

APPELLATE CASE NO. 11-55863**UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT**

LAURA SIEGEL LARSON

Plaintiff, Counterclaim-Defendant, and Appellant.

v.

WARNER BROS. ENTERTAINMENT INC., DC COMICS

Defendants, Counterclaimants, and Appellees.

**APPELLANT LAURA SIEGEL LARSON'S OPPOSITION TO APPELLEES' MOTION TO
DISMISS INTERLOCUTORY APPEAL FOR LACK OF JURISDICTION**

Appeal From The United States District Court for the Central District
of California,

Case No. CV-04-8400 ODW (RZx), Hon. Otis D. Wright II

TOBEROFF & ASSOCIATES, P.C.

Marc Toberoff

mtoberoff@ipwla.com

Keith G. Adams

kgadams@ipwla.com

2049 Century Park East, Suite 3630

Los Angeles, California 90067

Telephone: (310) 246-3333

Facsimile: (310) 246-3101

*Attorneys for Plaintiff-Appellant,
Laura Siegel Larson, individually and
as personal representative of the Estate
of Joanne Siegel*

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INTRODUCTION

This Court clearly has jurisdiction over this appeal, as Plaintiff-Appellant Laura Siegel Larson's ("Plaintiff") First Claim, as well as the Defendants-Appellees DC Comics' and Warner Bros.' ("DC") First through Fourth Counterclaims, were fully adjudicated and judgment was properly entered thereon pursuant to F.R.C.P. 54(b). The First Claim sought only a declaration that Plaintiff's notices of termination relating to Superman (the "Termination") were valid, and that Plaintiff co-owns the copyrights to those Superman works recaptured by the Termination. Declaration of Matthew Kline (Docket No. 5-2; "Kline Decl."), Ex. Z, ¶ 74. This required that the district court determine that the Termination complied with section 304(c) of the Copyright Act, and which Superman works were thereby recaptured. The district court indisputably did both, ruling that the Termination was valid as to the following works, co-authored by Plaintiff's father, Jerome Siegel: the first Superman story, published in *Action Comics*, No. 1, as well as the Superman stories in *Action Comics*, No. 4, *Superman*, No. 1 (pages 3-6), and the first two weeks of the Superman newspaper strips. *Siegel v. Warner Bros. Ent. Inc.*, 542 F. Supp. 2d 1098, 1130, 1145 (C.D. Cal. 2008) ("Siegel I"); 658 F. Supp. 2d 1036, 1063-83 (C.D. Cal. 2009) ("Siegel II"). DC's entire motion to dismiss ("Mot.") is based on the fiction that, to fully decide the First Claim, the district court had to determine all of the parties' "rights

and remedies” with respect to the Termination, and every literary “element” in each recaptured work. However, the First Claim plainly does not require this. Moreover, *all* of the issues trumpeted by DC as “undecided” and supposedly within the “scope” of the First Claim (Mot. at 1-3) are expressly included in separate claims and counterclaims regarding DC’s accounting obligations.

DC further mischaracterizes the legal and factual issues that have been resolved, those that have not been decided, and the claims they relate to. The decided factual and legal issues underlying the First Claim and First through Fourth Counterclaims on which judgment was entered (e.g., the validity of the Termination and whether Siegel and Shuster’s Superman works in the 1930’s and 1940’s were “works for hire”) have virtually nothing in common with the undecided factual and legal issues in the remaining “accounting” claims (e.g., DC’s profits from post-1999 Superman exploitations).

The district court properly recognized that any errors in the resolution of the First Claim, which included issues of material fact “on the outer edges of the work for hire doctrine” decided on summary judgment (*Siegel II*, 658 F. Supp. 2d at 1080), would require re-trial of the distinctly complex accounting claims. The district court certainly did not abuse its discretion in approving the entry of a Rule 54(b) judgment. *See Texaco, Inc. v. Ponsoldt*, 939 F.2d 794, 797 (9th Cir. 1991). This Court should deny DC’s motion and proceed to the merits of the appeal.

FACTUAL BACKGROUND

This case arises out of plaintiff Laura Siegel Larson’s proper exercise of her termination right under 17 U.S.C. § 304(c) to recapture her father Jerome Siegel’s original copyrights in “Superman,” co-created with Joseph Shuster, and first published in *Action Comics*, No. 1 in 1938. On October 8, 2004, Ms. Larson commenced this action, for (i) declaratory relief that her Termination is valid and (ii) for an accounting of Superman profits from defendants after April 16, 1999, the effective Termination date. *See* Kline Decl., Ex. B. DC counterclaimed, *inter alia*, that the Termination was invalid, that it had reached a purported “settlement agreement” with Ms. Larson, that certain Superman “promotional announcements” (“Ads”) fell outside the Termination, and that Superman works were excluded as purported “works for hire,” the sole exception to the termination statute. *See* Declaration of Marc Toberoff (“Tob. Decl.”), Ex. F, ¶¶ 68-69, 70-76, 90-96, 97-101, 102-113, 118-20, 132-35.

On March 26, 2008, the district court ruled on the parties’ partial summary judgment motions. *Siegel I*, 542 F. Supp. 2d 1098. *Siegel I* held that “all the Superman material contained in *Action Comics*, Vol. 1, is not a work made for hire and therefore is subject to termination.” *Id.* at 1130. The district court also dismissed DC’s defenses/counterclaims that sought to invalidate the Termination, such as its purported “statute of limitations” defense (*id.* at 1132-36) and

“settlement agreement” claim, as “the parties’ settlement negotiations did not result in an enforceable agreement.” *Id.* at 1139. The district court held that the Ads, due to their slightly earlier publication, fell outside the Termination, but severely limited their scope and impact as they depicted only a reduced black-and-white copy of *Action Comics*, No. 1’s cover (*id.* at 1136) and thereafter denied both sides’ motions for reconsideration of that issue. Kline Decl., Ex. H. Contrary to DC’s statement that the district court’s decision was a “major setback” for Plaintiff (Mot. at 6), the court thought otherwise: “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.” *Siegel I*, 548 F. Supp. 2d. at 1145.

The district court thereafter characterized the First Claim as a “declaratory relief [claim] that plaintiffs have successfully terminated the grant to the copyright in various Superman works,” as distinct from Plaintiff’s “three claims requesting an accounting of profits.” Kline Decl., Ex. N at 1. The parties briefed various accounting issues that DC now pretends are part of the First Claim (Mot. at 5-6). DC also sought partial summary judgment that all Superman works after *Action Comics*, No. 1 were excluded from the Termination as alleged “works for hire.” Plaintiff asserted that the works were not “made for hire,” and that, in any event, such fact-intensive issues were for the trier of fact.

On August 12, 2009, the district court decided all the “work-for-hire” issues

on summary judgment and held that, in addition to *Action Comics*, No. 1, Siegel and Shuster's Superman stories in *Action Comics*, No. 4, *Superman*, No. 1 (pages 3-5), and the first two weeks of the Superman "newspaper comic strip[s]" were not "works for hire" and were subject to the Termination, while the remaining works listed in the Termination were excluded as "works for hire." *Siegel II*, 658 F. Supp. 2d 1036. However, the district court acknowledged that many works held to be "for hire" were "on the outer edges of the work for hire doctrine." *Id.* at 1077. See *Siegel v. Warner Bros. Ent. Inc.*, 690 F. Supp. 2d 1048 (C.D. Cal. 2009) ("*Siegel III*") (denying motions for reconsideration). As DC notes, the district court "deferred a final ruling [on the other issues] 'until shortly before the time of' the accounting trial" (Mot. at 6), because such issues solely related to the accounting claims, not to the validity of the Termination and First Claim.

In light of these rulings, Plaintiff moved for entry of final judgment under F.R.C.P. 54(b). See Kline Decl., Ex. M. In opposition, DC argued that the First Claim had not been decided because it supposedly incorporated open "accounting" issues (e.g., the Ads' impact) due to superfluous language then contained in the First Claim. *Id.*, Ex. V at 9-11. The district court denied the motion, but *without prejudice* to a renewed motion at a later date. *Id.*, Ex. W.

Plaintiff moved for leave to amend her complaint, expressly to eliminate the superfluous duplicative language from the First Claim that was causing confusion.

See Tob. Decl., Ex. C at 1-4; 7-12, Ex. D. On January 31, 2011, the Court granted that motion, and on February 3, 2011, Plaintiff filed her Third Amended Complaint. *Id.*, Ex. E; Kline Decl., Ex. Z. Thereafter, Plaintiff filed a renewed Rule 54(b) motion (*id.*, Ex. AA), which the district court granted on March 15, 2011. *Id.*, Ex. CC-DD. In so doing, the district court effectively reconsidered its prior notion that the open accounting issues were part of the First Claim and agreed that the amendment eliminated this confusion.

ARGUMENT

I. THE RULE 54(b) JUDGMENT WAS PROPER

A. This Circuit Adopts a Flexible Approach to F.R.C.P. 54(b)

F.R.C.P. 54(b) allows a district court to certify as final and immediately appealable orders that resolve claim(s) in a case, where the orders constitute “an ultimate disposition of an individual claim entered in the course of a multiple claims action,” and there is “no just reason” to delay appellate review of the order until the conclusion of the entire case. *Curtiss-Wright Corp. v. General Electric Co.*, 446 U.S. 1, 7-8 (1980). In entering judgment, courts “must take into account judicial administrative interests as well as the equities involved.” *Id.* at 9.

Since the precise parameters of a “claim” “elude[] the grasp like quicksilver ... the solution for Rule 54(b) purposes lies in a more pragmatic approach focusing on severability and efficient judicial administration.” *Continental Airlines, Inc. v.*

Goodyear Tire & Rubber Co., 819 F.2d 1519, 1525 (9th Cir. 1987). “The present trend is toward greater deference to a district court’s decision to certify under Rule 54(b).” *Texaco, Inc. v. Ponsoldt*, 939 F.2d 794, 798 (9th Cir. 1991).¹ Thus, “claims certified for appeal do not need to be separate and independent from the remaining claims, so long as resolving the claims would ‘streamline the ensuing litigation.’” *Noel v. Hall*, 568 F.3d 743, 747 (9th Cir. 2009) (citations omitted).

A Rule 54(b) judgment can be entered on claims even if the court is not “certain that any one of them was finally adjudicated below.” *Continental*, 819 F.2d at 1524. “[I]f a [claim] presents substantially different legal and factual questions from other [claims], it will qualify as a claim under Rule 54(b).” *Depuydt v. FMC Corp.*, 1994 U.S. App. LEXIS 25256, at *3 (9th Cir. Sept. 7, 1994) (citing *Gregorian v. Izvestia*, 871 F.2d 1515, 1519 (9th Cir. 1989)).

B. The First Claim Presents Distinct Legal and Factual Issues and Has Been Fully Resolved

1. The Severable First Claim Has Been Decided, Based on Its Plain Language

The First Claim, as amended, requests only the following relief:

74. For a declaration as follows:

a. That pursuant to the Copyright Act, 17 U.S.C. § 304(c), Plaintiffs validly terminated on April 16, 1999 all prior grants, assignments or transfers to any of the Defendants and any of their predecessors-in-interest,

¹ *Texaco* noted that *Morrison-Knudsen Co. v. Archer*, 655 F.2d 962, 966 (9th Cir. 1981), relied upon by DC (Mot. at 10 n.4), took an “outdated and overly restrictive” view of when a Rule 54(b) judgment was appropriate. 939 F.2d at 798.

of the renewal copyrights in and to each and/or all of the Works; and
b. That, as of the Termination Date, Plaintiffs owned and continue to own fifty percent (50%) of the aforesaid Recaptured Copyrights.

TAC, ¶ 74. The district court's orders unambiguously upheld the validity of the Termination and determined all of the copyrighted Superman works thereby recaptured. *Siegel I*, 542 F. Supp. 2d at 1130; *Siegel II*, 658 F. Supp. 2d 1036. The First Claim is clearly “severable” from the remaining accounting claims because it is directed at only two issues: (1) Was the Termination valid? and (2) Which copyrighted Superman works were thereby recaptured? Plaintiff's remaining Second, Third, and Fourth Claims seek an accounting of profits from the recaptured Superman copyrights as of the effective Termination date.

The legal issues are distinct: the validity of the Termination is determined under the Copyright Act, while the accounting is governed by state law principles applicable to co-owners. *See Zuill v. Shanahan*, 80 F.3d 1366, 1371 (9th Cir. 1996). The fully decided facts and legal issues as to the First Claim and the First through Fourth Counterclaims (e.g., Siegel and Shuster's original creation of Superman works in the 1930s that were not “works for hire”; their terminated grants; the Termination's compliance with the Copyright Act and the regulations promulgated thereunder; and that DC's alleged defenses to the Termination lack merit) are separate from the undecided facts and legal issues relating to the remaining accounting claims (e.g., DC's profits from post-1999 Superman

derivative works; whether and how such profits should be “apportioned”; whether profits should be further apportioned for DC’s trademarks; and what changes to a pre-1999 work render it a post-1999 derivative work for which DC must account).

The district court recognized this plain distinction:

[T]here are only five claims left to try before the Court: A state law claim for unfair competition … [the Fifth Claim, since withdrawn]; declaratory relief that plaintiffs have successfully terminated the grant to the copyright in various Superman works [the First Claim]; and three claims requesting an accounting of profits [the Second, Third and Fourth Claims].

Kline Decl., Ex. N at 1. In short, the First Claim is clearly severable from the remaining claims, and the Rule 54(b) judgment was proper. *See Adidas Am., Inc. v. Payless Shoesource, Inc.*, 166 Fed. Appx. 268 (9th Cir. 2006) (54(b) judgment proper as severable claims “involve [a] factually and legally distinct issue”).²

Notably, other circuits have approved the entry of Rule 54(b) judgments on copyright “ownership” claims where, as here, there were outstanding “accounting” claims. *See Gordon v. Vincent Youmans, Inc.*, 358 F.2d 261, 262 (2d Cir. 1965) (accepting appeal of Rule 54(b) judgment as to copyright ownership only, even

² Even were there some overlap between the First Claim and the accounting claims, that would *not* prevent entry of judgment under Rule 54(b). *See Wood v. GCC Bend, LLC*, 422 F.3d 873, 881 (9th Cir. 2005) (“We do not mean to suggest that claims with overlapping facts are foreclosed from being separate for purposes of Rule 54(b). Certainly they are not.”); *Texaco*, 939 F.2d at 797-98 (holding that “Rule 54(b) claims do not have to be separate from and independent of the remaining claims,” and that “[this Court has] upheld Rule 54(b) certification even though the remaining claims would require proof of the same facts involving the dismissed claims”).

though the plaintiff also demanded an “accounting” based thereon); *Rodrigue v. Rodriguez*, 218 F.3d 432, 434 (5th Cir. 2000) (accepting appeal of Rule 54(b) judgment as to copyright ownership in multi-claim case, where ownership directly affected the monies owed on other claims).

Thus, Plaintiff could have brought the First Claim independently, and sued later for an accounting if DC failed to properly account to her as co-owner of the recaptured Superman copyrights.³ There is no basis for DC’s arguments that the open issues, which all relate to the accounting claims (see section I.B.2, *infra*), “foreclose a finding that the First Claim is fully adjudicated.” Mot. at 14.

2. No “Additional Issues” Need Be Decided to Resolve the First Claim

DC’s motion boils down to an argument that issues clearly included in other claims for relief are somehow also part of the First Claim. DC argues that, because the First Claim asks for a declaration “so that the parties may know their respective rights and obligations with respect to the Termination,” all such “rights and obligations” are supposedly part of the First Claim. Mot. at 13. While hyping this common introductory language to a declaratory relief claim, DC ignores the

³ See, e.g., *McMunigal v. Bloch*, 2010 U.S. Dist. LEXIS 136086 (N.D. Cal. Dec. 23, 2010) (suit for declaratory judgment regarding copyright ownership of legal casebook and for other claims, but not infringement or accounting); *Turtle v. Castle Records, Inc.*, 2005 U.S. Dist. LEXIS 39396 (N.D. Cal. Apr. 12, 2005) (intervening plaintiff brought complaint with a single claim for a declaration of copyright ownership).

specific relief requested in the First Claim’s operative paragraph 74: a declaration (a) that the Termination is valid and (b) that plaintiff owns 50% of the copyrighted works thereby recaptured. Kline Decl., Ex. Z. Plaintiff’s Second and Third Claims, and DC’s Fifth and Sixth Counterclaims, each request declaratory relief as to specific “rights and obligations” related to an accounting. The only rational way to construe these various declaratory relief claims is that the “rights and obligations” to be determined are those expressly described in each claim.

All of the “open issues” cited by DC (*see* Mot. at 13-14) are clearly part of the “accounting” claims, not the First Claim. DC cites undecided accounting issues like ““mixed uses of trademarks and copyrights”” and ““post-termination alterations to pre-termination derivative works,”” which are expressly described in plaintiff’s Second and Third Claims and in DC’s Fifth and Sixth Counterclaims. Kline Decl., Ex. Z, ¶¶ 58(d), 63; Tob. Decl., Ex. F, ¶¶ 114-117, 137(f). The Ads, ““Superman’s powers”” and elements issues are also expressly at issue in the Fifth and Sixth Counterclaims. *Id.*, Ex. F, ¶¶ 109-113, 118-120, 137(c)-(e). DC’s expansive misreading of the First Claim not only contradicts the plain language of the pleadings and leads to the erroneous conclusion that every copyright “ownership” claim incorporates accounting claims, it renders all of Plaintiff’s other claims and DC’s own counterclaims, redundant and superfluous.

Even leaving the fact aside that any “open issues” are clearly part of separate

claims/counterclaims, DC’s arguments do not make sense:

“Elements”: DC’s motion is based on the erroneous premise that, to determine the validity of a termination under the Copyright Act, a court must adjudicate each “element” in each affected work. Mot. at 13-17.⁴ Under that logic, no copyright ownership decision would be complete unless a Court articulated every element of the subject work – every character, plotline, setting, and theme in a book, or every harmony, lyric, and melody in a song. This is not the law, as judgments can be entered as to copyright ownership of a work even if the “elements” of the work are not adjudicated or articulated. *See Welles v. Turner Entm’t Co.*, 503 F.3d 728, 739 (9th Cir. 2007) (determining copyright ownership claims without adjudicating separate accounting claim); *Gordon*, 358 F.2d at 262 (accepting Rule 54(b) judgment on copyright co-ownership of a “composition” without adjudication of elements, and while “accounting” claims remained undecided); *Rodrigue*, 218 F.3d at 434 (resolving disputed copyright ownership of paintings, with the only description that some depicted a “blue dog”).

Moreover, the determination of such copyrightable elements clearly relates to the *accounting claims*, because DC insists that the Superman profits for which

⁴ While DC now argues that the issue of the Superman elements in *Action Comics*, No. 1 is undecided (Mot. at 14), DC previously argued that the district court fully decided this issue. Kline Decl., Ex. K at 44 (“Not only were such findings [as to the Superman elements in *Action Comics*, No. 1] central to the Court’s decision in *Siegel* [542 F. Supp. 2d 1098], they were soundly based on undisputed facts and properly established by Defendants and the record.”).

it must account must be “apportioned” based on a comparison of the Superman elements contained in Plaintiff’s recaptured copyrighted works to all Superman elements. *See* Kline Decl., Ex. I at 1:13-18; Tob. Decl., Ex. F, ¶ 137.

“Works”: DC’s distracting argument that plaintiff has “never recaptured *any* ‘work’” (Mot. at 15), because, *e.g.*, *Action Comics*, No. 1 includes non-Superman works, is of no moment because the Termination expressly applies to Superman works such as the Superman story published in *Action Comics*, No. 1, and such titles were merely used by Plaintiff and the district court as a shorthand.⁵

DC’s argument, citing 17 U.S.C. § 202, that courts must examine “elements,” rather than “works,” as “[c]opyright protection does not extend to the ‘material object’” (Mot. at 16) is also sophistry. Section 202 merely states that “[o]wnership of a copyright … is distinct from ownership of any material object in which the work is embodied.”⁶ DC’s facile argument ignores the plain language of the Copyright Act and its termination provisions, which consistently

⁵ *See, e.g.*, Kline Decl., Ex. A at 4 (the Termination, which refers to “SUPERMAN, an illustrated comic book story constituting a front cover and pages 1-13, inclusive, in the body of Action Comics Vol. 1, No. 1, June, 1938 issue”); *Siegel I*, 542 F. Supp. 2d at 1145 (Plaintiff recaptured “the copyright in the Superman material that was published in Action Comics, Vol. 1”).

⁶ DC’s argument that the “initial inquiry” in copyright infringement claims is a work’s “elements” (Mot. at 16) is incorrect and of no moment. In copyright infringement cases, a plaintiff must first prove *ownership* of a valid copyright, and only thereafter do courts consider the *copying* of original elements from the copyrighted work. *See Benay v. Warner Bros. Ent. Inc.*, 607 F.3d 620, 624 (9th Cir. 2010).

refer to “works,” not “elements.” *See, e.g.*, 17 U.S.C. § 102 (defining copyrights in terms of “original works of authorship fixed in any tangible medium of expression”), §§ 304(c)(1), (4), (6) (all referring to “the authors of the work”); 37 C.F.R. § 201.10(b)(1)(iii) (termination notices must include a “clear identification” of “each work as to which the notice … applies”).

Promotional Announcements: DC attempts to sow further confusion as to the minimal Ads. Mot. at 1-3, 12-13. There are two issues: (1) whether the Ads were recaptured by the Termination, decided as part of the First Claim; and (2) the impact, if any, that the minimal Ads have on DC’s accounting, which relates to the accounting claims and potential “apportionment.” As to the first issue, *Siegel I* clearly held that the derivative Ads were not included in the Termination. 542 F. Supp. 2d at 1126. The second issue is plainly not part of the First Claim. DC expressly asserts in its Sixth Counterclaim that “[a]ny accounting of profits for exploitation of Superman would be reduced to account for the value of the appearance of Superman based upon the Siegels’ failure to terminate the [Ads].” Tob. Decl., Ex. F, ¶ 137(c). DC’s alleged “apportionment” of profits based on elements in the Ads is clearly part of the accounting claims.

Moreover, even if one accepted DC’s false argument that the content of the “Ads” must be fully adjudicated, *Siegel I* clearly determined the Ads’ very limited content as nothing more than “the image of a person with extraordinary strength

who wears a black and white leotard and cape” and “nothing concerning the Superman storyline,” as the Ads were divorced from the Superman character contained in *Action Comics*, No. 1. 542 F. Supp. 2d at 1126. The Eighth Circuit recently approved that analysis. *See Warner Bros. Ent. Inc. v. X One X Productions*, 2011 U.S. App. LEXIS 13646, at *30-34 (8th Cir. July 5, 2011) (characterizing *Siegel I* as determining “the scope of the [Ads]” and rejecting DC’s “argu[ment] that their copyright in the [Ads] gave them rights over the entirety of the Superman character”). DC itself recognized this by moving for reconsideration of the district court’s ruling on the Ads, which was denied. *See* Kline Decl., Ex. H at 1 (the district court confirmed that “findings concerning the scope of the copyrightable material contained in the promotional announcements were meant to be binding and not, as suggested by [DC], merely advisory”).⁷

Remedies: DC further attempts to muddy the waters by arguing that Plaintiff’s general requests for “interest” and “attorneys fees” mean that judgment cannot be entered. Mot. at 17. Under clear Supreme Court precedent, “an unresolved issue of attorney’s fees … does not prevent judgment on the merits

⁷ Plaintiff moved for clarification arguing that the Ads had no effect on DC’s accounting obligations on the ground that the Ads for *Action Comics*, No. 1 were derivative works and that therefore the Ads’ copyrights did not cover the elements in their unoriginal copy of *Action Comics*, No. 1’s pre-existing cover. *See* Kline Decl., Ex. G, J, Ex. S at 9. For its part, DC argued that the “Ads” issue was fully decided, and characterized Plaintiff’s motion as “a collection of previously raised arguments rejected by the court on summary judgment.” Kline Decl., Ex. K at 4.

from being final.” *Budinich v. Becton Dickinson & Co.*, 486 U.S. 196, 199–203 (1998). *See also Int’l Asso. of Bridge, etc., Local Union 75 v. Madison Industries, Inc.*, 733 F.2d 656, 659 (9th Cir. 1984) (“[A] judgment … is final and appealable even though a request for attorney’s fees is unresolved.”).⁸ DC’s suggestion, without explication, that such cases are distinguishable because they do not involve Rule 54(b) judgments makes no sense, because a tangential issue that does not bar “final” judgment of an entire case would certainly not bar a Rule 54(b) judgment.

DC’s Improper Reliance on a Status Report: DC’s various arguments rely heavily on a December 2009 “Joint Status Report” that the parties filed. *See Mot.* at 1, 7, 12, 14, 14 n.5, 18 (citing Ex. S). Such arguments are improper, as the “Joint Status Report” expressly states that “neither party will be prejudiced by the descriptions of the claims, defenses, and arguments presented herein” (Kline Decl., Ex. S at 1, n.1), and at no point did the report link the open issues it described to any particular claim, much less the First Claim, as DC now argues. *Mot.* at 12.

C. DC’s Counterclaims Have Also Been Resolved

DC does not dispute that its First through Fourth Counterclaims on which

⁸ The unpublished district court case relied on by DC, *RD Legal Funding, LLC v. Erwin & Balingit, LLP*, 2010 U.S. Dist. LEXIS 34807, at *3-4 (S.D. Cal. Apr. 8, 2010), ignored this binding precedent. *Wolf v. Banco Nacional de Mexico, S.A.*, 721 F.2d 660, 662 (9th Cir. 2005) is inapposite, as it did *not* concern a Rule 54(b) judgment, but rather an impossibly vague judgment that did not specify whether it disposed of the entire case or merely a single claim.

judgment was entered have been fully adjudicated and resolved.⁹ A Rule 54(b) judgment can be properly and separately entered on counterclaims, and the district court’s entry of judgment on such counterclaims provides an independent basis for this Court’s jurisdiction. *See F.R.C.P. 54(b)* (judgment may be entered on a “counterclaim”); *Reiter v. Cooper*, 507 U.S. 258, 265 (1993); *Amerisource Bergen Corp. v. Dialysist West, Inc.*, 465 F.3d 946, 954 (9th Cir. 2006) (approving Rule 54(b) judgment as to counterclaim). DC’s only argument is that its counterclaims were somehow wrongly decided and “require further litigation” (Mot. at 5 n.1, 8 n.2), not that judgment was improperly entered.

D. Judicial Efficiency and Economy Strongly Support the Entry of a Rule 54(b) Judgment

As DC concedes, the district court determined that a Rule 54(b) judgment is efficient, and that holding is reviewed for clear error. Mot. at 17. A Rule 54(b) judgment is especially appropriate where, as here, the adjudicated claims determine the scope and contours of trial as to remaining issues, the trial is likely to be protracted, and an appeal of the 54(b) judgment will avoid wasting precious resources in a complex re-trial.¹⁰

⁹ Compare Counterclaims, ¶¶ 68-76, 86-89 (First Counterclaim) with *Siegel I*, 542 F. Supp. 2d at 1131-32, 1132-34, and 1117-19; Counterclaims, ¶¶ 90-96 (Second Counterclaim) with *Siegel I*, 542 F. Supp. 2d at 1134-36; Counterclaims, ¶¶ 97-101 (Third and Fourth Counterclaims) with *Siegel I*, 542 F. Supp. 2d at 1137-39.

¹⁰ See *Adidas Am., Inc.*, 166 Fed. Appx. at 270-71 (approving Rule 54(b) judgment

Here, the district court determined *on summary judgment* fact-intensive “work for hire” issues as to over a thousand Superman works from the 1930’s and 1940’s. It held that many were “works made for hire,” while acknowledging that such works were “on the outer boundaries of what would constitute a work made for hire.” *Siegel II*, 658 F. Supp. 2d at 1080. It is clear that both sides will appeal. *Siegel III*, 690 F. Supp. 2d 1048. As DC claims that the complex accounting trial depends precisely on which copyrighted works were recaptured, the trial would need to be redone if any such “work for hire” decisions were incorrect. This alone justifies entry of the Rule 54(b) judgment. *See Torres*, 655 F. Supp. 2d at 1135.

DC’s representation that this case will be completed “this year” if the appeal is dismissed is false and misleading. Mot. at 18. DC made the same rejected assertion to the district court (Kline Decl., Ex. BB at 11). DC’s own proposal as to the “accounting” claims involved: decisions on seven “open” accounting issues to provide a legal framework; a unilateral Hollywood “accounting” by DC for every Superman work since 1999, including multiple apportionment formulae for different media and products; the review of that accounting by Plaintiff’s experts,

where appellate reversal of partial summary judgment after final resolution of the lawsuit would require a second trial); *Torres v. City of Madera*, 655 F. Supp. 2d 1109, 1135 (E.D. Cal. 2009) (granting 54(b) judgment where “if [the parties] were to wait until after trial to appeal the court’s ruling, it would result in a second, duplicative and costly trial”); *Advanced Magnetics, Inc. v. Bayfront Partners, Inc.*, 106 F.3d 11, 16 (2d Cir. 1997) (holding that a 54(b) judgment is appropriate “where an expensive and duplicative trial could be avoided”).

which would inevitably lead to further disputed issues; the re-opening of fact and expert discovery; and the accounting trial itself, which DC insists would require a “work by work” apportionment analysis of thousands of individual Superman comics and pieces of merchandising. *Id.*, Ex. X at 7-12, Ex. BB at 11.

DC argues that a Rule 54(b) judgment is inefficient, as this Court might end up considering this case twice.¹¹ But this is true of every Rule 54(b) judgment. In reality, the “issuance of a Rule 54(b) order is a fairly routine act that is reversed only in the rarest instances.” *James v. Price Stern Sloan*, 283 F.3d 1064, 1068 n.11 (9th Cir. 2002).¹²

The validity of the Termination is a much more central economic concern to all involved than the precise dollar figure arrived at in a protracted accounting trial. The mirror-image termination notice filed by the Estate of Joseph Shuster, Superman’s other co-author, will have considerable impact on settlement. As of

¹¹ DC’s erroneously argues that a Rule 54(b) judgment is inefficient by analogizing to the determination of “liability” and “damages” for a legal claim (e.g., breach of contract) prior to appeal. Mot. at 19. However, in such instance, there can be no Rule 54(b) judgment because “liability” and “damages” are part of the same legal claim. As DC acknowledges elsewhere, “efficiency” does not enter into the analysis if the “claim remains undecided.” Mot. at 3.

¹² Of the approximately 100 Rule 54(b) judgments this Court has considered since the year 2000, it has found a Rule 54(b) judgment improper only three times. *See Kline Decl.*, Ex. AA at 7, 7 n.2, Appendix I. *See, e.g., Nat'l Ass'n of Home Builders v. Norton*, 325 F.3d 1165, 1167 (9th Cir. 2003) (the district court never made the “requisite ‘express determination that there is no just reason for delay’”) (quotations omitted) (later 54(b) appeal upheld at 340 F.3d 835).

October 26, 2013, when the Shuster termination becomes effective, Plaintiff and the Shuster Estate will own the entirety of the original Superman copyrights. DC will be required to obtain a fair market license from them in order to exploit new Superman works, fulfilling the legislative objective of the Copyright Act's termination provisions. *See Mills Music, Inc. v. Snyder*, 469 U.S. 153, 172-73 n.39 (1985) (stating that “[t]he principal purpose of... § 304 was to provide added benefits to authors [and] to relieve authors of the consequences of ill-advised and unrenumerative grants”) (citing H.R. Rep. No. 94-1476 at 124 (1976)). A decision by this Court as to the validity of the near identical Siegel Termination will provide closure and thereby promote settlement.

CONCLUSION

For all of the above reasons, the district court's Rule 54 judgment was proper, and this appeal should proceed on the merits.

Dated: July 11, 2011

TOBEROFF & ASSOCIATES, P.C.

/s/ Marc Toberoff

Marc Toberoff

Attorneys for Appellant, Laura Siegel Larson

CERTIFICATE OF COMPLIANCE

Pursuant to Federal Rules of Appellate Procedure 27(d) and 32(a), I certify that the appellant Laura Siegel Larson's brief is proportionately spaced, has a typeface of 14 points or more, and does not exceed 20 pages.

Dated: July 11, 2011

TOBEROFF & ASSOCIATES, P.C.

By: /s/ Marc Toberoff

Marc Toberoff

Attorneys for Laura Siegel Larson