EXHIBIT F

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

JOANNE SIEGEL and LAURA SIEGEL LARSON, Plaintiffs, v. WARNER BROS. ENTERTAINMENT INC.; TIME WARNER INC.; and DC COMICS, Defendants.	CASE NO. CV-04-8400-SGL (RZx) [Consolidated for pre-trial and discovery purposes with CV-04-8776-SGL (RZx)] ORDER GRANTING IN PART AND DENYING IN PART PLAINTIFFS' MOTION FOR PARTIAL SUMMARY JUDGMENT; ORDER GRANTING IN PART AND DENYING IN PART DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT

The termination provisions contained in the Copyright Act of 1976 have aptly been characterized as formalistic and complex, such that authors, or their heirs, successfully terminating the grant to the copyright in their original work of authorship is a feat accomplished "against all odds." 2 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 7:52 (2007).

In the present case, Joanne Siegel and Laura Siegel Larson, the widow and the daughter of Jerome Siegel, seek a declaration from the Court that they have overcome these odds and have successfully terminated the 1938 grant by Jerome Siegel and his creative partner, Joseph Shuster, of the copyright in their creation of the iconic comic book superhero "Superman," thereby recapturing Jerome Siegel's half of the copyright in the same. No small feat indeed. It requires traversing the

many impediments — many requiring a detailed historical understanding both factually and legally of the events that occurred between the parties over the past seventy years — to achieving that goal and, just as importantly, reckoning with the limits of what can be gained through the termination of that grant.

Any discussion about the termination of the initial grant to the copyright in a work begins, as the Court does here, with the story of the creation of the work itself.

In 1932, Jerome Siegel and Joseph Shuster were teenagers at Glenville High School in Cleveland, Ohio. Siegel was an aspiring writer and Shuster an aspiring artist; what Siegel later did with his typewriter and Shuster with his pen would transform the comic book industry. The two met while working on their high school's newspaper where they discovered their shared passion for science fiction and comics, the beginning of a remarkable and fruitful relationship.

One of their first collaborations was publishing a mail-order fanzine titled "Science Fiction: The Advance Guard of Future Civilization."[1] In the January, 1933, issue, Siegel and Shuster's first superman character appeared in the short story "The Reign of the Superman," but in the form of a villain not a hero. The story told of a "mad scientist's experiment with a deprived man from the breadlines" that transformed "the man into a mental giant who then uses his new powers — the ability to read and control minds — to steal a fortune and attempt to dominate the world." (Decl. Michael Bergman, Ex. HH at 1126). This initial superman character in villain trappings was drawn by Shuster as a bald-headed mad man.

A couple of months later it occurred to Siegel that re-writing the character as a hero, bearing little resemblance to his villainous namesake, "might make a great comic strip character." (Decl. Michael Bergman, Ex. HH at 1126). Much of Siegel's desire to shift the role of his protagonist from villain to hero arose from Siegel's exposure to despair and hope: Despair created by the dark days of the Depression

[1] A fanzine is a publication, usually distributed at no or nominal cost, produced by fans of a particular topic (such as comic books, opera, murder mystery stories, etc.) for others who share their interest.

and hope through exposure to the "gallant, crusading heros" in popular literature and the movies. (Decl. Michael Bergman, Ex. HH at 1126). The theme of hope amidst despair struck the young Siegel as an apt subject for his comic strip: "Superman was the answer — Superman aiding the downtrodden and oppressed." (Decl. Michael Bergman, Ex. HH at 1126).

Thereafter, Siegel sat down to create a comic book version of his new character. While he labored over the script, Shuster began the task of drawing the panels visualizing that script. Titling it "The Superman," "[t]heir first rendition of the man of steel was a hulking strongman who wore a T-shirt and pants rather than a cape and tights." (Decl. Michael Bergman, Ex. HH at 1129). And he was not yet able to hurdle skyscrapers, nor was he from a far away planet; instead, he was simply a strong (but not extraordinarily so) human, in the mold of Flash Gordon or Tarzan, who combated crime. Siegel and Shuster sent their material to a publisher of comic books — Detective Dan — and were informed that it had been accepted for publication. Their success, however, was short-lived; the publisher later rescinded its offer to publish their submission. Crestfallen, Shuster threw into the fireplace all the art for the story except the cover (reproduced below), which Siegel rescued from the flames.

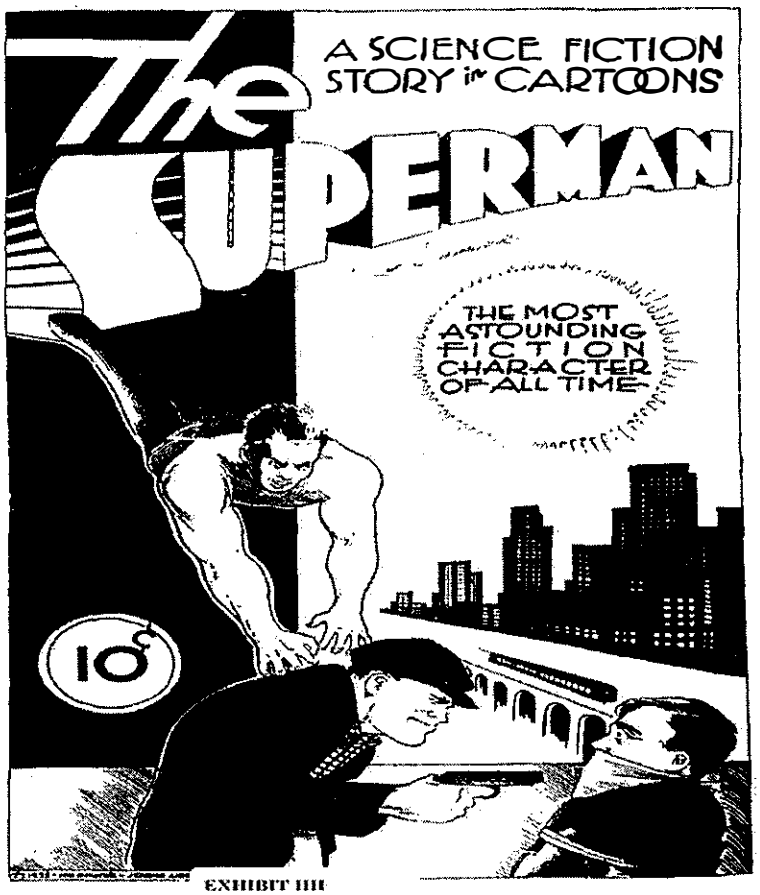


EXHIBIT III

Undaunted, Siegel continued to tinker with his character, but decided to try a different publication format, a newspaper comic strip. The choice of crafting the material in a newspaper comic strip format was influenced both by the failure to get their earlier incarnation of the Superman character published by Detective Dan in a comic book format, and by the fact that, at the time, black-and-white newspaper comic strips — not comic books — were the most popular medium for comics. As one observer of the period has commented:

> It is worth noting the extent to which early comic books were conjoined with newspaper strips of the day. The earliest comic books consisted of reprints of those newspaper strips, re-pasted into a comic book page format. When original material began appearing in comic book format, it was generally because companies that wished to publish comic books were unable to procure reprint rights to existing newspaper strips. The solution to this . . . was to hire young [comic strip artists] to simulate the same kind of newspaper strip material.

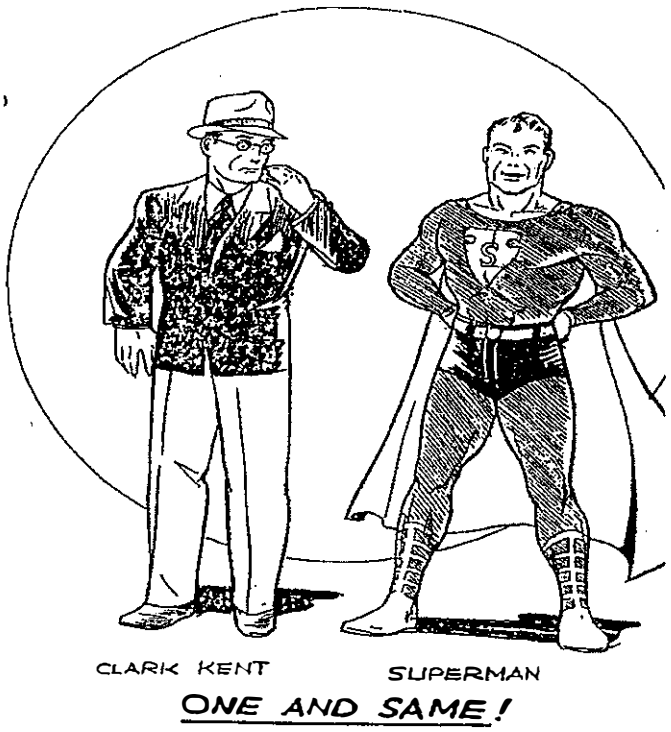
(Decl. Mark Evanier, Ex. A at 5-6).

On a hot summer night in 1934, Siegel, unable to sleep, began brainstorming over plot ideas for this new feature when an idea struck him: "I was up late counting sheep and more and more ideas kept coming to me, and I wrote out several weeks of syndicate script for the proposed newspaper strip. When morning came, I dashed over to Joe [Shuster]'s place and showed it to him." (Decl. Michael Bergman, Ex. HH at 1129). Siegel re-envisioned his character in more of the mythic hero tradition of Hercules, righting wrongs in present-day society. His inspiration was to couple an exaggeration of the daring on-screen acrobatics performed by such actors as Douglas Fairbanks, Sr., with a pseudo-scientific explanation to make such fantastic abilities more plausible in the vein of Edgar Rice Burroughs' John Carter of Mars stories, and placing all of this within a storyline that was the reverse of the formula used in the Flash Gordon serials. The end product was of a character who is sent as an infant to Earth aboard a space ship from an unnamed distant planet (that had been destroyed by old age) who, upon becoming an adult, uses his superhuman powers (gained from the fact that his alien heritage made him millions of years more evolved than ordinary humans) to perform daring feats for the public good.

Siegel named his character "Superman." Unlike his previous incarnation, Siegel's new Superman character's powers and abilities were much more extraordinary and fantastic: Superhuman strength; the ability to leap 1/8th of a mile, hurdle a twenty-story building, and run faster than an express train; and nothing less than a bursting shell could penetrate his skin. Siegel placed his character in a very cosmopolitan environment that had the look and feel of mid-thirties America. He also humanized his character by giving his superhero an "ordinary person" alter ego: Mild-mannered, big-city newspaper reporter Clark Kent. Siegel developed this concept of Superman's secret identity both as a means for his superhero to maintain an inconspicuous position in everyday society and as a literary device to

introduce a conflict — and the potential for story lines centered around that conflict — between the character's dual identities, a conflict played out no more dramatically than in the love "triangle" between the character's dual identities and another newspaper reporter, Lois Lane.

Shuster immediately turned his attention to giving life and color to Siegel's idea by drawing illustrations for the story. Shuster conceived of the costume for Siegel's Superman superhero — a cape and tight-fitting leotard with briefs, an "S" emblazoned on an inverted triangular crest on his chest, and boots as footwear. In contrast, he costumed Clark Kent in a nondescript suit, wearing black-rimmed glasses, combed black hair, and sporting a fedora. He drew Superman and his alter ego Clark Kent with chiseled features, gave him a hairstyle with a distinctive curl over his forehead, and endowed him with a lean, muscular physique. Clark Kent hid most of these physical attributes behind his wardrobe, which he could quickly doff revealing his Superman costume underneath when he was called to action by someone in need of his superpowers. One of the earliest of Shuster's sketches of Superman and Clark Kent from this 1934 or 1935 period are depicted below:



The two then set about combining Siegel's literary material with Shuster's graphical representations. Together they crafted a comic strip consisting of several weeks' worth of material suitable for newspaper syndication. Siegel typed the dialogue and Shuster penciled in artwork, resulting in four weeks of Superman comic strips intended for newspapers. (Decl. Michael Bergman, Ex. H at 1). The art work for the first week's worth "of daily [comic] strips was completely inked" and thus ready for publication. (Decl. Michael Bergman, Ex. H at 1). The "three additional weeks of 'Superman' newspaper comic strip material" differed from the first week's material "only in that the art work, dialogue and the balloons in which the dialogue appeared had not been inked," instead consisting of no more than black-and-white pencil drawings. (Decl. Michael Bergman, Exs. G at 2 & H at 1-2).

Siegel also wrote material to which Shuster provided no illustrations: A paragraph previewing future Superman exploits, and a nine-page synopsis of the storyline appearing in the three weeks of penciled daily Superman newspaper comic strips. (Decl. James Steranko, Ex. A at 4; Decl. Michael Bergman, Ex. H at

2).

The two shopped the character for a number of years to numerous publishers but were unsuccessful. As Siegel later recalled: One publisher "expressed interest in Superman," but preferred that it be "published in comic book form where it would be seen in color" rather than "a black-and-white daily strip," a suggestion to which he and Shuster balked given their earlier experience with the comic book publisher of Detective Dan. (Decl. Michael Bergman, Ex. H at 2).

In the meantime, Siegel and Shuster penned other comic strips, most notably "Slam Bradley" and "The Spy," that were sold to Nicholson Publishing Company. When Nicholson folded shop in 1937, Detective Comics acquired some of its comic strip properties, including "Slam Bradley" and "The Spy."

On December 4, 1937, Siegel and Shuster entered into an agreement with Detective Comics whereby they agreed to furnish some of these existing comic strips for the next two years, and further agreed "that all of these products and work done by [them] for [Detective Comics] during said period of employment shall be and become the sole and exclusive property of [Detective Comics,] and [that Detective Comics] shall be deemed the sole creator thereof . . . ." (Decl. Michael Bergman, Ex. A). The agreement further provided that any new or additional features by Siegel and Shuster were to be submitted first to Detective Comics, who was given a sixty-day option to publish the material.

Soon thereafter Detective Comics decided to issue a new comic book magazine titled Action Comics and began seeking new material. Inquiry was made of many newspaper comic strip publishers, including McClure Newspaper Syndicate. Amongst the material submitted by McClure to Detective Comics was the previously rejected Siegel and Shuster Superman comic strip. Detective Comics soon became interested in publishing Siegel and Shuster's now well-traveled Superman material, but in an expanded thirteen-page comic book format, for release in its first volume of Action Comics.

On February 1, 1938, Detective Comics returned the existing Superman newspaper comic strip material to Siegel and Shuster for revision and expansion into a full-length, thirteen-page comic book production. Detective Comics' desire to place Superman in a comic book required that Siegel and Shuster reformat their existing Superman newspaper material by re-cutting the strip into separate panels and then re-pasting it into a comic book format.

An issue emerged due to Detective Comics' additional requirement that there be eight panels per page in the comic book. Siegel and Shuster's existing Superman newspaper material did not have enough drawings to meet this format. In response, portions of the thirteen-page comic went forward with fewer than eight panels per page, and in the remaining pages Shuster either trimmed or split existing panels to stay within the page size, or drew additional panels from the existing dialogue to meet the eight-panel requirement. As Shuster later recounted:

> The only thing I had to do to prepare Superman for comic book publication was to ink the last three weeks of daily strips which I had previously completely penciled in detail. In addition, I inked the lettering and the dialogue and story continuity and inked in the balloons containing the dialogue. Certain panels I trimmed to conform to Detective's page size. I drew several additional pictures to illustrate the story continuity and these appear on page 1 of the first Superman release. This was done so that we would be certain of having a sufficient number of panels to make a thirteen page release. Finally, I drew the last panel appearing on the thirteenth page. Detective's only concern was that there would be panels sufficient for thirteen complete pages. Jerry told me that Detective preferred having eight panels per page but in our judgment this would hurt the property. I specifically refer to the very large panel appearing on what would be page 9 of the thirteen page release. We did not want to alter this because of its dramatic effect. Accordingly, on this page but six panels appeared.

(Decl. Michael Bergman, Ex. G at 2). Siegel similarly recollected:

> Upon receiving word from Detective that we could proceed, Joe Shuster, under my supervision, inked the illustrations, lettering and dialogue balloons in the three weeks of daily strips that had been previously penciled. In addition, he trimmed certain pictures to meet Detective's panel specifications and extended others. To assure ourselves of having the proper number of

> panels we added several pictures to illustrate the story continuity, I had already written. Added as well for this reason was the scientific explanation on page 1 of the release and the last panel at the foot of page 13.

(Decl. Michael Bergman, Ex. H at 5).

On or around February 16, 1938, the pair resubmitted the re-formatted Superman material to Detective Comics. Soon thereafter Detective Comics informed Siegel that, as he had earlier suggested to them, one of the panels from their Superman comic would be used as the template (albeit slightly altered from the original) for the cover of the inaugural issue of Action Comics. (Decl. Michael Bergman, Ex. I).

On March 1, 1938, prior to the printing of the first issue of Action Comics, Detective Comics wrote to Siegel, enclosing a check in the sum of $130, representing the per-page rate for the thirteen-page Superman comic book release and enclosing with it a written agreement for Siegel and Shuster's signatures. The agreement assigned to Detective Comics "all [the] good will attached . . . and exclusive right[s]" to Superman "to have and hold forever." (Decl. Michael Bergman, Ex. F). Siegel and Shuster executed and returned the written assignment to Detective Comics.

This world-wide grant in ownership rights was later confirmed in a September 22, 1938, employment agreement in which Siegel and Shuster acknowledged that Detective Comics was "the exclusive owner[]" of not only the other comic strips they had penned for Nicholson (and continued to pen for Detective Comics), but Superman as well; that they would continue to supply the artwork and storyline (or in the parlance of the trade, the "continuity") for these comics at varying per-page rates depending upon the comic in question for the next five years; that Detective Comics had the "right to reasonably supervise the editorial matter" of those existing comic strips; that Siegel and Shuster would not furnish "any art copy . . . containing the . . . characters or continuity thereof or in any wise similar" to these comics to a third party; and that Detective Comics would have the right of first refusal (to be

exercised within a six-week period after the comic's submission) with respect to any future comic creations by Siegel or Shuster.

Detective Comics announced the debut of its Action Comics series with full page announcements in the issues of some of its existing publications. Specifically, in More Fun Comics, Vol. 31, with a cover date of May, 1938, Detective Comics placed the following black-and-white promotional advertisement on the comic's inside cover, which reproduced the cover of the soon-to-be published first issue of Action Comics, albeit in a greatly reduced size:

Similarly, Detective Comics, Vol. 15, with a cover date of May, 1938, had a full-page black-and-white promotional advertisement on the comic's inside cover which contained within it a reproduction of the cover (again in a reduced scale) of the soon-to-be published first issue of Action Comics:

To provide some context and contrast, the cover of the first issue of Action Comics is notable for its difference from the promotional advertisements both in its scale and its colorized format.

Superman itself was published by Detective Comics on April 18, 1938, in Action Comics, Vol. 1, which had a cover date of June, 1938. A full reproduction of the original Superman comic contained in Action Comics, Vol. 1, is attached as an addendum to this Order. See Attachment A to this Order. The Superman comic became an instant success, and Superman's popularity continues to endure to this day as his depiction has been transferred to varying media formats.

The Superman character has evolved in subsequent works since his initial depiction in Action Comics, Vol. 1. These additional works have added decades of new material to further define, update, and develop the character (such as his origins, his relationships, and his powers and weaknesses) in an ongoing flow of new exploits and supporting characters, resulting in the creation of an entire fictional Superman "universe." For instance, absent from Action Comics, Vol. 1, was any

reference to some of the more famous story elements now associated with Superman, such as the name of Superman's home planet "Krypton." Many of Superman's powers that are among his most famous today did not appear in Action Comics, Vol. 1, including his ability to fly (even through the vacuum of space); his super-vision, which enables him to see through walls ("x-ray" vision) and across great distances ("telescopic" vision); his super-hearing, which enables him to hear conversations at great distances; and his "heat vision," the ability to aim rays of extreme heat with his eyes. The "scientific" explanation for these powers was also altered in ensuing comics, initially as owing to differences in gravity between Earth and Superman's home planet (the latter being much larger in size than the former), and later because Krypton orbited a red sun, and his exposure to the yellow rays of Earth's sun somehow made his powers possible. In a similar Earth-Krypton connection, it was later revealed that Superman's powers could be nullified by his exposure to Kryptonite, radioactive mineral particles of his destroyed home planet.

Aside from the further delineation of Superman's powers and weaknesses, many other elements from the Superman story were developed in subsequent publications. Some of the most famous supporting characters associated with Superman, such as Jimmy Olsen and rival villains Lex Luthor, General Zod, and Brainiac, were created long after Action Comics, Vol. 1, was published. Moreover, certain elements contained in Action Comics, Vol. 1, were altered, even if slightly, in later publications, most notably Superman's crest. In Action Comics, Vol. 1, the crest emblem was a small, yellow, inverted triangle bearing the letter "S" in the middle, shown throughout the comic as solid yellow in most instances and as a red "S" in two instances. Thereafter, the emblem changed, and today is a large yellow five-sided shield, outlined in the color red, and bearing the letter "S" in the middle, also in the color red.

The acclaim to which the release of Action Comics, Vo. 1, was greeted by the viewing public quickly made Superman not only the iconic face for the comic

book industry but also a powerful super-salesman for his publisher. Detective Comics oversaw the creation, development, and licensing of the Superman character in a variety of media, including but not limited to radio, novels, live action and animated motion pictures, television, live theatrical productions, merchandise and theme parks. From such promotional activity, Detective Comics came to "own[] dozens of federal trademark registrations for Superman related indicia, such as certain key symbols across a broad array of goods and services." (Decl. Paul Levitz ¶ 10). The most notable of these marks that are placed on various items of merchandise are "Superman's characteristic outfit, comprised of a full length blue leotard with red cape, a yellow belt, the S in Shield Device, as well as certain key identifying phrases[,]" such as "'Look! . . . Up in the sky! . . . It's a bird! . . . It's a plane! . . . It's Superman!" (Decl. Paul Levitz ¶ 10).

Meanwhile, Siegel continued to submit other comic book characters to Detective Comics that were also published. Sometimes these submissions were without Shuster serving as an illustrator and sometimes, such as in the case of Superman's youthful persona "Superboy," see Siegel v. Time Warner Inc., 496 F. Supp. 2d 1111 (C.D. Cal. 2007), without illustrations accompanying the submission. Among these subsequent creations was "The Spectre," a comic written by Siegel and illustrated by Bernard Baily, which first appeared in 1940 in Detective Comics' More Fun Comics, Vol. 52. The comic told the story about a superhero with a supernatural bent — the character being the spirit of a police officer killed in the line of duty while investigating a gangland overlord and who, after meeting a higher force in the hereafter, is sent back to Earth with nearly limitless abilities but offered eternal rest only when he has wiped out all crime.

With Superman's growing popularity, a growing rift developed between the parties. Siegel and Shuster believed that Detective Comics' poached the artists apprenticing out of Siegel and Shuster's studio in Cleveland by moving them in-house to its New York offices, and further believed that Detective Comics had not

paid them their fair share of profits generated from the exploitation of their Superman creation and from the profits generated from copycat characters that they believed had their roots in the original Superman character. As a result, in 1947, Siegel and Shuster brought an action against Detective Comics' successor in interest in New York Supreme Court, Westchester County, seeking, among other things, to annul and rescind their previous agreements with Detective Comics assigning their ownership rights in Superman as void for lack of mutuality and consideration.

After a trial, official referee J. Addison Young issued detailed findings of fact and conclusions of law wherein he found that the March 1, 1938, assignment of the Superman copyright to Detective Comics was valid and supported by valuable consideration and that, therefore, Detective Comics was the exclusive owner of "all" the rights to Superman. The parties eventually settled the Westchester action and signed a stipulation on May 19, 1948, whereby in exchange for the payment of over $94,000 to Siegel and Shuster, the parties reiterated the referee's earlier finding that Detective Comics owned all rights to Superman. Two days later, the official referee entered a final consent judgment vacating his earlier findings of fact and conclusions of law, and otherwise reiterating the recitals contained in the stipulation.

The feud between the parties did not end after the Westchester action. In the mid-1960s, the simmering dispute boiled anew when the expiration of the initial copyright term for Superman led to another round of litigation over ownership to the copyright's renewal term.[2] In 1969, Siegel and Shuster filed suit in federal district court in New York seeking a declaration that they, not Detective Comics' successor

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[2] Under the Copyright Act of 1909 (the "1909 Act"), which was in effect at the time of Siegel and Shuster's creation of Superman and later assignment of rights in the same to Detective Comics, an author was entitled to a copyright in his work for twenty-eight years from the date of its publication. See 17 U.S.C. § 24, repealed by Copyright Act of 1976, 17 U.S.C. § 101 et seq. Upon the expiration of this initial twenty-eight year term, the author could renew the copyright for a second twenty-eight year period (the "renewal term").

(National Periodical Publications, Inc.), were the owners of the renewal rights to the Superman copyright. See Siegel v. National Periodical Publications, Inc., 364 F.Supp. 1032 (S.D.N.Y. 1973), aff'd by, 508 F.2d 909 (2nd Cir. 1974). The end result of the litigation was that, in conformity with United States Supreme Court precedent at the time, see Fred Fisher Music Co. v. M. Witmark & Sons, 318 U.S. 643, 656-59 (1943), in transferring "all their rights" to Superman in the March 1, 1938, grant to Detective Comics (which was reconfirmed in the 1948 stipulation), Siegel and Shuster had assigned not only Superman's initial copyright term but the renewal term as well, even though those renewal rights had yet to vest when the grant (and later the stipulation) was made.

After the conclusion of the 1970s Superman litigation, the New York Times "ran a story about how the two creators of Superman were living in near destitute conditions":

> Two 61-year-old men, nearly destitute and worried about how they will support themselves in their old age, are invoking the spirit of Superman for help. Joseph Shuster, who sits amidst his threadbare furniture in Queens, and Jerry Siegel, who waits in his cramped apartment in Los Angeles, share the hope that they each will get pensions from the Man of Steel.

Mary Breasted, Superman's Creators, Nearly Destitute, Invoke His Spirit, N.Y. TIMES, Nov. 22, 1975, at 62.

Apparently in response to the bad publicity associated with this and similar articles, the parties thereafter entered into a further agreement, dated December 23, 1975. See id. ("'There is no legal obligation,' Mr. Emmett[, executive vice-president of Warner Communications, Inc.,] said, 'but I sure feel that there is a moral obligation on our part'"). In the agreement, Siegel and Shuster re-acknowledged the Second Circuit's decision that "all right, title and interest in" Superman ("including any and all renewals and extensions of . . . such rights") resided exclusively with DC Comics and its corporate affiliates and, in return, DC Comics' now parent company, Warner Communications, Inc. ("WCI"), provided

Siegel and Shuster with modest annual payments for the remainder of their lives; provided them medical insurance under the plan for its employees; and credited them as the "creators of Superman." In tendering this payment, Warner Communications, Inc. specifically stated that it had no legal obligation to do so, but that it did so solely "in consideration" of the pair's "past services . . . and in view of [their] present circumstances," emphasizing that the payments were "voluntary." The 1975 agreement also made certain provisions for Siegel's spouse Joanne, providing her with certain monthly payments "for the balance of her life if Siegel" died before December 31, 1985. Finally, Warner Communications, Inc. noted that its obligation to make such voluntary payments would cease if either Siegel or Shuster (or their representatives) sued "asserting any right, title or interest in the 'Superman' . . . copyright." As the years went by Warner Communications, Inc. increased the amount of the annual payments, and on at least two occasions paid the pair special bonuses.

As the time grew nearer to the December 31, 1985, cutoff date for surviving spouse benefits, Joanne Siegel wrote the CEO for DC Comics expressing her "terrible worry" over the company's refusal to provide Jerome Siegel life insurance in the 1975 agreement. (Decl. Michael Bergman, Ex. NN). She voiced her concern that, should anything happen to her husband after the cutoff date, she and their daughter "would be left without any measure of [financial] security." (Decl. Michael Bergman, Ex. NN). The parties thereafter agreed by letter dated March 15, 1982, that Warner would pay Joanne Siegel the same benefits it had been paying her husband if he predeceased her, regardless of the time of his death. (Decl. Michael Bergman, Ex. OO). Jerome Siegel died on January 28, 1996, and Joanne Siegel has been receiving these voluntary survival spouse benefits since that time.

In the meantime, changes in the law resurrected legal questions as to the ownership rights the parties had to the Superman copyright. With the passage of the Copyright Act of 1976 (the "1976 Act"), Congress changed the legal landscape

concerning artists' transfers of the copyrights in their creations. First, the 1976 Act expanded by nineteen years the duration of the renewal period for works, like the initial release of Superman in Action Comics, Vol. 1, that were already in their renewal term at the time of the Act's passage. See 17 U.S.C. § 304(b).

Second, and importantly for this case, the 1976 Act gave artists and their heirs the ability to terminate any prior grants of the rights to their creations that were executed before January 1, 1978, regardless of the terms contained in such assignments, e.g., a contractual provision that all the rights (the initial and renewal) belonged exclusively to the publisher. Specifically, section 304(c) to the 1976 Act provides that, "[i]n the case of any copyright subsisting in either its first or renewal term on January 1, 1978, other than a copyright in a work made for hire, the exclusive or nonexclusive grant of a transfer or license of the renewal copyright or any right under it, executed before January 1, 1978, . . . is subject to termination . . . notwithstanding any agreement to the contrary . . . ."

It is this right of termination that Joanne Siegel and Laura Siegel Larson now seek to vindicate in this case.[3] In pursuing such a claim, the two heirs, initially sought the legal assistance of a highly regarded copyright expert, Mr. Arthur J.

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[3] Although the present case only concerns the Siegel heirs' efforts to terminate the 1938 grant, it has come to the Court's attention that the estate of Superman co-creator Joseph Shuster has recently filed termination notices to reclaim the rights to the Superman copyright. According to documents filed with the United States Copyright Office, Mark Warren Peary, the son of Shuster's sister and the court-appointed representative of the Shuster estate, has given notice of the estate's intent to terminate the 1938 grant of the Superman copyright to Detective Comics and its successors effective 2013. As executor of the Shuster estate, Peary is entitled, under changes made to the 1976 termination provisions by the 1998 Sonny Bono Copyright Term Extension Act, to make the same termination claims for the Superman copyright that Shuster or his heirs would have been entitled to bring beforehand. See 17 U.S.C. § 304(c)(2); 3 NIMMER ON COPYRIGHT § 11.03[A][2][a] at 11-40.1 (noting that when the 1976 Act was originally passed if an author died without leaving heirs before exercising the right to termination "the result was that no one could exercise [that] right," but this "harsh result" was "ameliorated" through the passage of the 1998 Act by providing that, "instead of lapsing," the termination right could be exercised by "the author's executor, administrator, personal representative, or trustee").

Levine, in compiling the information necessary to draft the termination notice itself.[4]

On April 3, 1997, the two heirs served seven separate notices of termination under section 304(c) of the 1976 Act, purporting to terminate several of Siegel's potential grant(s) in the Superman copyright to defendants, including the March 1, 1938, assignment; the May 19, 1948, stipulation; and the December 23, 1975, agreement. The termination notices also specified that they covered hundreds of works, with the added proviso that the intent was for the termination notice to apply "to each and every work . . . that includes or embodies" Superman, and the failure to list any such work in the notice was "unintentional and involuntary." Each of the termination notices had an effective date of April 16, 1999. A flurry of settlement discussions between the parties quickly ensued, but just as quickly fizzled out. Nearly two years then passed without much discussion between the parties.

The day before the purported termination was to take effect, defendants sent a letter to Siegel's counsel, Mr. Levine, rejecting "the validity and scope" of the termination notices. (Decl. Marc Toberoff, Ex. Q at 171). The same day DC Comics Executive Vice President and Publisher Paul Levitz wrote to Joanne Siegel that his company would "continue to provide the income and insurance benefits you . . . have been receiving under the 1975 agreement, without prejudice to [the company's] rights under that agreement, as long as we all continue to pursue the goal of working together." (Decl. Michael Bergman, Ex. P).

Not long after the termination notices' effective date passed, the Siegel heirs retained new counsel and the parties re-entered into settlement discussions to resolve their respective claims to the Superman copyright. Towards that end, DC Comics (and its "successors, past and present subsidiaries or affiliates") and the Siegel heirs executed a tolling agreement on April 6, 2000, whereby it was agreed that neither would "assert any statute of limitations . . . defense[] relating to . . . the

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[4] Before going into private practice, Mr. Levine served as General Counsel for the United States Copyright Office and also as Executive Director for the National Commission on New Technological Uses of Copyrighted Works.

[Termination] Notices" based on "the passage of time during the period from the date hereof until cancellation of this Tolling Agreement pursuant to paragraph 7 hereof (the 'Tolling Period')" while the parties attempted "to find an amicable resolution in respect of the [Termination] Notices." (Reply Decl. Marc Toberoff, Ex. A at 1). The agreement further provided that the tolling period would remain in effect "until 10 business days after the earlier of: (a) one of the parties terminating negotiations, in writing, relating to the [Termination] Notices, or (b) the parties reaching an amicable resolution of the disputes between them relating to the Notices." (Reply Decl. Marc Toberoff, Ex. A at 2).

At some point the broad outline of a global settlement conceming the copyright to the Superman material, as well as to other works Siegel either authored or contributed material to Detective Comics (notably, Superboy and The Spectre properties), was reached. Specifically, on October 19, 2001, counsel for Joanne Siegel and Laura Siegel Larson sent a six-page letter to Warner Bros.' General Counsel confirming and summarizing the substance of the settlement. The letter concluded that "if there is any aspect of the above that is somehow misstated, please let me know by [October 22, 2001] at 2:00, as I will be out of the office — and likely difficult to reach — for the following four weeks." (Decl. Marc Toberoff, Ex. BB).

A week later, on October 26, 2001, Wamer Bros' General Counsel John Shulman responded with a letter, stating that he had "reviewed" the summary set forth in the October 19 letter, and then "enclose[d] . . . a more fulsome outline of what we believe the deal we've agreed to is"; the outline was five pages long. (Decl. Marc Toberoff, Ex. CC). The letter concluded that Warner Bros. was "working on the draft agreement" so as to "have this super-matter transaction in document form." (Decl. Marc Toberoff, Ex. CC).

A few months later, on February 1, 2002, outside counsel for Warner Bros. provided a copy of the promised draft agreement (spanning fifty-six pages), with the

proviso that, "[a]s our clients have not seen this latest version of the agreement, I must reserve their right to comment." (Decl. Marc Toberoff, Ex. DD). Mention was also made in the draft agreement for the need of certain "Stand Alone Assignments" that had as yet not been finalized, something which Warner's outside counsel promised would be forthcoming. (Decl. Marc Toberoff, Ex. DD).

Three months later, on May 9, 2002, Joanne Siegel wrote a letter to Time Warner's Chief Operating Officer Richard Parsons, recounting that she and her daughter had "made painful concessions and reluctantly accepted John Shulman's last [settlement] proposal [in October, 2001]," but upon reading the proposed draft agreement learned that they had been "stabbed in the back," as it "contained new, outrageous demands that were not in the [October, 2001] proposal," such as "condition[ing] recei[pt of] financial compensation for our rights on demands which were not in the proposal we accepted." (Decl. Michael Bergman, Ex. Z). The letter concluded that "[a]fter four years we have no deal and this contract makes an agreement impossible." (Decl. Michael Bergman, Ex. Z).

Time Warner's CEO quickly responded with a letter of his own on May 21, 2002, expressing shock and dismay as "each of the major points covered in the draft agreement . . . accurately represented the agreement previously reached" by the parties. (Decl. Michael Bergman, Ex. AA). The letter continued by acknowledging that, as with all lengthy negotiations, Time Warner "expected" that the submission of the draft agreement would result in further "comments and questions on the draft" by Siegel family's representatives that "would need to [be] resolve[d]." (Decl. Michael Bergman, Ex. AA). The letter concluded by reaffirming Time Warner's continued interest "that this agreement can be closed based upon the earlier discussions with [the Siegel family's] lawyers." (Decl. Michael Bergman, Ex. AA).

Not long thereafter, the Siegel heirs' lawyers submitted for the family's review and approval a re-draft of the February 4, 2002, agreement the lawyers had crafted.

(Decl. Marc Toberoff, Ex. AA). The Siegel heirs, on September 21, 2002, rejected the redraft and fired their attorneys. (Decl. Marc Toberoff, Ex. AA). That same day Joanne Siegel and Laura Siegel Larson sent a letter to DC Comics' General Counsel Paul Levitz notifying the company that they were "stopp[ing] and end[ing] negotiations with DC Comics, Inc., its parent company AOL Time Warner and all of its representatives and associates concerning" their rights to, among other things, Superman. (Decl. Michael Bergman, Ex. DD).

Joanne Siegel and Laura Siegel Larson thereafter filed the present action, with the assistance of new counsel, Marc Toberoff, on October 8, 2004. Both sides have since filed cross-motions for partial summary judgment.

Reduced to their essentials, the legal questions at stake in the parties' cross-motions are two-fold:

(1) The validity and enforceability of the termination notices in light of (a) whether any copyrightable Superman material contained in the promotional advertisements for Action Comics, Vol. 1, lies outside the reach of the termination notice (and hence, the termination notice is not enforceable against it); (b) whether certain portions of the Superman comic in Action Comics, Vol. 1, are in the nature of a work for hire (and hence, not subject to termination); (c) whether the failure to list the 1948 consent judgment in the notices as one of the grants sought to be terminated materially affects the notices of termination; (d) whether the post-termination receipt of benefits under the 1975 agreement acts as a novation to re-grant the Superman copyright; (e) whether the statute of limitations ran out before the instant action was instituted thereby forestalling this lawsuit; and (f) whether the settlement negotiations that took place between the parties resulted in an enforceable agreement disposing of the claims asserted in the present action; and,

(2) The parameters of what was recaptured (and the rights flowing therefrom) through the termination notices, namely, (a) whether plaintiffs have a right to defendants' post-termination foreign profits from the exploitation of the Superman

copyright; (b) whether plaintiffs are entitled to profits from any of the various trademarks that defendants have procured since the grant in marketing Superman; (c) whether plaintiffs are entitled to profits from the derivative works of the Superman material published by Detective Comics and its successors in interest prior to the termination notice's effective date; and (d) whether any recovery of profits extends beyond those made through DC Comics' exploitation of the Superman copyright to that of its corporate siblings and parent who are licensees to that copyright's movie and television rights, be it based on an alter-ego theory or other notion of equity.

I. Validity and Enforceability of Termination Notices

The 1976 Act created a new right allowing authors and their heirs the ability to terminate a prior grant to the copyright in their creations. See 17 U.S.C. § 304(c). The 1976 Act also set forth specific steps concerning the timing and contents of the notices that had to be served to effectuate the termination of a prior grant. One of the most important steps was placing a limit on the temporal reach such a notice could have on what was subject to being recaptured. Specifically, the "[t]ermination of the grant may be effected at any time during a period of five years beginning at the end of fifty-six years from the date copyright was originally secured." 17 U.S.C. § 304(c)(3) (emphasis added). Moreover, the notice is required to be "served not less than two or more than ten years before" its effective date.

Taken together, someone seeking to exercise the termination right must specify the effective date of the termination, and that effective date must fall within a set five-year window which is at least fifty-six years, but no more than sixty-one years, from the date the copyright sought to be recaptured was originally secured, and such termination notice must be served two to ten years before its effective date. The purpose of this time window for terminating pre-1978 grants was so that the only rights to the copyright affected thereby were those to the 19-year extension

in the renewal term created by the 1976 Act, leaving undisturbed the grantee's vested interest to the original 28-year renewal term as set forth in the 1909 Act, the governing statute at the time the grant itself was made.

Additional procedures required to be followed to make the termination notice effective were specified as well: The author or his or her heirs had to serve "an advance notice in writing upon the grantee or the grantee's successor in title"; the notice had to be signed by the author or his or her heirs; the notice was required to "state the effective date of the termination"; and the notice must be "recorded in the Copyright Office before the effective date of termination." 17 U.S.C. § 304(c)(4).

Beyond these statutory requirements, the notice was also required to "comply, in form, content, and manner of service, with [the] requirements that the Register of Copyrights . . . prescribe[s] by regulation." 17 U.S.C. § 304(c)(4)(B). Toward that end, the Register promulgated regulations implementing this statutory proviso. See 37 C.F.R. § 201.10. Among those regulations was one requiring the terminating party to identify in the notice "each work as to which the notice of termination applies." 37 C.F.R. § 201.10(b)(1)(ii).

As one noted author has commented, "[i]t is difficult to overstate the intricacies of these [termination] provisions, the result of which is that they are barely used, no doubt the result desired by lobbyists for assignees." William Patry, Choice of Law and International Copyright, 48 AM. J. COMP. L. 383, 447 (2000); see also Burroughs v. Metro-Goldwyn-Mayer, Inc., 683 F.2d 610, 621 (2nd Cir. 1982) (commenting that the steps necessary to make a termination effective oftentimes create "difficult, technical questions"). Those intricate provisions oftentimes create unexpected pitfalls that thwart or blunt the effort of the terminating party to reclaim the full measure of the copyright in a work of authorship. This case is no different.

1. Promotional Announcements

Plaintiffs gave notice that the effective date of the termination notices was April 16, 1999, meaning that, backdating from that date sixty-one years, the termination notices would leave unaffected (or better said, beyond their reach) any statutory copyright that had been secured in the Superman material before April 16, 1938. Defendants contend that the promotional announcements for Action Comics, Vol. 1, featuring a graphical depiction of Superman, fall just a few days outside the five-year effective window of plaintiffs' termination notices; therefore, they argue, any copyright material contained in those promotional announcements, notably the illustration of Superman on the cover of Action Comics, Vol. 1, is unaffected by the termination notices and remains theirs to exploit exclusively. As defendants frame it, section 304(c)(3)'s five-year effective window "is tantamount to a statute of limitations[;] . . . if any work falls outside the five-year window established by the [termination] effective date, it cannot be recaptured, and the original copyright grant remains in force for that work, allowing the grantee to continue exercising the granted rights without liability." (Defs' Mot. Partial Summ. J. at 29). Thus, any work that was published with notice prior to April 16, 1938, i.e., sixty-one years before the stated effective date, remains untouched by the termination notice.[5]

Plaintiffs do not dispute the legal consequence section 304(c)'s five-year window has in this case on the effective reach of their termination notices. As drafters of the notice, Siegel's heirs were given carte blanche in identifying the termination notices' effective date. Once they chose a date, certain consequences flowed therefrom, the most important of which is to cabin the five-year window

[5] Defendants also contend that the promotional advertisements are not effected by the termination notices because plaintiffs failed to list those works in their notices. As the Court finds that the promotional advertisements fall outside the five-year window during which those notices could effectively terminate the grant in the copyright contained in them, the Court will not pass on the consequences, if any, stemming from plaintiffs' additional failure to list those promotional announcements in their notices.

within which the notice can recapture any copyright secured in the material to which the grant was directed. A copyright in a work statutorily secured even just days outside this five year window is beyond the effective reach of the termination notice, in much the same way a tardily-filed renewal registration has been held to be ineffective. Cf. 3 NIMMER ON COPYRIGHT § 9.05[b][1] at 9-44 ("a variance of even several days is fatal and that the purported renewal is void to rescue the subject work from the public domain, whether filed after expiration of the one year or prior to its initiation"). A leading treatise supports such a calculation and the consequences flowing from it:

> The appropriate dates for termination notices are measured from "the date copyright was originally secured, or beginning on January 1, 1978, whichever is later." In the case of pre-January 1, 1978 works, "secured" means the actual date the work was first published with notice (or in the case of unpublished works, the date of registration), e.g., April 15, 1970, not December 31, 1970. Failure to pay attention to the differences between the date the copyright was originally secured for purposes of section 304(c) termination of transfer and section 305 expiration of term may lead to an untimely notice of termination.

2 PATRY ON COPYRIGHT § 7:43; see also 3 NIMMER ON COPYRIGHT § 11.05[B][1] at 11-40.11 ("Suppose that statutory copyright for a song were first secured on May 21, 1925. Based on the statutory provision that termination may be effected 'beginning at the end of fifty-six years from the date copyright was originally secured,' the first effective date for termination should be May 21, 1981"); 3 JAY DRATLER, JR. AND STEPHEN M. MCJOHN, INTELLECTUAL PROPERTY LAW: COMMERCIAL CREATIVE AND INDUSTRIAL PROPERTY § 6.04A[3][a] (2008) ("If the year in which a work was so published predates the current year by more than sixty-one years, then the termination right [to that work] under section 304(c) has expired. The statute apparently requires calculation of all these termination periods from the exact date of publication, rather than from the end of the publication year, as is appropriate for determining copyright terms under the 1976 Act").

It is in this sense that one can say whether a termination notice is timely or not, a question that does not go to the notice's validity (the notice remains valid with respect to a copyright in works that was secured during the five year window) but as to its enforceability against a copyright in a particular work pre- or post-dating that window. Thus, the key in deciding this timeliness question begins with a determination of when the copyright in the work in question was secured, and not when the work itself was created.

The determination of when the copyright in a work is secured is when the material was protected by statute, meaning when the copyright in such a work secured protection under this country's copyright laws. Under the 1909 Act, "works could have obtained statutory copyright . . . , without the necessity of registration, simply by the act of publishing copies of the work bearing a proper copyright notice. As to such works, registration did not create the copyright, but merely recorded it." 2 NIMMER ON COPYRIGHT § 7.16[A][2][b] at 7-148 (emphasis added); see also 17 U.S.C. § 10 (repealed). Thus, the initial question is whether the comic books containing the promotional announcements bore such a copyright notice upon them.

Section 19 of the 1909 Act delineated what constituted proper notice: "The notice of copyright required by section 10 of this title shall consist either of the word 'Copyright', the abbreviation 'Copr.', or the symbol ©, accompanied by the name of the copyright proprietor, and if the work be a printed literary, musical, or dramatic work, the notice shall include also the year in which the copyright was secured by publication." If the comic books in question contained such a notice, then the date of publication is also the date the copyright in the material contained therein was secured. If not, then any of the copyrightable material in the works (including the promotional announcements) was never secured (absent evidence that the material had been registered beforehand with the Copyright Office when it was in an unpublished state) but instead was injected into the public domain.

Here, the material submitted by defendants (the cover page for the magazine and the page on which the promotional announcements is displayed) does contain such a notice. At the bottom of the promotional announcement itself is the following: "Entire contents copyright 1938 by Detective Comics, Inc." (Decl. Michael Bergman, Ex. C at 10 & Ex. D at 14). Thus, the copyright for any of the works contained in the comic books in question was secured on the date they were published.

This leads to the next question: What are the publication dates for the two comic books that contained the promotional announcements for Action Comics, Vol. 1, featuring an illustration of Superman? Defendants have submitted the initial copyright registrations for these comics, which indicate that More Fun Comics, Vol. 31, was published on April 5, 1938, eleven days before the effectiveness of the plaintiffs' termination notices, and that Detective Comics, Vol. 15, was published on April 10, 1938, six days outside the temporal reach of the termination notices. Under the 1909 Act the initial (as opposed to the renewal) copyright registration constituted prima facie evidence of the publication date for a work.[6] See 17 U.S.C.

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[6] Defendants' suggestion that the addition of section 304(a)(4)(B) by the Copyright Amendments Act of 1992 somehow altered this rule by extending the prima facie imprimatur to renewals like those in this case is simply mistaken. (Defs' Reply at 40 & n.16). That section provides that, so long as the renewal occurred "within 1 year before [the] expiration" of the initial term, then "the certificate of such registration shall constitute prima facie evidence as to the . . . the facts stated in the certificate." However, the 1992 Act's provisions placed one very important proviso on its applicability — its provisions applied only where a party was filing a renewal registration to the "extended term of copyright in a work." Thus, the amendments' provisions were limited to renewal claims to works that were still in their initial term when the 1976 Act became effective, January 1, 1978, meaning for copyrights whose first term of copyright was secured on or after January 1, 1950. That is to say, section 304(a)(4)(B)'s provisions only applies to works that had yet reached the time for renewal before the 1976 Act extended the term of the renewal period (unlike Superman in Action Comics, Vol. 1, or the comics containing the promotional announcements). For those works, the 1992 amendments allowed such renewal to be made at anytime, but provided incentives for prompt renewal, the most notable being the extension of the prima facie rule to such promptly filed renewal claims. See 2 PATRY ON COPYRIGHT § 7:50 ("Effective

§ 209 (repealed) (providing that a "certificate of registration" issued by the Register of Copyrights "shall be admitted in any court as prima facie evidence of the facts stated therein"); see also Epoch Productions Corp. v. Killiam Shows, Inc., 522 F.2d 737, 745-46 (2nd Cir. 1975); 5 PATRY ON COPYRIGHT § 17:115 (observing that the reason that renewal certificates issued during the 1909 Act were not accorded prima facie status was because of the "minimal attention" the Register of Copyrights paid to the information contained therein; "[a]s long as original registration for a work has been made, the Copyright Office accept[ed] it at face value").

Plaintiffs attempt to refute this prima facie evidence through expert testimony and by legal argument.

As to the latter, plaintiffs seek to discredit the value of the initial copyright registration for More Fun Comics, Vol. 31, because Detective Comics' successor did not obtain that registration until nearly 28 years after its publication, on the eve of the expiration of the initial copyright term. The 1909 Act required that, once copyright had been secured by publication with notice, "there shall be promptly deposited" the required copies of the published work and the registration claim itself. 17 U.S.C. § 13 (repealed). Plaintiffs suggest that such a "late" initial registration raises questions as to the trustworthiness of any of the information contained in that registration. (Pls' Opp. at 48-49). Plaintiffs correctly point out that Professor Nimmer in his treatise has commented that, "where there was a failure to

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June 26, 1992, Congress abolished the requirements that works in their first term of copyright published or registered between 1964 and 1977 must be timely renewed in order to enjoy the (now) 67-year renewal term. Instead, these works are now automatically renewed for the full term of 75 years. Copyrights whose first term of copyright was secured between January 1, 1950, and December 31, 1963, still had to have been renewed according to the requirements of the 1909 Act. Failure to do so resulted in the work falling into the public domain. . . . Renewal claims may still be filed at any time during the renewal period, and a number of incentives have been added to encourage filing. [One such] incentive[] for renewing provided in the Copyright Act of 1992 are the prima facie status that is accorded to the validity of the work"). Given that none of the comics in question fall within the class affected by section 304(a)(4)(B), that section's expansion of the prima facie status to renewal claims does not apply here.

promptly register and deposit, under the 1909 Act, some questions as to the viability of the copyright might be raised." 2 NIMMER ON COPYRIGHT § 7.16[A][2][b] at 7-150. But Professor Nimmer's comments as to the collateral consequences flowing from such a delay were not geared toward the validity of the copyright itself, but to the existence of an impediment to bringing an action for infringement. See id. at 7-149 (noting that Supreme Court's Washingtonian decision effectively read the "words 'promptly deposited' in Section 13 . . . not . . . as a condition subsequent that, if not satisfied, would result in destruction of the copyright," but rather "[t]he deposit . . . requirement was (as it still is) clearly a condition precedent to the right to bring an infringement action").

Although the general line of reasoning plaintiffs seek to draw from such a "late-in-time" registration makes sense from a policy perspective, plaintiffs have cited no authority that such long delays in registration vitiates or otherwise diminishes the statutorily conferred prima facie presumption to which such registration claims (and the information contained therein) are entitled, especially once a registration has (as here) been tendered. Moreover, even were the Court to entertain plaintiffs' invitation, there remains the initial registration for the other comic book in question — Detective Comics, Vol. 15 — which was obtained shortly after that comic book's publication and, hence, the problem pressed by defendants with the promotional announcement contained therein falling outside the effective reach of the termination notice remains.

Plaintiffs next contend that the copies of the registration certificates submitted by defendants have not been authenticated by the declarant to whose declaration they are affixed, and hence, are not admissible as proof of the comic books' publication date. (Pls' Opp. at 48-49 ("the certificate is not properly authenticated, but is merely attached to the declaration of defendants' attorney, who appears to have no personal knowledge of it"). Such extrinsic evidence of authenticity by the declarant is unnecessary for these copyright registration

certificates. Under Federal Rule of Evidence 902(1), a "document bearing a seal purporting to be that of the United States . . . or of a . . . department, officer, or agency thereof," with "a signature purporting to be an attestation or execution," is considered self-authenticated. Close inspection of the copyright registration certificates submitted by defendants clearly reveals the seal issued by the United States Copyright Office, signed by the Register of Copyrights, and bearing the following legend: "[A]ttached are additional certificates for the [comics in question] which were registered in accordance with provisions of the United States Copyright Law." (Decl. James Weinberger, Ex. B & C). The requirements of Rule 902(1) have been met, rendering the copies of the copyright registration certificates as self-authenticated and, thus, admissible.

The obscure nature of these promotional announcements does not alter this analysis. It is undoubtedly true that the existence of these announcements was not widely recognized even by comic book aficionados. That, however, does not change the effect their existence has vis-à-vis the termination notices' effective reach. Once a termination effective date is chosen and listed in the notice, the five-year time window is an unbendable rule with an inescapable effect, not subject to harmless error analysis. See 37 C.F.R. § 201.10(e) (limiting application to "[h]armless errors in a notice" that does not "materially affect the adequacy of the information") (emphasis added). That good cause may have existed for failing to structure the termination notices so as to sweep the announcements within its reach does not obviate application of the rule itself.

The importance such promotional announcements may have on the reach of a termination notice that has been tendered was not lost on plaintiffs' counsel, Mr. Levine, who drafted the termination notices in this case. He also drafted plaintiffs' termination notice with respect to The Spectre copyright, and structured it in such a way so as to include among the works affected by the notice's five-year window a promotional announcement for The Spectre contained in a comic published a month

before the one containing the first comic book story of the character. (Decl. Michael Bergman, Exs. WW-YY (termination notice describing among the works affected by the notice the promotional announcement as "Spectre character appearing in costume in an ad in issue No. 51 of More Fun Comics, copyrighted November 28, 1939, as Copyright Registration No. B437786, publication date January 1940") & Decl. Paul Levitz, Ex. A (containing picture of The Spectre ad)).

Having provided prima facie evidence of the comic books' publication dates, the burden shifts to the plaintiffs to produce some evidence calling into question those dates. The burden of production is not a heavy one (in large measure owing to the fact that so little is proffered by the applicant or scrutinized by the Copyright Office in the application process to procure the registration in the first instance), but it is one that must be met nonetheless. See 3 PATRY ON COPYRIGHT § 9:14 ("the Copyright Office has no ability to verify facts stated in the certificate, and not surprisingly makes no effort to do so. . . . At the most, the Office can take notice of any inconsistent facts that appear on the deposit copy and request clarification from the claimant . . . . In any event, [the opposing party] should be required to present only a small degree of evidence calling into question the fact at issue in order to rebut the certificate's presumption").

On that point all that plaintiffs have submitted is the opinion of a comic book historian, Mark Evanier, who was retained by DC Comics in the 1970s to, among other things, assist it "in attempting to determine approximate dates of past publication" of its comics. (Decl. Mark Evaier ¶ 12). From this particular experience, as well as his long history in the comic book industry, Mr. Evanier seeks to cast doubt on the veracity of the asserted publication dates for the comics containing the promotional announcements. The general thrust of his expert opinion is that, outside the first printing of certain famous comic superheros such as Superman in Action Comics, Vol. 1, a particular "run of the mill" comic book's exact date of publication during the 1930s and 1940s is difficult to determine, rendering

the dates listed on the certificates as nothing more than "mere guesstimates" by the publisher. (Decl. Mark Evanier ¶ 10). Furthermore, Mr. Evanier downplays the significance of the fact that the comic books in question contained promotional announcements for Action Comics, Vol. 1, as necessarily meaning that their publication must have preceded Action Comics publication. As Mr. Evanier explains, the dates provided by publishers were often the dates initially scheduled or intended for publication, but the actual dates often varied with printing, delivery, and other delays. (Decl. Mark Evanier ¶ 11).

Mr. Evanier's expert opinion is chalk full of information on the publication of comic books in general during this time period, but is void of any specific evidence or opinion as to the publication of the particular comic books in question in this case. He offers no evidence of any specific printing, delivery, or other problems that may have affected the publication of More Fun Comics, Vol. 31, or Detective Comics, Vol. 15. His general opinion thus does not sufficiently refute the prima facie evidence set forth in the initial copyright registration certificates for these particular comic books. At most, his opinion raises some doubts as to the precision of the dates contained in initial copyright registrations for comic books in general from this period. However, those copyright notices were completed at a time which, by Mr. Evanier's own opinion, the copyright holder was attempting to be as accurate as possible in listing those dates and long before any incentive to provide inaccurate dates by virtue of contemplating this present litigation or the termination provisions of the 1976 Act existed. Plaintiffs evidence does no more than inform the Court that, despite efforts to be precise about publication dates for comic books during this particular period, mistakes could be made; it is not at all probative on the issue of whether mistakes were in fact made with respect to the information contained in the particular registration certificates at issue in this case. The Court therefore finds that the promotional announcements containing an illustration of Superman from the cover of Action Comics, Vol. 1, are outside the effective reach

of the termination notices.

Perhaps anticipating this finding, plaintiffs next seek to downplay the significance of the promotional announcements themselves by arguing that, legally and factually, little, if any, copyrightable Superman material is contained in those announcements. Specifically, plaintiffs submit that Siegel and Shuster's material was an indivisible joint work, and that the advertisements were a derivative work of the authors' material. Thus, they claim that none of the Superman material contained in the promotional announcements (namely, the cover artwork from Action Comics, Vol. 1) could be copyrighted, and thus, defendants cannot continue to exploit the same, regardless of the termination notice. As framed by plaintiffs: "Defendants' entire argument is falsely premised on the erroneous assumption that they can take the cover of Action Comics, No. 1, one of many illustrated panels in Siegel and Shuster's first 'Superman' comic book story, rip it from this copyrighted joint work, and own a separate copyright in the illustration in the form of a mere 'in house announcement' depicting a reduced image of the illustration. [Moreover,] Detective's 'in-house announcements,' at best, are derivative works based on the pre-existing cover and interior panel of Siegel and Shuster's pre-existing 'Superman' story." (Pls' Opp. at 44, 46).

This emphasis on the joint nature of Siegel and Shuster's Superman material is rendered nugatory by the fact that Siegel and Shuster granted the copyright in their material to Detective Comics on March 1, 1938, well before the promotional advertisements were published by Detective Comics in April of that year. Thus, by the time the promotional announcements were published, Siegel and Shuster's Superman material was owned solely by Detective Comics to do with it as it saw fit, whether it be as a full-length comic or as artwork in its advertising. That Siegel and Shuster intended their work to be combined together and depicted as a unitary whole is a separate and distinct question from whether, in later using some of Shuster's artwork from that combined material it had acquired, Detective Comics

somehow unraveled the copyrightability in that portion of the work. The manner of a work's authorship is entirely separate from the way in which an assignee may exploit that material once it has acquired exclusive ownership of the same and, correspondingly, whether there were anything copyrightable in the work the assignee subsequently published using only parts of that material.

In this respect it is important to remember that a joint work can consist of either inseparable or interdependent parts, the latter example of which include "the collaborative musical works of Gilbert and Sullivan . . . ., [t]hese works are the result of the interdependent contributions of the collaborators, i.e., one person wrote the lyrics and the other the music, either of which could on its own [stand] as an independent work, but which, when combined, form a single[, separate] 'interdependent' joint work." 2 PATRY ON COPYRIGHT § 5:6. The original Superman material was the product of the story and dialogue written by Siegel and the art work drawn by Shuster; each on its own could have been a work in its own right subject to copyright protection, but when merged together they formed a single new and unified interdependent work. See Siegel v. Time Warner, Inc., 496 F.Supp.2d 1111, 1145 (C.D. Cal. 2007) (where this Court held, in regard to Superboy, "the copyright to [the same] (if a joint work) would be considered comprised of interdependent parts — Siegel's dialogue and storyline . . . and Shuster's artwork giving life and color to those words").

At most, Detective Comics took a part of Shuster's independently copyrightable art work out of the joint work and utilized it, in conjunction with other material (namely, the advertising slogan), in a promotional announcement. There is no rule preventing a publisher or others from publishing portions or excerpts of works, joint or otherwise, that it solely owns, and then seeking a separate copyright in the same. Indeed, the opposite is true — the holder of a copyright is expressly entitled to prepare derivative works based upon a copyrighted work it owns or to utilize portions of that work in other materials. See 17 U.S.C. § 106(2); see

generally 17 U.S.C. § 1 (repealed). Detective Comics could just as well have decided to split up the Superman material for publication into two or three installments as it could (and did) decide to publish a portion of that material in an advertisement to promote the comic.

This leads to plaintiffs' contention that the "derivative nature" of the promotional advertisement itself works to exclude any of the copyright in the pre-existing Superman material (notably, the art work for the Action Comics, Vol. 1 cover) contained therein from enuring to the benefit of the defendants to continue to exploit. Generally, if an author contributes additional original material to a pre-existing work so as to recast, transform, or adapt that work, then the copyright protection afforded to the author of that derivative work extends only to that additional material and in no way extends to the underlying, pre-existing material. See 17 U.S.C. § 103(b) (specifying that a derivative work's copyright does not extend to any part of that work using "preexisting material in which copyright subsists"); 1 NIMMER ON COPYRIGHT § 3.03, at 3-10. Thus, it is asserted that the author of the pre-existing material work (here Siegel and Shuster) would continue to retain ownership in the same despite its use in the derivative work (the promotional announcement).

Even assuming that the changes made to the cover page for Action Comics, Vol. 1, in the promotional announcements is not merely a reproduction, but sufficiently "recast, transform, or adapts" the pre-existing material so as to be considered a derivative work thereof (e.g, the cover is shown in black and white instead of color, the scale of the artwork itself is diminished, and text is placed alongside the artwork), there remains a complicating wrinkle. At the time the promotional announcements were placed in Detective Comics' existing comic book publications, the underlying pre-existing Superman material from which a portion of the announcements were derived (again the artwork for the cover) had yet to be published, and, hence, copyright in the same was protected at the time under state

common law. See 17 U.S.C. § 2 (repealed).

Given that the portion of the pre-existing material at issue had yet to achieve statutory copyright protection when it was first published in More Fun Comics, Vol. 31, and Detective Comics, Vol. 15, it was injected into the public domain upon the publication of the promotional announcements themselves, absent investiture of statutory copyright protection through its publication. See 17 U.S.C. § 10 (repealed). That is to say, the copyright in the cover of Action Comics, Vol. 1, itself first achieved statutory protection, if at all, upon its publication in the announcements, not its later publication in Action Comics, Vol. 1. See 2 PATRY ON COPYRIGHT § 6:35 ("where an investitive publication occurs, the derivative work copyright covers the unpublished material").

This fact has repercussions on plaintiffs' derivative works argument, as it alters the general rule described above. Once Detective Comics published a portion of the previously unpublished pre-existing material — as was its right as owner of the material at that time — its continued protection resided exclusively under statutory copyright in the derivative work itself lest that portion of the pre-existing material (the art work for the cover) be injected into the public domain. See Batjac Productions Inc. v. GoodTimes Home Video Corp., 160 F.3d 1223, 1233 (9th Cir. 1998); 2 PATRY ON COPYRIGHT § 6:35 ("to the extent that previously unpublished material is included in an authorized published derivative work, the derivative work publishes the previously unpublished material"). As Professor Nimmer explains:

> Because a derivative work by definition to some extent incorporates a copy of the pre-existing work, publication of the former necessarily constitutes publication of the copied portion of the latter. Of course, an article that merely describes a pre-existing work but does not incorporate any substantial portion of it is not a derivative work and hence, does not publish the pre-existing work. Unless the basic work is reproduced in the published work, it is not published. If only the broad outlines or other fragmentary portion of the pre-existing work are copied and published in the derivative work, then only to that extent is the pre-existing work published.

1 NIMMER ON COPYRIGHT § 4.12[A] at 4-59 to 4-60; see also id. § 4.13[A] at 4-73 ("any work published prior to January 1, 1978, was not only thereby divested of common law copyright; it was also injected into the public domain, unless at the moment of publication copies of the work bore a proper copyright notice"). Thus, included in defendants' right to continue to exploit the copyright in the derivative work (the promotional announcements) is the right to the copyright in that part of the pre-existing work (the illustration from the cover) that was published for the first time in that derivative work.

The cases cited by plaintiffs as standing for the contrary are all distinguishable, as either the act of publication in question fell within the "limited" publication exception because the material was distributed for promotional purposes to members in the trade and not, as here, the general public itself, see Rushton v. Vitale, 218 F.2d 434 (2nd Cir. 1955); Hub Floral Corp. v. Royal Brass Corp., 454 F.2d 1226 (2nd Cir. 1972); or because the underlying work reproduced in the derivative work was itself in the public domain (unlike here where the underlying material was in an unpublished state protected by common law copyright), thereby mooting any question about divestiture of the underlying work through publication. See Alfred Bell & Co. v. Catalda Fine Arts, 191 F.2d 99 (2nd Cir. 1951).

Here, the promotional announcements represent the first time Superman appeared to the public, and consequently, the first time any of Siegel and Shuster's Superman material was protected by statutory copyright, albeit in conjunction with the other material contained in the advertisement itself. Thus, all of the material in the promotional announcement (which included the graphic depiction of Superman later portrayed on the cover of Action Comics, Vol. 1) obtained statutory copyright protection before the earliest possible date covered by the plaintiffs' termination notices. The Court therefore finds that the publication date for at least one of the comics containing the promotional announcements falls outside the reach of the termination notice and, therefore, any copyrightable material contained therein

(including that found in the cover to Action Comics, Vol. 1, as depicted in those announcements) remains for defendants to exploit.

This leads to the question of the scope of the copyrighted material remaining in defendants' possession by way of the promotional announcements, a question that defendants themselves acknowledge "is most obviously answered by [looking at] the ads which speak for themselves" and that does not require some "special 'lens'" to resolve. (Defs' Reply at 44).

The Court begins by observing what is not depicted in the announcements. Obviously, nothing concerning the Superman storyline (that is, the literary elements contained in Action Comics, Vol. 1) is on display in the ads; thus, Superman's name, his alter ego, his compatriots, his origins, his mission to serve as a champion of the oppressed, or his heroic abilities in general, do not remain within defendants sole possession to exploit. Instead the only copyrightable elements left arise from the pictorial illustration in the announcements, which is fairly limited.

The person in question has great strength (he is after all holding aloft a car). The person is wearing some type of costume, but significantly the colors, if any, for the same are not represented, as the advertisement appears only in black and white. The argument that the "S" crest is recognizable in the promotional advertisement is not persuasive. What is depicted on the chest of the costume is so small and blurred as to not be readily recognizable, at best all that can be seen is some vague marking or symbol its precise contours hard to decipher. The Court thus concludes that defendants may continue to exploit the image of a person with extraordinary strength who wears a black and white leotard and cape. What remains of the Siegel and Shuster's Superman copyright that is still subject to termination (and, of course, what defendants truly seek) is the entire storyline from Action Comics, Vol. 1, Superman's distinctive blue leotard (complete with its inverted triangular crest across the chest with a red "S" on a yellow background), a red cape and boots, and his superhuman ability to leap tall buildings, repel bullets,

and run faster than a locomotive, none of which is apparent from the announcement.

2. Work Made for Hire Aspect of Portions of Action Comics, Vol. 1

Under the 1976 Act, an author's (or his or her heirs') ability to terminate a prior grant in the copyright to a creation does not apply to a "work made for hire," because the copyright in such a creation was never the artist's to grant, belonging instead to the one who employed the artist to create the work. See 17 U.S.C. § 304(c); Playboy Enterprises, Inc. v. Dumas, 53 F.3d 549, 554 (2nd Cir. 1995) ("Once it is established that a work is made for hire, the hiring party is presumed to be the author of the work"). The manner in which Siegel and Shuster's Superman material was submitted, then re-submitted in a reformatted version, and finally accepted for publication by Detective Comics raises questions about the work for hire status of the re-formatted material (but not the initial material submitted to the publisher) later published in Action Comics, Vol. 1.

Defendants argue that portions of the copyrightable material contained in Action Comics, Vol. 1, are unaffected by the termination notice because those portions belong exclusively to them as "works for hire," arguing that certain material found in the comic book was created by Detective Comics' in-house employees, or that the material was added to the underlying Superman material by Siegel and Shuster at the publisher's direction. (Defs' Opp. at 27). Specifically, the alleged "additional" material provided by Detective Comics' in-house employees is the color choices made throughout the comic, notably, the red color of the letter "S" on Superman's crest and the art work for the cover to the magazine itself (albeit modeled after a interior panel in the Superman comic illustrated by Shuster). Similarly, the additional material supplied in response to the publisher's February 1, 1938, letter is Shuster's admitted (and as acknowledged by Siegel) drawing of "several additional pictures to illustrate the story continuity" appearing "on page 1 of the first Superman release" and "the last panel appearing on the thirteenth page."

(Decl. Michael Bergman Ex. G at 2 & Ex. H at 5).

The thrust of defendants' argument was made and rejected by the Second Circuit in the 1970s Superman copyright renewal litigation, and is thus precluded as a matter of collateral estoppel here. In that litigation, defendants' predecessors-in-interest presented much of the same evidence now submitted in this case to argue that this additional material transformed the entirety of Siegel and Shuster's pre-existing Superman material published in Action Comics, Vol. 1, into a work made for hire. The Second Circuit rejected this argument, elaborating: "In the case before us, Superman and his miraculous powers were completely developed long before the employment relationship was instituted. The record indicates that the revisions directed by the defendants were simply to accommodate Superman to a magazine format. We do not consider this sufficient to create the presumption that the [comic book] strip was a work for hire." Siegel, 508 F.2d at 914. This conclusion forecloses any further litigation on the point of whether Shuster's additional drawings when reformatting the underlying Superman material into a comic book format or other facts related to such a theory such as the colorization process for Action Comics, Vol. 1, or the party responsible for the illustration of the cover to the magazine, rendered all or portions of the resulting comic book a work made for hire.

Defendants seek to avoid the collateral estoppel effect of the Second Circuit's decision by arguing that the only issue concerning the work for hire status of Action Comics, Vol. 1, related to Siegel and Shuster's 1934-1935 "contributions," and not what was "added to the first Superman story by Detective's employees," amongst whom defendants count Siegel and Shuster after they executed the December, 1937, contract. (Defs' Opp. at 36). Such a reading conflicts with the record. The evidence that was proffered during the 1970s litigation in the trial court on the work for hire question included declarations from Siegel and Shuster discussing what took place during the reformatting process. This is the same

evidence that defendants now seek to use in this case to argue that the reformatted material was a work made for hire.

Moreover, the circumstances surrounding the reformatting of the underlying Superman material was not only mentioned by the Second Circuit, but discounted by that court in passing on the work for hire nature of Action Comics, Vol. 1, itself, not just the initial contributions made by Siegel and Shuster back in 1934 and 1935. It would be incongruous for the Court, in respecting as it must the Second Circuit's judgment, to now hold that, while that reformatted material did not transform the entirety of the material in Action Comics, Vol. 1, into a work made for hire, some subpart thereof (and, indeed, a very limited subpart, consisting of but a few panels) was somehow excised out and should be accorded work made for hire status. The litigation of the larger question sweeps within it defendants' opportunity to litigate a subpart thereof.

A contrary holding would transgress certain core principles of collateral estoppel: "A new contention is not necessarily a new issue. If a new legal theory or factual assertion raised in the second action is relevant to the issues that were litigated and adjudicated previously, the prior determination of the issue is conclusive on the issue despite the fact that new evidence or argument relevant to the issue was not in fact expressly pleaded, introduced into evidence, or otherwise urged." 18 JAMES WM. MOORE, MOORE'S FEDERAL PRACTICE § 132.02[2][c] at 132-25 (3rd ed. 2007). Significantly, much of the evidence underlying defendants' arguments was presented in the Second Circuit litigation (notably Siegel and Shusters' declarations submitted in that litigation) or, if not, was certainly available to be used in that case (the colorization process for the initial printing of Action Comics, Vol. 1, or that in-house employees supposedly drew the cover to the magazine). "A party may be precluded from re-litigating an issue if evidence supporting the party's position on the issue could have been submitted in previous litigation but, for whatever reason, was not properly raised. Evidence that is not the

result of a different factual situation or changed circumstances, but is instead historical in nature and could have been admitted at the first trial if properly submitted, cannot be introduced in subsequent litigation of the same issue." Id. § 132.02[2][d] at 132-25 to 132-26 (citing Yamaha Corp. v. United States, 961 F.2d 245, 257 (D.C. Cir. 1992)).

Nowhere have defendants explained why they did not bring up the question of the colorization process for Action Comics, Vol. 1, or the cover art work for the magazine, before the courts handling the 1970s Superman litigation. The question about the legal effect the reformatting of the underlying Superman material had on the work for hire question was litigated by the parties and resolved by the courts during the 1970s Superman matter. Similarly, the question about the colorization and cover art work (and who was responsible for the same) could have been raised in conjunction with the work for hire question, but defendants failed or decided not to do so. Having litigated the question and having the opportunity to present all the evidence that pressed on the issue, defendants are now barred from seeking to relitigate it anew even under the purported limited guise that it is now being offered.

Some noted treatise writers have commented that the Second Circuit's analysis focusing on the work for hire nature of the additional reformatted material should have been analyzed as a derivative work, that is, that the additional material was derivative of the underlying Superman material. See 1 NIMMER ON COPYRIGHT § 5.03[B] [1][b][I] at 5-33 n.92. ("The Siegel decision . . . may be understood as holding that the first expression of the Superman character was the underlying work, and the later development of the character was a derivative work. Because only the derivative work was produced in a for-hire relationship, the underlying work remains the property of the creators"). However, this analysis does not benefit defendants.

First, no additional literary material was supplied in re-formatting the underlying Superman material into a comic book format. All the dialogue and

storyline contained in Action Comics, Vol. 1, was present before Detective Comics requested the pair to provide a reformatted version of the material, and that literary material remained unchanged through the reformatting process. All that is left was supplying some additional illustrations by Shuster, the precise ones specified in his declaration. From the Court's review of these additional illustrations, it appears that the material is completely derivative of other panels in the Action Comics, Vol. 1, comic, with its origins in the underlying Superman material. Thus, for instance, while the final panel on page 13 shows Superman's crest with a red "S" on a yellow background, so, too, does another panel containing the underlying, pre-existing material. Similarly, while the panels on the first page to the comic show Superman leaping skyscapers, running at high rates of speed, and demonstrating feats of great strength, so, too, do other panels containing the pre-existing material. Indeed, the earliest sketches by Shuster from 1934 and 1935 demonstrate that the graphical depiction of Superman was well on its way to being completely developed before the re-formatted material in question was created some three years later. Thus, even if the additional material in question was tendered as a derivative work that was made for hire by Shuster, all the potentially copyrightable material contained therein is completely derivative of the pre-existing material and, hence, is not subject to independent copyright protection in the first instance. This, then, lends strong support to the Second Circuit's observation: "Superman and his miraculous powers were completely developed long before the employment relationship was instituted." Siegel, 508 F.2d at 914.

Defendants also argue that the coloring for Action Comics, Vol. 1, was not created or chosen by Siegel or Shuster, but was instead the product of some of Detective Comics' in-house employees working in the printing department. Even if this argument was not otherwise precluded by collateral estoppel, the evidence produced in support is less than persuasive. According to "eye-witness" Jack Adler, the material contained in comic books "at the time" was provided by artists to the

Detective Comics' production staff in black and white. (Decl. Jack Adler ¶ 3). "Typically," members of the staff then decided upon the color that would be applied throughout the magazine, something that defendants argue is an additional element added to the underlying Superman material that is itself subject to copyright protection. (Decl. Jack Adler ¶ 3). Defendants' argument depends entirely upon Mr. Adler's declaration, which is not as clear as they suggest.

Mr. Adler does not state that he worked on the colorizing of Action Comics, Vol. 1, itself. Instead he states that he "worked for the engraving company that made the metal plates for printing of, among other things, comic books for Detective Comics." (Decl. Jack Adler ¶ 3). He then states that, "[a]t the time, comic book artists . . . submitted drawn and inked comic book work in black and white." (Id.). Mr. Adler further states that the black-and-white pages "were then photographed by the engraver and a photo print was hand[-]colored by staff at Detective and by the engravers." (Id.). Of course, nothing in this statement precludes the possibility that, even if the Superman material was so submitted, Siegel and Shuster may have also placed certain color directions with their material to be utilized in the engraving process. In fact, that the earlier incamation of Superman as hulking strongman in the tradition of Tarzan was created by the pair as a comic book with color illustrations lends to the possibility that they already had pre-conceived color choices in mind for the later comic if it were later reformatted into a comic book, rather than a newspaper comic strip.

Moreover, viewed in context, Mr. Adler's declaration appears to describe procedures generally employed in the printing process, not as evidence of what actually occurred with respect to the printing of Action Comics, Vol. 1, itself. His statement (and, in fact, the entire Adler declaration) is of dubious evidentiary value in light of his candid admission that he has "no knowledge of Siegel and Shuster selecting any of the color in Action Comics, No.1." (Id. ¶ 4). Mr. Adler attempts to temper his admission of lack of knowledge by stating, without any basis, that he is

"aware that Detective staff member, Ed Eisenberg, selected the color for Superman's 'S' in Shield on his costume." (Id.) Of course, Mr. Adler's statement on this point is inadmissible as it is based on hearsay. Without any direct link between Mr. Adler's work and the printing of Action Comics, Vol. 1, in particular, there exists an insufficient evidentiary foundation for his conclusions concerning the manner in which the Superman material was supplied to the printer and the colorization of the same was handled.

Finally, defendants argue that the cover for Action Comics, Vol. 1, was drawn by Detective Comics' in-house artists. However, the scant evidentiary basis provided in support of this argument is ambiguous. In a letter sent to Jerome Siegel dated February 22, 1938, Detective Comics' editor, Vin Sullivan, enclosed "a silverprint of the cover of Action Comics," with the observation that Detective Comics "used one of those panel drawings of SUPERMAN, as you suggested in your recent letter." (Decl. Michael Bergman, Ex. I). The inference sought to be drawn by defendants is that when Mr. Sullivan stated that the publisher "used" an interior illustration from the Superman comic for the cover artwork he was stating that one of the publisher's in-house artists saw the interior panel in question and then drew the cover using the interior panel as inspiration. Of course, given the limited nature of the information contained in the passage it could also be argued that, in his earlier letter, Siegel enclosed an illustration by Shuster as a suggestion for the comic book's cover and Detective Comics decided to "use" this suggestion. This alternative reading is not implausible. As demonstrated by the pair's attempt to have their earlier incarnation of Superman published by Detective Dan, Shuster had in the past drawn exemplars for the cover illustration for his comics well before they were ever accepted for publication.

In conclusion, the Court finds that the question of the work-for-hire nature of certain portions of the Superman material published in Action Comics, Vol. 1, is precluded from further litigation by operation of the 1974 Second Circuit decision.

Accordingly, the binding nature of that court's decision leads to the conclusion that all the Superman material contained in Action Comics, Vol. 1, is not a work-made-for-hire and therefore is subject to termination.

3. Failure to Include 1948 Consent Judgment

Among the regulatory requirements promulgated by the Register of Copyrights concerning the termination notice's "form, content, and manner of service," 17 U.S.C. § 304(c)(4)(B), is the requirement that the notice must "reasonably" identify "the grant" to which it applies. 37 C.F.R. § 201.10(b)(1)(iv). Thus, if the author entered into five separate grants of rights for the same work, and a notice of termination identifies only four of those grants, the fifth grant remains "intact," and the grantee's rights thereunder remain unaffected. See 3 NIMMER ON COPYRIGHT § 11.06[B] at 11-40.22(1) n.63 ("if a grant was not effectively terminated, then the rights licensed under such grant remain").

Here, defendants argue that plaintiffs' failure to identify the 1948 consent judgment from the Westchester action is fatal to their attempts to terminate their grant to the copyright in Superman, as that consent judgment was among the grants leading to the transfer of ownership from the artists to Detective Comics. Such argumentation is predicated upon the notion that, notwithstanding the plaintiffs' act of identifying the stipulation between the parties from the Westchester litigation that resulted in the consent judgment, identification of the consent judgment from the Westchester action itself as (or part of) a "grant" was necessary because it constituted the final step in "effectuat[ing] the transfer to [Detective Comics] of the sole and exclusive ownership of all rights relating to 'Superman'"; "without it the rights identified in the Stipulation would not have been transferred." (Defs' Opp. at 39). The Court disagrees.

Although the 1976 Act nowhere defines the term "grant," the central question raised is plainly one of transfer: Did Siegel and Shuster transfer any rights to Superman through or in conjunction with the 1948 consent judgment? If so, then it

operated as a grant by the artists in the same.

On that point, the 1976 Act is helpful as it defines a "transfer of copyright ownership" as "an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright." 17 U.S.C. § 101; see Melville B. Nimmer, Termination of Transfers under the Copyright Act of 1976, 125 U. PA. L. REV. 947, 951-52 (1977) ("In general, the termination provisions apply to any 'transfer' of copyright and to nonexclusive licenses of copyright or of any right comprised in a copyright. [Thus, a] 'transfer' includes not only assignments (as understood under the [1909] Act), but also exclusive licenses and any other conveyance of copyright or of any exclusive right comprised in a copyright").

The consent judgment at issue did not effectuate any transfer of rights from Siegel and Shuster to Detective Comics. If any rights were transferred as a result of the Westchester action, such a transfer was effectuated by the execution of the earlier stipulated agreement of the parties, not a document created two days later which simply memorialized the transfer that the stipulation itself had accomplished. The binding nature of the transfer contained in the stipulation was completed the moment that agreement was executed. The consent judgment was a mere formality whose execution (or lack thereof) did not detract from the otherwise binding nature of the parties' earlier agreement. It merely parroted what was already agreed to by the parties in the stipulation itself.

Finally, even if the 1948 consent judgment is a "grant" separate and apart from (or part and parcel with) the 1948 stipulation, the regulations recognize that not all errors in compliance with its terms impact the validity of the termination notice: "Harmless errors in a notice that do not materially affect the adequacy of the information required to serve the purposes of . . . section 304(c) . . . shall not render the notice invalid." 37 C.F.R. § 201.10(e)(1). Here, viewing the issue in the light most favorable to the defendants, the 1948 consent judgment simply served to culminate or otherwise finalize the transfer of the Superman copyright achieved

through the stipulation the parties reached two days earlier. That plaintiffs only identified the latter rather than the former does not materially affect defendants' understanding of the "grant" sought to be affected by the notice. Indeed, courts have required much less in meeting the regulation's requirement of providing "a brief statement reasonably identifying the grant being terminated." See Music Sales Corp. v. Morris, 73 F.Supp.2d 364, 378 (S.D.N.Y. 1999) (holding that description of the grant in the termination notice as the "grant or transfer of copyright and the rights of the copyright proprietor " was sufficient as "it appears to be boilerplate on termination notices customarily accepted by the Register of Copyrights"); see also 2 PATRY ON COPYRIGHT § 7:45 (approving Music Sales). Nowhere do defendants argue why the harmless error rule should not apply in a situation such as this where one document that is a part in the process leading to the "transfer" of rights is identified, but its necessary corollary was not.

Accordingly, the Court concludes that, even if the consent judgment is viewed as integral to the transfer of rights, plaintiffs' failure to identify it as a grant subject to the termination notice was a harmless error that did not diminish the notice defendants received regarding the nature of the grant (and resulting transfer of rights) that plaintiffs intended to terminate.

4. Continued Acceptance of Benefits Under 1975 Agreement

Defendants argue that Joanne Siegel's continued acceptance of benefits under the parties' 1975 agreement constitutes, "as a matter of equity," a de facto post-termination grant of rights in the Superman copyright to defendants under the terms of that agreement (or as phrased by defendants, plaintiffs have "effectively re-accepted the terms of the grant"). (Defs' Opp. at 41). The legal premise of their argument is that the 1976 Act recognizes that, once a termination notice has been served and thereby vested, see 17 U.S.C. § 304(c)(6)(B), the terminating party is free to make "a further grant . . . of any right covered by a terminated grant" to the original grantee or its successor in title. 17 U.S.C. § 304(c)(6)(D). The Court

ultimately rejects this argument as unpersuasive because it mistakenly assumes the 1975 agreement was a "grant" to the Superman copyright.

A look at the context leading up the execution of the 1975 agreement illuminates in what way the parties believed (and just as importantly did not intend) for that agreement to bind them. The 1975 agreement appears to have been drafted in response to bad publicity (apparently due to the juxtaposition of the creators' misfortune and the Superman character's commercial success), and not as a means to transfer or convey the party's rights to the Superman copyright. The agreement observed that nothing therein should be construed as undermining the rights defendants had been conferred by virtue of the March 1, 1938, assignment, rights which were later vindicated in the Westchester action and the 1970s Second Circuit litigation. Indeed, the agreement reaffirmed defendants' existing rights to Superman and provided plaintiffs with annual payments, medical insurance, and screen credits. Such conferral of benefits was identified in the agreement as a "voluntary" act by defendants in recognition of Siegel and Shuster's "past services." The 1982 codicil, in turn, removes the condition for the promised benefits to Siegel's widow on the timing of her husband's death.

This context and the language in the agreement itself demonstrate that the 1975 agreement was not a "grant." The agreement's execution did not result in the transfer or assignment of the Superman copyright. Indeed, the agreement itself expressly disavows such an interpretation by including language that the conferring of benefits by defendants to Siegel and Shuster was simply a "voluntary" act in recognition of the pair's "past services," and that nothing therein should be construed as undermining the rights defendants had been conferred in the March 1, 1938, assignment as vindicated in the Westchester action and the 1970s Second Circuit litigation. Thus, by its own terms, no rights were transferred through the execution of that agreement. A reaffirmation of existing rights without more is no more "an assignment" or "conveyance" of rights to a copyright than it would if

Detective Comics had instead issued a press release declaring that previous court rulings had recognized its existing ownership rights to that copyright.

Similarly, the 1982 codicil under which Joanne Siegel continued to receive annual payments and benefits did not transfer any rights. The codicil consists of five paragraphs. The first merely notes that the letter is in response to a letter written by Joanne Siegel to the company's executive officer regarding her concern over how she would provide for herself after her husband's death. The second referenced the 1975 agreement, noted the increase in the amount of the annual payments from $20,000 to $50,000 thereunder, and the payment of an additional bonus. The third clarified a royalty policy that applied to creators other than Siegel and Shuster. The fourth set forth the agreement to continue to pay benefits to Joanne Siegel for the balance of her life in the event her husband predeceased her before 1985. The fifth and final paragraph merely wishes Joanne Siegel and her family well. Nowhere in these five humble paragraphs is a transfer of rights to be inferred, much less explicitly found.

Thus, even if Joanne Siegel's continued receipt of the benefits of the bargain contained in the 1975 agreement post-termination somehow operated as a de facto re-acceptance of the agreement itself (and the obligations flowing thereunder), nowhere among those re-accepted "obligations" or "commitments" in that agreement was there a grant to the Superman copyright. Defendants protest the Court drawing this conclusion, arguing that plaintiffs have admitted in their pleadings (their complaint, and by filing a termination notice directed at the 1975 agreement) that the 1975 agreement contained a grant to the Superman copyright. It certainly is true that "[f]actual assertions in pleadings and pre-trial orders . . . are considered judicial admissions" that bind the party who made them. American Title Ins. Co. v. Lacelaw Corp., 861 F.2d 224, 226 (9th Cir. 1988). That being said, "courts still have discretion not to apply the doctrine in particular cases." 18 JAMES WM. MOORE, MOORE'S FEDERAL PRACTICE § 134.33[6] at 134-84 (3rd. ed. 2007)

(citing New Hampshire v. Maine, 532 U.S. 742, 750 (2001) ("Because the rule is intended to prevent 'improper use of judicial machinery,' judicial estoppel 'is an equitable doctrine invoked by a court at its discretion'")).

As noted at the outset, the termination provisions contained in the 1976 Act are among the most complex and technical ones in the statute. Given this complexity, it is not surprising that a party seeking to harness its machinery may, out of an abundance of caution, be more "over-inclusive" in terms of listing the possible "grants" it seeks to terminate. To penalize a party for being over-inclusive rather than under-inclusive is all the more inequitable given the high hurdles the termination provisions put in place. Here, plaintiffs were represented by highly experienced counsel who decided to list the 1975 agreement as a "grant" so as to leave no stone unturned; an approach all the more justified given the extremely technical and arcane arguments that have been advanced in this litigation concerning the efficacy and enforceability of the termination notices themselves. The Court therefore concludes that in these circumstances discretion counsels against applying the judicial estoppel doctrine in the manner advocated by defendants.

Accordingly, the Court concludes that Joanne Siegel's continued receipt of payments and benefits under the 1975 agreement and 1982 codicil thereto does not constitute a "further grant" or "an agreement to make a further grant" pursuant to 17 U.S.C. § 304(c)(6)(D).

5. Statute of Limitations

Defendants contend that the present action was filed untimely. The statute of limitations itself is clear enough. The Copyright Act of 1976 provides that "[n]o civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued." 17 U.S.C. § 507(b). The issue raised by defendants implicates the latter clause and requires the Court to determine when plaintiffs' claims accrued.

At the outset, a clarification of terms is in order. The instant matter, although couched in terms of terminating the 1938 grant, is in effect one for co-ownership of the copyright in the Superman material contained in Action Comics, Vol. 1, because, if successful, plaintiffs would gain only a joint ownership interest in that material with DC Comics, owing to the fact that Shuster left no heirs who could simultaneously seek to terminate his half of the grant in the material. Claims of co-ownership accrue when there is a "plain and express repudiation of co-ownership . . . communicated to the claimant." Zuill v. Shanahan, 80 F.3d 1366, 1369 (9th Cir. 1996).

Here, defendants assert that such a repudiation was expressed by a letter submitted to plaintiffs' counsel dated December 18, 1997, during the whirlwind of negotiations that took place between the parties shortly after the submission of the termination notices. The Court finds to the contrary. As explained more fully below, although the letter stated a position that the termination notices were "defective," the letter addressed only the scope of the rights that could be recaptured by the termination notices and left unchallenged the notices' validity and enforceability, thus falling short of the required repudiation.[7]

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[7] One could quibble with whether any date other than the termination effective date itself can serve as the accrual date in a case involving the right to termination of a grant. Much like having to await a judicial determination whether one is a heir (as opposed to instances when an ownership claim is based on whether or not someone is a creator) has been held to be the earliest instant for an accrual date, see Stone v. Williams, 970 F.2d 1043 (2nd Cir. 1992) (Hank Williams' putative daughter's claim to be an owner had to await judicial determination that she was in fact his daughter and heir, thus accrual date was not triggered when Hank Williams' first contested her putative status but instead when state court made determination that she was his heir), so too a claim of ownership by way of termination of a grant cannot be realized unless and until after the termination's effective date. Stated another way, a party's status as a creator is a factual question subject to being challenged by the other putative co-owner at any time, and hence, the accrual date for the same would begin at that instant. The same, however, is not true of a putative co-owner by way of termination. Their status as co-owner is not predicated upon a pre-existing factual scenario, like whether they were involved in jointly creating the material per se. Instead, their status as a co-owner is predicated upon a legal mechanism — the exercise of a

Specifically, the letter upon which defendants rely notified plaintiffs' counsel, Mr. Levine, that they considered "the Superman Notices to be defective in several respects." (Defs' Opp. at 50). What is telling is that the areas of defect elaborated upon in the letter did not relate to the validity or enforceability of the termination notices themselves, but pointed to areas curtailing the scope of what could be recaptured even assuming the notice to be properly presented. These defects thus did not call into question plaintiffs asserted right to termination contained in the notices. For example, the letter remarks that defendants would still retain its rights in trademarks that it had secured over the years to certain Superman-related material, and that the termination would not give plaintiffs access to an accounting of the foreign profits defendants gained from exploiting the copyright. Far from repudiating plaintiff's co-ownership to the copyright, the letter acknowledged the validity of that ownership interest. Thus, the letter remarked that, "if the Siegels do not execute a re-grant to DC, beginning in April of 1999, DC and the Siegels will be joint owners of the United States copyright in the 'Superman' comic published in Action Comics No. 1 in June, 1938." (Decl. Michael Bergman, Ex. U at 2).

Even more telling was DC Comics' subsequent conduct. The parties' negotiations quickly broke down and not much of substance was communicated between the parties thereafter. Then, the day before the termination effective date, DC Comics sent a letter to plaintiffs' counsel denying the validity of the termination

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new statutory right revoking an earlier transfer in the copyright in question, be it one they solely or jointly created — that takes place at a certain defined point in time. Unless and until that legal triggering point is passed, there is nothing for the other co-owner to reject or challenge. This is particularly the case given that termination notices can be served up to ten years before the effective termination date. Defendants' position would, as a matter of logic, countenance scenarios where due to an early "rejection" of the termination notice, the passage of the limitations period would occur well before the termination effective date even arrived (and with it the putative co-owner's rights even vested). Nonetheless, the Court need not resolve this question as the letter in question does not constitute a plain and express repudiation of plaintiffs' termination notice (and, hence, its right to co-ownership to the copyright in the Siegel and Shuster Superman material).

notice, proclaiming:

> The absence of any steps towards negotiation for two years, particularly on the 'eve' of the April 16, 1999 purported 'effective' date of the termination, leaves us concerned. Thus our client has no alternative but to move to the stage of putting your clients on clear notice, as set forth below, of DC Comics' rights and of its determination, if it becomes necessary, to take all appropriate and necessary steps to protect those rights. First, your clients are hereby put on notice that DC Comics rejects both the validity and scope of the Notices . . . .

(Decl. Marc Toberoff, Ex. Q (emphasis added)).

If, as defendants contend, such notice of intent had been so clearly and unmistakably communicated over a year and half earlier, it is odd for them to have to repeat it and then state that they were "putting" plaintiffs "on notice" about it. Accordingly, the Court finds that the present action seeking declaratory relief regarding plaintiffs' termination of the 1938 grant accrued on April 16, 1999, the effective date of that termination. DC Comics' submission of the letter the day before that date denying the validity of the termination notice gave a plain and express indication to plaintiffs that a claim for declaratory relief vis-à-vis the validity of their termination notice was now ripe. See 28 U.S.C. § 2201 ("In a case of actual controversy within its jurisdiction, . . . any court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought.")

Applying both the date of the accrual of the claim, the parties' tolling agreement to the three-year statute of limitations, and the filing date of this action, the Court concludes that it is timely. The effective date of the termination notice, and therefore the date of accrual, is April 16, 1999. The parties entered into a tolling agreement on April 6, 2000, which amounts to nine days less than one year

that the limitations clock ran before being tolled.[8] The tolling agreement lasted until ten business days after plaintiffs' September 21, 2002, letter providing written notice that they were ending settlement negotiations, that is, October 4, 2002, at which time the limitations clock started ticking once more.[9] The present action was filed two years and four days later, on October 8, 2004. Adding the periods of time the limitations period was running together, it is clear that they add up to a period of time just short of the three-year period set forth in § 507(b).

Accordingly, the Court concludes that the present action is timely.

6. The 2001-2002 Settlement Negotiations

Defendants contend that plaintiffs' termination notice is no longer effective as the parties' settlement negotiations led to them entering into a binding post-termination agreement that resolved the issues presently before the Court. A brief review of the time line regarding those negotiations is helpful to the Court's analysis of the present issue:

October 19, 2001 — Pursuant to the parties' negotiations, plaintiffs' counsel sent to defendants' counsel a six-page letter outlining the substance of a settlement offer from defendants that

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[8] Defendants' argument that the tolling agreement does not apply to plaintiffs' claims against Time Warner, Inc., and Warner Bros. Entertainment, Inc., because neither was a "party to" or bound by that agreement is disingenuous. (Defs' Opp. at 52). The tolling agreement expressly provides that its terms bound not only DC Comics but also its "past and present subsidiaries or affiliates." (Decl. Marc Toberoff, Ex. Z). Being the parent company (Time Warner, Inc.) or corporate sibling (Warner Bros. Entertainment, Inc.,) of another (DC Comics) certainly qualifies as a corporate affiliate to the same; a point defendants later admit when speaking to the alter ego question presented in the pleadings. (Defs' Mot. Summ. J. at 79 ("the following is a chart of the current corporate structure and affiliations between DC, WBEI and TWI")). Moreover, representatives for both companies were actively involved in the settlement negotiations themselves, further undermining any suggestion that they were bystanders to the process.

[9] Defendants argue that the tolling period concluded much earlier based on the parties earlier having reached "an amicable resolution of the dispute." (Defs' Opp. at 51 (emphasis in original)). Given that the Court finds that no such "resolution," as opposed to a naggingly close potential for the same, occurred through the parties settlement discussion post-termination, see infra A.6, their argument is without merit.

	was "accepted" by the plaintiffs.
October 26, 2001	Defendants responded, noting they were working on a draft agreement and enclosing "a more fulsome outline" of "what" they "believe the deal" they have "agreed" to is.
February 1, 2002	Defendants' counsel provided a fifty-six page draft agreement that reserved the right to have their clients comment upon it and noted that certain, related "stand alone" assignments were in the process of being finalized.
May 5, 2002	Plaintiffs responded to defendants' draft by stating that the proposed agreement contained new, unacceptable terms to which they had not agreed.
May 21, 2002	Defendants sent a letter to plaintiffs stating that they believed that each of the major points in the settlement had already been agreed upon.
Sept 21, 2002	Plaintiffs rejected their counsel's proposed draft agreement and advised defendants in writing that they were ending negotiations.

The parties are in agreement that California law should be applied in deciding this question, but disagree as to its application. "California law is clear that there is no contract until there has been a meeting of the minds on all material points." Banner Entertainment v. Superior Court, 62 Cal.App.4th 348, 358 (1998). The failure to reach a meeting of the minds on all material points prevents the formation of a contract even if the parties have orally agreed upon some of the terms, or have taken some action related to the contract. Grove v. Grove Valve & Reg. Co., 4 Cal.App.3d 299, 311-12 (1970). Similarly, the terms proposed in an offer must be met exactly, precisely, and unequivocally for its acceptance to result in the formation of a binding contract. See Panagotacos v. Bank of America, 60 Cal.App.4th 851, 855-56 (1998); Apablasa v. Merritt & Co., 176 Cal.App.2d 719, 726 (1959). A qualified acceptance constitutes a rejection terminating the original offer and the making of a counteroffer to the original offeror, which must also be unequivocally accepted by the former offeror for a binding contract to form. See Panagotacos, 60 Cal.App.4th at 855-56; Glende Motor Co. v. Superior Court, 159 Cal.App.3d 389, 396 (1984) ("California law has generally held that a qualified

acceptance . . . affects the viability of the offer itself, so that 'a qualified acceptance amounts to a new proposal or counteroffer putting an end to the original offer'"); In re Pago Pago Air Crash, 637 F.2d 704, 706 (9th Cir. 1981); see also CAL. CIV. CODE § 1585 ("A qualified acceptance is a new proposal.").

The parties disagree over whether the terms contained in plaintiffs' October 19, 2001, letter differ in substance from those set forth in defendants' later letter of October 26, 2001 (and accompanying outline), such that there was no unequivocal acceptance of an offer and, thus, no agreement. As with much in both life and law, materiality is in the eye of the beholder. From the Court's reading of the parties' correspondence, it is clear that the parties went well beyond reaching a settlement in principle regarding their respective positions to the Superman property. Rather, as suggested by the time line above, the parties' correspondence, and the actions taken in response thereto, illustrates that they found themselves in the all-too-familiar situation in which verbal settlement negotiations result in what the parties believe to be an agreement on all the major points of dispute, but which, upon further discussion, falls short of the agreement needed to resolve their dispute. The devil, as it often is, was in the details.

That material details remained is evidenced by defendants' response to plaintiffs' initial letter, enclosing "a more fulsome outline" of what it "believed the deal" they had "agreed to." Moreover, defendants' February, 2002, draft agreement was not even considered final by its authors, who reserved the right for their clients to "comment" on it, and would also require the further submission of a number of "stand alone" agreements yet to be finalized. Indeed, Time Warner's CEO later commented that submission of the draft agreement was "expected" to result in further "comments and questions" from the Siegel heirs that "would need to be resolved."

This give and take reveals that the parties, while close to agreeing to a complete and comprehensive settlement of their dispute, had not passed the

threshold where they had finalized and assented to all material terms of such a settlement. Rather, as they attempted to sketch in the finer details of a settlement from the broad outlines contained in the October 19 letter, more and more issues arose upon which they could not reach agreement, resulting in the negotiations falling apart. In this respect, the present case is not unlike Callie v. Near, 829 F.2d 888 (9th Cir. 1987), and Weddington Prods. v. Flick, 60 Cal.App.4th 793 (1998), in which the courts held that no enforceable agreement was reached when the parties had agreed to a rough outline of an agreement, but were thereafter unable to reach agreement on the finer details and the negotiations fell apart.

Defendants' argument to the contrary is premised on the notion that they can limit the scope of the legal analysis to the October 19, 2001, letter and call it a contract, regardless of their materially different October 26, 2001, letter in reply ("I enclose . . . a more fulsome outline of what we believe the deal . . . is") and their vastly different February 1, 2002, draft, which were both part and parcel of the same settlement negotiation. Ignoring these contemporaneous communications is at odds with the requirement in contract formation that courts must consider "all the surrounding circumstances." Donovan v. RRL Corp., 26 Cal.4th 261, 271 (2001). These subsequent efforts to sketch in a more fulsome outline of the parties' alleged agreement provides context and meaning as to the understanding the parties had about the effect of the October 19 letter itself.

Defendants further seek to create issues of fact through post hoc testimony and rationalizations. None of this subjective belief is sufficient to defeat the objective manifestation of the parties' intent relayed in the documents referenced above that aptly demonstrate that there was no "meeting of the minds" on all material terms. See Meyer v. Benko, 55 Cal.App.3d 937, 942-43 (1976) ("The existence of mutual consent is determined by objective rather than subjective criteria, the test being what the outward manifestations of consent would lead a reasonable person to believe. Accordingly, the primary focus in determining the

existence of mutual consent is upon the acts of the parties involved"); Stewart v. Preston Pipeline Inc., 134 Cal.App.4th 1565, 1587 (2005) ("mutual assent to a contract is based upon objective and outward manifestations of the parties"); CAL. CIV. CODE § 1639.

One need only review the language of the parties' correspondence, their conduct in reaction thereto, and the numerous material differences between the terms relayed in the October 19 and 26, 2001, letters and the February 1, 2002, draft to reach the conclusion that the parties failed to come to an agreement on all material terms. See Grove v. Grove Valve & Reg. Co., 4 Cal.App.3d 299, 311-12 (1970) (failure to reach meeting of the minds on all material points prevents contract formation even though parties orally agreed on many terms, or have taken action relating to the contract). Far from signifying that the parties' "negotiations . . . result[ed] in a binding contract" leaving nothing more than the drafting of more formal documentation memorializing that agreement, see Louis Lesser Enterprises, Ltd. v. Roeder, 209 Cal.App.2d 401, 404 (1962), these submissions between the parties went far beyond that by adding in or further refining areas from what was contained in the October 19 letter. That after the submission of the October 19 letter defendants began the process of creating a settlement trust account and the parties negotiated about providing Siegel and Shuster screen credits in the then upcoming movie Superman Returns could as much be seen as goodwill gestures on defendants' part while the negotiations continued as it could reflect an indication on their part that they thought they were contractually bound to do the same.

From all of this there is no document or set of documents reflecting agreement by the parties to singular, agreed terms. Defendants cannot explain to the Court what from the parties' differing exchange constitutes this purported contract; rather, it appears that defendants wish to take the plaintiffs' "acceptance" reflected in the October 19 letter and either festoon upon it all the terms contained in the February 1, 2002, draft settlement agreement (even though Joanne Siegel

clearly and unequivocally rejected that latter draft agreement), or have the Court perform that task. The Court's responsibility is not to create a patch-quilt agreement by stringing together certain expressions of assent made at one point (October 19), and attaching to it material terms spelled out later in time (and to which the supposedly assenting party promptly rejected). See Industrial Indemnity v. Superior Court, 224 Cal.App.3d 828, 832 (1990) ("courts will not write a new contract").

Accordingly, the Court concludes that the parties' settlement negotiations did not result in an enforceable agreement resolving the issues presently before the Court.

B. Limitations on Scope of Recaptured Rights

The principal purpose behind the creation of the termination right was to give authors (and their heirs) a chance to retain the extended renewal term in their work and then re-bargain for it when its value in the marketplace was known. See H.R. REP. NO. 1476, 94th Cong., 2d Sess. 124 (recognizing as the justification for the termination right "safeguarding authors against unremunerative transfers . . . because of the unequal bargaining position of authors, resulting in part from the impossibility of determining a work's prior value until it has been exploited").

The need for such a second bite at the apple flowed from the fact that the 1909 Act created a dual term in the copyright to a work, one realized upon the work's publication and the second occurring twenty-eight years later with the copyright's renewal. Justification for this splitting of terms was based, in part, on the understanding that an author's ability to realize the true value of his or her's work was often not apparent at its creation, but required the passage of time (and the marketing efforts by a publisher) to materialize. The renewal term in the copyright to the work thus served as a mid-course re-valuation tool allowing the author, by giving him or her the right of renewal in the work, leverage in re-negotiating a better deal with the original grantee or any other suitor who desired to continue to market the copyright. See Patry, Choice of Law, 48 Am. J. Comp. L. at 446 ("The main

theory behind a dual system of term was that it gave the author or the author's heirs a 'second bite at the apple;' when the renewal term came around, the value of the copyright would be better known than at the time of initial publication. With this information, a new bargain could be struck that would more accurately reflect the market rate"). This re-valuation mechanism provided by the renewal term under the 1909 Act was largely frustrated by the Supreme Court's decision in Fred Fisher Music, 318 U.S. at 656-59, allowing authors to assign away at the outset all of their rights to both the initial and the renewal term.

Although the termination right contained in the 1976 Act sought to correct the damage done by Fred Fisher to an author's ability to renegotiate through the reversion of rights, it did not revert to the author the full panoply of rights he or she would have enjoyed upon renewal under the 1909 Act. Owing in large measure to objections by publishers seeking to minimize the disruption to "existing contracts and authorized derivative works already in distribution" that such a recapture right would engender, see 2 PATRY ON COPYRIGHT § 7:43, Congress placed certain limitations on what authors (or their heirs) gained from exercising the termination right. It is to these limits on the termination right that the Court now turns.

1. Foreign Profits

Section 304(c)(6)(E) to the 1976 Act provides that "[t]ermination of a grant under this subsection affects only those rights covered by the grant that arise under this title[, Title 17 of the United States Code, governing copyrights], and in no way affects rights arising under any other Federal, State, or foreign laws." Defendants read from this a statutory limitation on the scope of any accounting arising from the termination notices in this case to those profits realized by the domestic exploitation of the Superman copyright contained in Action Comics, Vol. 1, excluding those realized from foreign sources. The Court finds this argument persuasive.

Although the Court can locate no case that has specifically addressed the issue of accounting profits from the foreign exploitation of a copyright that is subject

to a valid termination notice, the statutory text could not be any clearer on this subject. Through this section, Congress expressly limited the reach of what was gained by the terminating party through exercise of the termination right; specifically, the terminating party only recaptured the domestic rights (that is, the rights arising under title 17 to the United States Code) of the grant to the copyright in question. Left expressly intact and undisturbed were any of the rights the original grantee or its successors in interest had gained over the years from the copyright through other sources of law, notably the right to exploit the work abroad that would be governed by the copyright laws of foreign nations. Thus, the statute explains that termination "in no way affects rights" the grantee or its successors gained "under foreign laws."

Such a reading is supported by leading commentators, who are in agreement as to the effect of § 304(c)(6)(E) has in a case such as this.

Professor Nimmer states:

> A grant of copyright "throughout the world" is terminable only with respect to uses within the geographic limits of the United States. Because copyright has no extraterritorial operation, arguably American law is precluded from causing the termination of rights based upon foreign copyright laws. A response to this argument is that the nonextraterritoriality of copyright is irrelevant because the question here is one of contract law, not copyright law, in that it concerns the effect of a contract granting certain rights. The contract law of one nation may be applicable in another nation under the latter's conflict-of-laws rule. The conclusive answer to this problem lies in the text of the termination provisions of the Copyright Act, which expressly provide that statutory termination "in no way affects rights arising under . . . foreign laws" — that is, under foreign copyright (not contract) laws. Thus, even if the conflicts rule of a foreign nation were to call for application of the American termination rule as a rule of contract law, that rule by its own terms excepts from termination the grant of those rights arising under foreign copyright laws.

3 NIMMER ON COPYRIGHT § 11.02[B][2] at 11-19.

Professor Patry agrees: "Accordingly, where a U.S. author conveys worldwide rights and terminates under either section, grants in all other countries

remain valid according to their terms or provisions in other countries' laws." 7 PATRY ON COPYRIGHT § 25:74.

Plaintiffs argue, however, that the section also allows for the possibility that the terminating party gains not only the domestic rights to the copyright in question (the "rights covered by the grant that arise under this title"), but also retains whatever other rights it may have under "Federal, State, or foreign laws." From this premise, plaintiffs argue that, because an accounting between co-owners in a copyright is governed by state law, and California state law allows for the sharing of foreign profits between tenants in common, so, too, should defendants be forced to account for their foreign profits. This argument misses the fact that all plaintiffs have gained from the termination right is a recapturing of the domestic copyright in the Superman material published in Action Comics, Vol. 1. Defendants continue to hold, unaffected, separate rights to that copyright arising under foreign copyright laws. This distinction is important for two reasons.

First, such an open effort to extend the reach of U.S. copyright law overseas, as plaintiffs' reading of the statute avows, would be in direct contradiction to not only the plain terms of the statute (stating that termination does not affect another parties' rights arising under the copyright laws of "foreign" nations), but stands in stark juxtaposition to the longstanding rule "that the copyright laws [of this country] have no application beyond the U.S. border." Los Angeles News Serv. v. Reuters TV Intern., 340 F.3d 926, 931 (9th Cir. 2003). If Congress contemplated the ability to attach or otherwise force the accounting of foreign profits to which the original grantee or its successors are legally entitled under the copyright laws of other nations through the backdoor of applying state law tenant in common principles, one would have expected such an intention to have been made expressly, and certainly with some explanation given the incongruity that arises from the statutory language's notation that termination did not affect another's rights under "foreign laws."

Second, the cases cited by plaintiffs requiring one co-owner to account to the other for both domestic and foreign profits involved parties who were co-owners to the "world-wide" copyright in the work and, not as with the termination right, to only the domestic copyright. See Goodman v. Lee, 78 F.3d 1007, 1010 (5th Cir. 1996) (noting that declaratory action was filed after other co-owner obtained a "renewal of the copyright" listing himself as the sole author in the song "Let the Good Times Roll"). Plaintiffs have directed the Court to no case wherein a co-owner of the domestic copyright in a work was allowed an accounting of a co-owner's foreign profits. See 3 NIMMER ON COPYRIGHT § 11.02[B][1] at 11-17 ("Only such rights as were originally the subject of a grant will revert upon the termination of that grant. [T]o the extent that a grant includes rights based upon federal law other than the Copyright Act, state law, or foreign law, such rights are not subject to termination").

Accordingly, the Court holds that the termination notice affects only the domestic portion of Siegel's and Shuster's 1938 worldwide grant ("all rights") to Detective Comics of the copyright in the Superman material contained in Action Comics, Vol. 1. The termination notice is not effective as to the remainder of the grant, that is, defendants exploitation of the work abroad under the aegis of foreign copyright laws. Thus, although defendants retain the unfettered right to exploit the works (and retain the profits derived therefrom) in foreign nations, they may do so domestically only as a co-owner (through Shuster's share) of the works. See Oddo v. Ries, 743 F.2d 630, 632-33 (9th Cir. 1984) (""[E]ach co-owner has an independent right to use or license the use of the copyright. . . . . A co-owner of a copyright must account to other co-owners for any profits he earns from licensing or use of the copyright . . . ."). As such, defendants must account to plaintiffs only for the profits from such domestic exploitation of the Superman copyright.

2. Trademark Rights and Ownership of Pre-Termination Derivative Works

As noted in the previous section, the right to termination leaves undisturbed

the original grantee or its successors in interests rights arising under "federal law." 17 U.S.C. § 304(c)(6)(E). Among the rights based on federal law that defendants secured over the years were several trademarks that utilized or incorporated portions of the copyrighted material found in Action Comics, Vol. 1. Defendants seek a declaration from the Court that, even if successful in terminating the Superman copyright contained in Action Comics, Vol. 1, plaintiffs cannot share in defendants' profits "purely attributable to [Superman] trademark rights." (Defs' Reply at 11). Plaintiffs admirably concede the point in their briefs, but argue that they are "entitled to profits from mixed trademark uses to the extent such exploit recaptured copyright elements (e.g., 'Superman costume')." (Pls' Reply at 49 n.28).

Similarly, defendants seek a declaration that, to the extent plaintiffs are entitled to an accounting as a result of their successfully terminating the 1938 grant, it should not include any profits attributable to the "post-termination exploitation of derivative works [of Action Comics, Vol. 1,] prepared prior to termination." (Defs' Mot. Summ. J. at 28). Again, plaintiffs concede, as they should, this point. (Pls' Reply at 49 n.28). Section 304(c)(6)(A) provides that derivative works created during the grant (meaning up until the termination effective date) may continue to be exploited after termination. Again, however, plaintiffs hold out as a separate question the existence of pre-termination derivative works that are "altered so as to become post-termination derivative works." (Pls' Reply at 49 n.28).

Given that these contentions by plaintiffs — the recapture or accounting from the mixed use of trademark and copyright and what to do with any alteration in pre-termination derivative works — are not the subject of the present motion, the Court will not address them in this Order. Even though it is clear that these issues will impact the accounting of profits in some manner, they cannot be fully adjudicated based on the narrow record currently before the Court and absent a full briefing of the particular mixed uses or altered pre-termination derivative works that are specifically at issue.

Accordingly, the Court holds that the profits defendants garner from the use of Superman trademarks that "are purely attributable to [those] trademark rights," and from its use of unaltered pre-termination derivative works are not subject to accounting.

3. Accounting for Profits of Warner Bros. Entertainment, Inc., and Time Warner, Inc.

The parties are in disagreement over whether plaintiffs may directly share in the profits from the exploitation of the works by DC Comics corporate sibling, Warner Brothers Entertainment, Inc. ("WBEI"), and its corporate parent, Time Warner, Inc. ("TWI"). The genesis for this claim stems from certain inter-corporate transactions amongst these actors concerning the Superman copyright. In the same year that plaintiffs' termination notices became effective, DC Comics executed an exclusive license in favor of WBEI (and a year later a separate exclusive license with WBEI's television division) to exploit the Superman copyright for the remainder of its extended renewal term in certain media formats, notably movies, television, and home video. (Decl. Marc Toberoff, Exs. E & F). Defendants contend that, as co-owners of the joint works at issue, plaintiffs are entitled to an accounting of the profits made by DC Comics (in the form of the licensing fees it has collected), but that plaintiffs are not entitled to an accounting of the profits WBEI has made pursuant to the license.[10]

Defendants' argument is not without support. The Court starts with the general principle that "each co-owner has an independent right to use or license the use of the copyright[, but that a] co-owner of a copyright must account to other co-owners for any profits he earns from licensing or use of the copyright." Oddo, 743 F.2d at 633. Licensees, on the other hand, are accountable only to their

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[10] It appears to the Court that because TWI is not a licensee of the works, it may not have any profits to account for; however, absent evidence of this fact from either side (or the representation that such is not the case), the Court cannot rule on this issue at this time.

licensors, and owe no duty of accounting to the non-licensor co-owner of a copyright the licensee exploits. See Ashton-Tate Corp. v. Ross, 916 F.2d 516, 523 (9th Cir. 1990).

Plaintiffs, however, take a different view of the licenses, arguing that "Warner has stepped exclusively into DC's shoes with respect to such motion picture and television copyrights." (Pls' Opp. at 30). In other words, the exclusive license had the net effect of substituting WBEI for DC Comics as a joint owner with plaintiffs (assuming the successful termination of the 1938 grant) insofar as the exploitation of the copyright in the mediums in which those licenses are concerned.

This theory, however, requires large legal leaps that are not countenanced by current law. To begin, in order for an exclusive license in the entirety of the interest in a joint work itself (such as Superman) to be effective, the consent of both joint owners in the copyrighted work is required. See 2 PATRY ON COPYRIGHT § 5:7 ("A joint author (or co-owner) may not, however, transfer all interest in the work without the other co-owner's express (and written) authorization, since that would result in an involuntary transfer of the other joint owner's undivided interest in the whole"). The same requirement for prior consent holds true even with respect to the wholesale transfer of exclusive licenses in subparts to a copyright, such as a license transferring all the stage rights (not just the joint owner's rights) to a novel but not the movie or literary rights. Cf. 1 NIMMER ON COPYRIGHT § 6.12[C][3] at 6-38.8 to 6-39.

Such consent simply did not occur here. DC Comics unilaterally sought to give an exclusive license to the entirety in the Superman property's movie and television rights to WBEI post-termination. As a result, the attempt to provide an exclusive license was ineffective. At best, all that was conveyed was a non-exclusive license, and, at worst, a license agreement whose terms are null and void absent ratification by plaintiffs. See 3 NIMMER ON COPYRIGHT § 10.03[A][7] at 10-51.

Applying these principles in a vacuum, the Court would readily reach the

conclusion championed by defendants: WBEI, as a licensee, is answerable only to DC Comics as its licensor; that DC Comics is the only entity that must account for profits to plaintiffs; and, absent exploitation of the works by DC Comics itself, that DC Comics' accounting to plaintiffs is limited to those profits derived from licensing the Superman copyright to WBEI.

However, the Court's analysis does not occur in vacuum; rather, it must take into account the relevant facts of this case, particularly given that the accounting sought by plaintiffs in this action is an equitable remedy, and the Court must conduct its inquiry accordingly. See Oddo, 743 F.2d at 633 ("A co-owner of a copyright must account to other co-owners for any profits he earns from licensing or use of the copyright, . . . but the duty to account does not derive from the copyright law's proscription of infringement. Rather, it comes from equitable doctrines relating to unjust enrichment and general principles of law governing the rights of co-owners.") (internal quotation marks and citations omitted).

Here, the relatedness of the transferor and the transferee entities cannot be ignored. The evidence before the Court reveals that the relevant entities are all closely related entities — parent corporations, wholly and partially-owned subsidiaries, partners, sibling business entities (owned directly or indirectly by the same parent) — although it is not entirely clear to the Court exactly what those relationships have been at all relevant times. This fact alone raises a specter of a "sweetheart deal" entered into by related entities in order to pay a less than market value fee for licensing valuable copyrights. If such were the case, the related entity might be able to exploit the copyrights without the responsibility of answering to the co-owner of a joint work, and the licensor co-owner would thereby be relieved of the responsibility of accounting for any profits (other than a greatly reduced licensing fee) to the non-licensor co-owner. This result would be inequitable.

This concern is bolstered by the declaration of Paul Levitz, President and Publisher for DC Comics, which states that under the post-2003 corporate

restructuring of Time Warner's business, "for operating management purposes, DC reports" not to immediate corporate parent WCI, but to its sibling corporation "WBEI," the licensee of the rights at issue in this action. (Decl. Paul Levitz ¶ 17). As Levitz explains, "I report to and obtain approvals from WBEI's President and Chief Operating Officer before making significant acquisitions or certain financial decisions or investments that are outside the scope of DC's customary acquisitions and investments; before implementing meaningful strategic changes; and before embarking on something substantially outside DC's normal course of business." (Id.). Although this is not evidence of what occurred at the time of the license, it is still probative evidence of the relatedness of the licensee and licensor that could result in an extremely favorable licensing arrangement that works to the detriment of the non-licensor co-owner. These open issues also touch upon factors to be considered in analyzing alter ego claims. See Sonora Diamond Corp. v. Superior Court, 83 Cal.App.4th 523 (2000); Mesler v. Bragg Management Co., 39 Cal.3d 290 (Cal.1985) ("The essence of the alter ego doctrine, in which it is claimed that an opposing party is using the corporate form unjustly, is that justice be done. What the formula comes down to, once shorn of verbiage about control, instrumentality, agency and corporate entity, is that liability is imposed to reach an equitable result").

Whether the license fees paid represents the fair market value therefor, or whether the license for the works between the related entities was a "sweetheart deal," are questions of fact that are not answered on summary judgment, certainly not without the benefit of expert testimony which has not been presented by either party on this topic. The Court therefore concludes that summary judgment on this issue is inappropriate at this time.[11]

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[11] Because the Court concludes that defendants' motion for summary adjudication of this issue must be denied for the reasons stated above, the Court does not at this time resolve other arguments raised by plaintiffs regarding this issue.

CONCLUSION

After seventy years, Jerome Siegel's heirs regain what he granted so long ago — the copyright in the Superman material that was published in Action Comics, Vol. 1. What remains is an apportionment of profits, guided in some measure by the rulings contained in this Order, and a trial on whether to include the profits generated by DC Comics' corporate sibling's exploitation of the Superman copyright.

DATE: March 26, 2008

STEPHEN G. LARSON
UNITED STATES DISTRICT JUDGE

ADDENDUM A


JEROME SIEGEL & JOE SHUSTER
AS A DISTANT PLANET WAS DESTROYED BY OLD AGE, A SCIENTIST PLACED HIS INFANT SON WITHIN A HASTILY DEVISED SPACE-SHIP, LAUNCHING IT TOWARD EARTH!
WHEN THE VEHICLE LANDED ON EARTH, A PASSING MOTORIST, DISCOVERING THE SLEEPING BABE WITHIN, TURNED THE CHILD OVER TO AN ORPHANAGE
ATTENDANTS, UNAWARE THE CHILD'S PHYSICAL STRUCTURE WAS MILLIONS OF YEARS ADVANCED OF THEIR OWN, WERE ASTOUNDED AT HIS FEATS OF STRENGTH
WHEN MATURITY WAS REACHED, HE DISCOVERED HE COULD EASILY:
LEAP 1/8TH OF A MILE; HURDLE A TWENTY-STORY BUILDING . . .
RAISE TREMENDOUS WEIGHTS . . .
RUN FASTER THAN AN EXPRESS TRAIN . . .
. . AND THAT NOTHING LESS THAN A BURSTING SHELL COULD PENETRATE HIS SKIN!
EARLY, CLARK DECIDED HE MUST TURN HIS TITANIC STRENGTH INTO CHANNELS THAT WOULD BENEFIT MANKIND . . .
AND SO WAS CREATED . . .
SUPERMAN!
CHAMPION OF THE OPPRESSED, THE PHYSICAL MARVEL WHO HAD SWORN TO DEVOTE HIS EXISTENCE TO HELPING THOSE IN NEED!
A SCIENTIFIC EXPLANATION OF CLARK KENT'S AMAZING STRENGTH
KENT HAD COME FROM A PLANET WHOSE INHABITANTS' PHYSICAL STRUCTURE WAS MILLIONS OF YEARS ADVANCED OF OUR OWN. UPON REACHING MATURITY, THE PEOPLE OF HIS RACE BECAME GIFTED WITH TITANIC STRENGTH!
-- INCREDIBLE? NO! FOR EVEN TODAY ON OUR WORLD EXIST CREATURES WITH SUPER-STRENGTH!
THE LOWLY ANT CAN SUPPORT WEIGHTS HUNDREDS OF TIMES ITS OWN
THE GRASSHOPPER LEAPS WHAT TO MAN WOULD BE THE SPACE OF SEVERAL CITY BLOCKS


A TIRELESS FIGURE RACES THRU THE NIGHT SECONDS COUNT.. DELAY MEANS FORFEIT OF AN INNOCENT LIFE
THE GOVERNOR'S ESTATE FINALLY IS REACHED
MAKE YOURSELF COMFORTABLE! I HAVEN'T TIME TO ATTEND TO IT
WHAT DO YOU MEAN BY KNOCKING THIS HOUR OF THE NIGHT?
I MUST SEE THE GOVERNOR. IT'S A MATTER OF LIFE AND DEATH!
SEE HIM IN THE MORNING!
CLIC
I'LL SEE HIM NOW!
THIS IS ILLEGAL ENTRY! I'LL HAVE YOU ARRESTED!
ANSWER MY QUESTION! ARE YOU GOING TO TAKE ME TO THE GOVERNOR?
NO! I WON'T!
THEN I'LL TAKE YOU TO HIM!
HE HELP!


YES, THIS IS THE GOVERNOR'S SLEEPING ROOM. — DON'T THINK YOU'RE GOING TO GET AWAY WITH THIS OUTRAGE!
IT'S LOCKED!
YES! AND MADE OF STEEL! TRY AND KNOCK THIS DOOR DOWN!
IT WAS YOUR IDEA!
WHAT'S THE MEANING OF THIS?
EVELYN CURRY IS TO BE ELECTROCUTED IN 15 MINUTES FOR MURDER. I HAVE PROOF HERE OF HER INNOCENCE — A SIGNED CONFESSION!
BELIEVING THE GOVERNOR MENACED BY A MADMAN, THE BUTLER PRODUCES A CONCEALED WEAPON!
REACH FOR THE CEILING, QUICK!
PUT THAT TOY AWAY!
I WARN YOU! TAKE ANOTHER STEP AND I SHOOT!


THE BULLET RICOCHETS OFF SUPERMAN'S TOUGH SKIN!
26
THIS IS NO TIME FOR HORSEPLAY!
DON'T YOU REALIZE? I'VE PROOF SHE'S INNOCENT AND YOU ALONE CAN SAVE HER!
LET ME SEE THOSE PAPERS
HURRY! — CONNECT ME WITH THE PENITENTIARY!
STOP! THE GOVERNOR HAS PARDONED HER!
THANK GOD I TOLD YOU I WAS INNOCENT!
HE'S GONE — DISAPPEARED!
YES --- BUT HERE'S A NOTE HE LEFT SIR. —"YOU'LL FIND THE REAL MURDERESS BOUND AND DELIVERED ON THE LAWN OF YOUR ESTATE"
NEXT MORNING AS KENT LEAVES FOR THE NEWSPAPER UPON WHICH HE WORKS AS A REPORTER . . .
HAVE YOU HEARD? THE CURRY GIRL IS INNOCENT!
LET'S SEE THE PAPER!
GOOD! I'M NOT MENTIONED!
DAILY STAR
RY RELEASED
MILES AWAY, IN THE GOVERNOR'S PRIVATE CHAMBER
GENTLEMEN, I STILL CAN'T BELIEVE MY SENSES! HE'S NOT HUMAN! — THANK HEAVEN HE'S APPARENTLY ON THE SIDE OF LAW AND ORDER!


THE DAILY STAR OFFICE IS REACHED . . .
YOU WANTED TO SEE ME ?
YES, BE SEATED
DID YOU EVER HEAR OF SUPERMAN ?
WHAT !
REPORTS HAVE BEEN STREAMING IN THAT A FELLOW WITH GIGANTIC STRENGTH NAMED SUPERMAN ACTUALLY EXISTS. IM MAKING IT YOUR STEADY ASSIGNMENT TO COVER THESE REPORTS. THINK YOU CAN HANDLE IT, KENT ?
LISTEN, CHIEF, IF I CAN'T FIND OUT ANYTHING ABOUT THIS SUPERMAN NO ONE CAN !
HURRY, KENT-- A PHONED TIP .. WIFE-BEATING AT 211 COURT AVE !
IM ON MY WAY !
AT 211 COURT AVE
HOLD IT !
WHAT D'YOU WANT ?
DON'T GET TOUGH!
TOUGH IS PUTTING MILDRED THE TREATMENT YOU'RE GOING TO GET!
YOU'RE NOT FIGHTING A WOMAN, NOW!


Y'ASKED FOR IT!
WITH A SHARP SNAP THE BLADE BREAKS UPON SUPERMAN'S TOUGH SKIN!
AND NOW YOU'RE GOING TO GET A LESSON YOU'LL NEVER FORGET!
42
FAINTED!
HEARING POLICE-SIRENS, SUPERMAN HURRIEDLY DONS STREET-CLOTHES OVER HIS UNIFORM.
IT WOULD BE JUST TOO BAD IF THEY SEARCHED ME!
44
WHAT ARE YOU DOING HERE?
HELLO, CAPTAIN! I ARRIVED TO FIND THE PLACE LIKE THIS! LOOKS AS THO OUR FRIEND SUPERMAN HAD DROPPED IN TO PAY A VISIT!
W-WHAT DO YOU SAY TO A—ER—DATE TONIGHT, LOIS?
LATER
I SUPPOSE I'LL GIVE YOU A BREAK... FOR A CHANGE
THAT NIGHT
WHY IS IT YOU ALWAYS AVOID ME AT THE OFFICE?
PLEASE CLARK! I'VE BEEN SCRIBBLING 'SOB STORIES' ALL DAY LONG. DON'T ASK ME TO DISH OUT ANOTHER.
NICE-LOOKIN' DAME THERE, EH? GUESS I'LL CUT IN!
WAIT, BUTCH! SUPPOSE HER ESCORT DON'T LIKE IT?
SO WHAT? IF HE GETS NASTY I'LL PUSH HIS FACE IN!
THIS IS GOIN' TO BE GOOD!


I SAID RUN ALONG, I'M CUTTIN' IN!
BUT THIS IS NOT A ROBBER'S DANCE
TRYIN' TGET FLIP? MOVE QUICK IF Y'KNOW WHAT'S GOOD FOR YA!
CLARK! ARE YOU GOING TO STAND FOR THIS?
RELUCTANTLY KENT ADHERES TO HIS ROLE OF A WEAKLING
BE REASONABLE, LOIS. DANCE WITH THE FELLOW AND THEN WE'LL LEAVE RIGHT AWAY
YOU CAN STAY AND DANCE WITH HIM IF YOU WISH BUT I'M LEAVING NOW!
YEAH? YOU'LL DANCE WITH ME AND LIKE IT!
50
WHY, YOU—!
GOOD FOR YOU, LOIS!
LOIS—DON'T!
FIGHT... YOU WEAK-LIVERED POLE-CAT!
REALLY— I HAVE NO DESIRE TO DO SO!
52
WAIT, LOIS!
53
BUT LOIS—!
YOU ASKED ME EARLIER IN THE EVENING... WHY I AVOID YOU. I'LL TELL YOU WHY NOW: BECAUSE YOU'RE A SPINELESS, UNBEARABLE COWARD!
54
LET'S GET OUT OF HERE! I'LL SHOW THAT SKIRT SHE CAN'T MAKE A FOOL OUT OF BUTCH MATSON!
55
A FEW MINUTES LATER
A HIDDEN FIGURE OBSERVES BUTCH AND HIS FELLOW HOODLUMS LEAVE THE ROAD-HOUSE....
56


BUTCH FORCES LOIS'S TAXI INTO A DITCH!
PULL OVER THERE!
LET ME GO!
GET IN THAT CAR AND SHUT UP!
WHAT BURNS ME UP IS THAT I LET HER YELLOW BOY FRIEND OFF SO EASY!
WELL, MAYBE YOU TWO MAY MEET AGAIN
THEN I HOPE IT'LL BE SOON!
HEY—WATCH OUT! SOME ONE'S STANDING IN THE ROAD AHEAD OF US!
HA! HA! WATCH ME SCARE HIM OUT OF HIS WITS!
LOOK OUT! YOU'LL HIT HIM!
SUPERMAN HURDLES THE ONCOMING AUTO!
BUTCH! STEP ON THE GAS! HE'S CHASING AFTER US!!!
IT'S THE DEVIL HIMSELF!
BUTCH'S CAR LEAPS FORWARD LIKE A RELEASED ROCKET, BUT IS EASILY OVERTAKEN BY SUPERMAN


THE OCCUPANTS OF THE CAR ARE SHAKEN OUT——
——AND THE CAR, ITSELF, SMASHED TO BITS!
NEXT, SUPERMAN OVERTAKES BUTCH IN ONE SPRING..
JUST A MINUTE, BUTCH!
DO YOU MIND?
THIS WILL TAKE BUT A FEW SECONDS


GET ME OFFA HERE!
OKAY! I'LL CUT YOU LOOSE!
DON'T!
YOU NEEDN'T BE AFRAID OF ME. I WON'T HARM YOU
BEARING LOIS IN HIS ARMS SUPERMAN HEADS TOWARD THE CITY — —
— DEPOSITING HER UPON ITS OUTSKIRTS
I'D ADVISE YOU NOT TO PRINT THIS LITTLE EPISODE
NEXT MORNING
BUT I TELL YOU I SAW SUPERMAN LAST NIGHT!
ARE YOU SURE IT WASN'T PINK ELEPHANTS YOU SAW?
LOIS TREATS CLARK COLDER THAN EVER
I'M SORRY ABOUT LAST NIGHT— PLEASE DON'T BE ANGRY WITH ME
CLARK RECEIVES AN ASSIGNMENT
KENT, THE FRONT PAGE IS GETTING SO DULL I'VE EVEN GOT TO HEADLINE CARD-GAMES. — THERES A WAR GOING ON IN A SMALL SOUTH AMERICAN REPUBLIC, SAN MONTE; AND TO STIR UP NEWS I'M SENDING YOU DOWN THERE AS CORRESPONDENT. TAKE ALONG A CAMERA AND TRY TO SEND BACK SOME GOOD SHOTS WITH YOUR ARTICLES
KENT TAKES A TRAIN, NOT TOWARD SAN MONTE, BUT TO WASHINGTON D. C.


IN THE CAPITAL CITY, HE ATTENDS A SESSION OF CONGRESS, SITTING IN THE GALLERY
IS THAT SENATOR BARROWS SPEAKING?
YES.
UPON LEAVING THE SENATE CHAMBERS, CLARK SNAPS A PICTURE OF A FURTIVE MAN SPEAKING SWIFTLY TO SENATOR BARROWS
WHEN CAN I SEE YOU?
I TOLD YOU NEVER TO SPEAK TO ME IN PUBLIC!...UH.. MY HOME..TONIGHT AT 8:30
AT THE "MORGUE" OF A LOCAL NEWSPAPER....
WHO'S THE CHAP SPEAKING TO SENATOR BARROWS?
WHY, THAT'S ALEX GREER, THE SLICKEST LOBBYIST IN WASHINGTON. NO ONE KNOWS WHAT INTERESTS BACK HIM.
EIGHT-THIRTY A.M. OUTSIDE SENATOR BARROWS' RESIDENCE.... AN EAVESDROPPER LISTENS IN ON AN INTERESTING CONVERSATION!
I'VE TOLD YOU TO AVOID ME IN PUBLIC. WHAT WOULD PEOPLE THINK IF THEY KNEW I HAD ANYTHING TO DO WITH YOU?
QUIT SPUTTERING! I HAD TO SEE YOU. TELL ME: DO YOU THINK YOU'LL SUCCEED IN PUSHING THE BILL THRU?
THERE'S NO DOUBT ABOUT IT! THE BILL WILL BE PASSED BEFORE ITS FULL IMPLICATIONS ARE REALIZED. BEFORE ANY REMEDIAL STEPS CAN BE TAKEN, OUR COUNTRY WILL BE EMBROILED WITH EUROPE.
FINE! WE'LL TAKE CARE OF YOU FINANCIALLY FOR THIS!
I SUPPOSE YOU'RE GOING TO BE WELL TAKEN CARE OF YOURSELF?
YOU BET HE WILL!


UPON LEAVING BARROWS, GREER IS CONFRONTED BY SUPERMAN
WHO IS BEHIND YOU IN CORRUPTING SENATOR BARROWS?
I DON'T KNOW WHAT YOU'RE TALKING ABOUT!
87
SO YOU'RE ONE OF THESE SILENT MEN, EH? WE'LL SEE WHETHER YOU'LL TALK!
LET GO OF MY HAND!
YOUR FOOT WILL DO JUST AS WELL!
STOP! STOP! WE'LL BE ELECTROCUTED!
NO, WE WON'T!
90
BIRDS SIT ON TELEPHONE WIRES AND THEY AREN'T ELECTROCUTED——
91


—NOT UNLESS HEY TOUCH A ELEPHONE-POLE ND ARE GROUNDED!
OOPS! — ALMOST TOUCHED THAT POLE!
LOOK! —THE CAPITOL! LET'S PAY IT A VISIT!
TAKE ME DOWN! TAKE ME DOWN!
WHAT A MAGNIFICENT VIEW!
HELP! HELP!
I WONDER IF WE COULD JUMP ALL THE WAY TO THAT BUILDING?
NO! DON'T!
DESPITE GREER'S FRENZIED PROTESTS, SUPERMAN LEAPS OUT INTO THE NIGHT!
MISSED — DOGGONE IT!
TO BE CONTINUED
AND SO BEGINS THE STARTLING ADVENTURES OF THE MOST SENSATIONAL STRIP CHARACTER OF ALL TIME: SUPERMAN!
A PHYSICAL MARVEL, A MENTAL WONDER, SUPERMAN IS DESTINED TO RESHAPE THE DESTINY OF A WORLD!
Only in ACTION COMICS CAN YOU THRILL AT THE DARING DEEDS OF THIS SUPERB CREATION! DON'T MISS AN ISSUE!

EXHIBIT G

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JOANNE SIEGEL and LAURA SIEGEL LARSON

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA- EASTERN DIVISION

JOANNE SIEGEL, an individual; and LAURA SIEGEL LARSON, an individual,

Plaintiffs,

vs.

TIME WARNER INC., a corporation; WARNER COMMUNICATIONS INC., a corporation; WARNER BROS. ENTERTAINMENT INC., a corporation; WARNER BROS. TELEVISION PRODUCTION INC., a corporation; DC COMICS, a general partnership; and DOES 1-10,

Defendants.

DC COMICS,

Counterclaimant,

vs.

JOANNE SIEGEL, an individual; and LAURA SIEGEL LARSON, an individual,

Counterclaim Defendants.

Case No. CV 04-8400 SGL (RZx)

[Honorable Stephen G. Larson]

PLAINTIFFS JOANNE SIEGEL AND LAURA SIEGEL LARSON'S MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION FOR CLARIFICATION AND/OR RECONSIDERATION OF THE COURT'S MARCH 26, 2008 PARTIAL SUMMARY JUDGMENT ORDER

[Complaint filed: October 8, 2004]

Date: July 14, 2008
Time: 10:00 a.m.
Place: Courtroom 1

[Notice Of Motion; Declaration of Marc Toberoff Filed Previously]

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MEMORANDUM OF POINTS AND AUTHORITIES

INTRODUCTION

The Court's March 26, 2008 order ("Order") on the parties' cross-motions for partial summary judgment upheld the validity of Plaintiffs' "Superman" Notices of Termination filed pursuant to 17 U.S.C. § 304(c) and Plaintiffs' recapture of Jerome Siegel's co-authorship share of the original illustrated Superman story published in Action Comics No. 1 ("Action Comics No. 1"). The Order also held that at least one "promotional announcement" containing a depiction of the cover of Action Comics No. 1 "obtained statutory copyright protection *before* the earliest possible date covered by Plaintiffs' termination notices" and "thus falls outside the reach of the termination notice." Order at 39:22-28 (emphasis in original). The Court further ruled on the scope of the material contained in the "promotional announcement," which "remains for defendants to exploit." Order at 40:1-23. Plaintiffs respectfully request that the Court: (a) clarify that Defendants did not secure any copyrightable Superman elements via the "promotional announcements;" and/or (b) reconsider the Court's application of *Batjac Prods., Inc. v. GoodTimes Home Video Corp.*, 160 F.3d 1223 (9th Cir. 1998) to Action Comics No. 1's statutory copyright.

With the Superman Terminations upheld as valid, the focus of the parties will be on establishing the scope of the Superman work(s) recaptured by Plaintiffs for purposes of Defendants' accounting to Plaintiffs as co-owners and determining the parameters of what Plaintiffs may exploit subject to a duty to account to Defendants. *See Oddo v. Reis*, 743 F.2d 630, 632-33 (9th Cir. 1984).

After ruling that at least one promotional announcement was beyond the reach of Plaintiffs' termination notices, the Court severely circumscribed the scope of Defendants' purported copyrighted material therein:

> "***Obviously, nothing concerning the Superman storyline (that is, the literary elements contained in Action Comics, Vol. 1) is on display in the ads***; thus, Superman's name, his alter ego, his compatriots, his origins, his mission to serve as a champion of the oppressed, or his heroic abilities in general, do not remain within defendants sole possession to exploit."

Order at 40: 9-13(emphasis added).

> "***Instead the only copyrightable elements left arise from the pictorial illustration in the announcements, which is fairly limited***.
>
> The person in question has great strength (he is after all holding aloft a car). The person is wearing some type of costume, but significantly the colors, if any, for the same are not represented, as the advertisement appears only in black and white. The argument that the "S" crest is recognizable in the promotional advertisement is not persuasive. What is depicted on the chest of the costume is so small and blurred as to not be readily recognizable, at best all that can be seen is some vague marking or symbol its precise contours hard to decipher. ***The Court thus concludes that defendants may continue to exploit the image of a person with extraordinary strength who wears a black and white leotard and cape***."

Order at 40:13-23 (emphasis added).

Plaintiffs seek clarification of this conclusion – "defendants may continue to exploit the image of a person with extraordinary strength who wears a black and white leotard and cape" – for three reasons. Firstly, Plaintiffs wish to have the contours of this "image" firmly delimited, to ensure that Defendants are not able to use this extremely narrow black and white snapshot to fashion a putative Superman character and derivative Superman works without accounting to Plaintiffs, thereby diminishing the value of Plaintiffs' recaptured copyright. Secondly, Plaintiffs seek to ensure that Defendants' right to exploit "a person with extraordinary strength who wears a black and white leotard and cape" does not in any way affect Plaintiffs' right to exploit Action Comics No. 1, as its co-owner, including "Super-strength" on display throughout Action Comics No. 1.[1]

[1] Plaintiffs disagree with Defendants' sudden protest that the Court could not rule on the copyrightable contents of the promotional announcement, especially considering that Defendants had placed this at issue and insisted that the "[the Ads] speak for themselves and do not require some 'special lens' to resolve." Order at 40:5-7, quoting Defendant's Reply in Support of Summary Judgment at 44. *See also* Defendant's Motion for Summary Judgment at 38:8-39:4 (claimed an "unfettered right to use the content of the Announcements"); 42:7-9 (requesting an order "determining that [Defendants] are entitled to continue using all of the copyrightable elements contained in the Announcements"). The assessment of the Ad is limited to the drawing itself, which is, as admitted by Defendants, of such a basic nature that the Court's competency to analyze it cannot be disputed. *See Funky Films, Inc. v. Time Warner Entertainment Co., L.P.*, 462 F.3d 1072, 1077 (9th Cir. 2006) (Courts can look at objective "actual concrete elements" and reach summary judgment); *Cavalier v. Random House*, 297 F.3d 815, 826 (9th Cir. 2002) (Courts can consider "the objective details in appearance" when examining pictorial works on summary judgment). Since Defendants placed the content of the Ads at issue, they cannot be heard to complain just because they dislike the results.

The Court's ruling, that Defendants have retained only the specific "image of a person with extraordinary strength who wears a black and white leotard and cape," appears to limit Defendants to this image alone because this diminished, vague black and white reproduction ("Cover Image") of the actual cover of Action Comics No. 1 ("Cover") is *not the* detailed full color Cover Image, nor can it be viewed in the literary context of Action Comics No. 1, the joint work that the Cover adorns.

However, Plaintiffs fear that Defendants will claim that, notwithstanding Plaintiffs' recapture of Jerome Siegel's ("Siegel") copyright in Action Comics No. 1, Plaintiffs cannot exploit it without infringing Defendants' purportedly "exclusive" copyright in the Ad's graphic image. Plaintiffs further fear that Defendants will use the protectable and non-protectable elements contained in this simple, finite image to derive their own "Superman," purportedly not subject to an accounting. Both scenarios would effectively emasculate Plaintiffs' recapture of Action Comics No. 1, and seriously undermine the policy goals of the Copyright Act's termination provisions.

ARGUMENT

I. DEFENDANTS, AT BEST, HOLD A COPYRIGHT IN THE "IMAGE" OF THE ACTION COMICS NO. 1 COVER "AS DEPICTED" IN THE AD, DEVOID OF SUPERMAN CONTEXT

By the Court's Order, Defendants have exclusively retained all rights to the Ad, but not any part of the Superman story, character, themes or other *literary* elements contained in Action Comics No. 1, which fell within Plaintiffs' termination. Order at 39:26- 41:2. Defendants are thus limited to the copyrightable material, if any, conveyed by such publication: The vague "Cover Image" of Action Comics No. 1 is not the Cover (or the similar interior panel on page 8 of Action Comics No. 1), and is not imbued with any part of the *later* published story of Action Comics No. 1. The indistinguishable black and white image cannot be viewed in the context of the now famous Superman character and mythology thereafter published in Action

Comics No. 1. Thus, the image in the Ad depicts "a person of extraordinary strength," but not Superman's Super-strength. As the Court acknowledged:

> "What remains of the Siegel and Shuster's Superman copyright that is still subject to termination (and, of course, what defendants truly seek) is *the entire storyline* from Action Comics, Vol. 1…, *none of which is apparent from the announcement*."

Order at 40:23-41:2 (emphasis added).

A. The Copyright In A Pictorial Work Protects Only Its Visual Content And Objective Appearance

In copyright infringement cases involving pictorial works, the works are objectively compared in a side-by-side analysis of actual visual content, not literary or thematic elements subjectively invoked by the works.

In *Cavalier v. Random House*, 297 F.3d 815 (9th Cir. 2002), a copyright infringement suit involving illustrated children's stories, the Ninth Circuit noted that the analysis for pictorial works differs from that used to assess literary works in that it focuses *exclusively* on the objective appearance of the works:

> "The precise factors evaluated for literary works do not readily apply to art works. Rather a court looks to the similarity of the objective details in appearance. *See McCulloch v. Albert E. Price, Inc.*, 823 F.2d 316, 319 (9th Cir. 1987) [citing *Litchfield v. Spielberg*, 736 F.2d 1352, 1356 (9th Cir. 1984)]."

Cavalier, 297 F.3d at 826. *See also Corwin v. Walt Disney Co.*, 2004 WL 5486639, at *15 (M.D. Fla. 2004) ("When analytically dissecting…protectable and unprotectable elements, the Court will focus on objective details in appearance.") The Ninth Circuit's methodology in *Cavalier* which considers only a pictorial work's objective appearance is amply supported.[2]

[2] *See Pasillas v. McDonald's Corp.*, 927 F.2d 440, 441–42 (9th Cir. 1991) (Court analyzed similarity between man-in-the-moon masks by focusing on their objective features); *Winfield Coll., Ltd. v. Gemmy Indus., Corp.*, 311 F. Supp. 2d 611, 617 (E.D. Mich. 2004) (three-dimensional figures of witches "crashing" not substantially similar because witches did not look the same); *Woods v. Universal City Studios, Inc.*, 920 F. Supp. 62, (S.D.N.Y. 1996) (motion picture "12 Monkeys" copied plaintiff's drawing when comparison showed that film replicated drawing in striking detail); *JCW Investments, Inc. v. Novelty, Inc.*, 482 F.3d 910, 916 (7th Cir. 2007) (two dolls are substantially similar as a matter of law when an objective observer would think they were the same); *Masterson Marketing, Inc. v. KSL Recr. Corp.*, 495 F. Supp. 2d 1044, 1048-49 (S.D. Cal. 2007) (photo of Arizona Biltmore Hotel in Squaw Peak did not infringe earlier photo of same locale, from same vantage point in same horizontal format, as photos did not use same color adjustment, dodging-burning or image sharpening.).

B. Defendants Cannot Own The Basic Ideas Or Subject Matter Depicted In The Ad

In line with the above case law governing pictorial works, the *ideas* or *subject matter* depicted in the Ad – a person in black and white tights and cape, a person of extraordinary strength, or a person lifting a car – are not copyrightable. *See* 17 U.S.C. § 102(b)("In 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.")[3]

Thus the Ad's effectively generic depiction of a man with "extraordinary strength" does not entitle Defendants to lay claim to this concept. *See Shaw v. Lindheim*, 919 F.2d 1353 (9th Cir. 1990) ("Copyright law protects an author's expression; facts and ideas within a work are not protected."); 1 Nimmer & Nimmer, NIMMER ON COPYRIGHT ("*NIMMER*") § 2.03 [D] ("Copyright may be claimed only in the 'expression' of a work of authorship, and not in its 'idea.'") *See also* 3 *NIMMER* § 13.03[B][2][a]; *Berkic v. Crichton*, 761 F.2d 1289, 1293 (9th Cir. 1990); *Swirsky v. Carey*, 376 F.3d 841, 845 n.4 (9th Cir. 2004). "Extraordinary strength," outside of its special context in the Superman mythology, is an idea that cannot be copyrighted. *See Toliver v. Sony Music Ent.* 149 F. Supp. 2d 909, 919 (D. Alaska 2001) ("Were Plaintiff to own the copyright to all other songs depicting the tale of a woman rejecting a man's dominance, she would most certainly be among the wealthiest troubadours in the land.") The literary cannon is replete with characters exhibiting "extraordinary strength" (e.g., Hercules, Samson, Perseus, Beowulf, and Frankenstein).

Therefore, the *subject matter* of the pictorial "image" in the Ad, as opposed to the image itself, is unprotected by copyright. *See F.W. Woolworth Co. v.*

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[3] This provision merely "restate[s], in the context of the new single Federal system of copyright, that the basic dichotomy between expression and idea remains unchanged." H.R. REP. NO. 94-1476, at 57 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5670.

Contemporary Arts, Inc., 193 F.2d 162, 164 (1st Cir. 1951) ("[C]opyright on a work of art does not protect a subject, but only the treatment of a subject."); *Satava v. Lowry*, 323 F.3d 805 (9th Cir. 2003) (glass-in-glass sculpture of jellyfish not protected by copyright; consists of unprotected elements and ideas).

In *Mattel, Inc. v. Azrak-Hamway Int'l, Inc.*, 724 F.2d 357 (2d Cir. 1983), the Second Circuit ruled that Mattel, the manufacturer of the "Masters of the Universe" action figures, could not bring a copyright infringement suit against a competing line of action figures because it could not hold a copyright in mere super-strong characters with muscular torsos: "[N]early all of the similarity can be attributed to the fact that both are artist's renderings of the same unprotectible idea – a superhuman muscleman crouching in what since Neanderthal times has been a traditional fighting pose. The rendering of such an idea is not in itself protectible; only the particularized expression of that idea." *Id.* at 360.

Accordingly, Defendants could only hold a copyright, if at all, in the particular "image of *a person* with extraordinary strength who wears a black and white leotard and cape" depicted in the promotional announcements. Order at 40:20-21 (emphasis added). And that "person" is not Superman.

C. Publication of the Ad Did Not "Copyright" Superman Elements

The Court appears to clearly distinguish the vague black and white "image" of the "Cover Image" in the Ad from the Cover of Action Comics No. 1, and, indeed, refers to the Ad as depicting a "person," not "Superman." Order at 40:15-23. The Cover is in color and clearly defines the "Superman" character, his physical appearance, costume and "S" shield. In contrast, the Ad is "fairly limited." Order at 40: 14-21. Even if Defendants are held to hold a statutory copyright in the Ad's "image," via its publication, the parameters of that copyright are necessarily confined to what the Ad communicated at the time of publication. The Ad makes no reference to Superman, and the Ad's Cover Image could not serve, as matter of law, to have conveyed or "published" any Superman element.

The stand alone, black and white reproduction of the Cover in the Ad, diminished to the point of being barely legible, is a far cry from the well articulated actual color Cover. Aside from its visual appearance, the Cover, unlike the Ad, is not viewed in a vacuum, but in the context of the joint work of which it is a part. The actual Cover no longer depicts "a person with extraordinary strength" (Order at 40:22-23), but Superman's "Super-strength" as an inextricable part of Siegel and Shuster's specific expression of *the protectable Superman character*. *Metcalf v. Bochco*, 294 F.3d 1069, 1074 (9th Cir. 2002) ("[P]rotectable expression includes the specific details of an author's rendering of ideas.") *See Walt Disney Prods. v. Air Pirates*, 581 F.2d 751, 755 (9th Cir. 1978) (comic book character more likely to contain unique elements of expression, as the "plot of the piece not only centers around the character but is quite subordinated to the character's role"); 1 *NIMMER* § 2.12 (A character is more readily protectible when depicted in "cartoons …rather than 'word portraits.'")[4] The Cover, like the interior panel it mimics, is part of Action Comics No. 1, successfully recaptured on April 16, 1999. Order at 72.

Superman's "Super-strength," as expressed in Action Comics No. 1, is inarguably featured on nearly every page of the comic book story, essentially defining the copyrightable character.[5] The "image" in the Ad clearly does not depict

[4] As Plaintiffs have noted in the past, characters can be copyrighted apart from the story in which they appear. 1 *NIMMER* § 2.12 ("[I]t is clearly the prevailing view that characters *per se* are entitled to copyright protection."); *Warner Bros., Inc v. American Broadcasting Cos*., 530 F. Supp. 1187 (S.D.N.Y. 1982) ("Superman" character is protectible); *Toho Co. Ltd. v. William Morrow & Co*., 33 F.Supp.2d 1206, 1216 (C.D. Cal 1998) (Godzilla character held protectible); *Silverman v. CBS, Inc*., 632 F. Supp. 1344, 1355 (S.D.N.Y. 1986) (characters from "Amos 'n' Andy" held protectible); *Ideal Toy Corp. v. Kenner Prods. Div. of General Mills Fun Group, Inc*., 443 F. Supp. 291, 301 (S.D.N.Y. 1977) (finding characters in the movie "Star Wars" to be copyright protected).

[5] Panel 4 on page 1 of Action Comics No. 1 (found in Addendum A to the Court's March 26, 2008 order), states that Superman "could easily raise tremendous weights;" panel 5 states: "Early, Clark decided he must turn his titanic strength into channels that would benefit mankind and so was created…." Panel 6 states: "Superman! Champion of the oppressed. The physical marvel who had sworn to devote his existence to helping those in need!" Page 2, panel 1, depicts Superman carrying a woman as he races across the sky. Page 2, panel 5, shows Superman knocking down the door of the Governor's mansion. Page 2, panel 8 has Superman carrying the Governor's servant with one arm up the stairs of the mansion. On page 3, panel 3, Superman is seen knocking down a steel door. Page 5, panel 7, shows Superman knocking a wife beater against a wall hard enough to knock off the plaster. Page 9, panels 1-3 show Superman lifting up a car full of hoodlums. First he lifts the car with one arm. He then shakes the hoodlums out of the car before finally

Superman's "Super-strength" or other Superman traits for the reasons set forth above. Superman's "heroic abilities in general, do not remain within defendants sole possession to exploit." Order at 40: 9-13; 40:23-41:2.

Plaintiffs respectfully request that the Court confirm that Defendants do not exclusively own *any* Superman elements to Plaintiffs' detriment by virtue of the Ad's slightly earlier publication and specifically that Superman's "Super-strength" is part of the recaptured Action Comics No. 1 character and story.

II. REPRODUCTION IN THE AD OF THE PRE-EXISTING COVER DOES NOT QUALIFY FOR COPYRIGHT PROTECTION

A. The Reproduction in the Ad of the Cover of Action Comics No. 1 is Not Sufficiently "Original" To Be Copyrightable

There is no question that the Ad constitutes a derivative work and that Detective Comics had "the right" pursuant to the March 1, 1938 grant from Siegel and Shuster to reproduce the Cover of Action Comics, No. 1 in the Ad.[6] The key question here is whether and to what extent Detective Comics obtained a copyright in this Cover Image. That issue turns on the following:

> "First, to support a copyright the original aspects of a derivative work must be more than merely trivial. Second, the scope of protection afforded a derivative work must reflect the degree to which it relies on preexisting material and must not in any way affect the scope of any copyright protection in that preexisting material."

Entertainment Research Group, Inc. v. Genesis Creative Group, Inc., 122 F.3d 1211, 1219 (9th Cir. 1997).

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smashing the car "to bits." Page 9, panels 5-6, depict Superman carrying a hoodlum into the sky with one arm. Page 10, panel 3, has Superman carrying Lois through the sky. Page 11, panel 4, has Superman clinging to the side of a skyscraper. Page 12, panels 3-5 and page 12, panels 1-6, portray Superman carrying a man through the sky under one arm.

[6] The promotional announcement for the pre-existing Action Comics No. 1 remains derivative of Action Comics No. 1 even if published a few days prior. *Any* work that is "based upon one or more pre-existing works" is a derivative work. 17 U.S.C. §101. Even if a derivative work is published *before* the pre-existing work is itself published, that first-published work is still a "derivative" work. *See Cordon Art B.V. v. Walker*, 40 U.S.P.Q.2d 1506, 1996 WL 672969 at *5 (S.D. Cal. 1996)("The art reproductions that Defendant copied were prepared from and based upon the [unpublished] original drawings and master blocks; *as such, the copied works are derivative works* under § 101 of the 1976 U.S. Copyright Act.")(emphasis added).

1. The Variations in the Advertisement are Trivial

Plaintiffs submit that the differences between the Ad's "Cover Image and the Cover, namely that it is "fuzzy" and unarticulated due to substantial reduction and in black and white, do not constitute more than trivial variations of the prior Cover, and thus do not satisfy the fundamental "originality" prerequisite to copyright protection. Moreover, even if the variations in the Cover Image were viewed as sufficiently "original" to merit copyright protection, such would, as a matter of law, extend only to the limited *visual differences* between the Cover Image and the Cover itself. 1 *NIMMER* § 3.04[A].[7]

A trivial or "miniscule variation" between the underlying and derivative work will not suffice. *Durham Indus., Inc. v. Tomy Corp.*, 630 F.2d 905, 910 (2d Cir. 1980). *See Satava v. Lowry*, 323 F.3d 805, 813 (9th Cir. 2003) (While the amount of "creative input by the author required to meet the originality standard is low, it is not negligible."); *Donald v. Zack Meyer's TV Sales*, 426 F.2d 1027, 1030-31 (5th Cir. 1970) ("The variation must be meaningful and must result from original creative work" and not be a "mere copycat."); *Magic Marketing, Inc. v. Mailing Services of Pittsburgh, Inc.*, 634 F.Supp. 769, 771 (W.D. Pa. 1986) (even "independent efforts" can be "too trivial" to be original); *Gardenia Flowers, Inc. v. Josehp Markovits, Inc.*, 280 F.Supp. 776, 782 (S.D.N.Y. 1968) (no originality "[w]hen the copyright claimant has added nothing of his own to a work").

Reproductions, such as the Cover Image, even those involving technical skill, do not merit copyright protection. *See Entertainment Research Group,* 122 F.3d at 1222 (even "quite difficult and intricate decisions" that "enable one to reproduce or transform an already existing work into another medium or dimension" are

[7] *See also Silverman v. CBS Inc.*, 870 F.2d 40 (2d Cir. 1989) ("[C]opyrights in derivative works secure protection only for the incremental additions of originality contributed by the authors of the derivative works."); *L. Batlin & Son, Inc. v. Snyder* 536 F.2d 486, 491 (2d Cir. 1976) ("[T]here must be at least some substantial variation, not merely a trivial variation such as might occur in the translation to a different medium" for a derivative work to qualify for copyright protection.)

insufficient); *L. Batlin & Son, Inc.*, 536 F.2d 486 491-93 ("true artistic skill" is required "to make [a] reproduction copyrightable"); *Hearn v. Meyer*, 664 F.Supp. 832, 835-40 (S.D.N.Y. 1987) (No originality in reproductions of illustrations where the variations included one being "greener than the original," another's being "lighter than the original which has a bluer sky and a deeper brown."); *Durham Indus., Inc.*, 630 F.2d at 910 (no originality through "the demonstration of some 'physical,' as opposed to 'artistic' skill.")

Derivative works are routinely denied copyright when they involve only minor – even if perceptible – variations on the underlying work. *See, e.g., L. Batlin & Son,* 536 F.2d at 489 (differences in the shape and elements of design were "minor" and not sufficiently original to be afforded copyright protection). The changes here, like those of *Hearn*, *supra*, were trivial at best – "the cover is shown in black and white instead of color, [and] the scale of the artwork itself is diminished…." Order at 37:22-23. The "Cover Image" makes little or no original contribution to the Cover and interior panel of Action Comics No. 1 from which it is derived. Given that more substantial differences in medium and dimensionality are insufficient for copyright protection, it can hardly be said that mere size reduction constitutes originality.[8] Miniscule variations in spacing and position are also insufficient to establish originality.[9] Nor does the change from color to black and white merit copyright

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[8] *See, e.g., Cosmos Jewelry Ltd. v. Po Sun Hon Co.,* 470 F.Supp.2d 1072, 1082 (C.D. Cal. 2006) (no originality in depiction of "flower as having five petals slightly overlapping, slightly longer than they are wide, and with slightly pointed tips," with different types of "finish"); *Past Pluto Prods. Corp. v. Dana*, 627 F.Supp. 1435, 1440-43 (S.D.N.Y. 1986) (no originality in soft foam sculpture of Statue of Liberty).

[9] *See Sherry Manufacturing Co. v. Towel King of Florida, Inc.*, 753 F.2d 1565, 1568-69 (11th Cir. 1985) (no originality where "the majority of those distinguishing details are so minor that they are virtually unnoticeable upon a cursory comparison," and "[t]hose variations which do eventually rise to the forefront of our attention do so only because they entail simple, but more obvious, changes in the spacing and dimensions of non-detailed features"); *L. Batlin & Son, Inc.*, 536 F.2d at 489 (differences in "very minute details," such as shapes being "smooth" and "rough," a "fatter" base, holding arrows instead of leaves, the "shape" of a face, altogether insufficient to establish copyright protection). Even noticeable differences are insufficient if "it cannot be said that such variances affect the arrangements of the components or the overall impression" of the work. *Gardenia Flowers, Inc.*, 280 F.Supp. at 782 (denying copyright where author "did not create anything new" in floral arrangements). *See ATC Dist. Group v. Whatever It Takes Trans.& Parts*, 402 F.3d 700, 712 (6th Cir. 2005) (no protection where "[t]he illustrations were…a form of slavish copying that is the antithesis of originality").

protection. *See* 37 C.F.R. §202.1(a) ("[M]ere variations …of coloring" "not subject to copyright.")[10]

Therefore, the miniscule visual differences between the Cover Image and the Action Comics, No. 1 Cover and interior panel do not render the Cover Image sufficiently "original" to be copyrightable. That this derivative material was "published" first is beside the point: to grant a derivative Cover Image, with such a trivial degree of originality, copyright protection is impermissible.

2. An Unwarranted Copyright In The Ad's "Cover Image" Improperly Threatens the Copyright in the Underlying Work

The second prong of the "originality" analysis is necessary in order to avoid granting the owner of a derivative work a "*de facto* monopoly" in the underlying work, foreclosing exploitation of the underlying copyright. *See Entertainment Research Group,* 122 F.3d at 1219 (protection for a derivative work "must not in any way affect the scope of any copyright protection in that preexisting material"); *Gracen v. Bradford Exchange*, 698 F.2d 300, 305 (7th Cir. 1983) (requiring a "sufficiently gross difference between the underlying and the derivative work to avoid entangling subsequent artists depicting the underlying work in copyright problems").[11] *See* 17 U.S.C. § 103(b) (a derivative work "does not imply any

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[10] *See Compendium of Copyright Office Practices* § 5.03.02(a) (1984) ("[M]ere coloration cannot support a copyright even thought it may enhance the aesthetic appeal or commercial value of a work."); *Darden v. Peters*, 488 F.3d 277, 287 (4th Cir. 2007) (no originality where derivative works made only slight color variations); *Spilman v. Mosby-Yearbook, Inc.*, 115 F. Supp. 2d 148 (D. Mass. 2000) (derivative book lacked minimum degree of originality when changes were only enhancements such as coloration of the text and variations in typographic ornamentation); *Hearn*, 664 F.Supp. at 835-40 (S.D.N.Y. 1987) (No originality in reproductions of illustrations where variations included one being "greener than the original," another being "lighter than the original which has a bluer sky and a deeper brown," and a face having a "deeper yellow.")

[11] *See also Durham Indus., Inc. v. Tomy Corp.* 630 F.2d 905, 909 (2d Cir. 1980) (copyright in derivative work "must not in any way affect the scope of any copyright protection in [the] preexisting material"); *Gracen v. Bradford Exch.* 698 F.2d 300, 304 (7th Cir. 1983) ("[E]specially as applied to derivative works, the concept of originality…[has] a legal rather than aesthetic function – to prevent overlapping claims."); *Harris Custom Builders, Inc. v. Hoffmeyer*, 92 F.3d 517, 519 (7th Cir. 1996) (It is a fundamental precept of copyright law that "publication of a derivative work does not affect the validity of a copyright in the preexisting work, despite the incorporation of the underlying work into the derivative work."); *Maljack Productions, Inc. v. UAV Corp.*, 964 F.Supp. 1416, 1422 (C.D. Cal. 1997) ("[P]ublication of a derivative work does not affect the validity of the copyright in a preexisting work."); *Past Pluto Prods. Corp.*, 627

exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.")[12]

To grant a copyright in the derivative Cover Image would be contrary to well settled law and invite *precisely* the situation that the statute and case law governing derivative works are meant to avoid.[13] That the promotional announcement was published just prior to Action Comics No. 1 does not alter the conclusion that the Cover Image therein was not sufficiently original to be copyrightable, avoiding the prohibited use of the derivative Ad to entangle and limit the copyright of the underlying Action Comics No. 1.

F.Supp. at 1441 (a derivative work copyright "in no way embraces or protects the underlying, pre-existing work"); Berne Convention, Art. 2(3) ("[A]lterations of a literary or artistic work" are "without prejudice to the copyright in the original work.")

[12] Section 103(b) of the current Act parallels its predecessor, section 7 of the 1909 Act, 17 U.S.C. § 7 (repealed) ("[P]ublication of any such new [derivative] works shall not affect the force or validity of any subsisting copyright upon the matter employed or any part thereof, or be construed to imply an exclusive right to such use of the original works..."); Berne Convention, Art. 2(3) ("[A]lterations of a literary or artistic work" are "without prejudice to the copyright in the original work."); 1 *NIMMER* § 4.12[A] at 4-60 (noting that divestiture of copyright in the underlying work due to the publication of a derivative work only occurs if the publication injects the underlying work into the public domain, such as publication without notice).

[13] Indeed, Defendants have made detailed arguments that derivative works cannot be allowed to interfere with underlying works, conceding the *Entertainment Research Group* standard. To counter Plaintiffs' infringement claim in the "Superboy" action, Defendants have argued pursuant to 17 U.S.C. § 103(b) that Siegel's 13 page Superboy story is derivative of Superman and thus cannot interfere with the Superman or *Smallville* copyrights. *See Defendants' Supplemental Memorandum of Points and Authorities of Derivative Work Issue Pursuant to Court's July 27, 2007 Order*, filed September 10, 2007, at 15:18-21 ("[T]he courts must draw the line in such a way that the derivative work author will not be empowered to harass or interfere with the rights of the original work owner to use and license the underlying work through actual or threatened litigation.") and 16:4-6 ("In terms of methodology, to determine whether a derivative work possesses the requisite originality, courts must compare the derivative work to the pre-existing work.") Defendants counsel Roger Zissu furthered this derivative works argument during oral argument on the parties' cross motions for summary judgment, relying on *Sobhani v. @Radical.Media Inc.*, 257 F.Supp.2d 1234, 1239-40 (C.D. Cal. 2003). Toberoff Decl. Ex. C, 5:11-14:25.

III. THE PROMOTIONAL ANNOUNCEMENTS DO NOT HAVE DIVESTIVE EFFECT ON PLAINTIFFS' COPYRIGHT

A. *Batjac*'s Narrow Holding Regarding Derivative Works in the Public Domain and the Policies Behind It Do Not Fit This Case

The promotional announcements cannot act to divest Superman elements from Plaintiffs' recaptured Action Comics No. 1 copyright. There is no support for the broad proposition that publication of a derivative work has a divestive effect on the copyright of the underlying work where the underlying work *has a statutory copyright* and neither works are in the public domain. *Batjac Prods., Inc. v. GoodTimes Home Video Corp.*, 160 F.3d 1223 (9th Cir. 1998) does not stand for this.

Unlike the instant case, where the underlying work *has a statutory copyright* and neither works are in the public domain, in *Batjac* a copyright holder tried to use a purported common-law copyright in an unpublished screenplay to recover and revive a statutorily copyrighted derivative film from the public domain.[14] Had *Batjac* reached a different result, "the perpetual protection provided to common law copyrights would 'swallow the rule of limited monopoly found in the constitution and copyright statutes'" and "through [an] unpublished screenplay, an author could maintain perpetual control over the [a public domain] motion picture…. [and] extend protection of the film beyond its statutory maximum." *Batjac*, 160 F.3d at 1234. Neither *Batjac*, nor the authority it relies on, has ever been expanded beyond its

[14] Screenplays to motion pictures are treated as a special case by the copyright office, as "[w]here a preexisting unpublished screenplay is embodied in a motion picture," those elements are published. See Compendium II, Compendium of Copyright Office Practices 910-04, cited in *Batjac*, 160 F.3d at 1230. However, the unique status of screenplays can be seen in the Copyright Office's markedly different approaches with respect to dramatic and literary works: a "detailed plot summary of a play" does not publish the play, and "publication of a movie version of an unpublished story," does not publish the story. See Compendium I: Compendium of Copyright Office Practices, § 3.1.1 IV(a), cited in *Batjac*, 160 F.3d at 1230. Additionally, screenplays are given special attention when registered for copyright, as examiners are directed to "question an application for a feature film or a network television production which is limited to the authorship of the 'script,'" as the Office still regards a motion picture as an "integrated, single work, and [] it is unusual for separate claims in component parts of the motion picture to be submitted." Toberoff Decl., Ex. D, Decision of the Copyright Office Board of Appeals re: "Husbands," dated May 14, 2002, at 5.

narrow consideration of the relationship between an underlying common law copyright and a derivative work in the public domain.[15]

Batjac's result oriented decision, to a large degree, relied on policy that copyright law should not reward those who circumvent the Act and improperly try to co-opt works in public domain or extend the life of a statutory copyright beyond its statutory term. It adopted the argument of the U.S. Register of Copyright which "turns upon impropriety of the moviemakers' use of artifice to extend the term limits set forth in the Act for copyrighted works and so continues to have force today." *Id.* at 1234.

Indeed, *Batjac* expressly limited its holding to "the narrow case before us" wherein the entity responsible for placing a film in the public domain by failing to renew its copyright attempted an end run around the Copyright Act by asserting a *common law copyright* in the film's underlying screenplay. *Id*. at 1231. *Batjac* did not consider and expressly declined to apply its holding to situations where, as here, the underlying work (Action Comics No. 1) is squarely protected by a statutory copyright. *Id.* at 1231 (limiting holding to "the narrow case before us").[16]

B. There is No Precedent For Expanding *Batjac* Beyond The Public Domain Context To Subsisting Statutory Copyrights As It Conflicts With Longstanding Copyright Precepts

The basic copyright precepts governing derivative works preclude *Batjac's* application to the instant facts, where *both* works have subsisting statutory

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[15] *See Batjac*, 160 F.3d at 1225 ("[A] common law copyright in the underlying screenplay does not survive the motion picture's loss of copyright and falls into the public domain due to a failure to renew the movie's copyright.")(citations omitted); *Shoptalk, Ltd. v. Concorde-New Horizons Corp.*, 168 F.3d 586, 591–93 (2d Cir. 1999) (publication of the motion picture divested the common law copyright in the underlying screenplay only because the motion picture entered the public domain after its term of statutory copyright); *Classic Film Museum, Inc. v. Warner Bros., Inc.*, 597 F.2d 13 (1st Cir. 1979) (publication of the motion picture divested the copyright in the underlying screenplay as otherwise the holder of the underlying screenplay would control the motion picture even after its term of statutory copyright).

[16] Other Courts faced with the same fact pattern and reaching the same result have similarly limited their holdings. *See, e.g., Harris Custom Builders, Inc.*, 92 F.3d at 520 (finding a divestiture of copyright where the underlying work was unpublished and remained so, but noting that "[i]f the basis of Harris' claim of copyright was that the underlying architectural plans were registered or published with notice, it could prevail.")

copyrights, but the derivative work was published or registered first. To secure a statutory copyright a "work must be original to the author." *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 499 U.S. 340, 345 (1991). Thus, as correctly noted by the Court, the copyright in a derivative work only extends to newly added copyrightable material, not to the pre-existing material from which it is derived. Order at 37:9-15; 17 U.S.C. § 103(b) ("The copyright in a…derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material."); 1 *NIMMER* § 3.03, at 3-10.

To hold otherwise would enable the owner of a derivative work to claim it had seized the entirety or heart of an underlying work by merely publishing or registering the derivative work first – in this case, a mere eight days before – even though the underlying work still has a subsisting statutory copyright.

As a manifestation of the harsh and anomalous result of expanding *Batjac*,[17] Defendants will now claim that notwithstanding Plaintiffs' joint ownership of a valid statutory copyright in the original Action Comics No.1, Plaintiffs may not exploit it without infringing Defendants' putative copyright in the diminutive Cover Image reproduced in a obscure, purely derivative announcement promoting the imminent publication of Action Comics No. 1. In this instance, Defendants' claim fails because the Ad communicates very little. However, the Ad could just as well have contained a full-blown color copy of the Cover.

[17] Cases following *Batjac* have been limited to situations where the owner of an unpublished work sought to use a purported copyright in the underlying work to secure protection for work that had been ejected into the public domain. *See Milton H. Greene Archives, Inc. v. BPI Communications, Inc.*, 378 F.Supp.2d 1189, 1197 (C.D. Cal. 2005) (publication of photographs in a magazine without proper notice "published" the underlying photographs and ejected them into the public domain); *Shea v. Fantasy Inc.*, 2003 WL 881006 at *4 (N.D. Cal. 2003) (underlying photograph that had been published as part of a derivative album which lacked a copyright notice was in the public domain); *Cordon Holding B.V. v. Northwest Publishing Corp.*, Not Reported in F.Supp.2d, 2002 WL 53099 at *5 (S.D.N.Y. 2002) (where derivative reproduction of unpublished drawings and models had been published without proper notice, underlying drawings and models were ejected into the public domain).

Such a result would undermine the legislative objective of the Copyright Act's termination provisions to relieve authors and their heirs from unremunerative grants, by permitting grantees to use derivative works created under such grants to entangle and divest the original recaptured work, even though such work remains protected by a *statutory* copyright. *See* 3 *NIMMER* § 11.01[A].[18] Unlike the plaintiff in *Batjac*, which improperly sought to control a work in the public domain by manipulating copyright law, the Siegel heirs simply exercised their right under the Copyright Act to recapture Siegel's statutory copyright in Superman for the remainder of its extended statutory term.[19] The policy concerns underlying *Batjac* (protecting the public from extending copyrights through artifice) are simply not present here.

IV. PLAINTIFFS NEED NOT HAVE INCLUDED THE ADS IN THEIR TERMINATION NOTICES AS THE ADS WERE DETECTIVE'S DERIVATIVE WORKS, NOT SIEGEL'S WORKS

Section 304(c) of the Copyright Act provides for the termination by an author's statutory heirs of the author's copyright grants, not a grantee's rights in derivative works, which are protected under the "derivative works exception." 17 U.S.C. § 304(c)(6)(A). Section 304(c) measures the permissible termination "window" as commencing fifty-six years after *the author's work* first secured statutory copyright because a key objective of section 304(c) is to enable author's and their heirs to benefit from Congress' extension of the renewal copyright beyond the copyright's fifty-six year term. *See* H.R. Rep. No. 94-1476 at 140 (1976), reprinted at 1976 U.S.C.CAN. 5654, 5756. There is no requirement to list in a termination notice derivative works owned by the grantee at inception and *not* subject to recapture. 17 U.S.C. § 304(c)(6)(A).

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[18] *NIMMER* and *PATRY* both implicitly acknowledge that *Batjac* does not stand for a general principle that publication causes divestiture. *See* 1 *NIMMER* §§ 4.12[A] at 4-60 (noting that the copyright in a pre-existing common law copyright is only eliminated "if publication itself causes that result," as where publication is with an invalid notice or "publication is followed by the maximum length of time for copyright to subsist"); 2 *PATRY* (*infra*) § 6:35 (2008) (noting that publication of a derivative work "does not mean, however, that all protection for the unpublished work is forfeited, only that any forfeiture due to publication of the derivative work without notice or for lack of a timely renewal forfeits so much of the underlying work as is included with permission.")

As held by the Court, Plaintiffs properly terminated the March 1, 1938 grant with respect to Siegel's copyright in his work, Action Comics No. 1. Order at 72. As joint owner's of the Action Comics, No. 1 copyright, Plaintiffs' have the non-exclusive right to exploit it, subject to a duty to account to Defendants. *See Oddo v. Reis*, 743 F.2d 630, 632-33 (9th Cir. 1984).

V. PLAINTIFFS' FAILURE TO LOCATE THE OBSCURE ADS CONSTITUTES HARMLESS ERROR; THEIR TERMINATION NOTICES PROVIDED DEFENDANTS WITH AMPLE NOTICE

Notwithstanding the above, the omission of the Ads and the mistake in setting the termination date mere days earlier to encompass the Ads qualify as inadvertent harmless error under 37 C.F.R. § 201.10(e)(1), and should have no effect on the application of the notices of termination to the Ads or the scope of copyright recaptured by the termination. The omissions did not "materially affect the adequacy of the information in the notice." *See* Order at 49. The notice unambiguously terminated the operative grant of copyright in Superman to Defendants' predecessors and just as unambiguously provided notice of Plaintiffs' intent to include every even remotely relevant Superman work. Defendants cannot reasonably claim that they were not given fair and comprehensible notice under section 304(c). Given the scope and detail of their well researched termination notices, Plaintiffs clearly would have listed the Ads if they had known of their existence, and would have set the effective termination date to encompass the Ads. If the former is considered harmless error under 37 C.F.R. § 201.10(e)(1), so should the latter.

The authorities cited by Defendants and the Court regarding *renewal* notices are inapposite. The harsh enforcement of deadlines for filing renewal applications derives directly from the statutory language for renewals, which differs significantly from the statutory language for termination notices.[20] *See* 3 *NIMMER* § 9.05[A][1]

[20] Section 24 of the 1909 Copyright Act read: "That in default of the registration of such application for renewal and extension, the copyright in any work shall determine at the expiration of twenty-eight years from first publication." Before 1992, Section 304(a) of the 1976 Act contained virtually the same language.

("The formality of renewal was hence an absolute condition to copyright subsistence past the 28th year….") The termination provisions of the 1976 Act contain no such language. Instead, section 304(c)(4)(B) delegates to the Register of Copyrights the responsibility of deciding the necessary content of termination notices which explicitly provided that harmless errors will not impair a termination. 37 C.F.R. § 210.10(e)(1).

Congress enacted the termination provisions of section 203 and section 304 in part to eliminate the harsh formalities of the renewal system, under which renewal applications often failed because of technical formalities. 2 W. Patry, *PATRY ON COPYRIGHT* ("*PATRY*") § 7:27 ("The complete loss of copyright under these circumstances was harsh and unnecessary.") The past policy of enforcing strict compliance with provisions for renewal notices should not act as persuasive authority for undermining section 304(c)'s benefits to authors, or curtailing the "harmless error" provision of 17 U.S.C. § 304(c)(4)(B) and 37 C.F.R. § 201.10(e)(1). *See Mills Music, Inc. v. Snyder*, 469 U.S. 153, 172-173 (1985) ("The principal purpose of the amendments in § 304 was to provide added benefits to authors.") The failure of Plaintiffs to take into account the promotional advertisements (which they had no possibility of ascertaining) in choosing a termination date in the notices should not result in the kind of prejudice associated with an untimely filing of a renewal notice.[21]

Defendants also make a hollow distinction between errors that render a notice *invalid* and errors that impair the *effect* of a notice, claiming that the language of 37 C.F.R. § 201.10(e)(1) precludes a harmless analysis. Yet, when the meaning of statutory language is indeterminate or ambiguous, one should look at the context of

[21] The sections from *PATRY*, *NIMMER* and *Dratler & McJohn* relied on by the Court do not vitiate the harmless error doctrine. Instead, these authorities simply remind the reader to calculate the termination window for a work from the actual date of publication, and to not rely on the expiration of the 28-year renewal term at the end of the calendar year. 2 *PATRY* § 7:43; *NIMMER* § 11.05[B][1]; 3 DRATLER & MCJOHN, INTELLECTUAL PROPERTY LAW: COMMERCIAL CREATIVE AND INDUSTRIAL PROPERTY § 6.04A[3][a] (2008).

the language. 1 *PATRY* §§ 2:17, 2:21. The parallel provision, Section 201.10(e)(2), offers clarification by providing that good faith errors in the description of the date or registration number of a work "shall not affect the *validity* of the notice…," presumably with respect to such work (emphasis added). The statute provides that such mistakes will not impair the effect of the notice upon the work, and does so by stating that such mistakes will not "affect the *validity* of the notice." 37 C.F.R. § 201.10(e)(2).[22] The drafters of Section 201.10(e) did not recognize a distinction between errors that render a notice invalid and errors that render a notice invalid with respect to some works, but not others. The drafters used the word "validity" to provide that harmless errors did not impair the effect or obvious objective of the termination notice. As Sections 201.10(e)(1) and Section 201.10(e)(2) are parallel sections that together constitute the "harmless error" provision of Section 201.10, the use of the word "validity" in Section 201.10(e)(2) demonstrates the context of the use of the word "invalid" in Section 201.10(e)(1). The drafters of Section 201.10(e)(1) clearly intended that harmless errors would not render a termination notice invalid with respect to particular works.[23]

The Court acknowledged and applied this harmless error policy in rejecting Defendants' arguments regarding Plaintiffs' failure to list the 1948 consent judgment in their notices. Order at 49:21-50:13. The same reasoning should apply to the promotional announcement(s): Having terminated the operative March 1, 1938 grant, Plaintiffs failure to list the ads, due to their practical inability, after diligent search, to

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[22] One could not credibly argue that this section operates only to protect an entire termination notice from being ruled invalid on the basis of one mistake in the description of the publishing date or registration number of one work. Instead, the common sense construction of this section is that a good-faith mistake in the publishing date or registration number will not affect the application of the termination notice *to that work*.

[23] Defendants err in arguing that the "harmless error" clause of 37 C.F.R. § 210.10(e)(1) is inconsistent with the statutory language of the Copyright Act. Nowhere in the Copyright Act does Congress require termination notices to list works on penalty of copyright forfeiture, or state that the "harmless error" doctrine does not apply. 17 U.S.C. § 304(c). Indeed, Congress sets forth a broad description of termination notices and explains that termination notices "shall comply, in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation." 17 U.S.C. § 304(c)(4)(B).

locate them, "did not diminish the notice defendants received regarding the nature of the grant that plaintiffs intended to terminate." *Id*. The public policy of providing relief to authors and their heirs from unremunerative grants will be undercut if this Court rules that the harmless error doctrine cannot cure the Siegel heirs' inadvertent omission of the obscure "promotional announcement(s)." Such would elevate Defendants' hyper-technical sophistry above the remedial policy objectives of the Copyright Act's termination provisions.

VI. THE ORDER'S HISTORICAL SUMMARY INCLUDES CONTESTED FACTS PROPERLY DECIDED AT TRIAL

A. The Order May Be Interpreted As "Ruling" on Issues of Fact Not Before the Court

In the historical background section of the Order, certain passages will be construed by Defendants as a "ruling" by the Court that various Superman elements are not included in Action Comics No. 1, so as to restrict the Superman elements recaptured by Plaintiffs' termination notices.

> "Many of Superman's powers that are among his most famous today did not appear in Action Comics, Vol. 1, including his ability to fly…; his super-vision…; his super-hearing….The "scientific" explanation for these powers was also altered in ensuing comics…"

Order at 14:2-14.

Plaintiffs' understanding is that the Court was not ruling on such issues, but rather was providing historical background and orientation as to the Superman mythos.[24] Plaintiffs believe that certain "powers" described by the Court as not

[24]The part of the opinion listing the various literary elements largely follows Defendants' discussion of the "facts" in their opening papers at page 8:3-22, for which Defendants *solely relied* on paragraphs 6 and 7 of the declaration of Paul Levitz, President and Publisher of DC Comics to support these allegations. Plaintiffs strenuously objected to this testimony in paragraphs 38 and 39 (pages 22- 23) of their Evidentiary Objections In Opposition to Defendants' Motion for Partial Summary Judgment as well as in paragraphs 14-18 (pages 11- 14) of their L.R. 56-2 Statement of Genuine Issues. The Court also appeared to confirm the substance of Defendants' purported Superman trademarks without Plaintiffs having the opportunity to brief this important issue: "The most notable of these marks that are placed on various items of merchandise are 'Superman's characteristic outfit, comprised of a full length blue leotard with red cape, a yellow belt, the S in Shield Device, as well as certain key identifying phrases[,]" such as " 'Look! ... Up in the sky! ... It's a bird! ... It's a plane! ... It's Superman!'" Order at 14-15. The discussion of the trademarks similarly appears to be from Defendants' opening papers at pages 10:13- 11:16, in which Defendants solely relied on paragraphs 10 and 11 of the same declaration of Paul Levitz. Plaintiffs objected to this testimony as well, in paragraphs 42-48 (pages 25-29) of their Evidentiary Objections as well as in paragraphs 28-32 (pages 21-24) of their L.R. 56-2 Statement.

present in Action Comics No. 1 are, in fact, present in that work, and respectfully request that the Court clarify its ruling, as its statements, while arguably *dicta*, could be taken as conclusive findings with respect to the literary contents of Action Comics No. 1.

B. The Disputed Contents of Action Comics, No. 1 Present Issues of Fact Inappropriate for Summary Judgment

In a copyright action the content and associated elements of a literary work are questions of fact properly reserved for the ultimate trier of fact. *See Sid & Marty Krofft Television v. McDonald's Corp.*, 562 F.2d 1157, 1175 (9th Cir. 1977) (claims for actual damages requiring apportionment between literary elements, involve matters of fact and implicate the constitutional right to jury trial); *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390, 396-98 (1940) (trier of fact resolved dispute involving allotment of literary elements). An analysis of whether Superman's "super-hearing" or "telescopic vision" is found in the literary content of Action Comics No. 1 is a subjective analysis best left to a jury. *See Three Boys Music Corp. v. Bolton*, 212 F.3d 477, 487 (9th Cir. 2000) (affirming jury determination of the proportion of profits attributable to infringing musical elements); *Perry v. Sonic Graphic Sys.*, 94 F.Supp.2d 616, 623 (E.D. Pa. 2000) (apportionment of creative elements "an issue of fact that must be decided by a jury"); *Walker v. Forbes, Inc.*, 28 F.3d 409, 416 (4th Cir. 1994) (approving jury determination of infringing elements).

In the closely related copyright infringement cases, which require an analysis of the "elements" of works and their similarity, it is well settled that "[s]ince substantial similarity is usually an extremely close question of fact," summary judgment is "disfavored." *Twentieth Century-Fox Film Corp. v. MCA, Inc.*, 715 F.2d 1327, 1329-30 (9th Cir. 1983) (reversing grant of summary judgment). *See Shaw v. Lindheim*, 919 F.2d 1353, 1355 (9th Cir. 1990) (summary judgment is "not highly

favored" on substantial similarity of elements); *Levine v. McDonald's Corp.,* 735 F.Supp. 92, 96 (S.D.N.Y. 1990) (normally a jury question.)

Plaintiffs seek clarification that the Court in discussing Superman's historical background was not in fact ruling on such issues, as such subjects are properly reserved for the trier of fact.[25]

C. Even if the Court Were to Rule As to the Disputed Literary Elements in Action Comics No. 1, Due Process Requires Giving the Parties an Opportunity to Brief the Issues

Plaintiffs respectfully submit that even if the Court had intended to "rule" as to the disputed literary elements contained in Action Comics No. 1, it lacked the power to do so, as due process requires that before the Court makes a *sua sponte* summary judgment ruling it give the parties a full and fair opportunity to brief the issues decided. *Celotex Corp. v. Catrett*, 477 U.S. 317, 326 (1986) (Courts may enter judgment *sua sponte* if "the losing party was on notice that she had to come forward with all of her evidence.") [26]

As discussed below, the literary contents of Action Comics, No. 1 are hotly disputed and involves genuine issues of material fact, inappropriate for summary judgment, particularly *sua sponte* summary judgment, if that was even the Court's intention. Given that neither party had moved for summary judgment on this key

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[25] Whether Siegel's Superman works after Action Comics No. 1 (e.g., Action Comics No. 2-6, prior to Siegel entering into the September 22, 1938 "Employment Agreement") were also not "works-for-hire," presents genuine issues of material fact reserved for trial. This is strongly disputed by the parties as it has a direct impact on the Superman elements recovered by Plaintiffs. The Court appeared to be giving an historical description of Action Comics No. 1 in its Order, rather than determining such work-for-hire issues, as such issues of fact were neither before the Court, nor conducive to summary judgment. However, for the avoidance of doubt, Plaintiffs respectfully request that the Court confirm this point as well.

[26] *See also Greene v. Solano County Jail*, 513 F.3d 982, 990 (9th Cir. 2008) ("*Sua sponte* grants of summary judgment are only appropriate if the losing party has reasonable notice that the sufficiency of his or her claim will be in issue."); *Buckingham v. U.S.*, 998 F.2d 735, 742 (9th Cir. 1993) (*Sua sponte* summary judgment inappropriate where "facts remained in dispute" and where the litigant ruled against "did not receive sufficient notice of the district court's potential entry of summary judgment against it and therefore did not have the opportunity to present arguments."); *Scholastic Ent, Inc. v. Fox Ent. Group, Inc.*, 336 F.3d 982, 985 (9th Cir. 2003) (Due process requires "notice and an opportunity to respond" before claims are dismissed *sua sponte*); *Portsmouth Square, Inc. v. Shareholders Prot. Comm.*, 770 F.2d 866, 869 (9th Cir.1985) (Courts must meet "the requirements of the Federal Rules and the demands of due process" in granting summary judgment *sua sponte*.)

issue, presumably because it is an issue of fact for trial, Plaintiffs did not brief the issue of whether Superman's "ability to fly … super-vision … "x-ray" vision … "telescopic" vision …[and] super-hearing " were elements contained in Action Comics No. 1. Order at 14:4-8. Plaintiffs had no notice that this issue was to be determined on summary judgment, nor were they given the opportunity to present evidence on this issue.

D. Elements Listed in the Court Order as Being the Preserve of the Defendants First Appeared in Action Comics No. 1

Plaintiffs believe that some of the elements listed in the Court's order as among "Supermans's powers … [that] did not appear in Action Comics, Vol. 1," in fact did appear in that historic work, and are included in the copyrightable elements recaptured by Plaintiffs' termination, notably Superman's "super-senses." *See* Toberoff Decl., Ex. A (Plaintiffs' Expert Rebuttal Witness Disclosure of Mark Evanier) at p. 25 (referring to "the array of superpowers with which Superman is armed in Action No. 1" as including "super-senses."); Toberoff Decl., Ex. B (Deposition of Mark Evanier). Plaintiffs are not requesting that the Court rule on these issues, but are merely providing this information to demonstrate genuine issues of material fact.

For example, Superman's "super-hearing" is clearly depicted in panels 4-8 of page 11 of Action Comics No. 1. Superman is shown clinging to the outside of a skyscraper, many floors above the street, listening to a conversation *inside* the building between Senator Barrows and Alex Greer, "the slickest lobbyist in Washington." There is no depiction or indication of an open window. Superman, in panel 4, is described as "an eavesdropper" who "listens in on an interesting conversation!" The next three panels display the lobbyist and the Senator discussing their scheme and the financial kickbacks they will enjoy. Senator Barrows says to the lobbyist "I suppose you're going to be well taken care of yourself," to which Superman, again *outside the building*, sarcastically rejoins to himself, "YOU BET

HE WILL!" It is apparent from these panels that Superman has "super" hearing, as he is able to hear a conversation inside a skyscraper while he is outside, subject to the bustle and noise of the city.

Superman's "super-vision," whether described as "telescopic" or "X-ray" vision, also makes an appearance in Action Comics No. 1. Lois and Clark's dinner is interrupted by some hoodlums who embarrass Clark. *See* Action Comics No. 1 at p. 6 (panels 7-8)-7 (panels 1-6). Lois slaps one of the thugs before making her exit in a cab. *Id*. at p. 7 (panels 3-6). The hoodlums decide they will "show that skirt she can't make a fool out of Butch Mason!" *Id*. at p. 7 (panel 7). The next panel shows Superman standing on what appears to be the top of a building, at night, staring down far below at a car driving past on the street. *Id.* at p. 7 (panel 8). As it would be from such a far away perspective, the car windows are depicted as opaque and the passengers are not discernable in the passing car. Yet, the panel notes Superman is "observing" Butch and his fellow hoodlums, despite these figures not being distinguishable in the passing car. *Id*. at p. 7 (panel 8). The hoodlums subsequently force Lois' cab into a ditch and abscond with her in their car. *Id*. at p. 8 (panels 1-3). The next panel shows Superman suddenly appearing in front of the speeding car, as he knows Lois is inside. *Id.* at p. 8 (panel 5). Superman seizes the car and rescues Lois. *Id*. at p. 9 (panels 1-3).

Collectively, these panels plainly illustrate Superman's "super-vision" as he is apparently able to see over great distances into darkened cars; he is first able to discern that the hoodlums are in the car, and then he sees that the hoodlums are holding Lois in the speeding car he stops. In combination with the "eavesdropping scene," Superman's "super-senses" are plainly evident, as without them, his accomplishments would not be possible.[27]

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[27] In addition, whereas, some have opined that in Action Comics, No. 1, Superman "leaps" tall buildings and incredible distances, but does not yet "fly," this may be a distinction without a difference as he is seen effortlessly soaring through the air. The result is the same. In fact, in certain panels of Action Comics, No. 1, Superman certainly looks like he is flying as he hovers effortlessly over the Capital dome, with a man tucked under his arm. Action Comics No. 1, page 12, panels 3-5; page 13, panels 1-6.

Plaintiffs should be afforded the full and fair opportunity to present evidence, including expert testimony, in open court as to the Superman elements recaptured by Plaintiffs in Action Comics No. 1.

CONCLUSION

For the foregoing reasons, Plaintiffs' respectfully request that the Court grant Plaintiffs' Motion for Clarification.

DATED: May 16, 2008

LAW OFFICES OF MARC TOBEROFF, PLC

/s/
By _____
Marc Toberoff

Attorneys for Plaintiffs JOANNE SIEGEL and LAURA SIEGEL LARSON

EXHIBIT H

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
3470 Twelfth Street, Riverside, CA 92501
CIVIL MINUTES -- GENERAL

Case No. CV 04-08400-SGL (RZx) Date: July 3, 2008

Title: JOANNE SIEGEL, an individual; and LAURA SIEGEL LARSON; an individual -*v*- WARNER BROS. ENTERTAINMENT INC., a corporation; TIME WARNER INC., a corporation; DC COMICS INC., a corporation; and DOES 1-10

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PRESENT: HONORABLE STEPHEN G. LARSON, UNITED STATES DISTRICT JUDGE

Jim Holmes Courtroom Deputy Clerk	None Present Court Reporter

ATTORNEYS PRESENT FOR PLAINTIFFS:	ATTORNEYS PRESENT FOR DEFENDANTS:
None present	None present

PROCEEDINGS: **ORDER DENYING DEFENDANTS' MOTION FOR CLARIFICATION OR RECONSIDERATION; ORDER DENYING PLAINTIFFS' MOTION FOR CLARIFICATION OR RECONSIDERATION**

Presently before the Court are defendants' motion for clarification or reconsideration of the Court's March 26, 2008, Order, and plaintiffs' motion for clarification or reconsideration of the same order. In sum, defendants complain that the Court's March 26, 2008, Order went too far, while plaintiffs complain that the Court's Order did not go far enough. As set forth below, the Court affirms its conviction that its Order went as far as, and no further than, required by the issues properly before it and, accordingly, denies both motions.

To begin, defendants' motion for clarification or reconsideration is **DENIED**. The Court's findings concerning the scope of the copyrightable material contained in the promotional announcements were meant to be binding and not, as suggested by defendants, merely advisory. Defendants argument that the Court's addressing the issue went beyond the questions raised in its motion for summary judgment is not convincing. Although defendants originally sought for the Court to determine that the promotional advertisements fell outside the reach of the notices of termination, plaintiffs raised in their opposition to that issue further questions concerning the scope of the copyrightable material contained in those announcements, attaching thereto the expert reports of both sides directed to that particular question. Defendants thereafter filed a response

wherein they noted that, as the Court expressly observed in its Order, with respect to this additional question, "the ads . . . speak for themselves" and "no special 'lens' is required."

The Court took defendants' statement as an alternative argument should the Court inquire, as it did, into the additional point raised by plaintiffs in their opposition. The Court thereafter applied defendants' own line of reasoning to the additional question raised in plaintiffs' opposition. Given this procedural posture, the Court's addressing the issue over the scope of copyrightable material in the announcements themselves did not go beyond the topics raised in the parties' pleadings.

Defendants' further argument that the Court's findings in this regard were made "without the benefit of further argument or the fact and expert testimony that Defendants have developed" is also mistaken. (Motion for Clarification at 1). Amongst the voluminous materials submitted by both parties in their cross-motions for partial summary judgment were each side's expert reports. The Court carefully and deliberately considered said expert reports and the documentary evidence itself (i.e., the promotional announcements) in making its decision.

Defendants' argument that the Court should reconsider its ruling because it only submitted "two low-quality photocopies of the Promotional Announcements" themselves is equally unavailing. Defendants have submitted in connection with their present motion large blow-ups (almost the size of a small poster on 11"x17" paper) of the announcements, enlarging them substantially from their original actual size. Of course, the salient point is not how those announcements may have looked if blown up, but rather as they appeared to readers in the comic book itself. Though defendants promise to present "an original of one of the Promotional Announcements available for the Court's inspection at the hearing on the motion" (Motion Clarification at 8 n.2), they could have, but failed to present, "high quality photocopies" of said announcements, in their actual size, in the motion itself or their reply. Hearings are not opportunities for presenting new or newly packaged evidence to opposing counsel or the Court; if defendants believe that the announcements in their original state (including scale) would demonstrate the presence of additional copyrightable material outside that found in the Court's Order, it should have been made that part of the motion itself for both the Court and opposing counsel to view. Even at this late date, defendants have not presented any evidence of the promotional announcements in their actual state (including scale) as seen by readers. The only evidence before the Court of how the announcements themselves looked in their natural published state remains the "low quality photocopies" originally presented in the motion for summary judgment.[1] Accordingly, the Court affirms its conclusion on the scope of the

[1] Defendants' argument that, by ruling on said issue, the Court robbed them of their due process rights by not providing them an opportunity to present their contrary evidence, leaving in its wake a presentation "with an unbalanced evidentiary record," is likewise unconvincing. (Motion Clarification at 14). All that defendants have submitted in connection with the present motion for clarification/reconsideration to ameliorate the "unbalanced evidentiary record" are blow-ups of the promotional announcements themselves. No additional probative evidence has been tendered (namely, a "higher quality" scan of the original advertisement in its original scale and size), and

copyrightable material contained in those announcements.

Turning to plaintiffs' motion for clarification and/or reconsideration of the Court's March, 2008, Order, the Court observes that it is not so much a request for the Court to clarify or reconsider its ruling as it is an attempt to prod the Court into further exposition of issues not litigated by the parties in their cross-motions for partial summary judgment.

Undoubtedly, the Court's ruling opens up new areas of inquiry (not entirely unexpected given that the Order was on the parties' cross-motions for partial summary judgment), but that fact alone does not so much necessitate further clarification or reconsideration as it requires the need to resolve further issues in the case. As the Court's March 31, 2008, Order has already established a mechanism to deal with these new areas of inquiry, proceeding by way of plaintiffs' motion is inappropriate. Should plaintiffs' wish for the Court to deal with the questions identified in their motion, they may append them to those issues identified in the March 31, 2008, Order requiring further briefing. Accordingly, the Court hereby **DENIES** plaintiffs' motion without prejudice.

IT IS SO ORDERED.

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frankly nothing beyond that evidence could have been submitted as the reports of the experts, whose testimony comprises the main line of evidence on this point, was already presented to the Court in connection with the parties' motion for summary judgment itself. Finally, defendants seek clarification to the effect that the Court's statement that the name "Superman" was not in the promotional announcements does not somehow imply that the name Superman, by itself, is copyrightable. (Reply at 10). The Court meant no such thing. The Court was simply observing that the promotional announcements were not geared toward turning the readers attention to the Superman character per se as his name did not appear in the announcement, but were instead meant to market the new comic Action Comics.

CV 04-08400-SGL (RZx)
JOANNE SIEGEL, an individual; and LAURA SIEGEL LARSON; an individual v WARNER BROS. ENTERTAINMENT INC., a corporation; TIME WARNER INC., a corporation; DC COMICS INC., a corporation; and DOES 1-10
MINUTE ORDER of June 18, 2008