*, 330 F.3d at 1176 (commonality in featuring masked
14 magician revealing secrets considered inevitable, *scene a faire* to theme of
15 magician doing so while disguising his identity).

16 Here, there are no similarities in any detailed sequence of events in the
17 works at issue, and *Smallville* only shares three general story elements with the
18 Script and *MF 101*: They all show Clark Kent's arrival on Earth, they all
19 demonstrate his superpowers, and they all show him helping people in need. As
20 noted above, however, these story elements were established in the Prior Superman
21 Publications, and are, in any event, *scenes a faire* in any Superman story. The
22 character's superpowers began in *Action Comics No. 1* (Bergman Decl. Exh. E),
23 and his arrival on Earth is shown there and in *Superman No. 1* (*id.* Exh. L,
24 excerpted above) in which his adoptive parents, who suggest he should help others,
25 are also introduced. And the general idea of Superman helping people – as distinct
26 from any particular realization of that idea – is also a *scene a faire*, as helping
27 people is what Superman commits himself to in the very first story in *Action*
28 *Comics No. 1* (*id.* Exh. E).

1 Moreover, the concrete elements of expression in which the general ideas of
2 earthly arrival, discovery of superpowers, and good deeds are embodied in the two
3 works are manifestly different. In the Script and *MF 101* (*id.* Exhs. I, M), the
4 rocket merely lands and is discovered by a passing motorist. In *Smallville* the ship
5 lands in the context of a cataclysmic meteor shower that destroys buildings, kills
6 people, and scatters Kryptonite, setting off a chain of events that affects the
7 populace of the town well into the future. (Hage Decl. ¶3, Exh. A at 1 & Exh. B at
8 pilot episode.) In the Script and in *MF 101* (as in *Action Comics No. 1*) the baby
9 reveals his superpowers in the orphanage, whereas in *Smallville* Clark Kent does
10 not reveal his powers until he is a high school student when he is struck by a
11 speeding car and emerges unscathed. (Hage Decl. Exh. A at 1 & Exh. B at pilot
12 episode.) Furthermore, except for the general idea of doing good deeds, the
13 rescuing incidents in the two sets of works have nothing in common.

14 Also, the Script and *MF 101* imply continuing adventures in which
15 Superboy, disguised in the iconic costume, rescues people and battles criminals.
16 (Bergman Decl. Exhs. I, M.) The *Smallville* pilot, on the other hand, implies a
17 multi-faceted series that will involve romantic and competitive relationships
18 among various *Smallville* residents. (Hage Decl. Exh. A at 1 & Exh. B at pilot
19 episode.) Another integral part of the series, which was established in the
20 *Smallville* pilot, is the effect of the Kryptonite meteor shower in creating mutated
21 humans with various supernatural attributes, who provide a counterpoint to Clark
22 and his powers. (*Id.*) None of these story elements is even suggested, let alone
23 depicted, in Plaintiffs' Works.

24 Both Plaintiffs' Works and *Smallville* are in a general way concerned with
25 the development of the young superhero, but this general idea – apart from any
26 concrete expression of the idea in a particular story – is merely a *scene a faire* that
27 flows logically from the premise that Superman arrived on Earth as an infant. The
28 life story of any character *inevitably* progresses from infancy to maturity and,

1 moreover, this progression is depicted in *Superman No. 1* and the other Non-
2 Terminated Superboy Works. Both the Script and *MF 101* portray an elementary-
3 school Clark whereas *Smallville* starts in high school and does not portray
4 Superman's pre-pubescent years. The plot component that a boy goes to school is
5 inevitable and clearly is not something that anyone can exclusively own. Also,
6 while Plaintiffs' Works are extroverted and proceed in a linear fashion *Smallville*
7 is reflective and non-linear, with many interwoven plot threads. (Rose Decl. Exh.
8 A at 15.) And those plot threads are the antithesis of the "humorous" adventures
9 proposed by Siegel in the Pitch, and carried out by him in the Script. (Compare
10 Bergman Decl. Exhs. I, M with Hage Decl. Exhs. D, E, H.)

11 Indeed, virtually every post-termination episode of *Smallville* underscores
12 the sharp distinction in plot – and in mood, themes and characters – between that
13 series and Plaintiffs' Works. For example, in the episode titled "Bound" which
14 first aired on November 17, 2004 (the alleged effective termination date), the
15 young Lex Luthor wakes up in a hotel room next to a dead girl, and Clark sets out
16 to prove that Lex is not guilty of murder. (Hage Decl. Exh. C at 3 & Exh. D at
17 episode 9.) And in the episode titled "Thirst," which first aired on October 27,
18 2005, Lana Lang turns into a vampire, starts to suck the life out of her friends, and
19 must be stabbed in the heart by Clark with an antidote developed by LutherCorp.
20 (*Id.* Exh. E at 6 & Exh. F at episode 5.)

21 These plots – and the plots and sequence of events of the other post-
22 termination *Smallville* episodes⁶¹ – have nothing in common with Plaintiffs'
23 Works.

24
25
26 ⁶¹ These plots are typical of the series: For example, in the episode titled "Recruit,"
27 which first aired on February 9, 2005, Lois Lane gets into a drinking match with a
Metropolis University football player, and is later charged with his murder after he
mysteriously dies. (*Id.* Exh. C at 4 & Exh. D at episode 13.) And in the episode titled
28 "Forever," which first aired on May 11, 2005, Clark must stop the school photographer
after he sets up a secret simulated high school and begins kidnapping students to keep his
glory days of high school going forever. (*Id.* Exh. C at 6 & Exh. D at episode 21.)

d. Themes

2 The theme of the Superboy comic series as projected by the Submissions
3 and *MF 101* is simple and straightforward: Superboy will be shown “venturing out
4 to help people in need,” putting his “hidden strength to work” for good purposes.
5 (Bergman Decl. Exhs. I, M.)⁶² *Smallville*, on the other hand, addresses themes
6 such as emerging sexuality, the impact of the meteor shower on the larger
7 *Smallville* community, and Clark’s investigation of his past. (Rose Decl. Exh. A at
8 15-16.) There is no substantial similarity in the themes of the works.

e. Mood

10 The difference in mood between the works also weighs against any extrinsic
11 similarity. See *Kouf*, 16 F.3d at 16 (“light hearted family adventure story” versus
12 “darker adventure”). The Pitch indicates that the Superboy comic series would be
13 about 12-year olds and be characterized by humor and action (Bergman Decl. Exh.
14 H), and these qualities are evident in both the Script and in *MF 101* (*id.* Exhs. I,
15 M). *Smallville* is much more somber in style, with young Clark’s arrival on Earth
16 amid a devastating meteor shower. (Hage Decl. ¶ 3 & Exh. B at pilot episode.)
17 There is also a gothic element introduced by the frequent presence of different
18 grotesque Kryptonite-influenced characters. (Rose Decl. Exh. A at 16-17.)
19 Accordingly, there is no similarity in the moods of the works.

f. Pace

21 The various incidents in young Clark's life as dramatized in Plaintiffs'
22 Works are presented in simple chronological order, and there is no interweaving of
23 multiple narrative threads. The few story elements contained the Script are the
24 stock fare of comic books involving a superhero as a child who leads a double life,
25 inevitably including showing him at home, in school and helping his friends in
26 danger. (Bergman Decl. Exh. I.) In contrast, the *Smallville* episodes are

²⁸ ⁶² These themes were also addressed in the Prior Superman Publications (Bergman Decl. Exhs. E, K, L), which are not the subject of the Superboy Notice.

1 structurally complex stories in which various narrative threads alternate and
2 intertwine and are explored in significant detail, making for a completely different
3 narrative pace. (Rose Decl. Exh. A at 17.)¹

g. Dialogue

5 Plaintiffs have not pointed to – nor is there *any* – instance of substantial
6 similarity in dialogue between the Plaintiffs’ Works and any *Smallville* episode.
7 (Bergman Decl. Exhs. PP, RR) Not only is there no shared dialogue between the
8 works, but the *nature* of the dialogue is profoundly different. While the dialogue
9 in the Submissions and in *MF 101* is simple, superficial, and dated (*id.* Exhs. H, I,
10 M), the dialogue in *Smallville* is modern, and is relatively deep and expansive,
11 containing and revealing much personal information (Hage Decl. *generally* Exhs.
12 D, E, H).

Employing the substantial similarity analysis mandated by the Ninth Circuit demonstrates that the only similarity between *Smallville* and Plaintiffs' Works is that they both embody the idea of Superman as a youth and refer to Superman's origins at the most general and abstract level. As a matter of law, Plaintiffs cannot claim ownership of an idea or of the pre-existing Superman story elements reused in Plaintiffs' Works. Once these ideas and pre-existing foundation story elements are "filtered out," what remains of the works that may be copyrightable and solely owned by Plaintiffs does not resemble any of the expressive content in *Smallville* episodes prepared after the effective date of the Superboy Notice. That is, the works are so entirely different that there is no possible actionable similarity.

G. Relief Requested

25 Defendants respectfully request that the Court grant partial summary
26 judgment in their favor as to Plaintiffs' First Claim for Relief for copyright
27 infringement, and Fifth Claim for Relief for injunction in the Superboy Action,
28 insofar as those claims relate to the television series *Smallville*.

1 **IV. NEITHER WARNER BROS. ENTERTAINMENT INC.**
2 **NOR TIME WARNER INC. IS THE “ALTER EGO” OF**
3 **DC, AND PLAINTIFFS THEREFORE ARE NOT**
4 **ENTITLED TO REACH THE SUPERMAN-RELATED**
5 **PROFITS OF EITHER OF THESE DEFENDANTS**

6 **A. Summary of Argument**

7 In an attempt to capture as much of the Superman revenue as possible,
8 Plaintiffs have named in the Superman Action not only DC, their alleged copyright
9 co-proprietor, but also Warner Bros. Entertainment Inc. (“WBEI”) – a DC affiliate
10 and a licensee of the Superman property – and Time Warner Inc. (“TWI”), the
11 ultimate corporate parent of both DC and WBEI. Plaintiffs apparently recognize
12 the black letter law that while co-owners of copyright must share their profits,
13 licensees of one copyright co-owner have no obligation to account for their profits
14 to the other co-owner (*see* Argument Section IV.D.1.a, *infra*); accordingly, the
15 complaint in the Superman Action asserts a claim against these two defendants
16 based on the contention that they are the *alter egos* of DC. Additionally, defendant
17 WBEI is alleged to be an “effective joint owner and licensor” of the Superman
18 copyrights, purportedly giving rise to an independent obligation to account for and
19 to share with Plaintiffs its Superman-related profits.

20 However, there is no legal principle which creates or gives rise to liability
21 for a purported “effective joint owner” of a copyright, and Plaintiffs can present no
22 evidence that either WBEI or TWI is the *alter ego* of DC. Accordingly, and as a
23 matter of law, neither TWI nor WBEI is independently obligated to account to
24 Plaintiffs and to share with them any of their profits from Superman. TWI and
25 WBEI are therefore entitled to have summary judgment entered in their favor as to
26 the First through Fifth Claims for Relief in the Superman Action.

27

28

1 **B. Additional Factual Background**

2 **1. Corporate History and Structure of DC**

3 The company now known as DC Comics began in the 1930s as "National
4 Allied Publishing." (Levitz Decl. ¶ 12.) Through a series of name changes,
5 mergers, and acquisitions in the 1930s and 1940s, National Allied Publishing
6 became Detective Comics, then "National Comics Publications, Inc." and then
7 "National Periodical Publications, Inc." ("NPP"). (*Id.*) In 1967, NPP was
8 purchased by Warner Communications, Inc. ("WCI"). (*Id.*) In 1976, NPP's name
9 was changed to DC Comics, Inc. (the "DC" standing for "Detective Comics").

10 (*Id.*)

11 In 1993, DC Comics, Inc. was dissolved and converted to a New York
12 general partnership called "DC Comics" and has remained in that same form
13 through the present. (*Id.* ¶ 13.) Since the formation of the DC Comics partnership
14 in 1993, its partners have undergone one change. (*Id.*) From 1993 through March
15 2003, the partners of DC were WCI and Time Warner Entertainment Company,
16 L.P. ("TWEC"), a Delaware limited partnership, and each held a one-half interest
17 in the partnership. (*Id.*)⁶³ In March, 2003, TWI completed a restructuring of
18 TWEC. (Levitz Decl. ¶ 13; Cannon Decl. ¶ 5.) As a result of the restructuring,
19 WCI acquired complete ownership of TWEC's content businesses, including
20 Warner Bros., Warner Bros. Television Production, and certain other former
21 divisions of TWEC. (Cannon Decl. ¶ 5.) In connection with the restructuring of
22 TWEC, WCI contributed its 50% interest in DC to E.C. Publications, Inc. ("EC")⁶⁴

23
24 ⁶³ TWEC was formed in 1992 among TWI, certain TWI affiliates, and third party
25 investors. (Declaration of Janice Cannon ("Cannon Decl."), ¶¶ 2-4.) The TWI-related
26 entities contributed various operating business assets to the TWEC partnership, while the
27 non-TWI parties made substantial capital contributions in exchange for limited
28 partnership interests. (*Id.* ¶ 4.) Between 1993 and 2003 TWI and TWI-related partners
 owned between approximately 70% and 75% of TWEC. During this period TWEC held
 various entertainment assets, including Warner Bros., HBO and Time Warner Cable.
 (*Id.*)

29 ⁶⁴ EC is also a subsidiary of WCI and is the publisher of magazines and comic books
 such as *Mad Magazine*. (Levitz Decl. ¶ 13.)

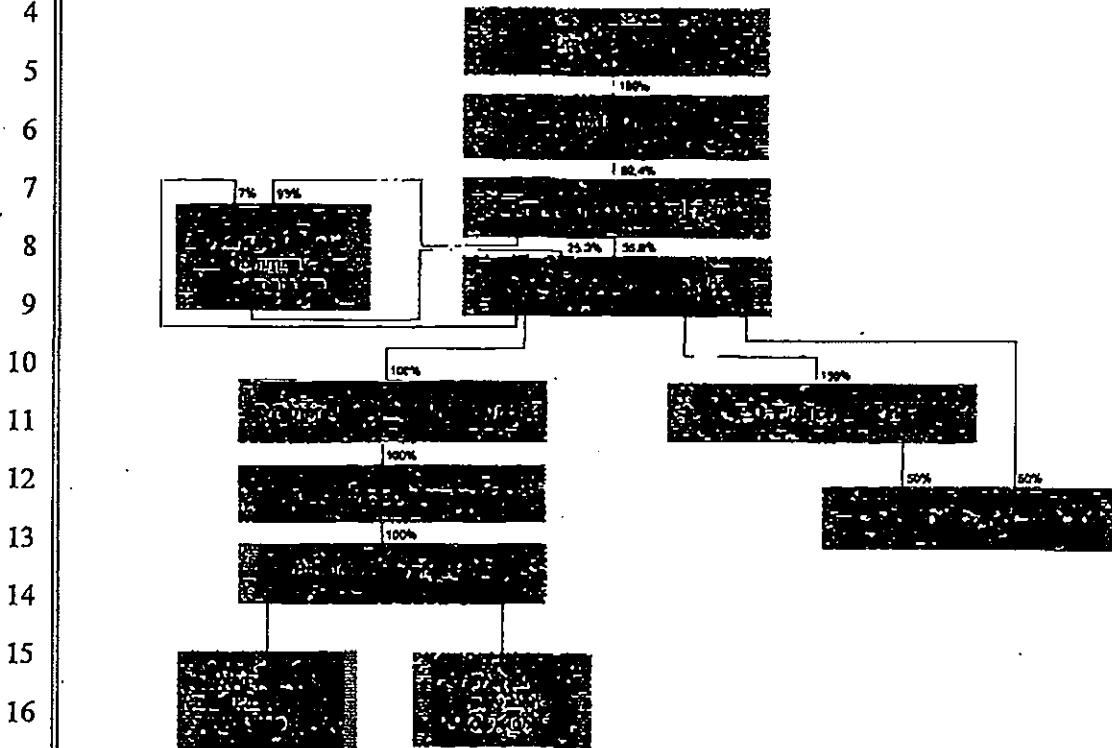
1 and TWEC distributed its assets, including its partnership interest in DC, to WCI.
2 (Levitz Decl. ¶ 13; Cannon Decl. ¶ 5.) As a result, today the partners of DC are
3 EC and WCI, each holding a one-half interest. (Levitz Decl. ¶ 13; Cannon Decl. ¶
4 5.)

5 The TWEC restructuring also resulted in the formation of a number of new
6 corporations to hold and operate the content businesses formerly owned by TWEC.
7 (Cannon Decl. ¶ 6.) These newly formed corporations included WBEI, which
8 succeeded to, among other things, the Warner Bros. content business. (*Id.*) WBEI
9 is the parent corporation of Warner Bros. Enterprises LLC, which in turn is the
10 parent company of WB Studio Enterprises Inc., which produced, through its
11 Warner Bros. Pictures division, the recent *Superman Returns* motion picture, and
12 which produces, under its Warner Bros. Television division, the *Smallville*
13 television series. (Declaration of Julie Spencer (“Spencer Decl.”), ¶ 2.) WBEI is a
14 subsidiary of WCI but holds no interest in DC. (*Id.* ¶ 3.) Thus, DC and WBEI are
15 “sibling” entities under common ownership.

16 **2. Relationship of TWI and WBEI to DC**

17 TWI was originally incorporated in February, 2000 as AOL Time Warner
18 Inc.; it underwent a name change to its present name in October, 2003. (Cannon
19 Decl. ¶ 2.) TWI is the successor in interest to the company previously known as
20 Time Warner, Inc., and now known as Historic TW Inc., which was formed in
21 1989 in contemplation of the merger of Time, Inc. and WCI. (*Id.*) TWI is a large
22 publicly traded media company with over 1500 direct and indirect subsidiaries in
23 the publishing, motion picture, and television industries. (*Id.* ¶ 3.) WCI is an
24 indirect subsidiary – two levels removed – of TWI. (*Id.*) In addition to being a
25 partner in DC, WCI is the corporate parent of defendant WBEI. (*Id.*) EC (DC’s
26 other constituent partner) and WBEI are, therefore, sister companies on the same
27 rung of the TWI corporate ladder, and both are indirect subsidiaries of TWI.
28 WBEI does not have any ownership or partnership interest in DC, and neither TWI

1 nor WBEI is the successor-in-interest to DC's predecessor NPP, as alleged by
2 Plaintiffs. (Spencer Decl. ¶ 3; Cannon Decl. ¶ 2.) The following is a chart of the
3 current corporate structure and affiliations between DC, WBEI and TWI:



18 (Levitz Decl. ¶ 13, Exh. A; Cannon Decl. ¶¶ 2-8; Spencer Decl. ¶¶ 2-3.)

19 Although TWI submits consolidated financial information regarding the
20 income and expenses derived from all its numerous subsidiaries, those subsidiaries
21 are operated and maintained as separate entities. (Cannon Decl. ¶ 7-8.) In
22 particular, DC and WBEI are in separate businesses and establish their own
23 business plans; have separate offices; maintain their own bank accounts and other
24 books and records; and have mostly different executive officers. (*Id.* ¶ 8; Levitz
25 Decl. ¶ 17; Spencer Decl. ¶ 2.) However, for financial reporting purposes, both
26 DC and WBEI fall within the "filmed entertainment" group of TWI companies –
27 which also includes New Line Cinema Corporation and Castle Rock Entertainment
28 – and for operating management purposes, DC reports to its ultimate corporate

1 parent through WBEI. (Levitz Decl. ¶ 17; Spencer Decl. ¶ 2; Cannon Decl. ¶ 7.)
2 Accordingly, DC's President and Publisher reports to and obtains approvals from
3 WBEI's President and Chief Operating Officer before making significant
4 acquisitions or certain financial decisions or investments that are outside the scope
5 of DC's customary acquisitions and investments; before implementing meaningful
6 strategic changes; and before embarking on something substantially outside DC's
7 normal course of business. (Levitz Decl. ¶ 17.) However, neither WBEI nor TWI
8 has day to day involvement in DC's core creative or business decisions and
9 operations other than in areas where they provide administrative support, such as
10 real estate services. (*Id.*; Spencer Decl. ¶ 3; Cannon Decl. ¶ 7.)

11 3. DC's Licensing of Superman

12 DC is in the business of creating, publishing, and licensing comic book
13 stories and characters. (Levitz Decl. ¶ 14.) DC publishes scores of titles,
14 amounting to an output of hundreds of different comic books and graphic novels
15 a ually. (*Id.*) DC is not in the business of producing movies, television shows, or
16 animated programs. (*Id.*) For that reason, DC enters into license agreements to
17 exploit its intellectual property through those and other media outlets. (*Id.*) DC
18 and its predecessors have entered into a number of license agreements over the
19 years – with both affiliates and non-affiliates – that involve the rights to market or
20 exploit Superman. (*Id.*) Some of the agreements grant exclusive licenses to
21 Superman in certain markets or medi , and some grant non-exclusive rights. (*Id.*)⁶⁵

22 Since April 16, 1999 (the purported effective date of Plaintiffs' Superman
23 Notices), and prior to the restructuring of TWEC in 2003, DC entered into several
24 license agreements with various divisions of TWEC concerning Superman,

25 ⁶⁵ For example, in November, 1974, NPP entered into a production agreement for
26 movies based on the Superman property with Film Export A.G. ("Film Export"), n
27 independent party not affiliated with any TWI entity. (*Id.*) The agreement gr nted Film
28 Export the exclusive right to produce, exhibit, and distribute movies based on Superman
for a period of up to twenty-five years. (*Id.*) Over the years, WBEI has acquired – from
Film Export and its representatives – certain of the rights that Film Export had acquired
from NPP. (*Id.*)

1 including agreements for the production and distribution of the motion picture
2 *Superman Returns* and of the television series *Smallville*. (Levitz Decl. ¶¶ 15-
3 16.)⁶⁶ After the 2003 restructuring of TWEC, those license agreements were
4 ultimately assigned to WB Studio Enterprises Inc., an indirect wholly-owned
5 subsidiary of WBEI. (*Id.* ¶ 16; Spencer Decl ¶ 2.)

6 C. The Operative Allegations Against TWI and WBEI

7 Plaintiffs' First Amended Complaint in the Superman Action (FASMC)
8 (Bergman Decl. Exh. EE) asserts seven separate claims for relief, each of which is
9 alleged against *all* defendants. The first five claims are asserted against TWI and
10 WBEI – along with DC – primarily on the theory that these defendants are alter
11 egos of DC. (*Id.*)⁶⁷ Thus, Plaintiffs allege that DC is a wholly owned subsidiary of
12 WBEI (FASMC, ¶ 9); that WBEI and TWI are the successors-in-interest to NPP,
13 DC's predecessor-in-interest in the publication of the Superman comics (FASMC,
14 ¶ 10); and that TWI, WBEI and DC are the alter-egos of one another (FASMC, ¶
15 13). Plaintiffs also allege that WBEI is a *de facto* joint owner of the Superman
16 copyright by reason of the purported control it exercises over the exploitation of
17

18 ⁶⁶ The agreement for *Superman Returns* is an "Option Purchase Agreement" dated as
19 of November 6, 1999, pursuant to which DC granted to Warner Bros., a division of
20 TWEC, the exclusive right to produce a feature motion picture utilizing the Superman
21 property. (*Id.* ¶ 16.) The agreement for *Smallville* is a "Rights Option and Assignment
22 Agreement" dated as of December 5, 2000, as amended September 5, 2002, pursuant to
23 which DC granted Warner Bros. Television Production, a division of TWEC, the
24 exclusive license to produce a live action episodic television series based on the "stories
25 and adventures of the comic book character known as 'Clark Kent' or 'Superman'." (*Id.*)

26 ⁶⁷ The first claim for "Declaratory Relief re: Termination" seeks a declaration that
27 Plaintiffs properly terminated the Superman copyright grants to DC under Section 304(c)
28 of the 1976 Act; the second claim for "Declaratory Relief re: Profits" seeks a declaration
as to how the Superman profits (and *whose* Superman profits) are to be accounted for and
shared with Plaintiffs; the third claim for "Declaratory Relief re: Use of 'S' Crest" seeks
a declaration that Plaintiffs are entitled to share in the profits from the exploitation of the
Superman crest, *i.e.*, the S in Shield Device, and are entitled independently to license the
crest to third parties; the fourth claim for "Accounting for Profits" seeks an accounting of
all profits from the exploitation of the Superman property subsequent to the effective date
of Plaintiffs' termination notices; and the fifth claim for "Waste of Jointly Owned
Copyrights" seeks damages for the purported under-exploitation of the Superman
copyrights post-termination. This motion does not challenge Plaintiffs' sixth claim for
"Violation of Lanham Act" or the seventh claim for "Violation of California Business
and Professions Code §§ 17200 *et seq.*"

1 the Superman property (FASMC, ¶¶ 12 & 68). Accordingly, Plaintiffs allege, they
2 are entitled to an accounting and share of the Superman profits of not only DC, but
3 also of TWI and WBEI (FASMC, ¶ 58(e)). However, as demonstrated below, each
4 of Plaintiffs' factual predicates is without support and their legal conclusions are
5 without basis.

6 **D. The Undisputed Facts Establish That Neither TWI Nor WBEI is**
7 **Obligated to Account to or Share With Plaintiffs Its Profits From**
8 **the Superman Property**

9 Assuming, *arguendo*, that the Superman Notices are valid and effective, and
10 that the parties' 2001 settlement agreement is, for some reason, unenforceable,
11 Plaintiffs are co-owners of certain Superman copyrights *with DC*.⁶⁸ As co-owners,
12 Plaintiffs would be entitled to an accounting *from DC* for profits DC has received
13 from exploiting new works based on the co-owned copyrights which were created
14 after the effective date of the termination. However, Plaintiffs have attempted to
15 extend their statutory and common-law rights as co-owners by pleading causes of
16 action against both WBEI and TWI, alleging that these additional defendants also
17 must account to plaintiffs *as if* they too were co-owners of the copyrights. As
18 explained below, Plaintiffs' claims have no support in law or fact.

19 **1. Plaintiffs Are Not Entitled to an Accounting from WBEI,**
20 **Which is Simply a Licensee of DC with Respect to**
21 **Superman**

22 **a. Joint Owners of a Copyright are Not Entitled to an**
23 **Accounting from their Co-owner's Licensees**

24 As discussed briefly above, since Shuster's copyright interests, if any, in
25 Superman have not been terminated, Plaintiffs are *at best* co-owners of certain of
26 the Superman copyrights *with DC*. As a co-owner, DC retains the independent

27
28 ⁶⁸ Defendants assert that the only Superman copyright subject to recapture by
Plaintiffs is that subsisting in *Action Comics No. 1*.

1 right to exploit the copyrights. *Oddo*, 743 F.2d at 633 (“each co-owner has an
2 independent right to use or license the use of the copyright.”); *Zuill*, 80 F.3d at
3 1369. Indeed, that right can be exercised by DC even absent the consent of its
4 alleged co-owners. *See Jasper v. Sony Music Entm’t, Inc.*, 378 F. Supp. 2d 334,
5 346 (S.D.N.Y. 2005) (“It is basic copyright law that joint authors may legally grant
6 a license to a third party to exploit the work without co-author consent.”).

7 Accordingly, even if the Superman Notices are valid and effective, then DC’s only
8 obligation to Plaintiffs is the duty to account for and share the profits which DC
9 has realized from the domestic exploitation of the jointly owned copyrights since
10 the effective date of the Notices. *Oddo*, 743 F.2d at 633 (“A co-owner of a
11 copyright must account to other co-owners for any profits he earns from licensing
12 or use of the copyright.”).

13 Under established law, a co-owner of a copyright is *limited* to a claim for his
14 share of the profits received by the other co-owner from the license of the
15 copyright; he does *not* have the right to pursue a claim for a share in the profits of
16 the *licensee* as well. *See Ashton-Tate v. Ross*, 916 F.2d 516, 522-23 (9th Cir.
17 1990) (a copyright holder is entitled to share in licensing proceeds from co-owner,
18 not in a licensee’s profits); and *Brown v. Republic Prods., Inc.*, 26 Cal. 2d 867, 868
19 (1945) (upholding judgment that a copyright holder could not obtain accounting
20 from co-owner’s licensees). *See also* 1 Nimmer § 6.12[B] (“A right of accounting
21 may be enforced only as against the joint owner-licensor and not as against his
22 licensee.”).

23 The recent decision of the District Court for the Southern District of New
24 York in *Jasper v. Sony Music Entertainment, Inc.* is directly on point. There, the
25 plaintiff was one member of the well-known singing group the Isley Brothers. The
26 plaintiff’s co-authors – the other Isley Brothers – undisputedly granted Sony Music
27 Entertainment a valid and binding exclusive license to exploit certain of the
28 group’s works. The plaintiff contended that he was not a party to the license

1 agreement, that the license had expired, and that Sony was obligated to pay
2 royalties directly to him as co-author of the copyrighted works rather than to the
3 licensor pursuant to the terms of the license. The court disagreed, holding that
4 even if the plaintiff did not sign the license, his claim still failed as a matter of law
5 and was subject to dismissal because “licensees have no obligation to co-authors
6 with whom they do not contract.” *Jasper*, 378 F. Supp. 2d at 346. *See also*
7 *Lindsay v. R.M.S. Titanic, Inc. et al*, 1999 U.S. Dist. LEXIS 15837, *22-23
8 (S.D.N.Y. 1999) (“The duty to provide an accounting from profits obtained runs
9 only between co-owners of a copyright; because DCI is only a licensee of a
10 putative joint owner of the copyright at issue here, [the plaintiff’s] claim for an
11 accounting fails as a matter of law and must be dismissed.”).⁶⁹

12 Accordingly, as a licensee of DC with respect to Superman, WBEI has *no*
13 duty to account to or share with Plaintiffs its profits from the Superman property.

b. Notwithstanding Plaintiffs' Allegation that WBEI is an "Effective Joint Owner" of Superman, if the Superman Notices are Effective, then – *as a Matter of Law* – WBEI Can *Only* be a Licensee of DC

18 Perhaps recognizing that they cannot reach the profits of DC's licensees,
19 including WBEI, Plaintiffs allege that WBEI has acted as the "effective joint
20 owner and licensor (as opposed to licensee)" of the purportedly recaptured
21 Superman copyrights and, on that basis, owes a duty to account to Plaintiffs. (See
22 FASMC, ¶ 68.)⁷⁰ But "copyright . . . is a creature of statute, and the only rights

⁶⁹ In *Lindsay*, the plaintiff sued R.M.S. Titanic, Inc. ("RMST") and Discovery Communications, Inc. ("DCI") for his share of the profits from the exploitation of certain footage filmed during a Titanic salvage operation. RMST had granted DCI an exclusive license to exploit that footage. Although the court declined to find as a matter of law that RMST and the plaintiff were joint copyright owners, a finding which would have required dismissal of the plaintiff's infringement claim, the court *dismissed* the plaintiff's claim against DCI — the licensee — for an accounting of the moneys it received from its use of the copyrighted footage.

⁷⁰ In support of this conclusion, Plaintiffs allege that "DC never, or rarely exploits 'Superman,' independently of . . . Warner Bros.; that even relatively linear functions such as

1 that exist under copyright law are those granted by statute.” *Silvers v. Sony*
2 *Pictures Entm’t, Inc.*, 402 F.3d 881, 883-884 (9th Cir. 2005) (citing *Microsoft*
3 *Corp. v. Grey Computer*, 910 F. Supp. 1077, 1084 (D. Md. 1995) (“Unlike
4 contracts, copyrights and the rights flowing therefrom are entirely creatures of
5 statute”)).⁷¹ The rules of copyright ownership, including certain definite
6 requisite formalities, are those prescribed by the Copyright Act, *see* 17 U.S.C. §
7 201, and neither the statute nor the case law thereunder recognizes an “effective”
8 or *de facto* owner of a copyright. Indeed, the rights and obligations relating to
9 copyright ownership are expressly delineated and governed by statute. Defendants
10 have found no authority for the proposition that this statutory framework can be
11 ignored or superseded in the event that a non-owner purports to exercise any rights
12 and benefits attendant to copyright ownership. *See* 17 U.S.C. § 201(e) (prohibiting
13 involuntary transfers of copyright ownership).

14 Further, the fact that DC purported to grant *exclusive* licenses to TWEC to
15 produce and distribute the *Superman Returns* motion picture and the *Smallville*
16 television series, which licenses were later assigned to an indirect wholly-owned
17 subsidiary of WBEI, does not impose any additional or different obligations on
18 WBEI, nor does it entitle Plaintiffs to reach WBEI’s profits for this reason: *if* the
19 Superman Notices are determined to have been effective, then DC would only be a
20 co-owner of copyright and its exclusive licenses – or even an outright copyright
21 *grant* – would *as a matter of law* then be converted into *non-exclusive* licenses by
22 reason of Plaintiffs’ lack of consent to any such transfer.⁷² In other words, if
23

24 as ‘Superman’ licensing are not handled directly by DC, but are exploited exclusively
25 through Warner Bros.; that the agreements and other arrangements between Defendants
26 Warner Bros. and DC regarding ‘Superman’ are not ‘arms length’ agreements, serve
27 primarily Warner Bros. interests, and thus, do not reflect the appropriate market values of
28 the copyrights to ‘Superman’” *See* FASMC, ¶ 12.

71 Any issues which Plaintiffs might have regarding the appropriate market value of
72 the license between DC and WBEI, or how DC allowed the Superman copyrights to be
73 exploited, can be addressed through Plaintiffs’ claim of “waste” *against DC* asserted in
74 their Fifth Claim for Relief.

75 ⁷² If the Superman Notices are not valid, then DC remains the exclusive copyright
85

1 Plaintiffs have the copyright co-ownership rights they seek and claim to have in the
2 Superman Action, WBEI could *not* have become an owner – whether actual or *de*
3 *facto* – of the recaptured Superman copyrights, but could only have become a non-
4 exclusive licensee of DC. *See Bodenstab v. J.R. Blank & Assoc., Inc.*, 1989 U.S.
5 Dist. LEXIS 8554, (N.D. Ill. 1989). And, in such event, as a resultant non-
6 exclusive licensee, WBEI still would have no duty to account to Plaintiffs. *See*
7 *Burkitt v. Flawless Records, Inc.*, 2005 U.S. Dist. LEXIS 11986, *57-58 (E.D. La.
8 2005).

9 In *Bodenstab*, the intervenor Compuware alleged that it potentially was
10 subject to liability to plaintiff Bodenstab – the purported co-owner of certain
11 copyrighted programs Compuware was using – because Compuware’s agreement
12 with the other co-owner of the copyrights (defendant Blank) granted Compuware
13 *ownership* of certain rights to those programs. The District Court disagreed, and
14 dismissed Compuware’s complaint in intervention:

15 [Compuware’s] argument is without merit. Transfer of
16 ownership of any of the exclusive rights comprised in a
17 copyright can only be accomplished with the consent of
18 all joint owners of the copyright. Thus, assuming
19 Bodenstab is a joint owner of these programs, Blank
20 could not have granted Compuware any ownership rights
21 without Bodenstab’s consent.

22 *Id.* at *4. However, the failure to obtain a co-owner’s consent to a purportedly
23 exclusive grant or license does not void the grant or license; it merely makes it
24 *non-exclusive*. *Id.* (“[A] grant of a right by less than all owners of the copyright
25 merely grants a license of the right but does not nullify the agreement itself.”)
26 (citing 1 *Nimmer* § 6.12[C][3] (“Since . . . a grant executed by less than all of the
27

28 owner of the Superman property, with full right to license, exploit, or dispose of that
property.

1 joint owners of a copyright is necessarily non-exclusive, it follows that any such
2 grant constitutes a non-exclusive license.”)).

3 The issue of whether a co-owner can reach the profits of a licensee or
4 grantee who purports to exercise exclusive rights in a copyright was recently
5 addressed in *Burkitt v. Flawless Records, Inc.*, *supra*, where the plaintiffs tried to
6 reach the profits of their alleged co-owner’s exclusive licensees:

7 Plaintiffs acknowledge the general rule that licensees are
8 not subject to accounting claims by co-owners. However,
9 plaintiffs maintain that the Universal Defendants were
10 granted an *exclusive* license which is a transfer of
11 ownership, thereby subjecting them to plaintiffs’
12 accounting claims. Plaintiffs’ argument is without merit.
13 An exclusive license can only be accomplished by
14 agreement of all co-owners. Because plaintiffs maintain
15 that they did not consent to the license granted to the
16 Universal Defendants, any license granted by Scantlin
17 merely granted a license of the rights of the copyright
18 owner, i.e. a non-exclusive license, rather than a transfer
19 of ownership which is a transfer of all of the rights, i.e. an
20 exclusive license. While a transfer of rights and/or
21 ownership could not be effected by Scantlin alone, the
22 absence of plaintiffs’ permission does not nullify the
23 licensing agreement itself.

24 2005 U.S. Dist. LEXIS 11986, at *57-58 (citations and internal quotes omitted).

25 Thus, Plaintiffs’ novel theory that WBEI is an “effective” joint-owner of the
26 Superman copyrights and is therefore subject to Plaintiffs’ accounting claims finds
27 no support in the law. As *Bodenstab* and *Burkitt* make clear – and as *Nimmer*
28 confirms – even an express grant of exclusive rights under a copyright will not

1 render a grantee an owner of those rights — with the corresponding rights and
2 obligations of a copyright owner — if there exists a non-consenting copyright co-
3 owner.⁷³ Accordingly, if Plaintiffs have any recaptured interest in the Superman
4 copyrights, then they were non-consenting co-owners *vis-a-vis* DC's agreements
5 for *Superman Returns* and *Smallville*, and WBEI therefore is *at most* a non-
6 exclusive licensee of DC as to those rights. That is, Plaintiffs' accounting claim
7 *cannot* reach the profits of WBEI, as a licensee of DC.⁷⁴

8 Absent a finding of *alter ego* — for which, as demonstrated below, there is no
9 evidence — there is no basis on which liability can be established against WBEI for
10 an accounting or a share of its profits from Superman: Under established
11 precedent, and even if their Notices of Termination are valid and effective,
12 Plaintiffs are limited to their share — if any — of the amounts paid by WBEI *to DC*
13 in connection with the exploitation of any copyrights jointly owned by Plaintiffs.

14 **2. Neither TWI nor WBEI is the *Alter Ego* of DC**

15 Similarly, Plaintiffs' assertions of alter ego as a means of reaching the
16 profits of WBEI and TWI find no support in the facts or in the law. The purpose of
17 the *alter ego* doctrine is to disregard the corporate structure for the sole intent of
18 avoiding injustice. Its "essence . . . is that justice be done[,] . . . and thus the
19 corporate form will be disregarded only in narrowly defined circumstances and
20 only when the ends of justice so require." *Mesler v. Bragg Management Co.*, 39
21 Cal. 3d 290, 301 (1985). Courts, cognizant of the value of incorporation, have
22 cautioned that alter ego liability is not to be established lightly: "Because society
23 recognizes the benefits of allowing persons and organizations to limit their

24
25 ⁷³ Plaintiffs acknowledge this legal principle in the FASMC: "Defendants own or
26 control only fifty percent (50%) of the Recaptured Copyrights, and thus, as of the
27 Termination Date, had and have no authority to confer exclusive licenses or grants with
respect to any element of the 'Superman' mythology protected by the Recaptured
Copyrights." (FASMC, ¶ 54(d).)

28 ⁷⁴ Plaintiffs cannot have it both ways — that is, they cannot claim a valid co-ownership
in the Superman copyrights *and* claim that WBEI was granted some exclusive right under
copyright, thus subjecting it to an accounting claim.

1 business risks through incorporation, sound public policy dictates that imposition
2 of *alter ego* liability be approached with caution." *Las Palmas Assoc. v. Las*
3 *Palmas Center Assoc.*, 235 Cal. App. 3d 1220, 1249 (1991). *See also McLeod v.*
4 *Hosmer-Dorrance, Inc.*, 1976 U.S. Dist. LEXIS 12289 at *4 (N.D. Cal. 1976) ("A
5 long line of cases teaches that corporate entities are not to be lightly disregarded.").
6 Accordingly, a plaintiff seeking to establish liability on the basis of *alter ego* must
7 overcome the *presumption* of separateness. *See, e.g., Mid-Century Ins. Co. v.*
8 *Gardner*, 9 Cal. App. 4th 1205, 1212 (1992) ("It is the plaintiff's burden to
9 overcome the presumption of the separate existence of the corporate entity."); and
10 *Nielson v. Union Bank of California, N.A.*, 290 F. Supp. 2d 1101, 1116 (C.D. Cal.
11 2003) ("[A] parent company is presumed to have an existence separate from its
12 subsidiaries.").

13 Two distinct elements must be established before one entity may be
14 adjudged an *alter ego* of another:

15 First, there must be such unity of interest and ownership
16 between the [two entities] that the separate personalities
17 of the [two entities] do not in reality exist. Second, there
18 must be an inequitable result if the acts in question are
19 treated as those of the [one entity] alone.

20 *Neilson*, 290 F. Supp. 2d at 1115 (citing *Sonora Diamond Corp. v. Superior Court*,
21 83 Cal. App. 4th 523, 526 (2000)). *See also Laird v. Capital Cities/ABC, Inc.*, 68
22 Cal. App. 4th 727, 742 (1998) ("To justify piercing the corporate veil on an *alter*
23 *ego* theory . . . a plaintiff must show that there is such a unity of interest and
24 ownership between the two corporations that their separate personalities no longer
25 exist, and that an inequitable result would follow if the parent were not held
26 liable.").

27 Therefore, in order to overcome the *presumption* of separateness and to
28 demonstrate that DC is the *alter ego* of TWI and WBEI, Plaintiffs must establish

both that there is a unity of interest among TWI, WBEI, and DC such that their separate personalities no longer exist *and* that an inequitable result would occur if DC's liabilities (if any) were not treated as those of TWI and WBEI.

- a. **Plaintiffs Cannot Meet The First Prong Of The Alter Ego Test Because They Cannot Demonstrate Sufficient Unity Of Interest Between TWI, WBEI, and DC.**

8 Courts look at a number of factors in analyzing the first prong of the alter
9 ego test, which is often called the “unity” prong. Although the specific analysis a
10 court chooses to employ often depends on the facts of the particular case, the
11 factors in this first prong include: 1) “commingling of funds and other assets;” 2)
12 “identical equitable ownership in the two entities;” 3) “use of the same offices and
13 employees;” 4) “use of one [entity] as a mere shell or conduit for the affairs of
14 another;” 5) “disregard of corporate formalities;” 6) “inadequate capitalization;”
15 and 7) “identical directors and officers.” *Sonora Diamond*, 83 Cal. App. 4th at
16 538-39. See also *Tomaselli v. Transamerica Ins. Co.*, 25 Cal. App. 4th 1269, 1285,
17 n.13 (1994); and *Cambridge Elecs. Corp. v. MGA Elecs., Inc.*, 227 F.R.D. 313, 326
18 (C.D. Cal. 2004).

19 To prevail on the first prong of the alter ego test, a plaintiff must offer
20 evidence sufficient to show a total disregard for the corporate structure. Evidence
21 on one or two factors is not enough. *Sonora Diamond*, 83 Cal. App. 4th at 539
22 (“No one characteristic governs, but the courts must look at all the circumstances
23 to determine whether the doctrine should be applied.”). *See also Katzir’s Floor*
24 *and Home Design, Inc. v. M-MLS.com*, 394 F.3d 1143, 1149 (9th Cir. 2004) (the
25 fact of ownership and control “does not eviscerate the separate corporate identity
26 that is the foundation of corporate law”). As Judge Morrow of this Court
27 explained, “to defeat summary judgment, [the plaintiffs] must tender sufficient
28 evidence from which a rational jury could conclude that there exists such a unity of

1 interest and ownership [between the defendants] that the separate personalities of
2 the corporation[s] no longer exist." *Cambridge Elecs.*, 227 F.R.D. at 326 (citations
3 and internal quotations omitted).⁷⁵

4 Plaintiffs unquestionably cannot satisfy this initial burden: DC, WBEI, and
5 TWI do not commingle their funds and other assets or disregard appropriate
6 corporate formalities; they do not use the same offices and employees or share
7 identical officers and directors; there is not identical equitable ownership in the
8 entities; and DC is not used "as a mere shell or conduit for the affairs" of either
9 TWI or WBEI. (Levitz Decl. ¶¶ 12-17; Spencer Decl. ¶¶ 2-3; Cannon Decl. ¶¶ 2-
10 8.) Plaintiffs can proffer no evidence to the contrary. Furthermore, "[a] parent
11 corporation may be directly involved in financing and macro-management of its
12 subsidiaries . . . without exposing itself to a charge that each subsidiary is merely
13 its alter ego." *Doe v. Unocal Corp.*, 248 F.3d 915, 926 (9th Cir. 2001) (citing
14 *Fletcher v. Atex, Inc.*, 68 F.3d 1451, 1459-60 (2d Cir. 1995) (no alter ego liability
15 notwithstanding that parental approval was required for leases, major capital
16 expenditures, and the sale of its subsidiary's assets)). *See also Joiner v. Ryder*
17 *Sys.*, 966 F. Supp. 1478, 1485 (C.D. Ill. 1996) (no alter ego liability
18 notwithstanding that parent approved its subsidiaries' acquisitions and capital
19 budget).

20 Judge Morrow's decision in the *Wady* case, 216 F. Supp. 2d 1062, is directly
21 on point and is particularly instructive here. There, plaintiff Wady sued her
22 disability insurance provider, Provident Life and Accident Insurance Company
23 ("Provident") as well as Provident's parent company, UnumProvident Corporation
24 ("UnumProvident"), for breach of contract and breach of the covenant of good
25 faith and fair dealing arising out of Provident's decision to terminate Wady's

26
27 ⁷⁵ As to TWI, Plaintiffs have alleged only that it is the ultimate parent of DC and
28 WBEI, which in and of itself establishes nothing. *See, e.g., Neilson*, 290 F. Supp. 2d at
1116 ("[T]he mere fact that [the parent] owns the stock of the subsidiary will not suffice
to prove that the two entities are alter egos of one other . . ."); and *Mid-Century Ins. Co.*,
9 Cal. App. 4th at 1215 (factor of ownership and control "is not significant in isolation").

1 disability benefits. UnumProvident moved for summary judgment on the ground
2 that it was not in privity of contract with Wady, and Wady opposed on the theory
3 that UnumProvident was the alter ego of its subsidiary, and thus was liable on her
4 contract claims to the same extent as Provident. (*Id.* at 1062.) Wady's evidence of
5 alter ego included numerous claim forms and correspondence written on
6 UnumProvident letterhead that referenced the business of its subsidiaries,
7 including Provident,⁷⁶ using pronouns such as "we," "us," and "our." (*Id.* at 1068.)
8 Wady also submitted evidence that the two entities shared a number of corporate
9 officers and directors, and that Provident freely borrowed money from its parent.
10 (*Id.*)

11 Judge Morrow held that even such evidence was insufficient to establish an
12 alter ego relationship between Provident and UnumProvident:

13 Plaintiff's evidence does not support the inference she
14 seeks to have the court draw. . . . None of the proffered
15 documents suggests that there is any question of
16 undercapitalization, commingled funds or disregard for
17 corporate formalities, all factors in evaluating whether
18 there is a unity of interest between two entities.

19 *Wady*, 216 F. Supp. 2d at 1068 (citing *Calvert v. Huckins*, 875 F. Supp. 674, 678
20 (E.D. Cal. 1995) (finding that the fact a parent company had an ownership interest
21 in a subsidiary, that the parent and the subsidiary had some interlocking
22 directorates and officers, that the parent had incorporated subsidiary's income
23 figures into its financial reports, that the parent had guaranteed a promissory note
24 for the subsidiary, and that the parent and the subsidiary shared counsel was not
25 sufficient to confer alter ego status.)). *See also Akzona, Inc. v. E.I. DuPont*

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28 ⁷⁶ For example, the insurance claim forms bore the "Unum" logo, and were returnable
to an "Unum" address; correspondence on Wady's claim was on UnumProvident
letterhead; and Wady's medical information was requested via an "Unum" memorandum.
Additionally, Wady was interviewed by an adjuster who advised her that he represented
UnumProvident. *See id.* at 1063-64.

1 *DeNemours and Co.*, 607 F. Supp. 227, 238 (D. Del. 1984) (blurring corporate
2 separateness in the language of an annual report, an overlap of boards of directors,
3 parental approval of large capital expenditures, and parental guaranty of third-party
4 loans to a subsidiary was insufficient to establish an alter ego relationship).

5 Similarly here, Plaintiffs will not be able to demonstrate that there is
6 anything other than financial and operational relationships among TWI, WBEI,
7 and DC that are typical among affiliated entities and subsidiaries of a large
8 publicly held company such as TWI. Alter ego claims based on such standard
9 relationships between affiliates and subsidiaries – including TWI and its
10 subsidiaries – are routinely dismissed. *See, e.g., Haskell v. Time, Inc.*, 857 F.
11 Supp. 1392, 1403 (E.D. Cal. 1994) (rejecting allegation that TWI was the alter ego
12 of its subsidiary, Time, Inc.); and *Davidson v. Time Warner, Inc.*, 1997 U.S. Dist.
13 LEXIS 21559 (S.D. Tex. 1997) (dismissing TWI from the case, holding it was not
14 the alter ego of its subsidiaries, Interscope Records and Atlantic Records).⁷⁷

15 In light of the established authority regarding the substantial standard which
16 must be met in order to prove an alter ego relationship, Plaintiffs' claims of alter
17 ego must fail on the unity prong alone.

18 **b. Plaintiffs Cannot Demonstrate That Upholding DC's
19 Separate Identity Will Result In An Inequity.**

20 Even if Plaintiffs were able to create doubt on the first prong of the test –
21 which they cannot – then their alter ego claim still must fail because they cannot
22 meet the second, “unfairness” prong. *See, e.g., Seymour v. Hull & Moreland
23 Engineering*, 605 F.2d 1105, 1113 (9th Cir. 1979) (even if the plaintiff could
24 establish disregard of corporate formalities, failure to establish the fraud prong
25 precluded alter ego finding); *Board of Trustees of Mill Cabinet Pension Trust Fund*

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27 ⁷⁷ “The entities have formal managerial barriers and . . . the corporations hold
28 themselves out to the world as separate entities; the subsidiaries identify themselves as
Time Warner companies.” *Id.* at *18. Further, “there is no evidence that Interscope
Records or Atlantic Records are undercapitalized or would be unable to satisfy a
judgment if one is returned against them.” *Id.* at *19.

1 for *N. Cal. v. Valley Cabinet & Mfg. Co.*, 877 F.2d 769, 773 (9th Cir. 1988); and
2 *Nielson*, 290 F. Supp. 2d at 1117-18 (dismissing alter ego claim even where the
3 defendant did not dispute the unity of interest prong because the plaintiff could not
4 establish that the parent “engaged in any bad faith conduct in its acquisition and/or
5 management of [its subsidiary.]”).⁷⁸

6 Courts have not adopted a uniform approach for analyzing this second part
7 of the alter ego test. Some courts have held that, to satisfy the inequity prong, a
8 plaintiff must present evidence that a corporation was established with a fraudulent
9 intent. *See, e.g., Ameritec Corp. v. Ameritech Corp.*, 1986 U.S. Dist. LEXIS 26195
10 (C.D. Cal. 1986) (“In addition to showing of control, one of the requirements of
11 finding an ‘alter ego’ status requires that the corporate entities be set up with
12 fraudulent intent or in bad faith.”). These cases are meant to deal with sham
13 corporations created in an attempt to avoid liability. There is no doubt that DC
14 does not fall within this category; DC, including its predecessors in interest going
15 back to National Allied Publishing, has been in business for over 70 years and
16 obviously was not fraudulently created in order to protect either TWI or WBEI
17 from its debts or obligations. *See Haskell v. Time, Inc., supra*, 857 F. Supp. at
18 1403 (rejecting alter ego allegation against TWI because, among other reasons, the
19 plaintiff had not “alleged that [TWI’s subsidiary] Time was fraudulently
20 incorporated in order to protect Time Warner.”).⁷⁹ Indeed, DC was a viable entity
21 for many years *before* it became part of the TWI family of companies. As such, it
22 is the antithesis of the typical sham corporation created to avoid liability.

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25 ⁷⁸ Indeed, the FASMC does not even *allege* that any inequity will result from the
26 failure to find an alter ego relationship.

27 ⁷⁹ In *Haskell*, the court granted TWI’s motion to dismiss a claim that it was the alter
28 ego of its affiliates Time, Inc. and American Family Publishers on the basis that there
was “no reason to ignore its corporate structure.” As in this case, TWI kept separate
records from its subsidiaries, and Time, Inc., “[w]ith annual sales of \$2 billion,” was
adequately capitalized. *Haskell*, 857 F. Supp. at 1403.

1 Other courts have evaluated the inequity prong in terms of the degree of
2 injustice that would result from recognizing the corporate entity and refusing to
3 pierce the corporate veil. Injustice in this sense requires the plaintiff to establish
4 more than the “injustice” that would result from a subsidiary’s inability to satisfy a
5 judgment. *See, e.g., Wechsler v. Macke Int’l Trade, Inc.*, 327 F. Supp. 2d 1139,
6 1145 (C.D. Cal. 2004) (“[I]t is not sufficient to merely show that a creditor will
7 remain unsatisfied if the corporate veil is not pierced, and thus set up such an
8 unhappy circumstance as proof [of] an inequitable result”) (citations and internal
9 quotations omitted).⁸⁰ Rather, to raise a genuine issue of material fact as to the
10 second prong of the alter ego analysis, a plaintiff must identify conduct amounting
11 to fraud or bad faith. *See Sonora Diamond*, 83 Cal. App. 4th at 539 (“The alter ego
12 doctrine does not guard every unsatisfied creditor of a corporation but instead
13 affords protection where some conduct amounting to bad faith makes it inequitable
14 for the corporate owner to hide behind the corporate form.”); and *Board of
15 Trustees*, 877 F.2d at 773 (“Garden variety fraud should be insufficient to pierce
16 the corporate veil in the absence of evidence of shareholder abuse of the corporate
17 form to defraud creditors.”).

18 Furthermore, the fraud or bad faith must be in the use of the corporate form
19 to prevent the party harmed from receiving compensation for its damages. *Doney
20 v. TRW, Inc.*, 33 Cal. App. 4th 245, 249 (1995) (“Alter ego is essentially a theory
21 of vicarious liability under which the owners of a corporation may be held liable
22 for harm for which the corporation is responsible where, *because* of the
23 corporation’s utilization of the corporate form, the party harmed will not be
24 adequately compensated for its damages.”) (emphasis added). Thus, “[a] court will
25 pierce the corporate veil only where failure to do so would defeat the rights and
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28 ⁸⁰ Here, of course, there is no evidence that DC — a substantial and established
company — would not be able to satisfy any judgment that Plaintiffs might obtain in this
case.

1 equities of third persons.” *Wady*, 216 F. Supp. 2d at 1070 (internal quotes and
2 citations omitted).

3 Plaintiffs have not alleged, and cannot point to, any injustice that would
4 result if they are required to pursue their first five claims for relief in the Superman
5 Action against only their purported copyright co-owner, DC.⁸¹ Accordingly,
6 Plaintiffs cannot satisfy the second prong of the alter ego test, and their claims
7 against WBEI and TWI asserted on that basis should be dismissed.

8 **E. Relief Requested**

9 Accordingly, Defendants request an Order in the Superman Action
10 dismissing the First through Fifth Claims for Relief in the First Amended
11 Complaint as against defendants TWI and WBEI.

12
13 **CONCLUSIONS**

14 Based on the arguments presented in this Memorandum of Points and
15 Authorities in Support of Defendants’ Motions for Partial Summary Judgment, and
16 based on the undisputed facts as set forth in the Separate Statement of
17 Uncontroverted Fact and Conclusions of Law and the evidence submitted herewith,
18 Defendants respectfully request that the Court enter its Order(s) as follows:

19 **In the Superman Action and the Superboy Action**

20 1. That to the extent Plaintiffs are entitled to an accounting of or a share
21 in the revenues generated by the post-termination exploitation of Superman
22 and/or Superboy, those revenues cannot include any amounts attributable to
23 the foreign exploitation of the copyrights, the exploitation of the Superman
24 family of trademarks, or the post-termination exploitation of derivative
25 works prepared prior to termination.

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27
28 ⁸¹ As noted above, any claims that Plaintiffs might have that DC’s agreements with
WBEI did not result in sufficient consideration to DC can be addressed in Plaintiffs’
existing claim against DC for waste.

1 2. That DC and its licensees are entitled to continue using all of the
2 copyrightable elements contained in the Announcements without the need to
3 account to or share with Plaintiffs any of the profits generated from such use,
4 and that DC and its licensees are entitled to use all of the story elements
5 contained in the Non-Terminated Superboy Works without infringing on any
6 of the copyright rights Plaintiffs claim to have recaptured by virtue of the
7 Superboy Notice.

8 In the Superboy Action

9 3. That the post-termination episodes of *Smallville* do not infringe upon
10 Plaintiffs' recaptured copyrights in the Submissions, and dismissing
11 Plaintiffs' First Claim for Relief for copyright infringement and Fifth Claim
12 for Relief for injunction in the Superboy Action, insofar as those claims
13 relate to *Smallville*.

14 In the Superman Action

15 4. That Plaintiffs cannot establish that TWI and WBEI are the alter egos
16 of DC, and dismissing the First through Fifth Claims for Relief in the First
17 Amended Complaint as against defendants TWI and WBEI.

18 DATED: April 30, 2007

Respectfully submitted,

WEISSMANN WOLFF BERGMAN
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-and-

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-and-

PERKINS LAW OFFICE, PLC

25 By Michael Bergman
26 Michael Bergman
27 Attorneys for Defendants

28

Schedule A

Unterminated "Superman" Works

Title	Copyright Reg. No.	Publication Date
More Fun Comics no. 31	B258595	04-05-38
Detective Comics no. 15	B379783	04-10-38
All other "Superman" Works published prior to 04-16-38		

Schedule B

Exemplary Unterminated “Superboy” Works

Title	Copyright Reg. No.	Publication Date
Action Comics no. 1	B379787	04-18-38
Superman Daily Strip no. 1	KF55490	01-16-39
Superman Daily Strip no. 2	KF55491	01-17-39
Superman Daily Strip no. 3	KF55492	01-18-39
Superman Daily Strip no. 4	KF55493	01-19-39
Superman Daily Strip no. 5	KF55494	01-20-39
Superman Daily Strip no. 6	KF55495	01-21-39
Superman Daily Strip no. 7	KF55496	01-23-39
Superman Daily Strip no. 8	KF55497	01-24-39
Superman Daily Strip no. 9	KF55498	01-25-39
Superman Daily Strip no. 10	KF55499	01-26-39
Superman Daily Strip no. 11	KF55500	01-27-39
Superman Daily Strip no. 12	KF55501	01-28-39
Superman no. 1	AA299871	05-18-39
Superman Sunday Strip #1	A132561	11-05-39
The Saturday Evening Post	B501000	06-04-41
Superman Sunday Strip #135	A131596	05-31-42
Superman (by George Lowther)	A168596	11-02-42
All other "Superboy" works published prior to November 17, 1943		