

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.

**DECLARATION OF MARC TOBEROFF IN SUPPORT OF 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

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DECLARATION OF MARC TOBEROFF

I, Marc Toberoff, declare and state as follows:

1. I am an attorney licensed to practice in the State of California and admitted to practice before the United States Court of Appeals for the Ninth Circuit. I make this declaration in support of Appellant Laura Siegel Larson's Opposition to Appellees' Motion to Dismiss Interlocutory Appeal for Lack of Jurisdiction. I have personal knowledge of the matters set forth in this declaration, and if called to testify to the facts stated herein, I could and would do so competently.

2. Attached hereto as Exhibit A is a true and correct copy of the Statement of Defendants' Position in Advance of September 27, 2010 Hearing re: Approach for Resolving the Remaining Issues in These Cases, filed by appellees DC Comics *et al.* ("DC") in the underlying district court proceeding below, *Siegel v. Warner Bros. Ent. Inc.*, Case No. 04-CV-08400 ODW (RZx), on August 30, 2010, at Docket No. 623.

3. Attached hereto as Exhibit B is a true and correct copy of the Reply in Support of Motion for Entry of Judgment Pursuant to Rule 54(b), filed by appellant in the district court on September 13, 2010, at Docket No. 628.

4. Attached hereto as Exhibit C is a true and correct copy of the Notice of Motion and Motion for Leave to File Amended Complaint Pursuant to F.R.C.P.

15 and 16, filed by appellant in the district court on January 12, 2011, at Docket No. 637.

5. Attached hereto as Exhibit D is a true and correct copy of the Reply in Support of Motion for Leave to File Amended Complaint Pursuant to F.R.C.P. 15 and 16, filed by appellant in the district court on January 24, 2011, at Docket No. 641.

6. Attached hereto as Exhibit E is a true and correct copy of the Order granting appellant's Motion for Leave to File Amended Complaint Pursuant to F.R.C.P. 15 and 16, filed by the district court on January 31, 2011, at Docket No. 643.

7. Attached hereto as Exhibit F is a true and correct copy of the Second Amended Counterclaims, filed by DC in the district court on February 17, 2011, at Docket No. 646.

8. Attached hereto as Exhibit G is a true and correct copy of the Reply in Support of Motion for Entry of Judgment Pursuant to Rule 54(b), filed by appellant in the District Court on March 7, 2011, at Docket No. 657.

9. Attached hereto as Exhibit H is a true and correct copy of the Memorandum in Opposition to Defendants' Motion to Amend Partial Final Judgment Under Fed. R. Civ. P. 59, filed by appellant in the district court on April 25, 2011, at Docket No. 662.

10. Attached hereto as Exhibit I is a true and correct copy of the Notice of Motion and Renewed Motion for Entry of Judgment pursuant to Rule 54(b) and for Stay of Remaining Claims Pending Appeal Pursuant to the Court's May 5, 2011 Order, filed by appellant in the district court on May 9, 2011, at Docket No. 665.

11. Attached hereto as Exhibit J is a true and correct copy of the Opposition Re: Motion for Entry of Judgment Pursuant to Rule 54(b) and for Stay of Remaining Claims Pending Appeal Pursuant to the Court's May 5, 2011 Order, filed by DC in the district court on May 16, 2011, at Docket No. 666.

I declare under penalty of perjury that the foregoing is true and correct. This declaration is executed this 11th day of July, 2011, in Los Angeles, California.

Dated: July 11, 2011

TOBEROFF & ASSOCIATES, P.C.

/s/ Marc Toberoff

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8 (continued on next page)

9
10 **UNITED STATES DISTRICT COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA**

12 JOANNE SIEGEL and LAURA
SIEGEL LARSON,

13 Plaintiffs and
14 Counterdefendants,

15 v.

16 WARNER BROS.
ENTERTAINMENT INC., DC
COMICS, and DOES 1-10,

17 Defendants and
18 Counterclaimant.

19 JOANNE SIEGEL and LAURA
20 SIEGEL LARSON,

21 Plaintiffs and
22 Counterdefendants,

23 v.

24 TIME WARNER INC., WARNER
COMMUNICATIONS INC.,
WARNER BROS.
25 ENTERTAINMENT INC., WARNER
BROS. TELEVISION PRODUCTION
26 INC., DC COMICS, and DOES 1-10,

27 Defendants and
28 Counterclaimant.

Case No. CV-04-8400 ODW (RZx)
Case No. CV-04-8776 ODW (RZx)

**STATEMENT OF DEFENDANTS'
POSITION IN ADVANCE OF
SEPTEMBER 27, 2010 HEARING
RE: APPROACH FOR
RESOLVING THE REMAINING
ISSUES IN THESE CASES**

The Hon. Otis D. Wright II

Hearing Date: September 27, 2010
Hearing Time: 1:30 p.m.
Courtroom: 11

STATEMENT OF DEFENDANTS' POSITION
RE: CASE MANAGEMENT

1 (continued from previous page)

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STATEMENT OF DEFENDANTS' POSITION
RE: CASE MANAGEMENT

1 As the Court has rightly noted, these are complex cases that have been
2 pending for six years and that require the proactive participation of the parties and
3 the Court to manage in an efficient and expeditious manner. Toward that end, DC
4 Comics hereby submits a proposed plan for doing so, which it seeks to discuss with
5 counsel and the Court during or after the hearing scheduled in this matter on
6 September 27, 2010.

7 DC Comics endeavored to make this submission jointly with plaintiffs, but
8 plaintiffs' counsel refused and objected on the ground that this submission violates
9 Local Rule 7. However, that Rule is inapplicable since this submission is not a
10 motion and does not "request . . . a court order." FED. R. CIV. P. 7. Rather, this
11 submission is fully consistent with this Court's Standing Order instructing counsel
12 to take "responsibility for the progress of litigation," as well as the Court's
13 guidance given at the August 13, 2010 status conference.

14 **I. A Plan For Adjudicating The Remaining Issues In These Cases**

15 A. Plaintiffs' Rule 54(b) Motion. On September 27, the Court is scheduled
16 to hear plaintiffs' motion for partial judgment and to stay the remainder of the
17 Superman case. DC Comics believes the motion lacks merit and will file its
18 opposition on September 3.

19 B. Priority Open Issues. As the parties agreed in their December 21, 2009,
20 joint stipulation, there are close to 10 issues in these cases that Judge Larson did not
21 resolve. *See* Case No. CV-04-8776 ODW (RZx) (Docket No. 184) ("Dec. 2009
22 Stip.") at 15-16, 22-23. The parties have provided the Court with docket entry
23 numbers and other materials that relate to these "open issues." *See* Case No. CV-
24 04-8776 (Docket No. 199); Case No. CV-04-8400 (Docket No. 620). To facilitate
25 an orderly disposition of these open issues, DC Comics believes certain of the
26 issues should be considered first. These are identified below:

27 1. *Superboy.* In their joint stipulation filed on August 6, 2010, both sides
28 agreed that one set of open issues related to plaintiffs' "Superboy claims" can and

1 40. In their motion for reconsideration filed in May 2008, plaintiffs asserted that
2 Judge Larson's rulings were *dicta* and did not limit the scope of their recaptured
3 copyrights. *See* Case No. CV-04-8400 (Docket No. 301) at 20-21, 23-25.
4 DC Comics disputes plaintiffs' position; in any event, Judge Larson did not rule on
5 plaintiffs' motion.

6 C. The Timing For Resolving These Issues. In their August 6 joint-status
7 report, the parties agreed that on the open Superboy issues, "a hearing date [should]
8 be set this Fall to resolve [the questions], and that each side [should] submit a brief
9 . . . distilling the issues, as well as addressing any new legal authorities." Case No.
10 CV-04-8400 (Docket No. 617) at 2:2-5. DC Comics submits that the same
11 procedure be followed for all of the "priority" open issues described above
12 according to the following schedule:

13 November 1, 2010: The parties submit briefs not to exceed 20 pages on the
14 "priority" open issues.

15 November 8, 2010: The parties file 5-page responses.

16 November 18, 2010: A hearing is held on these issues.

17 These dates are just proposals and could be accelerated or deferred depending on
18 the preferences of the Court.

19 D. Other "Open Issues" That Can Be Decided After DC Comics Renders Its
20 Accounting. As noted in its August 6 submission, DC Comics has begun
21 preparations with its experts to render plaintiffs a full accounting from 1999 to the
22 present on the copyright interests Judge Larson ruled they recaptured. This work
23 can be completed after the Court rules on the open issues described above.

24 After receiving DC Comics' accounting, plaintiffs can respond to it through
25 the expert discovery process, and any remaining disputed issues can be resolved at
26 trial. To the extent the trial of disputed accounting issues would be burdensome
27 and time-consuming, DC Comics believes a special master should be appointed to
28

1 hear the disputed issues and make recommendations to the Court. To date,
2 plaintiffs have objected to the appointment of a special master.

3 DC Comics believes it would be sensible and efficient to defer consideration
4 of the remaining open issues until after DC Comics prepares and provides the
5 accounting to plaintiffs. These additional open issues, identified by the parties in
6 their December 2009 joint stipulation, are set forth below:

7 *1. Burden of Proof.* The parties dispute who bears the burden of proving at
8 trial: (a) which exploitations of Superman-related properties between 1999 and the
9 present touch on plaintiffs' recaptured rights; (b) the portion of any Superman
10 profits attributable to plaintiffs' recaptured rights; and (c) plaintiffs' share of profits
11 (*i.e.*, recoverable revenue minus expenses). Dec. 2009 Stip. at 10:5-6, 16:15.

12 Because these issues should not be decided in a vacuum, but should be informed by
13 the actual accounting applicable to this case, DC Comics believes the Court should
14 defer ruling until after the accounting is rendered.

15 *2. Apportionment.* Likewise, the Court should await the accounting—and
16 the conclusion of the expert discovery process addressing the accounting—before
17 considering and deciding the issue of apportionment. The issue of apportionment
18 can be summarized as follows: plaintiffs claim entitlement to 50% of *all* profits
19 derived from the exploitation of any and all rights associated with Superman, even
20 though they recaptured very limited rights; DC Comics contends that profits must
21 be calculated in proportion to the limited rights plaintiffs recaptured. Dec. 2009
22 Stip. at 9:23-25, 16:10-11. For example, when Superman appears in a “Justice
23 League” comic book as part of a superhero team including characters in which
24 plaintiffs have no rights—Batman, Wonder Woman, Green Lantern, Aquaman, and
25 Flash—plaintiffs should not receive 50% of the proceeds of that publication. As
26 another example, plaintiffs cannot reasonably claim a 50% interest in a recent
27 Superman work that features super-powers (*e.g.*, flying), characters (*e.g.*, Lex
28 Luthor or Jimmy Olson), or places (*e.g.*, the Fortress of Solitude or Smallville) in

1 material—*e.g.*, a t-shirt featuring the trademarked Superman name (which is
2 indisputably owned by defendants) and a copyrighted image relating to material
3 that plaintiffs have recaptured (owned 50% by plaintiffs, and 50% by DC Comics).
4 Dec. 2009 Stip. at 10:22-23, 16:16-18. DC Comics’ accounting will greatly
5 simplify the resolution of these issues by providing the Court or special master with
6 the actual facts and concrete instances of such mixed-uses rather than
7 generalizations and hypotheticals. For example, the accounting will show that
8 many best-selling Superman products use only DC Comics’ trademarks without any
9 copyrighted materials, thereby showing that a higher percentage of profits in
10 mixed-use products must be attributed to DC Comics’ trademarks.

11 4. *Derivative Works.* It is undisputed that plaintiffs own none of the tens of
12 thousands of products that DC Comics created between 1939 and 1999 and that
13 plaintiffs are not entitled to an accounting of DC Comics’ sales of such materials.
14 What is disputed is whether and to what extent DC Comics must account to
15 plaintiffs if it “transforms” one of these *pre-termination* derivative works into a
16 *post-termination* derivative work—*e.g.*, whether defendants are required to account
17 for a 1940 image of Superman reproduced on a t-shirt sold in 2010. Dec. 2009
18 Stip. at 10:19-21, 16:19-21. DC Comics’ accounting will provide the factual
19 context for resolving this issue by identifying which works DC Comics claims are
20 not transformative and to which plaintiffs are entitled to no monies.

21 5. *The Timing For Resolving These Issues.* After addressing plaintiffs’ Rule
22 54 motion and the “priority” open issues identified above, DC Comics proposes a
23 further status conference to discuss and set dates for addressing the remaining open
24 issues. It is DC Comics’ view that disposition of all open issues, together with all
25 other proceedings in this case, can be concluded within 12 months.

26 **II. Conclusion**

27 DC Comics intends this submission as a means to facilitate a logical,
28 efficient approach to litigate the remaining issues in these. Although plaintiffs have

1 objected to this filing, DC Comics hopes they will join in the proposals above or
2 propose reasonable alternatives.

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Dated: August 30, 2010

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8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA - WESTERN DIVISION**

10 JOANNE SIEGEL, an individual; and
11 LAURA SIEGEL LARSON, an
12 individual,

Plaintiffs,

13 vs.

14 WARNER BROS. ENTERTAINMENT
15 INC., a corporation; TIME WARNER
16 INC., a corporation; DC COMICS, a
17 general partnership; and DOES 1-10,

18 Defendants.

19 DC COMICS,

20 Counterclaimant,

21 vs.

22 JOANNE SIEGEL, an individual; and
23 LAURA SIEGEL LARSON, an
24 individual,

25 Counterclaim Defendants.
26
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Case No: CV 04-8400 ODW (RZx)

Hon. Otis D. Wright II, U.S.D.J.

**PLAINTIFFS' REPLY IN
SUPPORT OF MOTION FOR
ENTRY OF A PARTIAL
JUDGMENT UNDER FED. R.
CIV. P. 54(B) AND FOR STAY
OF REMAINING CLAIMS
PENDING APPEAL**

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

Date: September 27, 2010
Time: 1:30 p.m.
Place: Courtroom 11

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16 *Siegel v. Warner Bros. Ent. Inc (“Siegel I”)*,
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18 *Siegel v. Warner Bros. Ent. Inc (“Siegel II”)*,
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19 *Spiegel v. Trustees of Tufts College*,
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21 *Texaco, Inc. v. Ponsoldt*,
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24 *Wolf v. Banco Nacional de Mexico, S.A.*,
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27 **Federal Statutes and Rules**

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1 Federal Rule of Civil Procedure 169

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3 **State Cases**

4 *Ajax Holding Co. v. Heinsbergen,*
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5 *Krasley v. Superior Court,*
6 101 Cal. App. 3d 425 (1980)10

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9 **Other Authorities**

10 M. Nimmer & D. Nimmer,
1 *Nimmer on Copyright* § 6.084

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INTRODUCTION

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2 Plaintiffs’ First Claim for Relief has been fully adjudicated, and Plaintiffs’
3 Rule 54(b) motion is supported by “judicial administrative interests as well as the
4 equities,” paramount considerations in Rule 54(b) motions. *Curtiss-Wright Corp. v.*
5 *General Electric Co.*, 446 U.S. 1, 9 (1980). The First Claim sought a declaration that
6 Plaintiffs’ Superman notices of termination (“Termination”) were valid, which
7 required the Court to determine: (a) that the Termination complied with all statutory
8 requirements and was effective; and (b) those works recaptured by the Termination,
9 no more, no less. In deciding the First Claim, the Court did exactly that. *See Siegel*
10 *v. Warner Bros. Ent. Inc.*, 542 F. Supp. 2d 1098 (C.D. Cal. 2008) (“*Siegel I*”), 658 F.
11 Supp. 2d 1036 (C.D. Cal. 2009) (“*Siegel II*”).

12 Defendants’ Opposition (“Opp.”) conflates the decided and undecided issues in
13 this case, and then argues that the undecided issues were part of the First Claim.
14 Specifically, Defendants erroneously conflate Plaintiffs’ general entitlement under
15 the First Claim to an “accounting,” as 50% co-owners of the recaptured copyrights
16 (an undisputed principle of copyright law), and Plaintiffs’ claims for declaratory
17 relief as to the principles governing such complex accounting and the “accounting,”
18 itself, in their Second, Third and Fourth Claims. To contrive an opposition,
19 Defendants similarly conflate the decided issue as to the “scope” of the Termination,
20 *i.e.*, the works recaptured by Plaintiffs, like *Action Comics*, No. 1, with the undecided
21 “scope” of the literary elements contained *within* those works (*e.g.*, does Superman
22 have “super-hearing” in *Action Comics*, No. 1?), which applies to “apportionment,”
23 if any, and the undecided accounting claims. Fortunately, Rule 54(b) motions are not
24 determined on the basis of such wordplay and form-over-substance arguments.

25 Moreover, irrespective of the First Claim, it is indisputable that Defendants’
26 discrete Counterclaims that sought to invalidate the Termination have been fully
27 adjudicated. For instance, Defendants cannot dispute that the issue of the purported
28 “settlement agreement” (the sole basis for Defendants’ Third and Fourth

1 Counterclaims) was decided in *Siegel I*, 542 F. Supp. 2d at 1137-39, which held that
2 no such contract existed. In fact, Defendants’ open desire for reconsideration and
3 appeal of this decision unwittingly supports the entry of final judgment under Rule
4 54(b), as the resolution of all of these issues¹ by the Ninth Circuit will avoid
5 unnecessary re-litigation both in this and the related action, *DC Comics v. Pacific*
6 *Pictures Corporation et al.* (“*DC Comics*”), Case No. 10-03633 ODW (RZx).

7
8 **ARGUMENT**

9 **I. PLAINTIFFS’ FIRST CLAIM HAS BEEN FULLY ADJUDICATED**

10 **A. Rule 54(b) Is a Standard Procedure That Looks to the Substance of**
11 **Claims, Not the Nuances of Pleadings**

12 In deciding whether it is appropriate to enter judgment under Rule 54(b), the
13 court pragmatically focuses on *the substance* of the claimant’s allegations and the
14 court’s rulings to see if the case has reached a logical juncture such that judgment can
15 be entered in the interest of efficient judicial administration. *See Continental*
16 *Airlines, Inc. v. Goodyear Tire & Rubber Co.* (“*Continental*”), 819 F.2d 1519, 1924–
17 25 (9th Cir. 1987) (affirming lower court’s Rule 54(b) judgment despite hypothetical
18 situations in which claims would not be final); *Crowley Maritime Corp. v. Panama*
19 *Canal Com.*, 849 F.2d 951, 953 (5th Cir. 1988) (“We decline ... to adopt a form-
20 over-substance approach to the Rule 54(b) requirements.”). As *Continental*
21 acknowledged, a 54(b) judgment can be entered on claims even if the appellate court
22 is not “certain that any one of them was finally adjudicated below.” 819 F.2d at
23 1524. Since the precise parameters of a “claim” “elude[] the grasp like quicksilver
24 ... the solution for Rule 54(b) purposes lies in a more pragmatic approach focusing
25 on severability and efficient judicial administration.” *Id.* at 1525.² Thus, “if a count

26 ¹ As set forth in Plaintiffs’ opening brief, the Court’s ruling on summary judgment as to the
27 recaptured works, contested by both sides, including fact-intensive work for hire decisions,
strongly supports an appeal at this juncture, prior to a full accounting trial based thereon.

28 ² This concern with efficiency lies at the heart of Rule 54(b), and factors such as whether a
judgment “narrowed the issues, shortened any subsequent trial...and efficiently separated
the legal from the factual questions” support a 54(b) judgment. *Continental*, 819 F.2d at
1525. Defendants’ quotation (“Rule 54(b) must be reserved for the unusual case”) of a

1 presents substantially different legal and factual questions from other counts, it will
2 qualify as a claim under Rule 54(b).” *Depuydt v. FMC Corp.*, 1994 U.S. App.
3 LEXIS 25256, at *3 (9th Cir. Sept. 7, 1994) (citing *Gregorian v. Izvestia*, 871 F.2d
4 1515, 1519 (9th Cir. 1989)).

5 Here, the First Claim for declaratory relief as to the validity of the Termination
6 and the Superman works thereby recaptured has been decided, and is legally distinct
7 and severable from the Second, Third and Fourth Claims that seek to define and
8 implement Defendants’ accounting obligation. The legal issues and facts fully
9 decided by the Court as to the First Claim (*e.g.*, Siegel and Shuster’s creation of
10 original Superman works in the 1930’s that were not “works for hire”; their copyright
11 grants relating to such works; the Termination’s compliance with the Copyright Act,
12 and the regulations thereunder; and all of Defendants’ alleged defenses to the
13 Termination), and as to Defendants’ First through Fourth Counterclaims, contesting
14 the Termination, have virtually nothing in common with the undecided issues and
15 facts that relate to the accounting claims and trial (*e.g.*, DC’s profits from post-1999
16 Superman works; whether such profits should be “apportioned,” and if so, the literary
17 elements in the recaptured Superman works relevant to such apportionment; and
18 whether Defendants’ trademarks serve to dilute Plaintiffs’ share of copyright profits).

19 Moreover, even if there were overlap between the First Claim and the
20 undecided claims, as argued by Defendants, that would *not* prevent entry of judgment
21 under Rule 54(b). *See Wood v. GCC Bend LLC*, 422 F.3d 873, 881 (9th Cir. 2005)
22 (“We do not mean to suggest that claims with overlapping facts are foreclosed from
23 being separate for purposes of Rule 54(b). Certainly they are not.”); *Continental*, 819
24 F.2d at 1519 (“[The 9th Circuit has] upheld Rule 54(b) certification even though the
25 remaining claims would require proof of the same facts involving the dismissed

26 *dissenting opinion* in *Cadillac Fairview/Calif., Inc. v. U.S.*, 41 F.3d 562, 567 (9th Cir.
27 1994) (Kleinfeld, J., dissenting), *without noting it as such*, is particularly misleading as the
28 Ninth Circuit, in fact, accepted the entry of a 54(b) judgment and ruled on the merits.
Defendants also exaggerate the general “policy against ... piecemeal appeals” (Opp. at 1).
In practice, Rule 54(b) motions are commonly granted to promote efficiency and to avoid
pointless re-litigation. *See* Motion at 15:12-28 (collecting cases).

1 claims”); *Texaco, Inc. v. Ponsoldt*, 939 F.2d 794, 798 (9th Cir. 1991) (“Rule 54(b)
2 claims do not have to be separate from and independent of the remaining claims...”).³

3
4 **B. It Is Axiomatic That Plaintiffs, as Co-Owners, Are Entitled to 50% of the Profits from the Recaptured Copyrights**

5 Defendants’ Opposition relies almost entirely on the pretense that the First
6 Claim supposedly incorporates the rest of this case due to sub-paragraph 54(c)’s
7 general statement that Plaintiffs, as 50% co-owners of the recaptured copyrights,
8 would be entitled to an accounting of 50% of the profits derived therefrom. *See*
9 Second Amended Complaint (“SAC”), ¶¶ 54(a)-(d), 83(a)-(d). Defendants do not
10 and cannot dispute that the Court decided that Plaintiffs own Siegels’ 50% co-
11 authorship share of the recaptured Superman copyrights, while DC Comics retains
12 the other 50% as successor to Shuster’s co-authorship share of such copyrights.
13 *Siegel I*, 542 F. Supp. 2d at 1142 (Defendants are “a co-owner (through Shuster’s
14 share) of the works”). Defendants have admitted this. Docket No. No. 602 at 2:7-16.
15 As further admitted by Defendants, it is axiomatic that a co-author is entitled to a *pro*
16 *rata* share of the profits from co-owned copyrights in the same proportion as his co-
17 authorship share. Docket No. 336 at 24-26 (“[C]o-authors will each have equal
18 shares (1/2 for two, 1/3 for three, etc.) in the profits generated from the jointly-owned
19 work.”). *See Comm’ty for Creative Non-Violence v. Reid*, 846 F.2d 1485, 1498 (D.C.
20 Cir. 1988) *aff’d* 490 U.S. 730 (“In the absence of an agreement specifying otherwise,
21 any profits earned are to be divided equally” between copyright co-owners.) (citing 1
22 M. Nimmer & D. Nimmer, *Nimmer on Copyright* § 6.08). Thus, there can be no real
23 dispute that the First Claim has been fully decided by Judge Larson.

24
25 ³ *See also Olympia Hotels Corp. v. Johnson Wax Dev. Corp.*, 908 F.2d 1363, 1367–68 (7th
26 Cir. 1990) (granting Rule 54(b) certification and stating “[i]f the claims are legally distinct
27 and involve at least some separate facts, the district court has the power to enter a Rule
28 54(b) judgment”). It is only where, unlike in this case, the “the facts on all claims and
issues entirely overlap, and successive appeals are essentially inevitable,” that judgment
should be denied. *Wood*, 422 F.3d at 873. The cases cited by Defendants fall into this
category. *See, e.g., Spiegel v. Trustees of Tufts College*, 843 F.2d 38, 46 (1st Cir. 1988)
(54(b) improper where “[t]he factual underpinnings of the adjudicated and unadjudicated
[tort] counts are also inextricably intertwined”); *see infra*, n.15.

1 The decided issues are legally and logically distinct from the issues in the
2 Second through Fourth Claims as to the mechanics of an accounting. For instance,
3 the “apportionment” issue (and the related question of recaptured Superman literary
4 elements relevant to any “apportionment”), the post-termination derivative works
5 issue, and the trademark issue (*see* SAC, ¶¶ 56-73, 84-88)⁴ all go to the potential
6 reduction of the profit pool to which Plaintiffs’ 50% co-ownership share applies, not
7 to the reduction of Plaintiffs’ elemental entitlement to 50% of such profit pool.
8 Defendants misleadingly conflate and use interchangeably these distinct issues and
9 terms (*e.g.*, “scope” and “accounting”) to try to weld the decided and legally distinct
10 First Claim to the undecided accounting claims.⁵ The decision to enter judgment to
11 promote efficiency at this natural juncture does not depend on such word games.

12 This Court has already agreed that the “ownership” claim is separate from the
13 “accounting” claims. Before *Siegel II* fully resolved the First Claim, the Court
14 characterized the remaining claims in this case as follows:

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

18 Docket No. 379 at 1. In *Siegel II*, the Court proceeded to dispose of the First Claim:

19 _____
20 ⁴ Defendants bizarrely quote *Mattel, Inc. v. MGA Entm’t Inc.*, ___ F.3d ___, 2009 U.S. App.
LEXIS 29187, at *10 (9th Cir. July 22, 2010) and use their Opposition as an excuse to
21 improperly supplement the briefing pending before the Court as to whether “apportionment”
should apply outside copyright infringement cases. First, *Mattel* has nothing to do with this
22 Rule 54(b) motion. Second, *Mattel* never reached the “apportionment” issue (the term
nowhere even appears in the Ninth Circuit’s decision). The language *misleadingly* quoted
23 by Defendants was used in overruling an order requiring the infringing defendants to
transfer all derivative copyrights to the plaintiff. *Mattel*, 2009 U.S. App. LEXIS 29187, at
24 *10. Plaintiffs here seek no such thing. *Mattel* was also a *copyright infringement* action, so
if “apportionment” was applied by the trial court, this only supports *Plaintiffs’* position that
25 “apportionment” is a creature of federal law applied in only copyright *infringement* cases, as
distinct from the state law which governs an accounting by a co-owner. *Oddo v. Reis*, 743
26 F.2d 630, 633 (9th Cir. 1984) (accounting by copyright co-owner governed by state law).

27 ⁵ As part of this argument, Defendants falsely assert that Plaintiffs “openly admitted that
important aspects of their first claim remain undecided,” citing the Joint Status Report.
28 Defs. Opp. at 10. The cited portions of the Joint Status Report do no such thing. They
merely refer to the “Additional Issues” as part of the pending “accounting.” Docket No. 602
at 15:24. This “accounting” is entirely within Plaintiffs’ Second, Third and Fourth Claims.
SAC, ¶¶ 56-73, 84-88 (describing “accounting” claim).

1
2 “At the conclusion of this final installment regarding the publication history of
3 and *the rights to the* iconic comic book superhero Superman, the Court finds
4 that plaintiffs have successfully recaptured (and are co-owners of) the rights to
the following works: [listing *Action Comics*, No. 1 and other Superman
works]. Ownership in the remainder of the Superman material at issue that
was published from 1938 to 1943 remains solely with defendants.”

5 *Siegel II*, 658 F. Supp. 2d at 1095 (emphasis added).

6 The First Claim, for a *declaration* of co-ownership and an *entitlement* to an
7 accounting, is clearly severable from the remaining claims as to the implementation
8 of and principles to be applied in such accounting, and is a logical and efficient
9 juncture for entry of judgment under Rule 54(b). *See Gordon v. Vincent Youmans,*
10 *Inc.*, 358 F.2d 261, 262 (2d Cir. 1965) (accepting appeal of 54(b) judgment as to
11 copyright ownership only, even though the plaintiff also demanded an “accounting”
12 based on that ownership); *Rodrigue v. Rodrigue*, 218 F.3d 432, 434 (5th Cir. 2000)
13 (accepting appeal of Rule 54(b) judgment as to copyright ownership in multi-claim
14 case, where ownership directly affected the monies owed on other claims).⁶ *Gordon*
15 and *Rodrigue* demonstrate the clear distinction, which Defendants attempt to obscure,
16 between copyright ownership/accounting claims, where “ownership” and “remedies”
17 are distinct and severable, and legal claims (*e.g.*, tort and breach of contract actions)
18 where “liability” and “damages” cannot stand on their own.⁷

19 **C. The “Dicta” Issue Is Not Part of Plaintiffs’ First Claim**

20 Defendants also claim that the open issue of whether certain statements as to
21 *Action Comics*, No. 1’s literary elements (made in the general background section of

22
23 ⁶ *See also Cohen v. FB Air, Inc.*, 995 F.2d 378, 379 (2d Cir. 1993) (accepted Rule 54(b)
24 judgment as to ownership of property, while damages claims were undecided); *Mercer’s*
Enters. v. Seascope at Wrightsville Beach, LLC, 2010 Bankr. LEXIS 1961, at *1, *15–16
(Bankr. E.D.N.C. Jun. 10, 2010) (entering Rule 54(b) judgment on two claims for
25 declaratory relief regarding ownership of property while remaining claims were undecided).

26 ⁷ *See Opp.* at 2, 13, 15; *Wolf v. Banco Nacional de Mexico, S.A.*, 721 F.2d 660, 661 (9th Cir.
1983) (54(b) judgment improper for tort claims because it failed to include damages); *Int’l*
Controls Corp. v. Vesco, 535 F.2d 742 (2d Cir. 1976) (54(b) judgment improper for tort
27 claims because additional damages could be claimed); *Arizona State Carpenters Pension*
Trust Fund v. Miller, 938 F.2d 1038, 1040 (9th Cir. 1991) (54(b) judgment improper for tort
28 claims because compensatory damages had not been decided); *Wheeler Mach. Co. v.*
Mountain States Mineral Enters., Inc., 696 F.2d 787, 789–90 (10th Cir. 1983) (54(b)
judgment improper because damages not decided in breach of contract action).

1 the Court’s summary judgment order) were “dicta” relates to the First Claim. Opp. at
2 9. The “dicta” issue is irrelevant to the First Claim, which does not seek relief as to
3 the literary elements contained in *Action Comics*, No. 1, or in any other works. See
4 SAC, ¶¶ 52-55. At most, this issue affects the accounting (Second through Fourth
5 Claims), if the Court determines that “apportionment” applies. See SAC, ¶ 58(b).⁸

6 **D. The “Ads” Issue Is Not Part of Plaintiffs’ First Claim**

7 Defendants erroneously argue that the “open” issue regarding the impact, if
8 any, of the limited Ads means the First Claim is undecided. There were two issues
9 with respect to the Ads: (1) whether the Ads were recaptured by Plaintiffs’
10 Termination; and (2) the impact, if any, that the Ads have on Defendants’ accounting.
11 The Court decided in *Siegel* that although Plaintiffs had recaptured *Action Comics*,
12 No. 1, the derivative Ads themselves, depicting a reduced black & white copy of the
13 *Action Comics*, No. 1 cover, were not subject to the Termination. See *Siegel* I, 542 F.
14 Supp. 2d at 1126. However, with the same breath the Court properly determined that
15 the Ads’ content was extremely limited, as the reduced cover in the Ads was divorced
16 from the Superman storyline and character contained in *Actions Comics*, No. 1.
17 Defendants deliberately omit that this issue has *twice* been adjudicated against them.⁹

18 The second issue – the impact of the Ads, if any, on Defendants’ pending
19 accounting under the Second through Fourth Claims – is not in the First Claim. This
20 pending issue, as briefed by the parties, relates to whether Defendants can use
21 supposed elements in the Ads to reduce their accounting via an “apportionment” of
22 profits, if any. Docket No. 349 at 41-43; Counterclaims, ¶ 137(b) (“Any accounting
23 of profits for exploitation of Superman would be reduced to account for the value of

24 ⁸ Such literary elements are relevant to the accounting claims as Defendants assert that the
25 Superman profits for which they must account should be reduced (i.e., “apportioned”) in
26 that proportion of magnitude that the Superman elements contained in Plaintiffs’ recaptured
works bear to all Superman elements. See Docket No. 336 at 1:13-18; SAC, ¶ 54(b).

27 ⁹ See *Siegel* I, 542 F. Supp. 2d at 1126 (describing the very limited scope of the Ads as “the
28 image of a person with extraordinary strength who wears a black and white leotard and
cape”) (emphasis added); Docket No. 331 at 1 (stating that the “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”).

1 the appearance of Superman based upon the Siegels' failure to terminate the [Ads].").
2 As explained above, such accounting mechanics are not part of the First Claim.

3 **E. Claims for Attorneys' Fees and Costs Are Irrelevant**

4 Defendants further muddy the waters by arguing that Plaintiffs' overall request
5 for "interest" and "attorneys fees" at the end of their complaint (SAC, ¶¶ 96-97)
6 mean that the First Claim is still open. *First*, the First Claim for declaratory relief, by
7 definition, includes no monetary damage component, so "interest" is irrelevant.
8 *Second*, while Defendants pretend that an unpublished district court case means that a
9 dispute over attorneys' fees renders a judgment not final (Opp. at 12), under clear
10 Supreme Court and Ninth Circuit precedent, a dispute over attorney's fees does not
11 affect whether a judgment is final.¹⁰ The other cases cited by Defendants for this
12 point are completely inapposite.¹¹

13 **F. In the Alternative, Leave to Amend Offers a Ready Solution**

14 In the alternative, if the Court believes that entry of judgment would serve the
15 interests of efficiency and avoid unnecessary re-trial of the accounting claims, but has
16 *any* doubt over Plaintiffs' wording of the First Claim, such can be readily alleviated
17 by granting Plaintiffs leave to amend their complaint and conditioning a grant of
18 Plaintiffs' Rule 54(b) motion on their removal of any superfluous language in the
19 First Claim. *See* Declaration of Marc Toberoff, Ex. A. As leave to amend is freely
20

21 ¹⁰ *See Budinich v. Becton Dickinson & Co.*, 486 U.S. 196, 199–203 (1998) (holding that "an
22 unresolved issue of attorney's fees for the litigation in question does not prevent judgment
23 on the merits from being final"); *Int'l Asso. of Bridge, etc. Local Union 75 v. Madison
24 Industries, Inc.*, 733 F.2d 656, 659 (9th Cir. 1984) ("[A]ll attorney's fees requests are
25 collateral to the main action. Thus, a judgment on the merits is final and appealable even
26 though a request for attorney's fees is unresolved."); *Pichler v. UNITE*, 542 F.3d 380, 385
27 n.6 (3d Cir. 2008) (affirming Rule 54(b) judgment when district court had not yet addressed
28 attorneys fees). The unpublished district court case relied on by Defendants, *RD Legal
Funding Funding, LLC v. Erwin & Balingit, LLP*, 2010 U.S. Dist. LEXIS 34807, at *3-4
(S.D. Cal. Apr. 8, 2010), ignored this precedent, because it rested on the distinguishable
ground that "any appeals in this action could easily present similar factual and legal issues,
and likely would result in a duplication of effort."

¹¹ *See Wolf*, 721 F.2d at 661 (judgment as to a *legal claim* that inexplicably failed to include
damages was remanded to cure the omission, after which appeal would proceed on existing
briefs); *In re Exxon Valdez*, 484 F.3d 1098, 1101 (9th Cir. 2007) (did not address Rule
54(b), and applied *Erie* analysis as to whether interest is governed by state or federal law).

1 given if good cause exists, this offers a practical alternative solution.¹²

2 **II. THE FULL ADJUDICATION OF DEFENDANTS' FIRST THROUGH**
3 **FOURTH COUNTERCLAIMS PROVIDES AN INDEPENDENT BASIS**
4 **FOR ENTRY OF JUDGMENT UNDER RULE 54(b)**

5 There can be no dispute that certain of Defendants' First, Second, Third and
6 Fourth Counterclaims have been fully resolved and provide an independent basis for
7 entry of judgment under Rule 54(b). It is well-settled that a counterclaim is subject
8 to Rule 54(b) certification. *See* F.R.C.P. 54(b) (judgment may be entered on "a
9 claim, counterclaim, crossclaim, or third-party claim"); *Reiter v. Cooper*, 507 U.S.
10 258, 265 (1993) ("54(b) permits ... separate final judgment on any claim or
11 counterclaim..."). Four of Defendants' six counterclaims in this action have been
12 adjudicated. Each such counterclaim sought to render the Termination *as a whole*

13 The First Counterclaim sought a declaration that the Termination was
14 ineffective as a matter of law on three grounds, all expressly adjudicated and rejected
15 by the Court. *Compare* Counterclaims, ¶¶ 68-69 with *Siegel I*, 542 F. Supp. 2d at
16 1131-32 (failure to list May 21, 1948 consent judgment did not affect termination);
17 ¶¶ 70-76 with 542 F. Supp. 2d at 1132-34 (acceptance of benefits did not affect
18 termination rights); ¶¶ 86-89 with 542 F. Supp. 2d at 1117-19 (*Siegel Terminations*
19 were timely).¹³ As Defendants concede (*Opp.* at 17), the Second Counterclaim,
20 which sought declaratory relief that any claim for relief was barred by the statute of
21 limitations, was also decided against them. *Compare* Counterclaims, ¶¶ 90-96 with

22 _____
23 ¹² *See, e.g.*, F.R.C. P. 15(a)(2) (leave to amend a complaint "shall be freely given when
24 justice so requires"); F.R.C.P. 16; *Eminence Capital, LLC v. Aspeon, Inc.*, 316 F.3d 1048,
25 1051 (9th Cir. 2003) (freely granting leave to amend a complaint is a "policy ... 'to be
26 applied with extreme liberality'"); *Foman v. Davis*, 371 U.S. 178, 182 (1962) ("[T]he leave
27 sought should, as the rules require, be freely given.").

28 ¹³ The First Counterclaim also contains two sub-sections (Counterclaims, ¶¶ 77-85) that
relate solely to the Superboy termination notices and Superboy case (Case No. 04-CV-
08776), and are irrelevant to this motion and case. Defendants previously moved for
consolidation of the Superboy and Superman actions, and simultaneously addressed both
actions in consolidated Counterclaims (citing both Case Nos.). But on March 14, 2005
Defendants' motion was denied except as to discovery. Docket No. 30. Thus, the First
Counterclaim's allegations regarding the Superboy case are not part of this action, and must
be disregarded for purposes of Plaintiffs' Rule 54(b) motion in the Superman action.

1 *Siegel I*, 542 F. Supp. 2d at 1134-36.

2 The Third Counterclaim sought relief for ***breach of contract***, based on a
3 supposed October 2001 settlement agreement, but the Court definitively found that
4 no such contract existed. *Compare* Counterclaims, ¶¶ 97-101 with *Siegel I*, 542 F.
5 Supp. 2d at 1137-39. The Fourth Counterclaim was also decided, as it sought
6 declaratory relief based on that nonexistent contract. Counterclaims, ¶¶ 102-103.
7 Defendants’ avowed intent to bring a motion for reconsideration on the Third and
8 Fourth Counterclaims (Opp. at 17) unwittingly ***supports*** Plaintiffs’ Rule 54(b)
9 motion.¹⁴ Defendants will obviously appeal this issue if their motion is denied. In
10 the unlikely event their motion is granted, there would be a jury trial as to these
11 dispositive counterclaims, before Plaintiffs’ accounting claims could proceed. Any
12 trial decision as to this issue, like the Court’s present decision, would be appealed.
13 Like the disputed “work for hire” decision regarding which works were recaptured, it
14 makes far more sense to allow such appeal now, rather than to wait and risk re-trial.

15 Lastly, *none* of these counterclaims involve, either factually or legally, the
16 purported issues that Defendants erroneously claim are unresolved as to the First
17 Claim (*i.e.*, the Ads; the literary elements in *Action Comics*, No. 1; Plaintiffs’
18 entitlement to Superman profits; Plaintiffs’ request for fees and costs). Defendants’
19 assertion that their counterclaims are not “severable” and would require the Ninth
20 Circuit to decide the same issue twice is nonsense. If a Rule 54(b) judgment is

21 ¹⁴ Defendants assert that their motion would be based on *Mattel*, 2009 U.S. App. LEXIS
22 29187, at *13-*19, and claim that whether a settlement contract existed was a jury question.
23 Opp. at 17. Such a motion would be misguided, as in *Mattel* the determination of factual
24 issues relating to the interpretation of ambiguous contract terms was taken away from the
25 jury. *Id.* Here, there was no dispute as to the three operative documents at issue and
26 properly before the Court (an October 19, 2001 offer from the Siegels’ attorney, an October
27 26, 2001 counter-offer from DC, and a further February 1, 2002 “long-form” draft
28 counteroffer from DC). The Court properly held, based on a comparison of these three
documents, that no contract had been consummated as a matter of law, because DC’s
counteroffers, which the Siegels did not accept, contained materially different terms than
the Siegels’ offer and thus constituted a rejection, rather than acceptance, of the Siegels’
offer. *Siegel I*, 542 F. Supp. 2d at 1137-39. There was no factual dispute, and thus no jury
issue, as to what the three operative documents contained. It is well within the province of a
judge to determine on summary judgment if a contract exists. *See Krasley v. Superior
Court*, 101 Cal. App. 3d 425, 433 (1980); *Roth v. Malson*, 67 Cal. App. 4th 552, 559
(1998); *Ajax Holding Co. v. Heinsbergen*, 64 Cal. App. 2d 665, 670 (1980).

1 entered as to these counterclaims, the validity of the Termination will be finally
2 affirmed on appeal, the accounting claims would be stayed pending such appeal, and
3 the issues related to the validity the Termination would not have to be litigated again.
4 *See Amerisource Bergen Corp. v. Dialysist West, Inc.*, 465 F.3d 946, 954 (9th Cir.
5 2006) (approving 54(b) judgment as to “severable” counterclaim where “there was no
6 risk of duplicative effort by the courts because any subsequent judgments ... would
7 not vacate its judgment on [the] counterclaim”). Thus, entry of judgment on the First
8 through Fourth Counterclaims will achieve similar efficiency objectives as entry of
9 judgment on the First Claim, since it would firmly resolve the pivotal *validity* of the
10 Termination and dispose of Defendants’ purported defenses thereto.

11 **III. A RULE 54(b) JUDGMENT WOULD BE HIGHLY EFFICIENT**

12 Defendants vainly argue that certification would delay resolution of this case.

13 *First*, Defendants do not and cannot point to *any* specific facts that “overlap”
14 between the First Claim and the Second, Third and Fourth Claims. *See* Opp. at 14-
15 15. If a Rule 54(b) judgment is granted, there would be no inefficiency, as the Ninth
16 Circuit would only need to examine facts and issues as to the validity of the
17 Termination and the works thereby recaptured *once*. In the cases cited by Defendants
18 on this point (*see* Opp. at 4-5, 14-15), the Rule 54(b) motion was denied because the
19 same or very similar issues were undecided as to remaining defendants, who had the
20 right to continue to litigate such issues, rendering any alleged “efficiency” illusory.¹⁵
21 Nothing even comparable to that exists here.

22 *Second*, Defendants’ arguments that judgment would not promote settlement
23 evade the issue. Opp. at 15-16. Defendants focus on “settlement” as it relates to the

24 ¹⁵ *See Hogan v. Conrail*, 961 F.2d 1021, 1025 (2d Cir. 1992) (Rule 54(b) judgment was
25 improper because “the same or closely related issues remain to be litigated against the
26 undismissed defendants”); *DeFazio v. Hollister, Inc.*, 2008 U.S. Dist. LEXIS 3856, at *9
27 (E.D. Cal. Jan. 7, 2008) (Rule 54(b) motion denied where plaintiffs “have asserted claims
28 against the remaining defendants, similar to those claims which the court has dismissed,
arising out of the same facts and based on similar legal theories”); *RD Legal Funding
Funding, LLC*, 2010 U.S. Dist. LEXIS 34807, at *4 (Rule 54(b) motion denied as to
dismissal of certain defendants, where remaining defendant would still litigate the case and
an appeal “likely would result in a duplication of effort”). *See also Cadillac*, 41 F.3d at 567
(mis-citing a dissenting opinion as the Ninth Circuit’s holding).

1 accounting owed from 1999 to the present. Opp. at 15-16. Plaintiffs' argument,
2 unaddressed by Defendants, is that a decision as to the validity of the Siegel
3 Termination, and the invalidity of Defendants' purported defenses, is the key issue,
4 not the exact level of profits. This will not only firmly determine the Siegels'
5 entitlement to profits, but will bind DC as to the Shuster Termination as well.

6 **Third**, Defendants cite out-of-context and irrelevant quotes to imply that entry
7 of judgment in this action would not have collateral estoppel effect on the *DC*
8 *Comics* action. Opp. at 16.¹⁶ Under issue preclusion principles, a 54(b) judgment in
9 this action will bind DC in the *DC Comics* action, as much of DC's new complaint
10 parallels issues fully litigated and decided in this six year old case.¹⁷ *See Continental*,
11 819 F.2d at 1525 (“[A] 54(b) ruling in fact has res judicata ramifications.”).

12 **Fourth**, *DC Comics* is Defendants' attempt to re-litigate every issue decided
13 here in six years of litigation. Such improper strategy wastes judicial resources and
14 runs the risk of conflicting judgments. The best way to resolve this problem is to
15 resolve the common issues at the Ninth Circuit *now*, so that both cases can proceed.

16 CONCLUSION

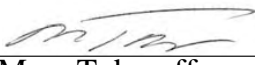
17 The Court should enter judgment on Plaintiffs' First Claim, and Defendants'
18 First, Second, Third and Fourth Counterclaims, and stay this action pending appeal.

19
20
21 ¹⁶ Defendants' random quotes from an opposition to DC's discovery motion in which the
22 Siegels noted, correctly, that the Siegel actions did not directly concern Shuster's copyright
23 interest in Superman or the Shuster Termination, do not advance their argument. Although
24 the Shusters were not parties to this action and their legal rights were not at issue, upon
25 entry of final judgment in this action, *DC* will nonetheless be barred by issue preclusion in
26 its new action and from contesting issues that were necessarily decided against DC herein.
27 *See Durkin v. Shea & Gould*, 92 F.3d 1510, 1515 (9th Cir. 1996) (“The doctrine of issue
preclusion bars relitigation of issues in subsequent suits based on a different cause of action
involving a party to the prior litigation.”); *Robi v. Five Platters, Inc.*, 838 F.2d 318, 327 (9th
Cir. 1988) (holding that “the district court's earlier decision ... [was] final for purposes of
issue preclusion” while the case was on appeal). The two Superman cases present many
identical issues because the Siegel and Shuster terminations are mirror images of each other
and terminated the same grants by Siegel and Shuster of the same co-authored works.

28 ¹⁷ Compare DC FAC, ¶¶ 140-41, 145-46 with *Siegel I*, 542 F. Supp. 2d at 1126-30; *Siegel*
II, 658 F. Supp. 2d at 1063-68, 1083 (work for hire issues); DC FAC ¶¶ 142-44 with *Siegel*
I, 542 F. Supp. 2d at 1118-26 (termination of the “Ads”); FAC, ¶¶ 140-41 with *Siegel II*,
658 F. Supp. 2d at 1061 (unpublished Superman works).

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DATED: September 13, 2010 TOBEROFF & ASSOCIATES, P.C.

By 

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EXHIBIT C

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JOANNE SIEGEL and LAURA SIEGEL LARSON

7 **UNITED STATES DISTRICT COURT**
8 **CENTRAL DISTRICT OF CALIFORNIA – WESTERN DIVISION**

9
10 JOANNE SIEGEL, an individual;
and LAURA SIEGEL LARSON, an
11 individual,

12 Plaintiffs,

13 vs.

14 WARNER BROS.
15 ENTERTAINMENT INC., a
16 corporation; TIME WARNER, INC.,
a corporation; DC COMICS, a
17 general partnership; and DOES 1-10,

18 Defendants.

19 DC COMICS,

20 Counterclaimant,

21 vs.

22
23 JOANNE SIEGEL, an individual;
and LAURA SIEGEL LARSON, an
24 individual,

25 Counterclaim-
26 Defendants.

Case No: CV 04-8400 ODW (RZx)

Hon. Otis D. Wright II, U.S.D.J.
Hon. Ralph Zarefsky, U.S.M.J.

**PLAINTIFFS JOANNE SIEGEL
AND LAURA SIEGEL LARSON'S
NOTICE OF MOTION AND
MOTION FOR LEAVE TO FILE
THIRD AMENDED COMPLAINT
PURSUANT TO FED. R. CIV. P. 15
AND 16**

Time: 1:30 p.m.
Date: February 7, 2011
Place: Courtroom 11

Trial Date: None Set

[Complaint filed: October 8, 2004]

1 TO DEFENDANTS WARNER BROS. ENTERTAINMENT INC., A
2 CORPORATION, TIME WARNER INC., A CORPORATION, DC COMICS,
3 A GENERAL PARTNERSHIP (“DEFENDANTS”), AND DOES 1–10, AND
4 THEIR COUNSEL OF RECORD:

5 PLEASE TAKE NOTICE that, on February 7, 2011, at 1:30 p.m., or as
6 soon thereafter as counsel may be heard, in Courtroom 11 of the above-entitled
7 Court, located at 312 N. Spring Street, Los Angeles, CA 90012, plaintiffs and
8 counterclaim defendants Joanne Siegel and Laura Siegel Larson (“Plaintiffs”)
9 will and hereby do respectfully move the court for an order modifying the
10 current scheduling order to grant them leave to amend their Complaint pursuant
11 to Rules 15 and 16 of the Federal Rules of Civil Procedure and paragraph 6(c)
12 of this Court’s Standing Order (Docket No. 598), as set forth in Appendix I of
13 this motion, and in the redline of the Complaint, attached to the Declaration of
14 Marc Toberoff filed concurrently herewith.

15 The proposed amendment would remove Plaintiffs’ Fifth Claim for
16 Relief (Violation of California Business and Professions Code §§ 17200 *et seq.*)
17 as alleged in Plaintiffs’ Second Amended Complaint, filed October 8, 2008,
18 remove Time Warner, Inc. as a defendant, and eliminate extraneous language
19 from Plaintiffs’ First Claim for Relief (Declaratory Relief Re: Termination, 17
20 U.S.C. § 304(c)). Plaintiffs do not seek to add any new parties, allegations or
21 claims. Good cause exists to permit such an amendment, as it would: (a)
22 preserve judicial resources by narrowing the scope of the legal and factual
23 issues remaining in this case; (b) simplify and expedite the resolution of the
24 remaining accounting claims in this action; and (c) benefit, not prejudice,
25 Defendants.

26 In accordance with Local Rule 7-3, on December 21, 2010, Plaintiffs met
27 and conferred with Defendants with respect to Plaintiffs’ filing of an amended
28 complaint. On January 5, 2011, Defendants refused to stipulate thereto.

1 Declaration of Marc Toberoff, ¶ 8, Exs. D-H. Plaintiffs respectfully request
2 that the Court issue an order permitting Plaintiffs to file the [Proposed] Third
3 Amended Complaint.

4 This motion is based on this Notice, the attached Memorandum of Points
5 and Authorities, the attached Declaration of Marc Toberoff, all of the records,
6 pleadings and files herein, and such further oral and documentary evidence and
7 argument as may be presented at or before the hearing on this motion.

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Dated: January 10, 2011

TOBEROFF & ASSOCIATES, P.C.



Marc Toberoff
Attorneys for Plaintiffs,
JOANNE SIEGEL and LAURA
SIEGEL LARSON

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INTRODUCTION

1
2 Plaintiffs and counterclaim defendants Joanne Siegel and Laura Siegel
3 Larson (“Plaintiffs”) seek leave to file an amended complaint pursuant to Rules
4 15 and 16 of the Federal Rules of Civil Procedure. The proposed amendment
5 would: (1) remove Plaintiffs’ Fifth Claim for Relief (Violation of California
6 Business and Professions Code §§ 17200 *et seq.*) (the “Fifth Claim”), as alleged
7 in Plaintiffs’ Second Amended Complaint, filed October 8, 2008; (2) remove
8 Time Warner, Inc. (“Time Warner”) as a defendant; and (3) eliminate extraneous
9 language from Plaintiffs’ First Claim for Relief (Declaratory Relief Re:
10 Termination, 17 U.S.C. § 304(c)) (the “First Claim”). *See* Declaration of Marc
11 Toberoff (“Toberoff Decl.”), Ex. A (redline showing proposed changes to the
12 complaint), Ex. B (“clean” version). ***Plaintiffs do not seek to add any new***
13 ***parties or any new claims or allegations to the complaint.*** Good cause exists to
14 permit this amendment, as it would: (a) preserve judicial resources by narrowing
15 the scope of the legal and factual issues remaining in this case, and by confirming
16 the removal of a defendant; (b) simplify resolution of the remaining accounting
17 claims in this action; and (c) *benefit*, not prejudice, Defendants.

18 Plaintiffs’ removal of the Fifth Claim would simplify this action and
19 preserve judicial resources by eliminating the need for a trial on this issue.
20 Plaintiffs’ removal of extraneous language from the First Claim, for declaratory
21 relief regarding the validity of the Siegels’ termination notices, clarifies the
22 claim, avoids further confusion and facilitates immediate appellate review under
23 F.R.C.P. 54(b) of the many threshold issues decided under the First Claim, if this
24 Court deems such review advisable. This would eliminate the danger of this
25 Court having to re-try the remaining complex accounting claims (*i.e.*, the Second,
26 Third, and Fourth Claims) due to any errors made by the prior Court in deciding
27 the pivotal First Claim, and would therefore promote judicial efficiency.
28 Defendants recently argued that this extraneous language means that the First

1 Claim incorporates the remaining “accounting” claims. While this erroneous
2 reading does not comport with the purpose and wording of the First Claim, the
3 subsequent Second, Third and Fourth accounting claims, or the overall structure
4 of the complaint, Plaintiffs have nonetheless eliminated such language to avoid
5 any further doubt or confusion.

6 Defendants would not be prejudiced by the proposed amendment which
7 adds nothing new to the complaint. In fact, the amendment clearly benefits them
8 by eliminating the entire Fifth Claim for Relief.

9 As motions to amend complaints are freely granted, Plaintiffs sought
10 Defendants’ agreement to this amendment. Defendants delayed answering
11 Plaintiffs’ simple request and then unreasonably refused to stipulate to the
12 amendment, forcing Plaintiffs to bring a motion. Plaintiffs respectfully request
13 that the Court grant them leave to amend their complaint, as good cause exists
14 under F.R.C.P. 15(a)(2) and 16(b)(4).

15 **FACTUAL BACKGROUND**

16 This case arises out of Plaintiffs Joanne Siegel and Laura Siegel Larson’s
17 proper exercise of their right under 17 U.S.C. § 304(c), to recapture Jerome
18 Siegel’s original copyrights in “Superman.” On October 8, 2004, Plaintiffs
19 commenced the instant action, for declaratory relief as to the validity of the
20 “Superman” Notices of Termination (“Siegel Terminations”), an accounting and
21 other relief. Under the Court’s scheduling order (“Scheduling Order”), the
22 deadline to amend pleadings was September 15, 2005. Pursuant to stipulations of
23 the parties and as approved by the Court, Plaintiffs filed their First Amended
24 Complaint (“FAC”) on October 18, 2005 and their Second Amended Complaint
25 (“SAC”) on October 8, 2008. Docket Nos. 42, 378; Toberoff Decl., Ex. C
26 (SAC). Plaintiffs have made no further amendments to the pleadings to date.

27 The SAC’s First Claim seeks declaratory relief as the validity of the Siegel
28 Terminations and a determination of those Superman works successfully

1 recaptured and co-owned by Plaintiffs. Toberoff Decl., Ex. C, ¶ 83(a). The
2 Second Claim seeks declaratory relief as to Defendants’ accounting obligations to
3 Plaintiffs under state law. *Id.*, ¶ 84. The Third Claim seeks declaratory relief that
4 Defendants must account for the exploitation of Superman trademarks that are
5 derivative of Plaintiffs’ copyrights. *Id.*, ¶ 85. The Fourth Claim seeks an
6 accounting. *Id.*, ¶¶ 86-88. The Fifth Claim seeks relief under California’s unfair
7 competition laws. *Id.*, ¶ 89-94.

8 On August 12, 2010, Plaintiffs moved for partial final judgment under
9 F.R.C.P. 54(b) on the First Claim. *See* Docket No. 618. The motion was made
10 on the grounds that the First Claim had been fully adjudicated, as in 2008 the
11 Court had decided: that the Siegel Terminations are valid; that the original
12 Superman story published in *Action Comics*, No. 1 had been thereby recaptured;
13 and that, as of April 16, 1999, the Plaintiffs are 50% co-owners with Defendants
14 of the copyright in such recaptured Superman work. *Siegel v. Warner Bros. Ent.*
15 *Inc.* (“*Siegel*”), 542 F. Supp. 2d 1098 (C.D. Cal. 2008). In late 2009, the Court
16 determined on summary judgment the additional Superman works that had been
17 recaptured by the Siegel Terminations, and which works were excluded as
18 “works-made-for-hire.” *Siegel*, 658 F. Supp. 2d 1036 (C.D. Cal. 2009).¹ Both
19 sides moved to reconsider various aspects of these critical “work for hire”
20 decisions. The Court denied both motions. *Siegel*, 690 F. Supp. 2d 1048, 1072-
21 1074 (C.D. Cal. 2009).

22 As the First Claim had been decided and was severable from the remainder
23 of the complaint, partial judgment could be entered to permit immediate appeal.

24
25 ¹ Notably, in the related *DC Comics* action (Case No. 10-CV-03633), DC seeks to re-
26 litigate these “work-for-hire” decisions, and argues for the first time that *all* of Siegel
27 and Shuster’s Superman works were “works-for-hire.” Toberoff Decl., Ex. I, ¶¶ 154-
28 55, 158-59. DC also seeks to re-litigate nearly every one of its purported defenses
which were fully adjudicated and denied in this case (*e.g.*, the impact of a 1948
stipulation on the terminations). *Compare, e.g., id.*, Ex. I, ¶¶ 125-28 with *Siegel*, 542 F.
Supp. 2d at 1131-32. Entry of judgment on the First Claim would preclude such re-
litigation in the closely related *DC Comics* action.

1 Defendants opposed the motion, on the grounds that the First Claim supposedly
2 incorporated the remaining accounting claims, due to paragraph 54(c)'s general
3 statement that Plaintiffs, as 50% co-owners of the recaptured copyrights, would
4 be entitled to an accounting of 50% of the profits derived therefrom. *See*
5 Toberoff Decl., Ex. C, ¶¶ 54(c). On October 13, 2010, this Court denied the
6 motion without prejudice. Docket No. 630.

7 On December 15, 2010, the Court held a conference regarding the status
8 and direction of this case. While discussing the complexities of the accounting
9 claims to be tried, the Court indicated that the Ninth Circuit's guidance might
10 now be advisable *before* the accounting case moved forward. Toberoff Decl., ¶
11 5. In light of the Court's statements, on December 21, 2010, Plaintiffs met and
12 conferred with Defendants on Plaintiffs' proposal to amend and streamline their
13 SAC. *See* Toberoff Decl., ¶ 8; Exs. D-E. On December 22, 2010, Plaintiffs e-
14 mailed Defendants for review: a "redlined" copy of their proposed Third
15 Amended Complaint, a stipulation to amend, and a proposed order. *Id.*, Ex. F.
16 Therein, Plaintiffs eliminated their Fifth Claim, streamlined the First Claim by
17 removing the superfluous language in paragraphs 54 (c) and (d), and removed
18 Time Warner as a defendant.² *See* Appendix I (list of proposed changes);
19 Toberoff Decl., Exs. A-B. Defendants did not substantively respond until
20 January 5, 2011, when they refused to stipulate on the grounds that such an
21 amendment would facilitate an interlocutory appeal. *Id.*, Exs. G-H.

22 ARGUMENT

23 **I. PLAINTIFFS' MOTION FOR LEAVE TO AMEND SHOULD BE** 24 **GRANTED**

25 **A. Legal Standard**

26 Pursuant to F.R.C.P. 15(a)(2) and 16(b)(4), Plaintiffs seek leave to file an

27 _____
28 ² Plaintiffs omit Time Warner, Inc. as a party pursuant to the Court's May 19, 2009 and
July 8, 2009 orders. *See* Docket No. 553 (May 19, 2009 Trial Transcript) at 1598:2-3;
Docket No. 554 at 2 n.1. Plaintiffs respectfully reserve all rights to appeal such rulings.

1 amended complaint that would exclude the Fifth Claim,³ remove Time Warner as
2 a defendant, and eliminate extraneous language from the First Claim to remove
3 any doubt as to the purpose and nature of that claim. When the “district court
4 ha[s] filed a pretrial scheduling order pursuant to Federal Rule of Civil Procedure
5 16,” the “good cause” requirements of F.R.C.P. 16(b), as well as the requirements
6 of F.R.C.P. 15(a), must be met before pleadings can be amended. *Johnson v.*
7 *Mammoth Recreations, Inc.*, 975 F.2d 604, 607-08 (9th Cir. 1992). Under
8 F.R.C.P. 16, “the focus of the inquiry is upon the moving party’s reasons for
9 modification.” *Id.* at 610. This “good cause” standard considers the “diligence
10 of the party seeking the amendment.” *Id.* at 609.

11 The party seeking amendment must also demonstrate the amendment is
12 proper under Rule 15(a). *See O’Shea v. Epson America, Inc.*, 2010 U.S. Dist.
13 LEXIS 112051 (C.D. Cal. June 4, 2010). Under Rule 15(a), leave to amend a
14 complaint “shall be freely given when justice so requires.” F.R.C.P. 15(a)(2).
15 Freely granting leave to amend a complaint is a “policy ... ‘to be applied with
16 extreme liberality.’” *Eminence Capital, LLC v. Aspeon, Inc.*, 316 F.3d 1048,
17 1051 (9th Cir. 2003). *See Foman v. Davis*, 371 U.S. 178, 182 (1962) (“[T]he
18 leave sought should, as the rules require, be freely given.”); *Rachman Bag Co. v.*
19 *Liberty Mut. Ins. Co.*, 46 F.3d 230, 234 (2d Cir. 1995) (“[A]mendment should
20 normally be permitted ... [as a] refusal to grant leave without justification is
21 ‘inconsistent with the spirit of the Federal Rules.’”).

22 This policy is consistent with the “underlying purpose of Rule 15 – to
23 facilitate decision on the merits, rather than on pleadings and technicalities.”
24 *Roth v. Garcia Marquez*, 942 F.2d 617, 628 (9th Cir. 1991). *See also Howey v.*
25 *United States*, 481 F.2d 1187, 1190 (9th Cir. 1973) (purpose of pleadings is to
26 “facilitate a proper decision on the merits”). Thus, “[u]nless undue prejudice to

27 _____
28 ³ “Withdrawals of individual claims against a given defendant are governed by F.R.C.P.
15, which addresses amendments to pleadings.” *Hells Canyon Pres. Council v. United*
States Forest Serv., 403 F.3d 683, 687-688 (9th Cir. 2005) (citation omitted).

1 the opposing party will result, a trial judge should ordinarily permit a party to
2 amend its complaint.” *Howey*, 481 F.2d at 1190-91.

3
4 **B. Granting Plaintiffs Leave to Amend Pursuant to Rule 15 Will Simplify This Case, and Benefit Both Defendants and the Court**

5 The Ninth Circuit has held that courts, in determining whether to grant
6 leave to amend under Rule 15, should consider factors including undue delay,
7 futility of the amendment, bad faith, and, most importantly, prejudice to the
8 opposing party. *See United States v. Pend Oreille Pub. Util. Dist. No. 1*, 926
9 F.2d 1502, 1511 (9th Cir. 1991) (“The crucial factor is not length of delay, but
10 prejudice”); *DCD Programs, Ltd. v. Leighton*, 833 F.2d 183, 186 (9th Cir. 1987)
11 (same). This determination is made with all inferences in favor of granting the
12 motion. *See Griggs v. Pace Am. Group, Inc.*, 170 F.3d 877, 880 (9th Cir. 1999).
13 The party opposing the motion for leave to amend bears the burden, and must
14 convincingly demonstrate that a “substantial reason exists to deny leave to
15 amend.” *See Witt v. City of Martinez*, 1992 U.S. Dist. LEXIS 13571, at *6 (N.D.
16 Cal. July 16, 1992); *Shipner v. Eastern Airlines, Inc.*, 868 F.2d 401, 406, 407
17 (11th Cir. 1989) (burden is on the party opposing the motion to convince the
18 court that “justice” requires denial). “Absent prejudice ... there exists a
19 presumption under Rule 15(a) in favor of granting leave to amend.” *Eminence*
20 *Capital, LLC*, 316 F.3d at 1052.

21 **1. Defendants Are Not Prejudiced By the Amendments**

22 Here, Plaintiffs’ proposed amendments do not prejudice Defendants, they
23 *benefit* Defendants. Completely dropping the Fifth Claim eliminates the risk of
24 trial and Defendants’ potential liability under that claim. Moreover, Defendants
25 have never engaged in substantive litigation of this claim. Defendants never
26 moved to dismiss this claim, conducted little or no discovery directed at this
27 claim, and did not move for summary judgment on this claim despite the full
28

1 opportunity to do so.⁴

2 The elimination of extraneous language from the First Claim, namely sub-
3 paragraphs 54(c) and (d), will not prejudice Defendants, as this language is mere
4 surplusage, and its removal eliminates the doubts and confusion raised by
5 Defendants as to the purpose and nature of the Claim. Paragraph 54 of the First
6 Claim read as follows:

7 “54. Plaintiffs contend and Defendants deny that:
8 a. The Notices of Termination terminated on April 16, 1999 all prior
9 grants, assignments or transfers of copyrights for the extended renewal
10 term in and to each and/or all of the Works (as defined in paragraph 39
11 hereinabove) to any of the Defendants and other parties duly served with
12 the Notices of Termination, including their predecessors-in-interest;
13 b. As of the effective Termination Date, April 16, 1999, Plaintiffs
14 owned and continue to own an undivided fifty percent (50%) of the
15 Recaptured Copyrights to each and/or all the Works for their renewal
16 terms;
17 c. By reason of the foregoing, Plaintiffs are entitled to fifty percent
18 (50%) of any and all proceeds, compensation, monies, profits, gains and
19 advantages from the exploitation of, or attributable to, in whole or in part,
20 any aspect of the Recaptured Copyrights (hereinafter, sometimes referred
21 to as ‘Profits’); and
22 d. By reason of the foregoing, Defendants own or control only fifty
23 percent (50%) of the Recaptured Copyrights, and thus, as of the
24 Termination Date, had and have no authority to confer exclusive licenses
25 or grants with respect to any element of the “Superman” mythology
26 protected by the Recaptured Copyrights.”

18 Toberoff Decl., Ex. C, ¶ 54. The First Claim was clearly aimed at establishing
19 the validity of the Siegels’ notices of termination and co-ownership of the
20 Superman works thereby recaptured. *Co-ownership* of a copyright necessarily
21 includes an entitlement to an accounting from the other co-owner as a matter of
22 law. *Comm’ty for Creative Non-Violence v. Reid*, 846 F.2d 1485, 1498 (D.C.
23 Cir. 1988) *aff’d* 490 U.S. 730 (“In the absence of an agreement specifying
24 otherwise, any profits earned are to be divided equally” between copyright co-
25 owners.). However, such a determination of co-ownership under the First Claim

26 _____
27 ⁴ Likewise, the formal removal of Time Warner as a defendant cannot conceivably
28 prejudice Defendants, as it conforms the complaint to the Court’s May 19 and July 8,
2009 orders, and confirms that Time Warner, the parent company of the remaining
Defendants, is no longer a defendant in this case. *See* Docket No. 553 (May 19, 2009
Transcript) at 1598:2-3; Docket No. 554 at 2 n.1.

1 and the resultant *entitlement* to an accounting is distinct from the accounting
2 itself and the principles by which profits are to be determined – the subject of
3 Plaintiffs’ Second, Third and Fourth Claims, which remain to be tried. Toberoff
4 Decl., Ex. C, ¶¶ 56-73. To underscore this distinction, the Siegels could have
5 brought only the First Claim, and later sued if Defendants failed to properly
6 account to them. This is precisely how this Court viewed the complaint
7 previously, treating the First Claim as a “declaratory relief [claim] that plaintiffs
8 have successfully terminated the grant to the copyright in various Superman
9 works,” distinct from the “three claims requesting an accounting of profits.”
10 Docket No. 379 at 1.

11 Defendants argued, in opposition to Plaintiffs’ Rule 54(b) motion, that
12 paragraph 54(c) of the First Claim somehow seeks declaratory relief regarding
13 the complaint’s accounting claims. Docket No. 624 at 9:14. However, this
14 elevates form over substance. As noted, paragraph 54(c) merely acknowledges
15 the well-accepted legal principle that a copyright co-owner is entitled to a *pro*
16 *rata* share of the profits from co-owned copyrights, in the same proportion as his
17 co-ownership share. *See Reid*, 846 F.2d 1485, 1498 (D.C. Cir. 1988) *aff’d* 490
18 U.S. 730; 1 M. Nimmer & D. Nimmer, *Nimmer on Copyright* § 6.08 (“[A]ll joint
19 authors share equally in the ownership of a work”). Moreover, Defendants long
20 ago conceded this axiomatic legal principle. *See* Docket No. 336 at 28:24-26
21 (“[C]o-authors will each have equal shares (1/2 for two, 1/3 for three, *etc.*) in the
22 profits generated from the jointly owned work.”).⁵

23 Similarly, paragraph 54(d) merely restates the well-worn legal principle
24 that co-owners can confer only non-exclusive licenses of their co-owned
25 copyrights. *See Oddo v. Ries*, 743 F.2d 630, 632-33 (9th Cir. 1984). This was

26 _____
27 ⁵ Defendants do not and cannot dispute that this Court already decided that Plaintiffs
28 own Jerome Siegel’s 50% co-authorship share of the recaptured Superman copyrights,
while DC Comics retains the other 50% as successor to Joseph Shuster’s co-authorship
share of such copyrights. *Siegel*, 542 F. Supp. 2d at 1142 (Defendants are “a co-owner
(through Shuster’s share) of the works”); Docket No. No. 602 at 2:7-16.

1 also fully acknowledged by this Court in *Siegel*: “The Court starts with the
2 general principle that ‘each co-owner has an independent right to use or license
3 the use of the copyright[, but that a] co-owner of a copyright must account to
4 other co-owners for any profits he earns from licensing or use of the copyright.’”
5 542 F. Supp. 2d at 1143 (citing *Oddo*).

6 As both subparagraphs 54 (c) and (d) state well-accepted legal principles,
7 which flow as a matter of law from copyright co-ownership, such are
8 unnecessary to the First Claim and can readily be deleted. These sub-paragraphs
9 were originally intended as a mere lead-in or introduction to the complaints’
10 subsequent accounting claims, and to enhance the reader’s understanding of the
11 complaint and why Plaintiffs were entitled to an accounting. Toberoff Decl., ¶
12 13. These subparagraphs were never intended to supplant or incorporate
13 Plaintiffs’ Second and Third Claims (seeking declaratory relief as to the
14 principles to be applied in an accounting) or Fourth Claim (the accounting itself),
15 as argued by Defendants in order to circumvent Plaintiffs’ Rule 54(b) motion. *Id.*
16 The Second, Third and Fourth Claims specifically address the complex issues of
17 how the accounting of profits generated by the recaptured copyrights is to occur.

18 As subparagraphs 54(c) and (d) of the First Claim are entirely unnecessary
19 to the specific declaratory relief sought by that claim, they should be removed to
20 avoid any further doubts or confusion. *See Fireman’s Fund Ins. Co. v. Ed Niemi*
21 *Oil Co.*, 2009 U.S. Dist. LEXIS 118194, at *11 (D. Or. Dec. 16, 2009) (granting
22 leave to amend because “the issues have narrowed substantially and an amended
23 complaint serves to reflect those changes and direct the parties to the remaining
24 issues for trial”). Defendants cannot claim any prejudice from this amendment,
25 because the substance of the First Claim, the validity and scope of Plaintiffs’
26 termination notices and the identity of the works recaptured by Plaintiffs, has
27 already been decided, *Siegel*, 542 F. Supp. 2d 1098, 658 F. Supp. 2d 1036, and
28 the amendment is consistent with the Court’s prior treatment of the First Claim.

1 Docket No. 379 at 1.

2 **2. There Was No Undue Delay in Seeking the Amendment**

3 Nor has there been any “undue delay” in seeking this amendment. *First*,
4 Plaintiffs brought this amendment shortly after: (i) Defendants used the surplus
5 language in paragraph 54(c) in their arguments to obstruct the useful review of
6 the First Claim by the Ninth Circuit under Rule 54(b); and (ii) the Court’s
7 statements at the parties’ December 15, 2010 conference that such appellate
8 review may be advisable. *See* Docket No. 624 at 9:14. *Second*, under clear
9 Ninth Circuit law, undue delay is an insufficient ground for denying a motion for
10 leave to amend absent a showing of prejudice. *See Hurn v. Retirement Fund*
11 *Trust of Plumbing, Heating & Piping Industry*, 648 F.2d 1252, 1254 (9th Cir.
12 1981) (“Delay alone does not provide sufficient grounds for denying leave to
13 amend....”); *Bowles v. Reade*, 198 F.3d 752, 759 (9th Cir. 1999) (“Undue delay
14 by itself, however, is insufficient to justify denying a motion to amend.”); *State*
15 *Teachers Retirement Bd. v. Fluor Corp.*, 654 F.2d 843, 856 (2d Cir. 1981)
16 (amendment allowed even though plaintiff allegedly knew of facts underlying
17 amended allegations two years before making the motion.).

18 Lastly, “undue delay” normally only arises when an amendment seeks to
19 **add** parties or claims “late” in a litigation, thereby prejudicing a party. *See*
20 *Loehr v. Ventura County Community College Dist.*, 743 F.2d 1310, 1320 (9th Cir.
21 1984) (approving denial of leave to amend on grounds of delay where
22 amendments “would have substantially complicated and delayed the case for new
23 discovery, responsive pleadings, and considerations of state law”). Here,
24 Plaintiffs seek just the opposite. Defendants cannot possibly show prejudice
25 arising from this **deletion** of a claim, allegations and a party from the complaint.
26 *See Ciampi v. City of Palo Alto*, 2010 U.S. Dist. LEXIS 136480, at *8 (N.D. Cal.
27 Dec. 15, 2010) (granting leave to amend because the amended complaint did “not
28 change the scope or substance of the original allegations” and “would eliminate

1 certain claims or remove defendants from individual causes of action”); *Hackett*
2 *v. P&G*, 2008 U.S. Dist. LEXIS 14753, at *5–*6 (S.D. Cal. Feb. 27, 2008)
3 (rejecting prejudice and undue delay arguments when the amended complaint
4 dropped parties and narrowed the scope of the claims); *Doerrler v.*
5 *Oakland/Alameda County Coliseum Complex, Inc.*, 2000 U.S. Dist. LEXIS
6 10857, at *5–*6 (N.D. Cal. Jul. 18, 2000) (holding that undue “delay in this
7 litigation due to plaintiff’s proposed amendment appears counterintuitive, since
8 plaintiff seeks to abandon a claim rather than add one”). Defendants should
9 welcome Plaintiffs’ willingness to *drop* the Fifth Claim and streamline the First
10 Claim, no matter when it occurs.

11 **3. Amendment Will Hasten Final Disposition of This Action**

12 Eliminating the Fifth Claim will *hasten* the final disposition of this action,
13 as it will permit the parties and the Court to turn their full attention to Plaintiffs’
14 remaining accounting claims. As Plaintiffs are *not* adding any new parties,
15 claims, facts or allegations, but are deleting and streamlining claims, this action
16 can be resolved more quickly and efficiently.

17 Streamlining the First Claim by deletion of surplus language that is
18 allegedly confusing would also facilitate the disposition of this action, by
19 facilitating the entry of judgment on the First Claim and an immediate appeal of
20 the complicated rulings underlying its determination. These rulings include
21 detailed factual determinations as to whether numerous Superman works were
22 included in or excluded from the Siegel Terminations as “works-made-for-hire,”
23 *for which both sides sought reconsideration*, and rulings denying DC’s purported
24 dispositive defenses (*e.g.*, alleged “settlement agreement” and statute of
25 limitations defenses), *for which DC now seeks reconsideration*. Docket No. 631
26 at 6:13-23; *Siegel*, 658 F. Supp. 2d 1036, 690 F. Supp. 2d 1048.

27 The Ninth Circuit’s final determination of the validity of the Siegel
28 Terminations, and of the recaptured Superman works for which an accounting is

1 owed, will promote the efficient resolution of the accounting claims that depend
2 on such threshold determinations, and prevent duplicative accounting trials in this
3 Court. The final resolution of the validity and scope of the Siegel Terminations
4 will also greatly increase the likelihood of settlement, as these critical issues and
5 Defendants' resultant loss of exclusivity as to Superman are *far* more important
6 than the precise dollar amount owed to date in an accounting.

7
8 **4. The Amendments Are Not Futile and Are Made in Good Faith**

9 The amendments are neither "futile" nor made in "bad faith." *DCD*
10 *Programs, Ltd.*, 833 F.2d at 186. "Futility" applies when the amended complaint
11 could not state a valid claim. *See Miller v. Rykoff-Sexton, Inc.*, 845 F.2d 209, 214
12 (9th Cir. 1988) ("[A] proposed amendment is futile only if no set of facts can be
13 proved under the amendment to the pleadings that would constitute a valid and
14 sufficient claim or defense."); *United States v. Smithkline Beecham Clinical*
15 *Labs.*, 245 F.3d 1048, 1054 (9th Cir. 2001) (same). Here, the First Claim, as
16 amended, is obviously a valid claim for declaratory relief.

17 Similarly, "bad faith" occurs where there is a "wrongful motive" for the
18 proposed amendment. *DCD Programs, Ltd.*, 833 F.2d at 187 ("Since there is no
19 evidence in the record which would indicate a wrongful motive, there is no cause
20 to uphold the denial of leave to amend on the basis of bad faith."). The Ninth
21 Circuit has held that there was no "bad faith" when a party sought to amend their
22 complaint after a motion to dismiss was granted "without prejudice." *Id.* Here,
23 Plaintiffs seek leave to amend their complaint, in light of the Court's denial of
24 their Rule 54(b) motion "without prejudice" and its recent statements that
25 appellate review might nonetheless be necessary. Any actions by Plaintiffs to
26 facilitate this, while clarifying any confusion as to the First Claim, cannot be
27 considered "bad faith."

28

1 **C. Good Cause Exists Under F.R.C.P. 16 to Modify the Scheduling**
2 **Order to Allow Amendment**

3 “Good cause” exists for this Court to modify the Scheduling Order to
4 allow Plaintiffs to amend their complaint. Under the relevant facts, Plaintiffs
5 have acted reasonably and diligently in seeking this amendment. As noted above,
6 in October 2008, the Court characterized the First Claim as a “declaratory relief
7 [claim] that plaintiffs have successfully terminated the grant to the copyright in
8 various Superman works,” as distinct from the “three claims requesting an
9 accounting of profits.” Docket No. 379 at 1. In October 2009, the Court finally
10 resolved all outstanding “work-for-hire” issues, thereby defining the scope of the
11 works recaptured by the Siegel Terminations and fully deciding the First Claim.
12 *Siegel*, 658 F. Supp. 2d 1036 (C.D. Cal. 2009), 690 F. Supp. 2d 1048 (C.D. Cal.
13 2009). Shortly thereafter, Judge Larson retired and this case was transferred to
14 this Court on November 20, 2009. Docket No. 596.

15 This Court held its first status conference on August 13, 2010. Plaintiffs
16 brought a Rule 54(b) certification motion as to the First Claim on August 12,
17 2010. In opposition to that motion, and to obstruct the useful review of the First
18 Claim by the Ninth Circuit, Defendants used the surplus language in the First
19 Claim to distort its true function – declaratory relief as to the validity of the
20 Siegel Terminations and co-ownership of recaptured copyrights. Defendants
21 erroneously conflated (i) the reference in the First Claim to Plaintiffs’ *entitlement*
22 to an accounting with (ii) Plaintiffs’ Second, Third and Fourth claims, which
23 plainly concern the accounting, itself, and the principles governing such an
24 accounting. On October 13, 2010, the Court denied Plaintiffs’ Rule 54(b) motion
25 *without prejudice*, indicating that certain additional issues may first need to be
26 decided. *See* Docket No. 630 at 2.

27 At the December 15, 2010 status conference, this Court, after discussing
28 the complexities of the Second, Third and Fourth accounting claims, indicated

1 that the Ninth Circuit’s guidance as to the First Claim may well be advisable
2 before this case moved forward with a complex accounting trial based on the
3 First Claim. Toberoff Decl., ¶ 5. Just four days later – on December 19, 2010 –
4 Plaintiffs advised Defendants of their intent to seek leave to amend their
5 complaint. Toberoff Decl., Ex. D. Pursuant to Local Rule 7-3, the parties met
6 and conferred on this issue on December 21, 2010; however, Defendants waited
7 until January 5, 2011 to inform Plaintiffs that they opposed the amendment.
8 Toberoff Decl., ¶ 8, Exs. E-H. Plaintiffs filed this motion just five days later, on
9 January 10, 2011.

10 “Good cause” exists because Plaintiffs sought amendment of the complaint
11 as soon as practicable after the Defendants made their new arguments that the
12 First Claim purportedly required adjudication of the remaining accounting
13 claims, and after this Court indicated that appellate review might now be
14 necessary to advance this litigation to its ultimate conclusion. *See Caplan v.*
15 *CNA Short Term Disability Plan*, 2007 U.S. Dist. LEXIS 43676, at *10 (N.D.
16 Cal. June 1, 2007) (holding that where a party “did not receive information ...
17 showing that amendment was necessary” until after the deadline for amendment,
18 “good cause” existed under Rule 16(b) to permit an amendment after the
19 deadline); *Mytee Prods. v. H.D. Prods.*, 2007 U.S. Dist. LEXIS 84933, at *6
20 (S.D. Cal. Nov. 16, 2007) (holding that the “[p]laintiff shows good cause to
21 modify the scheduling order because it diligently moved to amend the complaint
22 a month after” the order that created the need for an amendment).

23 Moreover, where, as here, the amendment is brought to conform the
24 complaint to the actual status of the action and remove an unnecessary cause of
25 action or party, courts tend to find “good cause” under F.R.C.P. 16. *See Mytee*
26 *Prods.*, 2007 U.S. Dist. LEXIS 84933, at *6 (finding “good cause” under
27 F.R.C.P. 16 for an amendment where “the parties and their theories have long
28 been crystallized,” and “dropping the [] claim will not work to unravel the

1 progress and refinement made during the extended discovery period”); *Hackett*,
2 2008 U.S. Dist. LEXIS 14753, at *5–*6 (granting leave to amend to drop parties
3 and claims); *Doerrler*, 2000 U.S. Dist. LEXIS 10857, at *5–*6 (granting leave to
4 amend to drop claims).

5 In this factual context, it is clear that “good cause” exists to amend the
6 Scheduling Order to permit this amendment, as Plaintiffs diligently brought this
7 motion to streamline the complaint as soon as it became advisable, in light of
8 Defendants’ new arguments misstating the purpose of the First Claim, and the
9 Court’s recent statements as to the benefits of appellate review. *See Padilla v.*
10 *Bechtel Constr. Co.*, 2007 U.S. Dist. LEXIS 14481, at *21 (D. Ariz. Feb. 27,
11 2007) (holding that good cause existed under Rule 16, because the plaintiff had
12 “been diligent in seeking amendment when placed in the correct context,” as the
13 plaintiff brought the motion shortly after defendants advanced a new argument).

14 **CONCLUSION**

15 For the foregoing reasons, Plaintiffs respectfully request that this Court
16 grant Plaintiffs’ request for leave to file a Third Amended Complaint.

17
18 Dated: January 10, 2011

TOBEROFF & ASSOCIATES, P.C.

19 
20 _____
21 Marc Toberoff
22 Attorneys for Plaintiffs,
23 JOANNE SIEGEL and LAURA
24 SIEGEL LARSON
25
26
27
28

1 **APPENDIX I**

2 Pursuant to paragraph 6(c) of the Court’s “Standing Order Regarding
3 Newly Assigned Cases” (Docket No. 598), Plaintiffs hereby state the page, line
4 numbers, and wording of the proposed changes in their second amended
5 complaint (Toberoff Decl., Ex. C):

6 **Page 1 of the Second Amended Complaint**

- 7 • Line 1 – Addition of “mtoberoff@ipwla.com” as a separate line after
8 the first line identifying Marc Toberoff as counsel.
- 9 • Line 2 – Addition of “nwilliamson@ipwla.com” as a separate line after
10 the second line identifying Nicholas C. Williamson as counsel.
- 11 • Line 10 – Change case number to reflect the new Court (“CV-04-08400
12 ODW (RZx)”)
- 13 • Line 11 – Amendment of title of document from “SECOND
14 AMENDED COMPLAINT” to “THIRD AMENDED COMPLAINT”
- 15 • Line 16– Addition of “and” after “[3] DECLARATORY RELIEF RE:
16 USE OF ‘S’ CREST;”
- 17 • Lines 18–20 – Deletion of “[5] VIOLATION OF CALIFORNIA
18 BUSINESS AND PROFESSIONS CODE §§ 17200 ET SEQ.”

19 **Page 2 of the Second Amended Complaint**

- 20 • Line 14 – Addition of “and an” between “declaratory relief,” and
21 “accounting”
- 22 • Line 15 – Deletion of “and remedies for violations of California unfair
23 competition laws”

24 **Page 3 of the Second Amended Complaint**

- 25 • Lines 22–23 – Amendment of “Defendant TIME WARNER INC.” to
26 “Time Warner Inc.”

27 **Page 4 of the Second Amended Complaint**

- 28 • Line 2– Addition of “(Warner Bros. and DC are sometimes collectively

1 referred to hereinafter as the “Defendants”; and each reference to
2 Defendants shall also refer to each Defendant).” at the end of the
3 paragraph.

- 4 • Line 11 – Amendment of “DC, Warner Bros. and Time Warner” to
5 “DC, and Warner Bros.”
- 6 • Line 14 – Amendment of “Defendant TIME WARNER INC.” to “Time
7 Warner Inc.”
- 8 • Lines 19–21 – Deletion of “(Time Warner, Warner Bros. and DC are
9 sometimes collectively referred to hereinafter as the “Defendants;” and
10 each reference to Defendants shall also refer to each Defendant).”
- 11 • Lines 19 and 27–28 – Addition of footnote 1 at the end of the new
12 paragraph. The text of the footnote reads, “Plaintiffs have omitted
13 Time Warner Inc. as a party pursuant to the Court’s May 19, 2009 and
14 July 8, 2009 orders. Plaintiffs respectfully reserve all rights to appeal
15 such rulings and to reinstate Time Warner in the event the orders are
16 reversed.”

17 **Page 5 of the Second Amended Complaint**

- 18 • Line 4 – Deletion of “Time Warner,”

19 **Page 16 of the Second Amended Complaint**

- 20 • Line 3 – Addition of “and” at the end of the line.
- 21 • Line 6 – Amendment of “;” to “.” at the end of the line.
- 22 • Lines 7–16 – Deletion of the entire text of these lines as follows:

23 c. By reason of the foregoing, Plaintiffs are entitled to fifty
24 percent (50%) of any and all proceeds, compensation, monies,
25 profits, gains and advantages from the exploitation of, or attributable
26 to, in whole or in part, any aspect of the Recaptured Copyrights
27 (hereinafter, sometimes referred to as ‘Profits’); and
28 d. By reason of the foregoing, Defendants own or control only
fifty percent (50%) of the Recaptured Copyrights, and thus, as of the
Termination Date, had and have no authority to confer exclusive
licenses or grants with respect to any element of the “Superman”
mythology protected by the Recaptured Copyrights.

1 **Page 17 of the Second Amended Complaint**

- 2 • Lines 26–27 – Amendment of “Defendants Warner Bros. and Time
3 Warner,” to “Defendant Warner Bros.,”

4 **Pages 21–23 of the Second Amended Complaint**

- 5 • Page 21, Line 13 through Page 23, Line 14 – Deletion of the entire text
6 of these lines as follows:

7 **FIFTH CLAIM FOR RELIEF**

8 (Violation of California Business and Professions Code, §§ 17200 et
9 seq.;

10 Unfair Competition - Against All Defendants)

11 74. Plaintiffs re-allege and incorporate herein by reference the
12 allegations set forth in paragraphs 1 through 73, inclusive, as though
13 fully set forth herein.

14 75. Plaintiffs are informed and believe and thereon allege that
15 since the Termination Date, in addition to the wrongful acts and
16 omissions alleged hereinabove and incorporated herein, Warner
17 Bros.’ and its parent, Time Warner, have intentionally omitted from
18 Time Warner’s Annual Reports on Form 10-K, Quarterly Reports on
19 Form 10-Q, Current Reports on Form 8-K and other publicly
20 reported documents any and all mention of the Termination, even
21 though it drastically reduces their ownership interest in “Superman”
22 -- one of their most valuable intellectual properties. Such systematic
23 public misrepresentations by omission are likely to deceive, cause
24 confusion and mistake and are an affront to the public interest.

25 76. Defendants’ wrongful conduct, acts, and omissions alleged
26 hereinabove constitute unlawful, unfair business practices and unfair
27 competition under California Business and Professions Code §§
28 17500 et seq., and under the common law.

77. As a direct and proximate result of Defendants’ conduct, acts,
and omissions as alleged hereinabove, Plaintiffs are entitled to
recover their share of any income, gains, compensation, profits and
advantages obtained, received or to be received by Defendants, or
any of them, arising from the licensing and any other exploitation of
the Recaptured Copyrights; and are entitled to an order requiring
Defendants, jointly and severally, to render an accounting to
ascertain the amount of such proceeds.

78. As a direct and proximate result of Defendants’ wrongful
conduct, acts and omissions pleaded hereinabove, Plaintiffs have
been damaged, and Defendants have been unjustly enriched, in an
amount that shall be assessed at trial for which damages and/or
restitution and disgorgement is appropriate. Such damages and/or
restitution and disgorgement should include a declaration by this
Court that Defendants are jointly and severally the constructive
trustee for the benefit of Plaintiffs and an order that Defendants
convey to Plaintiffs fifty percent (50%) of all proceeds and other
compensation received or to be received by Defendants that are
attributable the licensing or exploitation on or after the Termination
Date of the Recaptured Copyrights.

79. Defendants’ wrongful conduct, acts, omissions have
proximately caused and will continue to cause Plaintiffs substantial

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injury and damage including, without limitation, loss of customers, dilution of goodwill, injury to Plaintiffs’ reputation, and diminution of the value of Plaintiffs’ joint ownership interest in the Recaptured Copyrights. The harm this wrongful conduct will cause to Plaintiffs is both imminent and irreparable, and the amount of damage sustained by Plaintiffs will be difficult to ascertain if such wrongful conduct is allowed to continue without restraint.

80. Plaintiffs are entitled to an injunction, during the pendency of this action, and permanently, restraining Defendants, their officers, agents and employees, and all persons acting in concert with them, from exclusively licensing or granting rights to any element of the Superman Franchise protected by the Recaptured Copyrights

81. Plaintiffs are entitled to an injunction, during the pendency of this action, and permanently, restraining Defendants, their officers, agents and employees, and all persons acting in concert with them, from engaging in any such further unlawful conduct, and requiring Defendants to include Plaintiffs’ names on all copyright notices relating to the Recaptured Copyrights.

82. Plaintiffs have no adequate remedy at law with respect to such ongoing unlawful conduct.

Page 23 of the Second Amended Complaint

- Line 22 – Addition of “and” at the end of the line.
- Line 24 – Amendment of “;” to “.” at the end of the line.

Pages 23–24 of the Second Amended Complaint

- Page 23, Line 25 through Page 24, Line 3 – Deletion of the entire text of these lines, as follows:

- c. That Defendants control only fifty percent (50%) of the Recaptured Copyrights, and thus, as of the Termination Date, had/have no authority to confer exclusive licenses or grants with respect to any elements of the ‘Superman’ mythology protected by the Recaptured Copyrights; and
- d. That Plaintiffs are entitled to fifty percent (50%) of any and all Profits from the exploitation of, or attributable to, in whole or in part, any aspect of the Recaptured Copyrights.

Pages 26–27 of the Second Amended Complaint

- Page 26, Line 13 through Page 27, Line 5 – Deletion of the entire text of these lines, as follows:

ON THE FIFTH CLAIM FOR RELIEF

- 89. For an accounting of all Profits;
- 90. For the imposition of a constructive trust on all Profits received and to be received;
- 91. For restitution to Plaintiffs of Defendants’ unlawful proceeds;
- 92. For an order preliminarily during the pendency of this action and thereafter, permanently, (i) enjoining Defendants, their officers, agents, employees, licensees and assigns, and all persons acting in

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concert with them, from engaging in such further unfair business practices and unfair competition under California Business and Professions Code §§ 17500 et seq., and/or under the common law, as alleged hereinabove; and (ii) requiring Defendants to properly designate Plaintiffs as the co-owner of the Recaptured Copyrights in “Superman” publications, products, advertising and promotional materials;
93. For compensatory and consequential damages according to proof as shall be determined at trial;
94. For such other and further relief and remedies available under California Business and Professions Code, §§ 17200 et seq. and/or the common law, which the Court may deem just and proper.

Page 27 of the Second Amended Complaint

- Line 14 – Amendment of the date of execution of the complaint

Page 28 of the Second Amended Complaint

- Line 4 – Amendment of the date of execution of the jury trial demand

Footer on all pages of Second Amended Complaint

- Amendment of “Second Amended Complaint for Declaratory Relief, Accounting & Unfair Competition” to “Third Amended Complaint for Declaratory Relief and Accounting”

EXHIBIT D

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7 **UNITED STATES DISTRICT COURT**
8 **CENTRAL DISTRICT OF CALIFORNIA – WESTERN DIVISION**

9 JOANNE SIEGEL, an individual;
10 and LAURA SIEGEL LARSON, an
11 individual,

12 Plaintiffs,
13 vs.

14 WARNER BROS.
15 ENTERTAINMENT INC., a
16 corporation; TIME WARNER, INC.,
17 a corporation; DC COMICS, a
general partnership; and DOES 1-10,

18 Defendants.

19 DC COMICS,

20 Counterclaimant,
21 vs.

22 JOANNE SIEGEL, an individual;
23 and LAURA SIEGEL LARSON, an
24 individual,

25 Counterclaim-
26 Defendants.

Case No: CV 04-8400 ODW (RZx)

Hon. Otis D. Wright II, U.S.D.J.
Hon. Ralph Zarefsky, U.S.M.J.

**PLAINTIFFS JOANNE SIEGEL
AND LAURA SIEGEL LARSON'S
REPLY IN SUPPORT OF
MOTION FOR LEAVE TO FILE
THIRD AMENDED COMPLAINT
PURSUANT TO FED. R. CIV. P. 15
AND 16**

Time: 1:30 p.m.
Date: February 7, 2011
Place: Courtroom 11

Trial Date: None Set

[Complaint filed: October 8, 2004]

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28

PLAINTIFFS' REPLY IN SUPPORT OF MOTION FOR LEAVE
TO FILE THIRD AMENDED COMPLAINT

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3	<i>Torres v. City of Madera,</i>	
4	655 F. Supp. 2d 1109 (E.D. Cal. 2009)	7
5	<i>Zikovic v. S. Cal. Edison Co.,</i>	
6	302 F.3d 1080 (9th Cir. 2002)	8
7	<u>Federal Authorities</u>	<u>Page</u>
8	F.R.C.P. 15.....	1, 6, 12
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10	F.R.C.P. 54.....	<i>passim</i>

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INTRODUCTION

Plaintiffs’ proposed amendment of their complaint under F.R.C.P. 15 and 16 would streamline this case and accelerate its disposition. It would also facilitate the entry of judgment on the First Claim pursuant to F.R.C.P. 54(b), if this Court later deems it appropriate. Contrary to Defendants’ assertions, Plaintiffs have not delayed this amendment, as it became advisable in December 2010, after this Court denied Plaintiffs’ Rule 54(b) motion without prejudice, but indicated that the Ninth Circuit’s guidance as to the threshold First Claim could be helpful at this juncture and avoid a re-trial of the complex accounting claims.

As Defendants admit, in deciding a motion to amend, “prejudice carries the greatest weight.” Opposition (“Opp.”) at 4 (quoting *Eminence Capital, LLC v. Aspen, Inc.*, 316 F.3d 1048, 1052 (9th Cir. 2003)). However, Defendants do not, because they cannot, show *any* prejudice from the proposed amendment, as it streamlines the complaint, rather than adds anything to it. The amendment drops the Fifth Claim entirely, drops a defendant and streamlines the First Claim.

Defendants therefore argue instead that they might be prejudiced if a Rule 54(b) judgment was later entered on the First Claim. Such argument is premature, should await a renewed Rule 54(b) motion, and is, in any event, unpersuasive. The amendment removes superfluous language and confirms that the First Claim, as to the validity of Plaintiffs’ statutory termination, has been decided. The “accounting” claims, which present entirely different legal and factual issues, turn on the threshold First Claim. Any errors by the prior Court in six years of litigating the First Claim would require re-trial of the accounting claims – an outcome that would cause considerable delay and waste the resources of the Court and all parties. Streamlining this case by amendment of the complaint, and facilitating the potential entry of judgment under Rule 54(b), benefits both the parties and this Court by expediting final resolution of the key threshold First Claim, and will thereby promote settlement.

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ARGUMENT

I. LEAVE TO AMEND THE COMPLAINT SHOULD BE GRANTED

A. Plaintiffs Have Acted Diligently in Seeking This Amendment

As set forth in Plaintiffs’ motion, Plaintiffs have acted reasonably and diligently, per F.R.C.P. 16, in seeking this amendment. The analysis of whether a party was diligent must be “placed in the correct context.” *Padilla v. Bechtel Constr. Co.*, 2007 U.S. Dist. LEXIS 14481, at *21 (D. Ariz. Feb. 27, 2007). Whether a party was diligent is measured by its actions after the event that triggered the need for amendment, such as when the other side of a case advances a new argument (*id.*), or when the party “receive[s] information ... showing that amendment was necessary.” *Caplan v. CNA Short Term Disability Plan*, 2007 U.S. Dist. LEXIS 43676, at *10 (N.D. Cal. June 1, 2007). Here, Plaintiffs acted diligently after it became apparent that extraneous language in the First Claim was causing confusion as to its separate purpose – to establish the validity of the Siegels’ termination under the Copyright Act and the Superman works thereby recaptured – in contrast to the three subsequent claims that focus on Defendants’ accounting for profits under state law. The following puts this motion in context:

- In **October 2008**, the prior Court 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 the “three claims requesting an accounting of profits.” Docket No. 379 at 1.
- In **October 2009**, the prior Court issued two “work-for-hire” rulings that resolved the works recaptured pursuant to the First Claim. *Siegel*, 658 F. Supp. 2d 1036 (C.D. Cal. 2009), 690 F. Supp. 2d 1048 (C.D. Cal. 2009).
- In **November 2009**, the case was transferred to this Court.
- In **December 2009**, the parties submitted a joint status report. Defendants withheld disclosing their intention to move to reconsider the prior Court’s rulings denying their purported defenses to the First Claim.

- 1 • In **May 2010**, Defendant DC Comics filed a complaint against Plaintiffs,
2 among others, *DC Comics v. Pacific Pictures Corp.*, C.D. Cal. Case No.
3 10-CV-03633 ODW (RZx) (“*DC Comics*”). Therein, DC ignored the
4 factual and legal findings of the Court in *this* closely related case,
5 including its decision on complex “work-for-hire” issues, and DC made
6 clear that it intended to relitigate *all* of its purported defenses that had been
7 *denied in this case* after six years of hard fought litigation.
- 8 • On **July 22, 2010**, this Court set a status conference in this case for August
9 13, 2010, which was the first appearance before this Court.
- 10 • On **August 12, 2010**, in reliance on the Court’s prior description and
11 determination of the First Claim, Plaintiffs filed a Rule 54(b) motion.
- 12 • On **August 30, 2010**, Defendants stated they would seek reconsideration of
13 the Court’s decisions as to their purported settlement defense to the First
14 Claim. Docket No. 623 at 5. *See also* Docket No. 631 at 6 (same re:
15 Defendants’ statute of limitations defenses).
- 16 • On **September 3, 2010**, in opposition to Plaintiffs’ Rule 54(b) motion,
17 Defendants argued that the “accounting” issues (of the Second, Third and
18 Fourth Claims) were included in the First Claim. Docket No. 624 at 17.
- 19 • On **October 13, 2010**, this Court denied Plaintiffs’ Rule 54(b) motion
20 *without prejudice*, stating that certain “accounting” issues may need to be
21 decided to complete the First Claim as written. Docket No. 630 at 2.
- 22 • On **December 15, 2010**, this Court nonetheless indicated that the Ninth
23 Circuit’s guidance as to the threshold First Claim may well be advisable
24 before this case moved forward with the complex accounting trial.
25 Plaintiffs were diligent in seeking this amendment to streamline the
26 complaint and to clarify the First Claim. There was no pressing need to do so
27 prior to October 13, 2010. Between October 2008 and October 2010, the Court’s
28 stated view was that the First Claim related to the validity of the Siegel’s

1 terminations and the Superman works recaptured, while the “accounting” claims
2 were a separate matter that remained to be decided. Then, after denying
3 Plaintiffs’ Rule 54(b) motion without prejudice, this Court clearly indicated on
4 December 15, 2010 that Ninth Circuit review may be advisable. Four days later,
5 Plaintiffs advised Defendants that they would seek leave to amend, and filed this
6 motion on January 10, 2011, five days after Defendants’ delayed response on
7 January 5, 2011, refusing to so stipulate.

8 Defendants therefore do not (and cannot) argue that Plaintiffs were not
9 “diligent” in seeking leave to amend. Instead, Defendants make the off-target
10 argument that Plaintiffs did not bring a Rule 54(b) as soon as possible, *i.e.*, “by
11 no later than [December] 2009.” *Opp.* at 2-3. First, this is no defense to
12 Plaintiffs’ motion to *amend their complaint*. Second, there was no need for a
13 Rule 54(b) motion until Defendants made clear their intent to re-litigate the entire
14 First Claim, in the guise of both their recent *DC Comics* action (May 2010) and
15 their recently disclosed intent to move for reconsideration in this action (August
16 2010) of everything previously decided against them. *See* Docket No. 602 (Joint
17 Status Report to this Court, with no mention of motions for reconsideration).

18 It was only after Defendants made clear their intention to re-litigate the
19 First Claim that the efficiency advantages of a Rule 54(b) judgment became
20 clear: it would prevent wasteful re-litigation of the First Claim (both in this
21 action and the related *DC Comics* action), while avoiding a re-trial of the
22 complex accounting claims due to any errors as to prior rulings as to the First
23 Claim (*e.g.*, fact-intensive “work for hire” issues decided on summary judgment).
24 *See Continental Airlines, Inc. v. Goodyear Tire & Rubber Co.*, 819 F.2d 1519,
25 1525 (9th Cir. 1987) (holding that Rule 54(b) embraces a “pragmatic approach
26 focusing on ... efficient judicial administration”).

27 Defendants further complain that a Rule 54(b) judgment is designed to
28 “derail the related [*DC Comics*] case filed by DC,” and “were the Siegels to

1 succeed [in the Rule 54(b) motion] ... they will assert that the issues on appeal
2 are preclusive of certain matters in the [*DC Comics*] case.” Opp. at 3. Plaintiffs
3 wholeheartedly agree. Defendants improperly seek to re-litigate in *DC Comics*
4 every issue decided against them here. This wastes judicial resources and risks
5 conflicting judgments. The best way to avoid this problem is to enter a 54(b)
6 judgment as to the First Claim, enabling the Ninth Circuit to finally determine the
7 common issues, after which both cases can proceed in an orderly fashion.

8 Whereas, Defendants repeatedly complain that Plaintiffs seek to delay this
9 case’s resolution, Plaintiffs are trying to streamline and resolve this case, as it is
10 not in Plaintiffs’ interest to delay their own case. Defendants, on the other had,
11 have done nothing to advance this case over the past fourteen months other than
12 to file “case management” statements. Therein, Defendants argued: (i) that the
13 parties should re-brief seven accounting issues that have already been fully
14 briefed (the “additional issues”); (ii) that the Court should not decide the majority
15 of such issues until after Defendants unilaterally render their version of an
16 accounting without a legal framework to so (and which Defendants failed to do
17 since April 1999, when Superman profits became payable to Plaintiffs); (iii) that
18 both expert and fact discovery should be re-opened; (iv) that an accounting trial
19 must involve a “work by work” apportionment analysis of thousands of
20 individual Superman comics and pieces of merchandising, rather than a global
21 comparison of those Superman works/elements recaptured by Plaintiffs to the key
22 elements comprising the Superman mythos, and (v) that, after all this, the parties
23 should proceed with such an unnecessarily drawn out accounting trial, when any
24 errors in the complex issues underlying the First Claim (*e.g.*, which Superman
25 works were “made-for-hire”) would mean the entire case would have to be re-
26 tried. *See* Docket No. 631 at 7-12. Defendants’ proposals would only prolong
27 and *delay*, not advance, the final resolution of this over six years old case.¹

28 _____
¹ Defendants also oddly argue that the appeal is improper because the Siegels seek to

1 **B. Amendment of the Complaint Will Expedite This Litigation and**
2 **Reduce the Burden on the Court**

3 **1. Defendants Show No Prejudice From the Amendment**

4 Defendants acknowledge that of the factors considered in deciding whether
5 to grant leave to amend pursuant to F.R.C.P. 15(a)(2), “prejudice ‘carries the
6 greatest weight.’” Opp. at 4 (quoting *Eminence Capital, LLC*, 316 F.3d at 1052).
7 Yet Defendants do not, because they cannot, argue that they will be prejudiced by
8 amendments that delete and streamline claims and drop a party, rather than add
9 new claims, allegations or parties.² Defendants instead prematurely argue that a
10 Rule 54(b) judgment would somehow prejudice them. Opp. at 4-7. This does
11 not establish prejudice from the proposed *amendment* under F.R.C.P. 15 and 16.
12 Judgment under Rule 54(b) is a matter for this Court’s discretion, and Defendants
13 will have ample opportunity to oppose a Rule 54(b) motion.

14 **2. Defendants Will Not Be Prejudiced by a Rule 54(b)**
15 **Judgment**

16 Even though Plaintiffs’ motion for leave to amend under Rules 15 and 16
17 does not hinge on the merits of a Rule 54(b) motion, Plaintiffs will address the
18 latter issue as it is the focus of Defendants’ Opposition. Defendants’ argument
19 that a Rule 54(b) judgment “will only serve to delay the final disposition of this
20 case to the prejudice of [Defendants]” is unpersuasive. Opp. at 5. Defendants
21 will suffer no prejudice from entry of judgment on the fundamental First Claim
22 and Defendants’ related counterclaims concerning the validity of the Siegel

23 market their rights. Opp. at 4. There is nothing wrong with the Siegels’ attempts to
24 market their rights, as Defendants have admitted:

25 [Defendants’ Counsel]: [P]laintiffs, as a matter of law, can fully exploit Action
26 Comics No. 1 today, or anytime in the future, and gain whatever financial
27 benefit they can from it”

28 Docket No. 553 (May 18, 2009 Transcript) at 1576:7-11.

² See *Ciampi v. City of Palo Alto*, 2010 U.S. Dist. LEXIS 136480, at *8 (N.D. Cal. Dec.
15, 2010) (granting leave to amend because the amended complaint did “not change the
scope or substance of the original allegations” and “would eliminate certain claims or
remove defendants from individual causes of action”); *Hackett v. P&G*, 2008 U.S. Dist.
LEXIS 14753, at *5-*6 (S.D. Cal. Feb. 27, 2008) (rejecting prejudice and undue delay
arguments when the amended complaint dropped parties and narrowed the scope of the
claims).

1 termination, as this will advance the final resolution of this case, benefitting all
2 parties and the Court.

3 In deciding the First Claim, the prior Court made detailed factual findings
4 on summary judgment as to whether numerous different Superman works were
5 “works-for-hire,” so as to determine which works had been recaptured by the
6 Siegels’ statutory termination. *Siegel*, 658 F. Supp. 2d 1036. This, in turn,
7 defines Defendants’ duty to account to Plaintiffs as copyright co-owners. By the
8 Court’s own admission, many of the Superman works held to be “for hire” are
9 “on the outer edges of the work for hire doctrine.” *Id.* at 1077. If the Ninth
10 Circuit finds that any of the prior Court’s determinations were in error, the
11 complex “accounting” claims will have to re-tried, which is not in the interest of
12 either side or this Court. A Rule 54(b) judgment would strongly serve the
13 interests of efficiency by avoiding duplicative accounting trials.³

14 *Second*, Defendants themselves adamantly seek reconsideration of the
15 Court’s adverse rulings on their defenses/counterclaims to the First Claim. *See*
16 Docket No. 631 at 6:13-23. Previously, Defendants also unsuccessfully moved
17 for reconsideration of the Court’s adverse “work for hire” rulings. *Siegel*, 690 F.
18 Supp. 2d 1048. The proper forum to appeal such rulings is the Ninth Circuit, not
19 this Court. It makes far more sense to expedite such an appeal now, rather than
20 to wait until completion of a complex accounting trial.

21 *Third*, the validity of the Siegels’ statutory termination (*i.e.*, the First
22 Claim), and the mirror-image termination by the Shuster Estate, is also far more

23
24 ³ *See Adidas Am., Inc. v. Payless Shoesource, Inc.*, 166 Fed. Appx. 268, 270–71 (9th
25 Cir. 2006) (approving Rule 54(b) judgment where appellate reversal of partial summary
26 judgment after final resolution of the lawsuit would require a second trial); *Torres v.*
27 *City of Madera*, 655 F. Supp. 2d 1109, 1135 (E.D. Cal. 2009) (granting 54(b) judgment
28 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”); *Adams v. United States*, 2010 U.S.
Dist. LEXIS 47509, at *12–13 (D. Idaho May 12, 2010) (Rule 54 (b) judgment would
“provide important appellate direction” for upcoming trial; “if an appeal must await the
end of that trial, the immense efforts of Court and counsel could be wasted if the appeal
results in re-trial.”).

1 important than the precise dollar figure arrived at in an accounting trial.

2 Defendants admit that this is the critical issue in these cases.

3 [Defendants' Counsel]: [T]he heirs of Joseph [Shuster] had noticed a
4 termination of his copyright grant effective in 2013. When that happens,
5 your Honor, the entire Superman situation shifts drastically. ...provided
6 the [Shuster's] termination is record[ed] as proper, just as your Honor has
7 approved the termination of the Siegel's .

8 Docket No. 553 (May 18, 2009 Transcript) at 1572:25-1573:8.⁴ Given the
9 threshold nature of the First Claim, settlement is unlikely until the Ninth Circuit
10 reviews the First Claim, as shown by the failure of this case to settle in over six
11 years. Far from being “in limbo” on an appeal of a Rule 54(b) judgment (Opp. at
12 5), the Ninth Circuit would resolve the most important issues.

13 *Fourth*, in the *DC Comics* case, which will determine the validity of the
14 Shuster termination, Defendants re-argue the same defenses already adjudicated
15 here with respect to the identical Superman works and copyright grants by Siegel
16 and Shuster. *Compare, e.g.,* Toberoff Decl., Ex. I (“DC FAC”), ¶¶ 154-55, 158-
17 59 *with Siegel*, 542 F. Supp. 2d 1098, 1126-30, 658 F. Supp. 2d 1036, 690 F.
18 Supp. 2d 1048 (“work for-hire” defense); DC FAC, ¶¶ 125-28 *with* 542 F. Supp.
19 2d at 1131-32 (1948 consent judgment defense). An appeal of the First Claim
20 would kill “two birds with one stone” by definitively resolving common issues.

21 *Fifth*, none of the cases cited by Defendants supports their position that
22 entry of judgment on a separate claim would somehow “prejudice” them, as the
23 cases all relate to situations where a party tried to add a claim. *See* Opp. at 5;
24 *Zikovic v. S. Cal. Edison Co.*, 302 F.3d 1080, 1087 (9th Cir. 2002) (proposed
25 amendment added two causes of action); *Solomon v. N. Am. Life & Cas. Ins. Co.*,
26 151 F.3d 1132, 1138-39 (9th Cir. 1998) (proposed amendment added deficient
27 claim and required re-opening discovery); *Roberts v. Ariz. Bd. of Regents*, 661
28 F.2d 796, 798 (9th Cir. 1981) (proposed amendment added claim).

⁴ The statements show that DC’s claim that it has been successful in this litigation and
“defeat[ed] the vast majority” of the Siegel’s claims (Opp. at 5) to be hollow.

1 In short, a Rule 54(b) judgment would expedite resolution of this litigation
2 by: (a) ensuring that the complicated “accounting” claims are not tried twice due
3 to any errors in the prior Court’s decisions; (b) simplifying the *DC Comics*
4 action; (c) pre-empting Defendants’ attempts to re-litigate the Court’s decisions
5 both in this case and the *DC Comics* action; and (d) resolving, with certainty, the
6 most important severable claim as to the validity of the terminations. Such
7 efficiency benefits strongly support the entry of judgment under Rule 54(b). *See*
8 *Continental Airlines, Inc.*, 819 F.2d at 1525 (approving entry of 54(b) judgment
9 because “given the size and complexity of this case, we cannot condemn the
10 district court’s effort to carve out threshold claims and thus streamline further
11 litigation.”); *Texaco, Inc. v. Ponsoldt*, 939 F.2d 794, 797 (9th Cir. 1991) (“Rule
12 54(b) certification is proper if it will aid ‘expeditious decision’ of the case.”).

13
14 **3. The Ninth Circuit Would Have Jurisdiction Over a Rule 54(b) Judgment**

15 Contrary to Defendants’ arguments, the Ninth Circuit will have jurisdiction
16 over any appeal from a Rule 54(b) judgment. Rule 54(b) allows a district court to
17 certify as final and immediately appealable interlocutory orders that resolve
18 outstanding claims in a case. To be eligible for a Rule 54(b) judgment, the orders
19 must constitute “an ultimate disposition of an individual claim entered in the
20 course of a multiple claims action,” and there must be no just reason to delay
21 appellate review of the orders until the conclusion of the entire case. *Curtiss-*
22 *Wright Corp. v. General Electric Co.*, 446 U.S. 1, 7-8 (1980).

23 The First Claim, as amended, implicates only two, already-decided, legal
24 issues: (1) whether the Siegel termination is valid; and (2) which Superman
25 *works* were successfully recaptured pursuant to the termination. Such a severable
26 claim could readily have been brought alone, with Plaintiffs later suing if
27 Defendants failed to properly account to them for their profits as co-owners.

28 The First Claim, as amended to delete unnecessary references to *the right*

1 of copyright co-owners to an accounting (a well-accepted legal principle), moots
2 Defendants’ loophole argument that the First Claim is for an “accounting” (Opp.
3 at 5; Docket No. 624 at 9-10). This was clearly never intended by Plaintiffs, as
4 their Fourth Claim expressly requests such “an accounting,” and their Second and
5 Third Claims expressly seek a determination of “the principles to be applied in an
6 accounting,” giving rise to the “additional [accounting] issues” to be decided.

7 Even with this loophole closed, Defendants erroneously argue that “the
8 scope of the [Siegel’s] recaptured copyrights” needs to be decided before
9 judgment can be entered on the First Claim. Opp. at 6. This is a red herring. As
10 amended, the First Claim implicates only which Superman *works* were
11 recaptured, and does not in any way implicate their literary contents. Defendants
12 engage in empty “wordplay” by purposefully confusing the “scope” of a
13 termination (*i.e.*, which works were thereby recaptured) with a detailed literary
14 analysis of each such work. The former is part of the severable First Claim and
15 has clearly been decided. The latter is relevant, at best, to an apportionment, if
16 any, of profits in an accounting – the subject of the Second, Third and Fourth
17 Claims. Both the “promotional announcements” and “dicta” issues, alluded to by
18 Defendants (Opp. at 6), refer solely to such literary analysis relevant to
19 apportionment and do not implicate the First Claim.⁵ Moreover, even if these
20 issues needed to be decided before a Rule 54(b) judgment were entered (they do
21 not), that would not be a reason to deny Plaintiffs’ proposed amendment, as the
22 Court could simply decide the “dicta” and “ads” issues, and then enter judgment.

23 Defendants also attempt to argue that the Court must resolve their
24 purported “settlement” and “statute-of-limitations” defenses before a 54(b)
25 judgment could be entered on the amended First Claim. Opp. at 6. Yet, both of

26 ⁵ The “dicta” issue relates to whether certain statements made by the Court as to *Action*
27 *Comics*, No. 1’s literary elements (made in the general background section of the
28 Court’s summary judgment order) were “dicta.” See Docket No. 336 at 1:13-18. The
“promotional announcements” issue relates to whether Defendants alone own supposed
elements in the “promotional announcements.” Docket No. 349 at 41-43.

1 those issues were already exhaustively analyzed and decided against Defendants
2 in lengthy published decisions. *See Siegel*, 542 F. Supp. 2d at 1134-36 (statute of
3 limitations has not run), 1136-39 (no settlement agreement). Defendants’
4 threatened motions for reconsideration do not render the Court’s prior decisions
5 less “final.” Defendants’ desire to “appeal” such decisions favors certification of
6 the First Claim for appeal – not burdening this Court with endless re-litigation.

7 Nor would an appeal of the First Claim be “piecemeal” or improper. A
8 Rule 54(b) judgment and appeal is “piecemeal” only when it would result in the
9 appellate court deciding the same issues more than once. *See, e.g., DeFazio v.*
10 *Hollister, Inc.*, 2008 U.S. Dist. LEXIS 3856, at *9 (E.D. Cal. Jan. 7, 2008)
11 (denying Rule 54(b) motion where there were pending claims “arising out of the
12 same facts and based on similar legal theories”). Here, the decided factual and
13 legal issues underlying the First Claim (*e.g.*, the “works-made-for-hire” status of
14 Siegel and Shuster’s many Superman works in the 1930’s and 1940’s) have
15 virtually nothing in common with the undecided factual and legal issues in the
16 remaining accounting claims (*e.g.*, DC’s profits from the post-1999 exploitation
17 of Superman). Moreover, the Ninth Circuit has clearly stated that “*claims*
18 *certified for appeal do not need to be separate and independent from the*
19 *remaining claims, so long as resolving the claims would ‘streamline the*
20 *ensuing litigation.’” Noel v. Hall*, 568 F.3d 743, 747 (9th Cir. 2009)(em. added).

21 A Rule 54(b) order is an appealable final judgment by definition. F.R.C.P.
22 54(b); *Curtiss-Wright Corp.*, 446 U.S. at 8.⁶ The Ninth Circuit “accord[s]
23 ‘substantial deference’ to the district court’s assessment of equitable factors” in
24 granting a Rule 54(b) motion, and will only overturn this if it would not
25 “streamline the ensuing litigation.” *Noel*, 568 F.3d at 747.

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27 _____
28 ⁶ Defendants’ prejudicial arguments as to appeals in the *DC Comics* case (Opp. at 7) are irrelevant. Those appeals were filed early, before any substantive decisions, to preserve appellant’s rights.

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C. Defendants Are Not Entitled to Costs

Defendants’ insistence on costs for dismissal of the Fifth Claim strains credulity. The Fifth Claim for unfair competition incorporated the complaint’s other allegations, and no additional discovery or litigation focused on this claim. *First*, Defendants’ overall “costs” are nominal to begin with. *Second*, Defendants cannot and do not establish any incremental costs as to the Fifth Claim, since they would have had to incur costs in any event. For these reasons, Defendants readily waived costs when Plaintiffs dropped their Lanham Act and Waste claims in 2008. *See* Docket No. 371. Third, the Ninth Circuit has long recognized that district courts have discretion to deny costs when a case is vigorously litigated or has “some merit.” *Association of Mexican-American Educators v. California*, 231 F.3d 572, 591-592 (9th Cir. 2000) (*en banc*). Fourth, because the Court can award costs at the entry of judgment, DC’s claimed entitlement to costs does not affect whether the Court can grant leave to amend under F.R.C.P. 15 and 16.


Lastly, Defendants’ “reserv[ation of] all rights to challenge the amended complaint and to seek appropriate discovery” (Opp. at 9) is also meaningless: nothing new was added to the amended complaint so as to permit Defendants to take additional discovery or to re-litigate the First Claim.

CONCLUSION

For the foregoing reasons, Plaintiffs respectfully request that this Court grant Plaintiffs’ request for leave to file a Third Amended Complaint.

Dated: January 24, 2011

TOBEROFF & ASSOCIATES, P.C.



Marc Toberoff
Attorneys for Plaintiffs,
JOANNE SIEGEL and LAURA
SIEGEL LARSON

EXHIBIT E

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NOTE: CHANGES HAVE BEEN
MADE TO THIS DOCUMENT

6 Attorneys for Plaintiffs and Counterclaim Defendants
JOANNE SIEGEL and LAURA SIEGEL LARSON

7 **UNITED STATES DISTRICT COURT**
8 **CENTRAL DISTRICT OF CALIFORNIA – WESTERN DIVISION**

9
10 JOANNE SIEGEL, an individual;
and LAURA SIEGEL LARSON, an
11 individual,

Plaintiffs,

12 vs.

13 WARNER BROS.
14 ENTERTAINMENT INC., a
15 corporation; TIME WARNER, INC.,
16 a corporation; DC COMICS, a
17 general partnership; and DOES 1-10,

18 Defendants.

19 DC COMICS,

20 Counterclaimant,

21 vs.

22
23 JOANNE SIEGEL, an individual;
24 and LAURA SIEGEL LARSON, an
individual,

25 Counterclaim

26 Defendants.

Case No: CV 04-08400 ODW (RZx)

Hon. Otis D. Wright II, U.S.D.J.

**ORDER GRANTING PLAINTIFFS
JOANNE SIEGEL
AND LAURA SIEGEL LARSON'S
MOTION FOR LEAVE TO FILE
THIRD AMENDED COMPLAINT
PURSUANT TO FED. R. CIV. P. 15
AND 16**

Time: 1:30 p.m.
Date: February 7, 2011
Place: Courtroom 11

Trial Date: None Set

[Complaint filed: October 8, 2004]

27
28 **NOTE: CHANGES MADE BY THE COURT**

**ORDER GRANTING PLAINTIFFS' MOTION FOR LEAVE
TO FILE THIRD AMENDED COMPLAINT**

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ORDER

The Court has considered the papers filed in support of and in opposition to Plaintiffs Joanne Siegel and Laura Siegel Larson’s Notice of Motion and Motion for Leave to File Third Amended Complaint Pursuant to Fed. R. Civ. P. 15 and 16. Good cause appearing, IT IS HEREBY ORDERED that Plaintiffs’ Motion for Leave to File Third Amended Complaint is GRANTED; and:

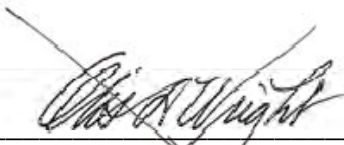
1. The scheduling order in this case is hereby modified to allow Plaintiffs leave to file a Third Amended Complaint, in the form found in their motion and attached as Exhibit “A” hereto.

2. The Third Amended Complaint, when filed, will be deemed to be served on all Defendants, as of the date of this Order, pursuant to Local Rule 15-3.

3. Plaintiffs shall **manually file** the Third Amended Complaint through forthwith through the Civil Intake window and in compliance with General Order 08-02.

IT IS SO ORDERED.

DATED: January 31, 2011



Hon. Otis D. Wright II

NOTE: CHANGES MADE BY THE COURT

NOTE: CHANGES HAVE BEEN
MADE TO THIS DOCUMENT

EXHIBIT F

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CENTRAL DISTRICT OF CALIF.
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12
13 UNITED STATES DISTRICT COURT
14 CENTRAL DISTRICT OF CALIFORNIA

15 JOANNE SIEGEL and LAURA
16 SIEGEL LARSON,
17 Plaintiffs

Case No. CV-04-8400 ODW (RZx)

SECOND AMENDED
COUNTERCLAIMS

18 v.

The Hon. Otis D. Wright II

19 WARNER BROS.
20 ENTERTAINMENT INC., DC
21 COMICS, and DOES 1-10,
22 Defendants

23 WARNER BROS
24 ENTERTAINMENT INC, DC
25 COMICS, and DOES 1-10
26 COUNTERCLAIMANT

27 v.
28 JOANNE SIEGEL and LAURA
SIEGEL LARSON
COUNTERDEFENDANTS

SECOND AMENDED
COUNTERCLAIMS

1 On January 31, 2011, the Court granted, with changes, plaintiffs’ Motion for
2 Leave to File Third Amended Complaint Pursuant to Fed. R. Civ. P. 15 and 16.
3 Docket Nos. 637, 643. For purposes of completeness, defendants hereby reassert
4 the counterclaims contained in the First Amended Counterclaims, Docket No. 42,
5 with changes to reflect only the current date, the updated pleading title, and the
6 Court’s dismissal of Time Warner Inc. as a party to this action. Defendants reserve
7 all rights, including to amend these counterclaims as and when appropriate.

8 Defendant/Counterclaimant DC Comics, for its Second Amended
9 Counterclaims against Plaintiff/Counterclaim Defendants Joanne Siegel and Laura
10 Siegel Larson, alleges:

11 **PARTIES**

12 1. Defendant/Counterclaimant DC Comics (“DC” or “DC Comics”) is a
13 New York General Partnership engaged in the business of, *inter alia*, creating,
14 exploiting, and licensing comic book stories and characters. DC is the successor in
15 interest to all rights under copyright and other rights, including trademark rights
16 and the good will in and to the first Superman story and all other works and
17 products relating to the Superman character.

18 2. Upon information and belief, Plaintiff/Counterclaim Defendant Joanne
19 Siegel is an individual and citizen of the State of California, in the County of Los
20 Angeles. Upon further information and belief, Joanne Siegel is the widow of
21 Jerome Siegel, the individual credited as a co-creator of the first Superman stories.

22 3. Upon information and belief, Plaintiff/Counterclaim Defendant Laura
23 Siegel Larson is an individual and citizen of the State of California, in the County
24 of Los Angeles. Upon further information and belief, Laura Siegel Larson is a
25 daughter of Jerome Siegel. Plaintiff/Counterclaim Defendants Joanne Siegel and
26 Laura Siegel Larson are referred to herein as “the Siegels.”

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JURISDICTION AND VENUE

4. This Court has jurisdiction of the subject matter hereof under the provisions of the U.S. Copyright Act, 17 U.S.C. § 101 *et seq.*, relating to copyright ownership, under sections 39 and 43 (a) and (c) of the U.S. Trademark Act, also known as the Lanham Act, 15 U.S.C. §§ 1121 and 1125 (a) and (c), and sections 1331, 1332, 1338 (a) and 1338 (b) of the Judicial Code, 28 U.S.C. §§ 1331, 1332, 1338 (a) and 1338 (b), as well as under principles of supplemental jurisdiction, 18 U.S.C. § 1367.

5. Venue is proper under 28 U.S.C. § 1391 (b) in that, upon information and belief, a substantial part of the events giving rise to DC’s claims occurred or a substantial part of the properties that are the subject of these counterclaims are situated in this District and/or the Plaintiffs/Counterclaim Defendants may be found in this District.

FACTS COMMON TO ALL COUNTERCLAIMS

Background And History

6. Upon information and belief, in or about 1933, Jerome Siegel (“Siegel”) and his friend and co-creator, Joseph Shuster (“Shuster”) collaborated on creating a number of stories, including a story entitled “The Reign of the Superman,” which was published in a magazine put out by Siegel and Shuster themselves entitled “Science Fiction.” Upon further information and belief, other than the same name, the “Superman” character in this story shared very little, if any, similarity with the character that would later become known as Superman.

7. Upon information and belief, in early 1933, Siegel and Shuster began collaborating on “comic strips,” initially for syndication and eventually for publication in “comic books,” a new and growing medium. Among their work together were a number of comic strips featuring a character they named Superman. This Superman character bore virtually no resemblance to the character of the same name that had previously appeared in the “Science Fiction” magazine. Upon

1 further information and belief, those works, which were never published, included:
2 (a) twenty four (24) days of Superman comic strips intended for newspapers; (b) a
3 seven page synopsis of the last eighteen days (weeks 2-4) of such strips; (c) a
4 paragraph previewing Superman exploits; (d) a nine-page synopsis covering an
5 additional two months of daily comic strips; and (e) fifteen daily comic strips
6 (collectively the “Unpublished Superman Works”).

7 8. Upon information and belief, between 1933 and 1937 Siegel and
8 Shuster submitted the Unpublished Superman Works to a number of prospective
9 publishers and newspaper syndicates, but the work was rejected by them all.

10 9. Meanwhile, between 1935 and 1937, Siegel and Shuster created a
11 number of comics strips that were published, including such titles as “Dr. Occult,”
12 “Henri Duval,” and “Spy.”

13 10. On December 4, 1937, Siegel and Shuster entered into an “Agreement
14 of Employment” (the “December 4, 1937 Agreement”) with Detective Comics, Inc.
15 (“DCI”), a predecessor in interest to DC. Under the Agreement, Siegel and Shuster
16 agreed to “give their exclusive services” in producing comic features entitled “Slam
17 Bradley” and “The Spy” for a period of two years. Under the Agreement, Siegel
18 and Shuster were required to submit any new comics to DCI first, which reserved
19 the right to accept or reject the work for a period of sixty (60) days.

20 11. Early in 1938, DCI was looking for materials for a new comic book it
21 was intending to publish under the name “Action Comics.” In that connection,
22 upon information and belief, DCI was provided with the twenty four (24) days of
23 Superman comic strips from the Unpublished Superman Works for review. At the
24 instance and expense of DCI and subject to its right to control, Siegel and Shuster
25 cut and pasted the comic strips, and added certain additional material, to create a
26 thirteen page comic book story which was accepted for publication by DCI.

27 12. In an agreement with DCI dated March 1, 1938 (the “March 1, 1938
28 Agreement”), Siegel and Shuster, among other things, transferred to DCI “the strip

1 entitled ‘Superman’ . . . all good will attached thereto and exclusive right to the use
2 of the characters and story, continuity and title of strip . . .” and agreed not to
3 employ Superman and other characters in the strip “by their names contained
4 therein.”

5 13. DCI advertised the publication of the new comic story Superman and
6 the new title “Action Comics No. 1” in others of its publications, including but not
7 limited to, “More Fun Comics No. 31,” “Detective Comics No. 15,” and “New
8 Adventure Comics No. 26,” all of which are cover dated May 1938 and, upon
9 information and belief, were distributed in copies to the public on or before April 1,
10 1938. These advertisements (the “Superman Ads”), which depict the Superman
11 character in his costume, exhibiting super-strength, show almost the entirety of
12 what would become the cover of “Action Comics No. 1.”

13 14. Upon information and belief, sometime prior to April 16, 1938, but
14 after the Superman Ads, DCI published the thirteen page Superman comic book
15 comprising the first Superman story in “Action Comics No. 1,” bearing the “cover”
16 date June 1938 (hereinafter “Action Comics No. 1”). However, Action Comics No.
17 1 was not comprised entirely of the pre-existing Unpublished Superman Works.
18 Rather, upon information and belief, in response to DCI’s instruction that the
19 Unpublished Superman Works be presented as a thirteen page comic book and
20 subject to DCI’s right to control, Siegel and Shuster created additional materials to
21 complete Action Comics No. 1 (the “Additional Action Comics No. 1 Materials”).

22 15. After the publication of Action Comics No. 1, upon information and
23 belief, Siegel and Shuster supplied further original Superman stories at DCI’s
24 instance and expense and subject to its right to control. On September 22, 1938,
25 Siegel and Shuster entered into another employment agreement (the “DCI
26 September 22, 1938 Agreement”), confirming that Siegel and Shuster had “been
27 doing the art work and continuity for said comics [including Superman comics] for
28 us. We wish you to continue to do said work and hereby employ and retain you for

1 said purposes” The DCI September 22, 1938 Agreement also contained an
2 acknowledgement that DCI was the “exclusive” owner of Superman.

3 16. Also on September 22, 1938, Siegel and Shuster entered into an
4 agreement with DCI and with the McClure Newspaper Syndicate (the “McClure
5 September 22, 1938 Agreement”) concerning the use of Superman in newspaper
6 strips.

7 17. All of Siegel and Shuster’s contributions to Superman comic books
8 and comic strips published subsequent to Action Comics No. 1 as well as the
9 Additional Action Comics No. 1 Materials, were made either under the DCI March
10 1, 1938 Agreement, the DCI September 22, 1938 Agreement, the McClure
11 September 22, 1938 Agreement, or contemporaneous oral agreements confirmed by
12 one or more of these Agreements, or certain subsequent agreements affirming those
13 agreements, as employees of DCI or its successors or at DCI’s instance and expense
14 and subject to DCI’s right of control, with the result that the copyrights to all
15 Superman materials created by them after preparation of materials included in
16 Action Comics No. 1 and to the Additional Action Comics No. 1 Materials are
17 owned exclusively by DC Comics as works made for hire under the then applicable
18 1909 Copyright Act.

19 18. On November 30, 1938, Siegel wrote to DCI (the “November 1938
20 Letter”) suggesting that it do a comic book named Superboy, “which would relate
21 to the adventures of Superman as a youth.” The November 30, 1938 Letter does
22 not contain any discussion of plot, dialogue, appearance, or any other copyrightable
23 material relating to Superboy. DCI decided not to publish a “Superboy” comic at
24 that time.

25 19. In 1939, among the Superman comics prepared by Siegel and Shuster
26 at the instance and expense of DCI and subject to its right of control, was Superman
27 No. 1, with a cover date of Summer 1939. In Superman No. 1, Clark Kent was
28 depicted as a youth with super powers.

1 20. On December 19, 1939, Siegel and Shuster entered into a new
2 agreement with DCI (the “December 19, 1939 Agreement”), which agreement
3 modified the DCI September 22, 1938 Agreement by, *inter alia*, doubling Siegel
4 and Shuster’s compensation for Superman comic books and newspaper strips. In
5 addition, the December 19, 1939 Agreement provided for payment for Siegel and
6 Shuster for uses of Superman beyond comic books and newspaper strips, such as
7 radio, motion pictures, and toys. Under the December 19, 1939 Agreement, Siegel
8 and Shuster again acknowledged DCI’s sole ownership of Superman.

9 21. Upon information and belief, in approximately December 1940,
10 Siegel, on behalf of himself and Joe Shuster, submitted to DCI a thirteen-page
11 script of continuity for Superboy (the “Unpublished 1940 Superboy Script”),
12 renewing his suggestion to DCI that it publish a comic book about Superman as a
13 youth. The December 1940 Superboy Script, which sets forth a credit line of “By
14 Jerry Siegel and Joe Shuster,” states, in part, “[s]o many faithful followers of
15 today’s leading adventure comic strip, SUPERMAN, wrote in demanding the
16 adventures of Clark Kent as a youth . . . And so here he is at last...the answer to your
17 requests... America’s outstanding boy hero: SUPERBOY!” The Unpublished 1940
18 Superboy Script goes on to say about Superboy that “[i]n later years he was to
19 become the might [sic] figure known as SUPERMAN!” Again, DCI decided not to
20 publish a “Superboy” comic at that time.

21 22. Upon information and belief, on a date prior to November 18, 1944,
22 DCI published its first comic book containing the adventures of Superboy, who was
23 Superman as a youth, in “More Fun Comics No. 101” with a “cover” date of
24 January-February 1945 (hereinafter “More Fun Comics No. 101”). Upon
25 information and belief, DCI employed Shuster or an artist from Shuster’s art studio
26 (with Shuster’s knowledge and under his supervision) to create the artwork and
27 writer Don Cameron to write the Superboy story contained in “More Fun Comics
28 No. 101.” The Superboy story in “More Fun Comics No. 101” bears little if any

1 resemblance to anything contained in the Unpublished 1940 Superboy Script, and
2 such similarities as may exist are common to earlier Superman related material
3 owned by DCI.

4 23. In 1947, Siegel and Shuster brought suit against, *inter alia*, DCI's
5 successor in interest, National Comics Publications, Inc. ("National") in the New
6 York Supreme Court in Westchester County (the "Westchester Action"). The
7 Westchester Action was, in part, the culmination of a dispute between Siegel and
8 Shuster and National over what Siegel and Shuster claimed was DCI's
9 unauthorized publication of Superboy. In the Westchester Action, in addition to
10 seeking redress in connection with Superboy, Siegel and Shuster sought to
11 invalidate the March 1, 1938 Agreement, argued that the DCI September 22, 1938
12 Agreement was obtained by duress, and sought to recapture all rights in Superman.

13 24. On November 21, 1947, the Court in the Westchester Action issued an
14 opinion (the "Westchester Opinion") after trial in which it found that the March 1,
15 1938 Agreement transferred to DCI all rights in Superman and that the DCI
16 September 22, 1938 Agreement was valid and not obtained under duress. The
17 Court also held that in publishing Superboy, DCI had acted "illegally."

18 25. At the Court's request, the parties to the Westchester Action submitted
19 proposed fact findings and conclusions of law. On April 12, 1948, the Court
20 adopted fact findings and conclusions of law and issued an interlocutory judgment
21 (collectively the "Westchester Action Interlocutory Judgment"). The defendants in
22 the Westchester Action filed a notice of appeal, and the Westchester Action
23 Interlocutory Judgment was stayed pending appeal.

24 26. Shortly thereafter, the parties to the Westchester Action entered into
25 two separate agreements: (a) a stipulation dated May 19, 1948 (the "May 19, 1948
26 Stipulation") and (b) a consent judgment dated May 21, 1948 (the "May 21, 1948
27 Consent Agreement"). Under both documents, *inter alia*, Siegel and Shuster: (a)
28 agreed to vacate the Westchester Action Interlocutory Judgment; (b) acknowledge

1 that, pursuant to the March 1, 1938 Agreement, they transferred to DCI all rights in
2 and to Superman, including “the title, names, characters, concept and formula” as
3 set forth in Action Comics No. 1; (c) acknowledged National was sole and
4 exclusive owner of Superman, the conception, idea, continuity, pictorial
5 representation and formula thereof in all media; (d) agreed that they were enjoined
6 from creating, publishing or distributing any Superman work or any imitation
7 thereof, and from using the title Superman or title that contained the word “Super”;
8 (e) acknowledged that National was the sole owner of and owned exclusive rights
9 in Superboy; (f) agreed that they were enjoined from creating, publishing or
10 distributing Superboy or any imitation thereof; (g) agreed they were prohibited
11 from representing their past connection with Superman and Superboy in such a way
12 to confuse the public that such connection still existed; and (h) agreed they were
13 prohibited from using any coloring, lettering or printing in referring to Superman or
14 Superboy that was imitative of that used by National.

15 27. In the 1960s, Siegel and Shuster again brought suit against National,
16 this time in the United States District Court for the Southern District of New York
17 for a declaration that they (and not National) owned the copyright in the renewal
18 copyright term for Action Comics No. 1. In a decision published in *Siegel v.*
19 *National Periodical Publications, Inc.*, 364 F. Supp. 1032 (S.D.N.Y. 1973), the
20 district court held, *inter alia*, that the agreements between Siegel and Shuster on the
21 one hand and DCI (and later National) on the other, intended to assign all rights in
22 Superman to DCI and National, including renewal copyright rights.

23 28. In a decision published in *Siegel v. National Periodical Publications,*
24 *Inc.*, 508 F.2d 909 (2d Cir. 1974), the Court of Appeals affirmed that portion of the
25 lower court’s ruling relating to National’s ownership of all rights in Superman.
26 Siegel and Shuster did not further appeal the ruling.

27 29. On December 23, 1975, Siegel and Shuster entered into an agreement
28 with Warner Communications, Inc., then National’s parent company (the

1 “December 23, 1975 Agreement”). Under this agreement, Siegel and Shuster again
2 acknowledged that Warner Communications, Inc. was the sole and exclusive owner
3 of “all right, title and interest in and to the ‘Superman’ concept, idea, continuity,
4 pictorial representation, formula, characters, cartoons and comic strips, title, logo,
5 copyrights and trademarks, including any and all renewals and extensions of such
6 rights, in the United States and throughout the world, in any and all forms of
7 publication, reproduction and presentation, whether now in existence or hereafter
8 devised”

9 30. Under the December 23, 1975 Agreement, Siegel and Shuster each
10 were to and did receive throughout their lives annual payments as well as medical
11 insurance coverage. Upon Siegel’s death, annual payments were to be made to
12 Plaintiff/Counterclaim Defendant Joanne Siegel for the remainder of her life. The
13 amount of the annual payment pursuant to the December 23, 1975 Agreement was
14 increased over the years. Since Siegel’s passing in 1996, Joanne Siegel has
15 continuously received and accepted annual payments and health insurance under
16 that agreement.

17 **DC Comics’ Development And Licensing**
18 **Of Superman Works And Products**

19 31. The initial graphic representations of the Superman character in 1938,
20 now stylistically dated, presented his adventures with a limited number of
21 characters in settings that had the look and feel of that particular period. From the
22 portrayal of the Superman character in “Action Comics No. 1,” we only know that
23 he is an upright hero who was sent as an infant to Earth aboard a space ship from an
24 unnamed distant planet destroyed by old age. Superman is also depicted as secretly
25 possessed of extraordinary physical abilities, including superhuman strength and
26 the ability to leap 1/8th of a mile, hurdle a twenty-story building and run faster than
27 an express train. In his ordinary life, the character is depicted as a mild-mannered
28 newspaper reporter for The Daily Star known as Clark Kent, and in his alter ego,

1 Superman is a costumed heroic figure using his extraordinary physical abilities to
2 fight against crime.

3 32. Since the publication of “Action Comics No. 1,” DC Comics has
4 authored, published and distributed several thousand other comic books containing
5 the adventures of Superman throughout the United States and abroad in many
6 millions of copies, adding more than 60 years worth of material to further define,
7 update and improve upon the Superman character and presenting an ongoing new
8 flow of Superman exploits and characters resulting in the creation of an entire
9 fictional Superman “universe.”

10 33. In addition to the publication of new comic books containing the
11 Superman comic strip character, DC Comics has over the last 66 years participated
12 in the creation, development and licensing of numerous Superman live action and
13 animated feature length motion pictures, motion picture serials, radio and television
14 serials and live theatrical presentations. These works have also significantly
15 contributed to the modernizing and evolution of the Superman character from his
16 1938 appearance.

17 34. Over the years since Action Comics No. 1, the presentations of
18 Superman provided first by DCI and then DC Comics did not present a static
19 depiction but an ever-evolving portrayal of Superman continuously, featuring new
20 super powers, new villains, new components to the Superman universe, new
21 elements in the Superman back story, and changes in the appearance of Superman.
22 Most notably, many of Superman’s powers that are among his most famous today
23 did not appear in Action Comics No. 1 but only appeared in later publications.
24 These include: his ability to fly; his super-vision which enables him to see through
25 walls (“X-ray” vision) and across great distances (“telescopic” vision); his super-
26 hearing which enables him to hear conversations at great distances; his
27 invulnerability to injury which is most often shown as bullets bouncing off his chest
28 and/or arms.

1 35. One notable part of the evolution of the appearance of the Superman
2 character undertaken by DC Comics and its predecessors, has been the
3 transformation of the emblem on the chest of Superman's costume. In Action
4 Comics No. 1, the emblem was comprised of a small yellow inverted triangle
5 bearing the letter "S" shown in yellow and sometimes in red (the "Action Comics
6 No. 1 Crest"). Thereafter, in changing the appearance of Superman and his
7 costume, DC Comics and/or its predecessors significantly changed the Action
8 Comics No. 1 Crest. Bearing little if any resemblance to the original, it is now a
9 large yellow five-sided shield, outlined in the color red, and bearing the letter "S" in
10 the middle, also in the color red (the "S in Shield Device"). The S in Shield
11 Device, as transformed by DC Comics and its predecessors, has become a strong
12 symbol, standing alone, of all goods and services relating to Superman and his sole
13 source, DC Comics and its predecessors.

14 36. At all relevant times, DC Comics, its predecessors in interest and
15 licensees have duly complied with the provisions of the 1976 Copyright Act and its
16 1909 predecessor statute with respect to securing copyright protection for the
17 numerous works in which the Superman character has appeared and establishing
18 DC Comics' copyright ownership thereof, including the original and all works
19 based upon and derived therefrom, and have received from the Register of
20 Copyrights, valid and subsisting certificates of copyright registration and renewal
21 with respect thereto.

22 37. DC Comics and its predecessors have, since 1938, continuously held
23 themselves out as the exclusive owners of all rights under copyright in Superman.

24 38. DC Comics has over many decades adopted and made long,
25 continuous and exclusive use of (a) the name and mark Superman and (b) certain
26 key symbols and indicia of origin in connection with and to identify all authorized
27 uses of the Superman character in print and all other media (sometimes hereinafter
28 the "Superman symbols and indicia of origin"). The Superman name and mark and

1 Superman symbols and indicia of origin include, *inter alia*, Superman’s
2 characteristic outfit, comprised of a full length blue leotard with red cape, a yellow
3 belt, the S in Shield Device, as well as certain key identifying phrases. Most
4 notable among the latter is “Look!...Up in the sky!...It’s a bird!...It’s a plane!...It’s
5 Superman!” first used in the introduction to the 1940 radio program The
6 Adventures of Superman, and thereafter continuously repeated in Superman
7 television programming and various Superman publications. All of these Superman
8 symbols and indicia of origin have been used on and in connection with a wide
9 variety of publications and licensed goods and services, as they have been added to
10 the Superman character and mythology under DC Comics’ and/or its predecessors’
11 supervision and direction, but, in any event, for the earliest symbols, since as early
12 as 1938.

13 39. As a result of the above-described continuous and exclusive use by DC
14 Comics of the Superman name and mark, as well as the Superman symbols and
15 indicia of origin for over sixty years, the names, marks and symbols and the
16 appearance of the Superman character have become famous and the public has
17 come to recognize that all publications, entertainment and products featuring
18 Superman or bearing such marks all come from the same source, namely, DC
19 Comics, and that DC Comics is the exclusive source of the Superman character and
20 all uses of the character on and in connection with any goods and services.

21 40. DC Comics owns dozens of federal trademark registrations for
22 Superman related indicia across a broad array of goods and services. Those
23 registrations include, but are not limited to the following for the following marks:

24 (a) SUPERMAN (in block letters) Reg. Nos. 2,419,510, 2,204,195, 1,278,177,
25 1,221,718, 1,209,668, 1,175,907, 1,183,841, 1,248,822, 1,216,976, 1,186,803,
26 1,189,393, 1,180,068, 1,184,822, 1,181,536, 1,182,947, 1,070,290; (b)
27 SUPERMAN (in the well-known “telescopic” lettering) Reg. Nos. 2,226,026,
28 1,278,175, 1,200,394, 1,185,526, 1,185,853, 1,209,863, 1,220,896, 1,183,809,

1 1,182,226, 1,181,537, 1,189,355, 1,218,552, 1,108,577, 391,821, 371,803; (c) the
2 “S in Shield” Device (either alone or as part of a rendering of Superman) 2,211,378,
3 2,226,415, 1,262,572, 1,179,537, 1,197,814, 1,200,387, 1,200,233, 1,209,743,
4 1,201,167, 1,201,149, 1,229,321, 1,199,690, 1,199,552, 1,199,630, 1,184,881,
5 1,182,172, 1,189,376, 1,180,292, 1,178,048, 1,182,041, 1,173,150, 1,140,418,
6 1,235,769, 411,871; (d) SUPERMAN RIDE OF STEEL Reg. No. 2,485,624; (e)
7 MAN OF STEEL Reg. Nos. 2,226,436, 1,433,864; (f) SUPERBOY Reg. Nos.
8 394,923 (telescopic lettering), 1,221,719 (block letters); (g) SUPERGIRL (stylized
9 and in block letters) Reg. Nos. 987,395, 414,623, 1,238,334; (h) SUPERWOMAN
10 (in telescopic lettering) Reg. No. 394,922; (i) SMALLVILLE Reg. Nos. 2,626,700,
11 2,809,352, 2,768,213, 2,765,711, 2,882,881; (j) KRYPTONITE Reg. Nos.
12 2,656,1,239,506; (k) KRYPTO Reg. No. 1,168,306; (l) LOOK, UP IN THE SKY,
13 IT’S A BIRD, IT’S A PLANE Reg. No. 1,527,304; (m) LEX LUTHOR Reg. Nos.
14 2,802,600, 1,634,007; (n) LOIS LANE Reg. No. 1,184,702; (o) PERRY WHITE
15 Reg. No. 1,184,703; (p) JIMMY OLSEN Reg. No. 1,190,637; (q) LOIS AND
16 CLARK Reg. No. 1,990,231; and (r) ACTION COMICS (stylized) 360,765
17 (collectively with the SUPERMAN symbols and indicia of origin, the “Superman
18 Marks”).

19 41. These registrations alone suffice to show the unusual breadth and
20 scope of the use of such marks related to Superman by DC Comics or its licensees
21 on or in connection with a broad range of goods and services, all of which have
22 come to be seen over six decades by countless consumers as indicating an exclusive
23 authorization or sponsorship thereof by plaintiff DC Comics, the publisher and
24 source of all Superman comic books and other Superman productions and products.

25 **The Superman Notices Of Termination**

26 42. On April 8, 1997, DC Comics received from Plaintiffs’ Counterclaim
27 Defendants Joanne Siegel and Laura Siegel Larson, through their then-counsel,
28 Finnegan, Henderson, Farabow, Garrett & Dunner, seven documents entitled Notice

1 of Termination of Transfer Covering Extended Renewal. Those documents
2 purport, under 17 U.S.C. § 304 (c), to terminate, effective April 16, 1999, the
3 Siegels' share in the following grants of copyright: (a) the December 4, 1937
4 Agreement; (b) the March 1, 1938 Agreement; (c) the DCI September 22, 1938
5 Agreement; (d) the McClure September 22, 1938 Agreement; (e) the December 19
6 1939 Agreement; (f) the May 19, 1948 Stipulation; (g) the December 23, 1975
7 Agreement (collectively the "Superman Notices"). However, the Siegels served no
8 notice terminating their share of the copyright grant in the May 21, 1948 Consent
9 Agreement.

10 43. The Superman Notices purport to terminate the Siegels' share of the
11 above grants listed therein in the Unpublished Superman Works, Action Comics
12 No. 1, and in excess of 15,000 additional works (the "Post-Action Comics No. 1
13 Works"). However, in none of the seven Superman Notices, or anywhere else, do
14 the Siegels purport to terminate their share of any copyright grant in the Superman
15 Ads.

16 44. In the Superman Notices, the Siegels expressly recognize and
17 acknowledge that the character Superboy is a derivative work based on Superman.
18 The Superman Notices expressly identify Superboy as part of the Superman
19 "family" of characters in which the Siegels are purporting to terminate their grants.
20 Indeed, the more than 15,000 works listed in the Superman Notices include
21 hundreds of publications and other works that feature *only* Superboy (as opposed to
22 Superman), and also Superman No. 1 with a cover date of Summer 1939, in which
23 Superman is depicted as a youth.

24 45. In late November, 1998, DC Comics received from
25 Plaintiffs/Counterclaim Defendants. Joanne Siegel and Laura Siegel Larson,
26 through their then-counsel, Finnegan, Henderson, Farabow, Garrett & Dunner, four
27 documents entitled Notice of Termination of Transfer Covering Extended Renewal.
28 Those documents purport to terminate, effective November 27, 2000, the Siegels'

1 share it the following grants of copyright relating to the character known as “The
2 Spectre”: (a) the December 4, 1937 Agreement; (b) a September 22, 1938
3 Agreement; (c) and October 10, 1939 Agreement and (d) a second October 10,
4 1939 Agreement (collectively the “Spectre Notices”).

5 46. The Spectre Notices purport to terminate the Siegels’ share of the
6 above grants in: (a) the Spectre character appearing in costume in an ad in issue No.
7 51 of “More Fun Comics” with a cover date of January 1940; (b) the first Spectre
8 comic book story published in issue No. 52 of “More Fun Comics” with a cover
9 date of February 1940; (c) part 2 of the first Spectre comic book story published in
10 issue No. 53 of “More Fun Comics” with a cover date of March 1940, and hundreds
11 of additional works listed the Spectre Notices (collectively the “Spectre Works”).

12 **The Parties’ Negotiations**

13 **And The Agreement Reached**

14 47. On April 17, 1997, less than ten days after DC Comics received the
15 Superman Notices, its counsel wrote to the Siegels’ counsel inviting negotiation.
16 The Siegels requested that DC Comics make an initial settlement proposal. But
17 prior to making such proposal, DC Comics requested that the parties enter into a
18 confidentiality agreement. Frustrated by the Siegels’ delay in responding to its
19 proposed form confidentiality agreement, on November 5, 1997, DC Comics’
20 counsel wrote the Siegels’ counsel and stated, *inter alia*, “[a]s we had advised you
21 in the past, our client has elected, for settlement purposes only, not to respond to the
22 [Superman Notices] served upon them by challenging their validity or scope *at this*
23 *time.*” (Emphasis added.)

24 48. On December 17, 1997, DC Comics and the Siegels finally entered
25 into a confidentiality agreement. On December 18, 1997, DC Comics forwarded its
26 first substantive proposal with respect to the copyrights at issue, and in connection
27 therewith also raised certain defects in the termination notice, stating “that there is a
28 substantial legal issue as to the effectiveness of your clients’ termination of DC’s

1 interest in the Superman Comic.” For more than six months despite repeated
2 requests for feedback, DC Comics heard no response to its December 18, 1997
3 proposal. Finally, on June 19, 1998, the Siegels’ counsel sent a letter to DC
4 Comics’ counsel that did not respond to the proposal but only requested more
5 information.

6 49. On July 23, 1998, DC Comics provided the Siegels with the answers to
7 the questions posed in their counsel’s letter of June 19, 1998. Despite requests for
8 feedback for another several months, DC Comics again received no response to its
9 proposal.

10 50. Having heard no response from the Siegels, on April 15, 1999, one day
11 before the purported “Effective Date” set forth in the Superman-Notices, DC
12 Comics provided a more comprehensive written notice to Plaintiffs/Counterclaim
13 Defendants Joanne Siegel and Laura Siegel Larson detailing, among other things,
14 the reasons it considered the Superman Notices to be invalid.

15 51. On April 30, 1999, DC Comics received a letter from the firm of
16 Gang, Tyre, Ramer & Brown, Inc. (“Gang, Tyre”) indicating it now represented the
17 Siegels in negotiations with DC Comics. Thereafter, the parties engaged in
18 extensive negotiations with their respective lawyers attending meetings in
19 California and New York, and exchanging proposals. During that time period, at
20 the Siegels’ request, DC Comics provided a payment of \$250,000 (the “Advance
21 Payment”) to the Siegels which payment was agreed to be an advance against any
22 future sums provided under an agreement to be entered into between the parties.

23 52. On October 16, 2001, a legal representative for DC Comics made an
24 offer to the Siegels through Gang, Tyre by telephone. On October 19, 2001, Kevin
25 Marks of Gang, Tyre, on behalf of the Siegels, accepted the October 16, 2001 offer.
26 That day, Mr. Marks wrote a letter confirming that the Siegels had “accepted D.C.
27 Comics offer of October 16, 2001” and outlined all of the material terms in detail.
28 Those terms included, *inter alia*, that the Siegels transferred or would transfer all of

1 their rights in the Superman property (which was defined in the letter as Superman,
2 Superboy and related properties including but not limited to Supergirl, Steel, Lois
3 & Clark, and Smallville) and in “The Spectre.” In exchange, the Siegels were to
4 receive: (a) a sizeable non-returnable advance; (b) a sizeable non-recoupable and
5 non-returnable signing bonus; (c) “forgiveness” of the Advance Payment; (d)
6 significant guaranteed minimum payments as advances against royalties; and (e)
7 percentage royalties from DC Comics’ exploitations of Superman across all media,
8 worldwide.

9 53. By return letter of October 26, 2001, DC Comics’ representative wrote
10 back providing a “more fulsome outline” of the agreed upon points. Neither the
11 Siegels nor any of their representatives in any way disputed the October 26, 2001
12 confirmatory outline from DC Comics. On February 1, 2002, DC Comics
13 forwarded a draft of a more formal written agreement memorializing the terms
14 agreed to in the October 19 and 26, 2001 correspondence.

15 54. After the October 2001 agreement, DC Comics entered into a written
16 Option Purchase Agreement with Warner Bros., A Division of Time Warner
17 Entertainment Company, L.P. (now known as defendant Warner Bros.
18 Entertainment Inc.) dated as of November 6, 1999, pursuant to which DC Comics
19 granted to Warner Bros. the option to license certain exclusive rights in Superman,
20 and Warner Bros. has commenced photography of a feature-length motion picture
21 based on the property.

22 55. On May 9, 2002, Plaintiff/Counterclaim Defendant Joanne Siegel
23 wrote a letter to the Co-Chief Operating Officer of DC Comics’ parent company
24 acknowledging that the Siegels had accepted DC Comics’ proposal of October 16,
25 2002, but purporting to object to unspecified provisions of the formal written draft
26 and repudiating the agreement reached by the parties in October 2001. To this day,
27 the Siegels have not identified a single provision of the February 1, 2002 formal
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1 draft that was inconsistent with the provisions in the Siegels' October 19, 2001
2 acceptance of DC Comics' proposal.

3 56. On September 30, 2002, however, DC Comics received a letter from
4 the Siegels stating they were breaking off all discussions with DC Comics and
5 again repudiating the agreement reached by the parties in October 2001.

6 **The Superboy Termination Notices**

7 57. Notwithstanding the fact that the Siegels had already purported to
8 terminate grants with respect to the Superboy character effective April 16, 1999, on
9 November 8, 2002, the Siegels mailed to DC Comics another Notice of
10 Termination of Transfer purporting to relate solely to Superboy (the "Superboy
11 Notice"). The Superboy Notice purports to terminate, effective November 17, 2004,
12 only two grants of copyright: (a) the May 19, 1948 Stipulation and (b) the
13 December 23, 1975 Agreement, and identifies many of the same works identified in
14 the Superman Notices. As was the case with the Superman Notices, the Siegels
15 served no notice terminating the copyright grant in the May 21, 1948 Consent
16 Agreement.

17 58. The Superboy Notice purports to terminate the above grants regarding
18 the following works: (a) the unpublished November 30, 1938 Letter; (b) the
19 unpublished 1940 Superboy Script; (c) More Fun Comics No. 101; and (d)
20 approximately 1,600 additional titles. However, the Superboy Notice lists and
21 purports to terminate grants of rights under copyright relating to hundreds of the
22 same works already purportedly terminated by the earlier Superman Notices. The
23 Superboy Notice does not purport to terminate the 1939 depiction of Superman as a
24 youth in Superman No. 1.

25 59. In the Superboy Notice, the Siegels make the claim that Superboy is a
26 "separate and distinct copyrighted work and character from the copyrighted work
27 and character Superman." This contention is erroneous.

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1 60. In the Superboy Notices, the Siegels also claim that Jerome Siegel was
2 the sole author of Superboy. This contention is also erroneous.

3 61. Among the works listed in the Superboy Notice that the Siegels claim
4 are terminated by such notice of termination (as well as by the Superman Notices),
5 is the WB television series entitled “Smallville.” “Smallville” is a modern, teen-
6 oriented drama about the life and relationships of Clark Kent and his circle of
7 friends during Clark’s high school years; it features numerous characters not
8 created or developed by Siegel and story lines wholly original to the series.

9 62. On June 17, 2004, talent agent Ari Emanuel, representing the Siegels,
10 sent a letter to DC Comics’ licensee and affiliated company, Warner Bros., stating,
11 *inter alia*, that as of the effective date of the Superboy Notice, November 17, 2004,
12 DC Comics and its licensees would be cut off from making any further episodes of
13 “Smallville.”

14 63. On August 4, 2004, the Siegels’ new counsel and attorney of record in
15 this case, Marc Toberoff, contacted Warner Bros. and reiterated the Siegels’
16 position that, as of November 17, 2004, DC Comics and its licensees would be cut
17 off from making any further episodes of “Smallville.”

18 64. On August 27, 2004, DC Comics’ counsel herein, Fross Zelnick
19 Lehrman & Zissu, P.C., sent a letter to the Siegels’ counsel rejecting the
20 interpretation of the effect of the Superboy Notice and unequivocally informing the
21 Siegels that DC Comics and its licensees would proceed with their planned
22 production, copying, distribution, and exploitation of new episodes of “Smallville.”

23 **The Siegels’ Filing Of Two Related Cases**

24 65. On October 8, 2004, 14 days prior to filing the instant action, the
25 Siegels filed a related action, Civil Case No. 04-8400, which case was assigned to
26 Judge Pregerson in this Court.

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**FIRST COUNTERCLAIM FOR DECLARATION
THAT THE SUPERMAN NOTICES AND THE
SUPERBOY NOTICE ARE INEFFECTIVE**

66. DC Comics repeats and realleges paragraphs 1 - 65 above as if fully set forth herein.

67. DC Comics contends that the Superman Notices and/or the Superboy Notice are ineffective, *inter alia*, for any or all of the following five independent reasons:

#1 The May 21, 1948 Consent Agreement Has Not Been Terminated

68. The May 21, 1948 Consent Agreement is a written agreement entered into by Jerome Siegel and Joseph Shuster with DC Comics' predecessor in interest and includes a grant of all rights in Superman and Superboy by Siegel and Shuster to DC Comics' predecessor in interest, including all rights under copyright therein.

69. As a result of the Siegels' failure to send a Notice of Termination with respect to the May 21, 1948 Consent Agreement, the grant contained therein to all copyrights related to Superman remains in full force and effect. Thus, DC Comics is and continues to be the sole owner of all rights of any kind, including rights under copyright, in Superman (including its derivative work Superboy) pursuant to the May 21, 1948 Consent Agreement.

#2 The December 23, 1975 Agreement

70. Through both the Superman Notices and the Superboy Notice, the Siegels purport to terminate their share of the grant of copyright in Superman and Superboy contained in the December 23, 1975 Agreement.

71. By letter dated April 15, 1999, the day before the Superman Notice purported to become effective, DC Comics rejected the scope and validity of the Superman Notices, including but not limited to, that Superman Notice purporting to terminate the grant in the December 23, 1975 Agreement.

1 72. By letter dated August 29, 2004, DC Comics rejected the scope and
2 validity of the Superboy Notice, including but not limited to the Siegels' claim that
3 such notice terminated the December 23, 1975 Agreement.

4 73. Notwithstanding the Siegels having, by virtue of the Superman
5 Notices, purportedly terminated the grant of copyright contained in the December
6 23, 1975 Agreement, and with full knowledge of DC Comics' rejection of the
7 Superman Notice, after April 16, 1999, the purported effective date of such notices
8 of termination, DC Comics continued to perform under the December 23, 1975
9 Agreement and Plaintiff/Counterclaim Defendant Joanne Siegel continued to accept
10 the benefits under that agreement. DC Comics has relied upon Joanne Siegel's
11 continued acceptance of benefits under the December 23, 1975 Agreement and has
12 continued to perform under that Agreement without accounting to the Siegels and
13 without making any other change in the manner in which it has exploited
14 Superman.

15 74. Notwithstanding the Siegels having, by virtue of the Superboy Notice,
16 purportedly terminated the grant of copyright contained in the December 23, 1975
17 Agreement, and with full knowledge of DC Comics' August 29, 2004 rejection of
18 the notice of termination, DC Comics has continued to perform under the December
19 23, 1975 Agreement. DC Comics has relied upon Joanne Siegel's continued
20 acceptance of benefits under the December 23, 1975 Agreement and has continued
21 to perform under that Agreement without accounting to the Siegels and without
22 making any other change in the manner in which it has exploited Superboy.

23 75. Because of DC Comics' continued performance under the December
24 23, 1975 Agreement and Plaintiff/Counterclaim Defendant Joanne Siegel's
25 continued acceptance of the benefits of such agreement after she purportedly
26 terminated it in both the Superman Notices and the Superboy Notice, the December
27 23, 1975 Agreement, and the grant of copyright therein, remains in full force and
28 effect.

1 82. Upon information and belief, Siegel, in collaboration with Shuster,
2 prepared the Siegel Superboy Proposals without the prior knowledge or consent of
3 DC Comics' predecessors.

4 83. Upon further information and belief, Siegel developed the contents of
5 the Siegel Superboy Proposals within the scope of his employment contracts with
6 DC Comics' predecessors and/or at their instance and expense and subject to their
7 right to control.

8 84. As a result of the foregoing, the Siegel Superboy Proposals were
9 derivative works based upon Superman, prepared without the authorization of the
10 copyright owner, and/or were works made for hire, owned ab initio by the copyright
11 owner in Superman.

12 85. Whether the Siegel Superboy Proposals were derivative works
13 prepared without the prior authorization of the copyright owner, or were works
14 made for hire, Siegel could not and did not own any copyright interest therein that
15 would be subject to copyright termination pursuant to 17 U.S.C. § 304 (c). Thus,
16 the Superboy Notice is ineffective.

17 **#5 The Superman Notices Were Not Timely Served**

18 86. Upon information and belief, DC Comics' predecessor in interest first
19 secured copyright in Action Comics No. 1 by publication with copyright notice
20 prior to April 16, 1938.

21 87. All grants made by Siegel and Shuster or rights in Action Comics No.
22 1 are still in effect, and all rights under copyright granted therein are still owned
23 exclusively by DC Comics, because the Superman Notices served by the Siegels are
24 ineffective for failure to comply with the legal requirements therefore prescribed by
25 section 304 (c) of the U.S. Copyright Act of 1976, 17 U.S.C. § 304 (c), in that: the
26 "Effective date" of the Superman Notices, namely April 16, 1999, was too late to
27 fall within the required period specified in 17 U.S.C. § 304 (c) (3) and such notices
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1 of termination were served less than two years before the allowable effective date in
2 violation of 17 U.S.C. § 304 (c) (4) (A).

3 88. On information and belief, plaintiffs deny DC Comics' contentions
4 and/or the legal effect ascribed thereto as set forth in paragraphs 66 – 87 above.
5 Accordingly, an actual controversy has arisen and now exists between
6 Plaintiffs/Counterclaim Defendants and DC Comics concerning the above issues.

7 89. A justiciable controversy exists concerning the above issues and a
8 judicial declaration is necessary and appropriate to determine the parties' respective
9 rights with regard thereto.

10 **SECOND ALTERNATIVE COUNTERCLAIM FOR**
11 **DECLARATION THAT ANY CLAIM BY THE SIEGELS FOR**
12 **CO-OWNERSHIP OF SUPERMAN (INCLUDING ITS DERIVATIVE**
13 **SUPERBOY) IS BARRED BY THE STATUTE OF LIMITATIONS**

14 90. DC Comics repeats and realleges paragraphs 1 - 89 above as if fully
15 set forth herein.

16 91. Since as early as 1998, Plaintiffs/Counterclaim Defendants were on
17 notice of DC Comics' position that the Superman Notices contained legal defects.
18 Moreover, effective at least as early as April 15, 1999, Plaintiffs/Counterclaim
19 Defendants were on notice that DC Comics rejected the Superman Notices and
20 asserted exclusive ownership of all copyright in Superman.

21 92. Since April 16, 1999, the purported effective date of the Superman
22 Notices, Plaintiffs/Counterclaim Defendants have been deprived of the benefits of
23 their purported co-ownership of copyright in Action Comics No. 1.

24 93. In response to DC Comics' above actions and assertion and such
25 deprivation to the Siegels of the benefits of their alleged copyright co-ownership,
26 Plaintiffs/Counterclaim Defendants took no action until filing the instant action on
27 October 8, 2004, more than six years after DC Comics advised
28 Plaintiffs/Counterclaim Defendants in writing of defects in the Superman Notices

1 and more than five years after being placed on notice by DC Comics of its claim of
2 exclusive ownership of copyright in Superman and that it rejected and repudiated
3 the Superman Notices and during which time period the Siegels were deprived of
4 benefits to which they claim they are entitled.

5 94. Because Plaintiffs/Counterclaim Defendants' claim of partial
6 ownership of copyright accrued more than three years prior to
7 Plaintiffs/Counterclaim Defendants bringing the instant action, even taking into
8 consideration any purported agreements to toll the statute of limitations, any claim
9 of ownership of copyright in Superman by Plaintiffs/Counterclaim Defendants is
10 barred by the three-year statute of limitations of the Copyright Act.

11 95. On information and belief, plaintiffs deny DC Comics' contentions
12 and/or the legal effect ascribed thereto as set forth in paragraphs 90 – 94 above.
13 Accordingly, an actual controversy has arisen and now exists between
14 Plaintiffs/Counterclaim Defendants and DC Comics concerning the above issues.

15 96. A justiciable controversy exists concerning the above issues and a
16 judicial declaration is necessary and appropriate to determine the parties' respective
17 rights with regard thereto.

18 **THIRD ALTERNATIVE COUNTERCLAIM**
19 **FOR BREACH OF CONTRACT**

20 97. DC Comics repeats and realleges paragraphs 1 - 96 above as if fully
21 set forth herein.

22 98. In or about October 2001, Plaintiffs/Counterclaim Defendants entered
23 into a written agreement with DC Comics memorialized by the authorized agent of
24 Plaintiffs/Counterclaim Defendants, Kevin Marks, and by the authorized agent of
25 DC Comics, John Schulman, which subsequently was confirmed and ratified in
26 writing by Plaintiff/Counterclaim Defendant Joanne Siegel (the "Agreement"),
27 pursuant to which, among other things, Plaintiffs/Counterclaim Defendants (1)
28 transferred to DC Comics, worldwide and in perpetuity, or, alternatively, agreed to

1 transfer to DC Comics, worldwide and in perpetuity, any and all rights, title, and
2 interest, including all United States copyrights, which they may have in any and all
3 past, present, and future Superman and Superboy-related properties, works,
4 characters, names, and trademarks (collectively, the “Superman Works”), (2)
5 agreed to accept certain compensation from DC Comics in consideration of any and
6 all rights, title, and interest which they may have in the Superman Works (the
7 “Financial Terms”), and (3) covenanted never to sue DC Comics for any claim
8 related to the Superman Works other than for breach of the Agreement (the
9 “Covenant Not To Sue”).

10 99. DC Comics has performed all of its obligations under the Agreement,
11 except to the extent such performance has been prevented or excused by the acts or
12 omissions of Plaintiffs/Counterclaim Defendants. Specifically, and without
13 limiting the foregoing, DC Comics established a reserve account of the moneys due
14 to Plaintiffs/Counterclaim Defendants based upon the Financial Terms, which DC
15 Comics would have paid to Plaintiffs/Counterclaim Defendants pursuant to the
16 Agreement but for their repudiation and breach of the Agreement as herein alleged.
17 DC Comics always has been and remains ready, willing, and able to perform all of
18 its obligations under the Agreement, and will resume doing so upon either a
19 withdrawal by Plaintiffs/Counterclaim Defendants of their repudiation of the
20 Agreement or a final adjudication that the Agreement is enforceable and binding on
21 the parties.

22 100. Plaintiffs/Counterclaim Defendants have repudiated and otherwise
23 breached the Agreement by, among other things:

24 a. Claiming, including in this action, that they have not transferred
25 and are not contractually obligated to transfer to DC Comics, worldwide and in
26 perpetuity, all of their rights, title, and interest, including all United States
27 copyrights, which they may have in the Superman Works, and refusing to execute a
28 formal written transfer thereof to DC Comics;

1 b. Repudiating the Financial Terms and claiming, including in this
2 action, that they are entitled to additional compensation for the Superman Works;
3 and

4 c. Initiating this action in violation of the Covenant Not To Sue.

5 101. As a direct and foreseeable result of the contractual breaches on the
6 part of Plaintiffs/Counterclaim Defendants herein alleged, DC Comics has been
7 damaged in an amount to be proven at trial.

8 **FOURTH ALTERNATIVE COUNTERCLAIM FOR**
9 **DECLARATORY RELIEF REGARDING THE AGREEMENT**

10 102. DC Comics repeats and realleges paragraphs 1 - 101 above as if fully
11 set forth herein.

12 103. An actual controversy now exists between DC Comics and
13 Plaintiffs/Counterclaim Defendants, in that DC Comics contends the Agreement is
14 binding and enforceable and, therefore, that:

15 a. Plaintiffs/Counterclaim Defendants either have transferred or
16 are contractually obligated to transfer to DC Comics, worldwide and in perpetuity,
17 any and all rights, title, and interest, including all United States copyrights, which
18 they may have in the Superman Works;

19 b. If for any reason Plaintiffs/Counterclaim Defendants are
20 adjudged not to have transferred or not to be contractually obligated to transfer to
21 DC Comics, worldwide and in perpetuity, all rights, title, and interest, including all
22 United States copyrights, which they may have in the Superman Works, then the
23 remaining terms of the Agreement are valid and enforceable and
24 Plaintiffs/Counterclaim Defendants are not entitled to any compensation for any
25 past, present, or future exploitation of the Superman Works by or upon license from
26 DC Comics other than pursuant to the Financial Terms; and

27 c. If for any reason Plaintiffs/Counterclaim Defendants are
28 adjudged not to have transferred or not to be contractually obligated to transfer to

1 DC Comics, worldwide and in perpetuity, all rights, title, and interest, including all
2 United States copyrights, which they may have in the Superman Works, then
3 Plaintiffs/Counterclaim Defendants nevertheless are not entitled to license or
4 otherwise exploit the Superman Works in any manner.

5 104. DC Comics is informed and believes, and on that basis alleges, that
6 Plaintiffs/Counterclaim Defendants dispute these contentions.

7 105. DC Comics seeks a judicial determination of the parties' respective
8 rights and obligations, which is necessary and appropriate to allow them to properly
9 govern their future conduct.

10 **FIFTH ALTERNATIVE COUNTERCLAIM FOR**
11 **DECLARATION OF LIMITATIONS ON THE SCOPE OF THE**
12 **SUPERMAN NOTICES AND THE SUPERBOY NOTICE**

13 106. DC Comics repeats and realleges paragraphs 1 - 65 above as if fully
14 set forth herein.

15 107. In the event the Superman Notices and/or the Superboy Notice are
16 deemed effective and the settlement agreement between the parties is not enforced,
17 DC Comics asserts the following alternative counterclaim for a declaration limiting
18 the scope and reach of the Superman Notices and the Superboy Notice in six
19 separate and independent ways.

20 108. DC Comics contends that:

21 **#1 The Superman Ads**

22 109. The regulations governing the contents of notices of termination
23 promulgated by the U.S. Copyright Office under authority of the 1976 Copyright
24 Act require, in relevant part, that a notice of termination served pursuant to section
25 304 (c) of the 1976 Copyright Act name "each work to which the notice of
26 termination applies."

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1 110. Upon information and belief, all of the Superman Ads first secured
2 copyright protection by publication with copyright notice prior to April 16, 1938
3 and prior to publication of Action Comics No. 1.

4 111. The Superman Ads contain and show the appearance of Superman, his
5 costume, and his super-strength.

6 112. The grants made by Siegel and Shuster as to the appearance of
7 Superman, his costume, and his super-strength, are still in effect, and all rights
8 under copyright granted therein are still owned exclusively by DC Comics, because
9 the Superman Notices served by the Siegels do not list the works in which the
10 Superman Ads were first published.

11 113. Thus, DC Comics is the exclusive owner of all copyright in and to the
12 Superman Ads and thereby retains exclusive ownership of copyright in the
13 appearance of Superman therein, including but not limited to, the appearance of the
14 Superman costume.

15 **#2 Use Of Superman And Superboy Derivative Works**
16 **Prepared Prior To The Purported Effective Dates Of The**
17 **Superman Notices And The Superboy Notice**

18 114. The Superman Notices purport to terminate the Siegels' share in the
19 Copyright grant of Jerome Siegel in all Superman-related works thereafter derived
20 from Action Comics No. 1, including but not limited to the more than 15,000
21 Superman related works (in addition to Action Comics No. 1) listed in the
22 Superman Notices (the "Superman Derivative Works"). Included among the
23 Superman Derivative Works is the image of the "S in Shield Device" that has
24 become a strong trademark of Superman and his single source, DC Comics.

25 115. The Superboy Notice purports to terminate the Siegels' share in the
26 copyright grant of Jerome Siegel in the approximately 1,600 of the Published
27 Superboy Works.

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1 116. The Superman Derivative Works and the Published Superboy Works
2 are all based upon pre-existing works and were prepared under the authority of the
3 grants of copyright entered into by Siegel and Shuster to DC Comics and/or its
4 predecessors.

5 117. Regardless of whether the Superman Notices and the Superboy Notice
6 are legally effective, under the Copyright Act, 17 U.S.C. § 304 (c)(6)(A), DC
7 Comics retains the right to make use of the Superman Derivative Works and the
8 Superboy Published Works under the terms of the original grants under which they
9 were prepared without any duty to account to the Siegels for any such use.

10 **#3 DC Comics Owns All Superman Derivative Works**

11 118. All copyright rights in any of the works listed in the Superman
12 Notices, or any other derivative works based upon and that post-date Action
13 Comics No. 1 (the “Post Action Comics No. 1 Works”) are owned exclusively by
14 DC Comics. DC Comics’ ownership of such copyrights is not subject to
15 termination pursuant to the Copyright Act.

16 119. The Post Action Comics No. 1 Works contain many copyrightable
17 elements not present in Action Comics No. 1 (the “Post Action Comics No. 1
18 Elements”). These include, but are not limited to, new super powers, new villains,
19 new components to the Superman universe, new elements in the Superman back
20 story, and changes in the appearance of Superman. Notably, many of Superman’s
21 powers that are among his most famous today did not appear in Action Comics No
22 1 but only appeared later in the Post Action Comics No. 1 Works.

23 120. Regardless of whether the Superman Notices and the Superboy Notice
24 are valid and effective, DC Comics remains the sole owner of the Post Action
25 Comics No. 1 Works and in the Post Action Comics No. 1 Elements. Moreover,
26 the Siegels can make no use of the Post Action Comics No. 1 Elements.

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#4 Superboy Is A Derivative Work Based On Superman

121. In the November 1938, Letter suggesting the idea for a Superboy comic strip, Siegel stated such comic “would relate to the adventures of Superman as a youth.” In the Unpublished 1940 Superboy Script, Siegel wrote “[s]o many faithful followers of today’s leading adventure comic strip, SUPERMAN, wrote in demanding the adventures of Clark Kent as a youth . . . And so here he is at last...the answer to your requests...America’s outstanding boy hero: SUPERBOY!”

122. As demonstrated by the foregoing, the Siegel Superboy Proposals were based upon the pre-existing Superman character and stories and are thus derivative works based thereon, and were not made at the instigation of Siegel.

123. Thus, even if the Superboy Notice were effective, any recapture of copyright rights would be limited to any new copyrightable subject matter added by Siegel and Shuster to the pre-existing Superman character and stories exclusively owned by DC Comics and its predecessors.

124. The new copyrightable subject matter contained in the Siegel Superboy Proposals is *de minimis* and thus, even if the Siegels could recapture U.S. Copyrights therein, such recapture could not affect DC Comics’ continuing right to create and exploit new derivative works that do not include such new copyrightable subject matter, including but not limited to, the television series “Smallville.”

#5 The Derivative Work Superboy Is A Joint Work Of Authorship

125. Upon information and belief, the Siegel Superboy Proposals were joint works of authorship as they were prepared jointly with Shuster and because it was intended that their contents would be merged with artwork to create a comic book or comic strip.

126. As eventually published, the works containing the Superboy character included both artwork and storyline.

1 127. The joint author’s share in the Siegel Superboy Proposals is owned by
2 DC Comics and cannot be terminated either by the Superman Notices or the
3 Superboy Notice.

4 128. As a result of the foregoing, DC Comics right to continue to exploit
5 the Siegel Superboy Proposals and any derivative works based thereon cannot be
6 affected by either the Superman Notices or the Superboy Notice.

7 **#6 “Smallville” Is Not Derived From Superboy**

8 129. Among the derivative works based upon Superman and authorized b□
9 DC Comics is the weekly television series, “Smallville.”

10 130. Regardless of whether the Superboy Notice is effective and further
11 regardless of whether Superboy is a derivative work based upon Superman,
12 “Smallville” was derived from and based upon Superman and is not a derivative
13 work based upon the Siegel Superboy Proposals or any succeeding Superboy comic
14 or Superboy work exploited by DC Comics and/or its predecessors prior to May 21,
15 1948. Beyond sharing the idea of depicting Superman as a youth, Smallville is not
16 substantially similar to the Siegel Superboy Works.

17 131. Thus, irrespective of any accounting issues relating to the Siegels’
18 purported right to receive compensation with respect to new episodes of
19 “Smallville,” DC Comics’ right to continue to authorize production, distribution,
20 and airing of “Smallville” television episodes remains unaffected by the Superman
21 Notices and the Superboy Notice.

22 **#7 The Additional Action Comics No. 1 Materials**

23 132. The Additional Action Comics No. 1 Materials created in 1938 were
24 prepared at the instance and expense of DCI and subject to its right to control.
25 Thus, under the 1909 Copyright Act, the Additional Action Comics No. 1 Materials
26 were “works made for hire” and copyright therein was owned by DCI *ab initio*.

27 133. Because the Additional Action Comics No. 1 Materials were works
28 made for hire, the grant of U.S. Copyright therein cannot be terminated pursuant to

1 17 U.S.C. § 304 (c). As a result, DC Comics remains the sole owner of the
2 Additional Action Comics No. 1 Materials.

3 134. On information and belief, plaintiffs deny DC Comics' contentions
4 and/or the legal effect ascribed thereto as set forth in paragraphs 106 - 133 above.
5 Accordingly, an actual controversy has arisen and now exists between
6 Plaintiffs/Counterclaim Defendants and DC Comics concerning the above issues.

7 135. A justiciable controversy exists concerning the above issues and a
8 judicial declaration is necessary and appropriate to determine the parties' respective
9 rights with regard thereto.

10 **SIXTH ALTERNATIVE COUNTERCLAIM FOR**
11 **DECLARATION REGARDING THE PRINCIPLES**
12 **TO BE APPLIED IN AN ACCOUNTING**

13 136. DC Comics repeats and realleges paragraphs 1 - 65 and 106 - 135
14 above as if fully set forth herein.

15 137. DC Comics contends that in the event the Superman Notices and/or the
16 Superboy Notice were deemed valid and effective, any accounting to which the
17 Siegels would be entitled relating to Superman (including its derivative work
18 Superboy, collectively for this Counterclaim "Superman") would be subject to the
19 following limitations and reductions:

20 a. The Siegels would not be entitled to any revenues derived from
21 exploitation of Superman outside of the United States because
22 termination pursuant to 17 U.S.C. § 304 (c) cannot affect any
23 grant of non-United States copyrights. 17 U.S.C. § 304 (c) (6)
24 (E).

25 b. The Siegels would not be entitled to any revenues derived from
26 exploitation of the Superman Derivative Works and the
27 Superboy Derivative Works. 17 U.S.C. § 304 (c) (6) (A).

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- c. Any 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 Superman Ads.
- d. Any accounting of recoverable profits for exploitation of Superman would be reduced to that portion of such profits that are attributable to the copyrightable elements from Action Comics No. 1 less the Additional Action Comics No. 1 Materials (if any), actually present in the Superman works subject to accounting.
- e. Any accounting of recoverable profits would be limited to profits of DC Comics, the sole owner of rights under any purportedly terminated grants and the sole owner of copyright in Action Comics No. 1, and the Siegels would not be entitled to any share of revenues earned by any third party licensees of DC Comics, including but not limited to, any of the other defendants.
- f. The Siegels would not be entitled to any accounting for profits attributable to DC Comics' continuing exercise of its rights to use all other rights other than rights under copyright with respect to Superman and Superboy, including but not limited to, any trademark rights. As a result, any accounting of profits would be further reduced by the value in Superman and the Superman Marks that have been built up by DC Comics and its predecessors over the last six decades by virtue of, *inter alia*, the Post Action Comics No. 1 Works and Elements, and the Superman Marks

- 1 g. Any accounting of profits would be further reduced by
2 additional factors, including but not limited to, DC Comics'
3 direct and indirect expenses, taxes, and DC Comics'
4 independent role as a publisher of Superman.
5 h. Subject to all reductions aforesaid and otherwise determined by
6 the Court to be applicable, the Siegels would be entitled to an
7 accounting of only one-half of the copyright co-owner's profits.

8 138. On information and belief, plaintiffs deny DC Comics' contentions
9 and/or the legal effect ascribed thereto as set forth above. Accordingly, an actual
10 controversy has arisen and now exists between Plaintiffs/Counterclaim Defendants
11 and DC Comics as to the above issues.

12 139. A justiciable controversy exists concerning the above issues and a
13 judicial declaration is necessary and appropriate to determine the parties' respective
14 rights with regard thereto.

15 WHEREFORE, DC Comics demands judgment as follows:

16 1. Declaring that the Superman Notices and the Superboy Notice are
17 ineffective for one or more of the reasons set forth in DC Comics' First
18 Counterclaim;

19 2. In the event that the Superman Notices and/or the Superboy Notice are
20 deemed effective, for damages according to proof at trial on DC Comics' Third
21 Alternative Counterclaim;

22 3. In the event that the Superman Notices and/or the Superboy Notice are
23 deemed effective, declaring on DC Comics' 'Fourth Alternative Counterclaim that,
24 pursuant to the Agreement:

25 a. Plaintiffs/Counterclaim Defendants have transferred or are
26 contractually obligated to transfer to DC Comics, worldwide and in perpetuity, any
27 and all rights, title, and interest, including all United States copyrights, which they
28 may have in the Superman Works;

1 b. In the event that Plaintiffs/Counterclaim Defendants are
2 adjudged not to have transferred or not to be contractually obligated to transfer to
3 DC Comics, worldwide and in perpetuity, all rights, title, and interest, including all
4 United States copyrights, which they may have in the Superman Works, then the
5 remaining terms of the Agreement are valid and enforceable and
6 Plaintiffs/Counterclaim Defendants are not entitled to any compensation for any
7 past, present, or future exploitation of the Superman Works by or upon license from
8 DC Comics other than pursuant to the Financial Terms; and

9 c. In the event that Plaintiffs/Counterclaim Defendants are
10 adjudged not to have transferred or not to be contractually obligated to transfer to
11 DC Comics, worldwide and in perpetuity, all rights, title, and interest, including all
12 United States copyrights, which they may have in the Superman Works, then
13 Plaintiffs/Counterclaim Defendants nevertheless are not entitled to license or
14 otherwise exploit the Superman Works in any manner;

15 4. In the event that the Superman Notices and/or the Superboy Notice are
16 deemed effective, and DC Comics is not granted the relief sought on its Fourth
17 Alternative Counterclaim, declaring that the scope and effect of the Superman
18 Notices and the Superboy Notice are limited as set forth in DC Comics' Fifth
19 Alternative Counterclaim;

20 5. In the event that the Superman Notices and/or the Superboy Notice are
21 deemed effective, and DC Comics is not granted the relief sought on its Fourth
22 Alternative Counterclaim, declaring that any accounting to which
23 Plaintiffs/Counterclaim Defendants may be entitled will be limited by all applicable
24 principles, including but not limited to, those set forth in DC Comics' Sixth
25 Alternative Counterclaim;

26 6. Awarding DC Comics its costs and reasonably attorneys' fees incurred
27 in connection with DC Comics' defenses and claims herein seeking declarations
28 with respect to copyright ownership; and

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7. Awarding DC Comics such other and further relief as may be just.

Dated: February 17, 2011

Respectfully Submitted,

O'MELVENY & MYERS LLP

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8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA - WESTERN DIVISION**

10 JOANNE SIEGEL, an individual; and
11 LAURA SIEGEL LARSON, an
12 individual,
13 **Plaintiffs,**
14 vs.
15 WARNER BROS. ENTERTAINMENT
16 INC., a corporation; DC COMICS, a
17 general partnership; and DOES 1-10,
Defendants.

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

**PLAINTIFF'S REPLY IN
SUPPORT OF MOTION FOR
ENTRY OF A PARTIAL
JUDGMENT UNDER FED. R.
CIV. P. 54(B) AND FOR STAY
OF REMAINING CLAIMS
PENDING APPEAL**

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

18 DC COMICS,
19 **Counterclaimant,**
20 vs.
21 JOANNE SIEGEL, an individual; and
22 LAURA SIEGEL LARSON, an
23 individual,
24 **Counterclaim Defendants.**

Date: March 21, 2011
Time: 1:30 p.m.
Place: Courtroom 11

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INTRODUCTION

1
2 Plaintiffs’ First Claim has been fully adjudicated, and judgment should be
3 entered pursuant to F.R.C.P. 54(b). The First Claim seeks only a declaration that
4 Plaintiffs’ notices of termination (“Termination”) were valid, and that Plaintiffs co-
5 own those Superman works recaptured under the Termination as of April 16, 1999.
6 Docket No. 644 (“TAC”), ¶ 74. This claim required that the Court determine: (1)
7 that the Termination complied with section 304(c) of the Copyright Act, and (2) the
8 Superman works recaptured by the Termination. The Court indisputably did both. It
9 determined that the Termination was valid as to the following Superman works: the
10 landmark first Superman story published in *Action Comics*, No. 1, as well as *Action*
11 *Comics*, No. 4, *Superman*, No. 1 (pages 3-6), and the first two weeks of the
12 Superman newspaper strips. *Siegel v. Warner Bros. Ent. Inc.*, 542 F. Supp. 2d 1098,
13 1130, 1145 (C.D. Cal. 2008); 658 F. Supp. 2d 1036, 1063-83 (C.D. Cal. 2009).

14 Defendants’ opposition is erroneously premised on the fiction that to decide
15 the First Claim, the Court must adjudicate the copyrightable literary *elements* in these
16 various works and in other supposed works that were *not* “terminated,” such as mere
17 “promotional announcements.” Docket No. 655 (“Opp.”) at 1, 5-8. However, a
18 simple reading of the First Claim demonstrates that it does not ask for or require this.
19 Defendants also do not dispute or address Plaintiffs’ main arguments: (1) that any
20 errors in the complex “work-for-hire” determinations underlying the First Claim
21 decisions (of which both parties sought reconsideration), and errors in deciding
22 Defendants’ alleged affirmative defenses, for which they also seek reconsideration,
23 would require a re-trial of all the “accounting” claims; (2) that DC’s First through
24 Fourth counterclaims have been fully adjudicated; and (3) that the Ninth Circuit has
25 reversed the entry of a Rule 54(b) judgment only in the rarest of instances.

26 Defendants’ thin opposition to a Rule 54(b) judgment is nothing more than an
27 attempt to delay the inevitable Ninth Circuit decision on *the* key issue – the validity
28 of the Termination. Defendants’ arguments as to “inexcusable delay” and promises

1 of completing a trial by “this Summer” ring hollow in light of their prior statements
2 to the Court as to the grave complexities of the accounting issues, and their dilatory
3 conduct throughout this case. Plaintiffs have no reason to delay their receipt of
4 money damages, but Defendants might.

5 During the fifteen months that this case has been before this Court, Defendants
6 have only filed contradictory “case management” statements and opposed Plaintiffs’
7 motions. First, in December 2009, Defendants, like Plaintiffs, represented to the
8 Court that seven fully-briefed accounting issues (the “Additional Issues”) must be
9 decided to provide a legal framework for the accounting trial. Docket No. 602 at 16.
10 Then, in a complete about-face, Defendants insisted in August 2010 and again in
11 November 2010 (Docket Nos. 617, 623, 631) that the Additional Issues should not be
12 decided now, and that, instead, Defendants should render *their* version of an
13 accounting, without the Court’s guidance. Such “studio accounting” will delay and
14 obfuscate the legal issues, as Defendants’ “version” will only serve their positions,
15 which gave rise to the Additional Issues in the first place. Three times the Court did
16 not accept this one-sided proposal, advocated yet again. Tellingly, since 1999, when
17 the Termination became effective, or 2008, when it was declared valid, Defendants
18 have not lifted a finger on such accounting. Defendants’ illusory “accounting” and
19 other arguments provide no just reason to deny Plaintiffs’ Rule 54(b) motion.

20 **ARGUMENT**

21 **I. JUDGMENT SHOULD BE ENTERED UNDER RULE 54(b)**

22 **A. Whether a “Claim” Has Been Resolved Under Rule 54(b) Depends**
23 **on Whether the Claim is Severable**

24 As set forth in Plaintiffs’ motion, to be eligible for judgment under Rule 54(b),
25 there must be “an ultimate disposition of an individual claim entered in the course of
26 a multiple claims action,” and “no just reason” to delay appellate review until the
27 conclusion of the entire case. *Curtiss-Wright Corp. v. General Electric Co.*, 446 U.S.
28 1, 7-8 (1980). This is by no means a “narrow” exception. Opp. at 3. Since the

1 precise parameters of a “claim” “elude[] the grasp like quicksilver ... the solution for
2 Rule 54(b) purposes lies in a more pragmatic approach focusing on severability and
3 efficient judicial administration.” *Continental Airlines, Inc. v. Goodyear Tire &*
4 *Rubber Co.* (“*Continental*”), 819 F.2d 1519, 1525 (9th Cir. 1987). “[C]laims
5 certified for appeal do not need to be separate and independent from the remaining
6 claims, so long as resolving the claims would ‘streamline the ensuing litigation.’”
7 *Noel v. Hall*, 568 F.3d 743, 747 (9th Cir. 2009) (citations omitted).¹

8 As the Ninth Circuit explained, a 54(b) judgment can be entered on claims
9 even if the court is not “certain that any one of them was finally adjudicated below.”
10 *Continental*, 819 F.2d at 1524. Thus, “if a [claim] presents substantially different
11 legal and factual questions from other [claims], it will qualify as a claim under Rule
12 54(b).” *Depuydt v. FMC Corp.*, 1994 U.S. App. LEXIS 25256, at *3 (9th Cir. Sept.
13 7, 1994) (citing *Gregorian v. Izvestia*, 871 F.2d 1515, 1519 (9th Cir. 1989)).

14 *Continental* provides an excellent example of what can constitute an “ultimate
15 disposition” of a “claim” for Rule 54(b) purposes. There, an aircraft builder
16 instituted a declaratory relief action against an airline and a parts manufacturer after a
17 crash. *Id.* at 1522. The Court granted summary judgment to the builder based on a
18 contract clause barring claims “as to the loss of the aircraft” itself, but “left open
19 potentially full recovery in both of [the] ultimate areas of loss (damage to the airplane
20 and liability to passengers).” *Id.* at 1525. The Ninth Circuit nonetheless held this to
21 constitute complete resolution of a claim under Rule 54(b), because the decided
22 issues “were sufficiently severable factually and legally from the remaining matters,”
23 and “the district court effectively narrowed the issues, shortened any subsequent trial
24 by months, and efficiently separated the legal from the factual questions.” *Id.*

25 ///

26 _____
27 ¹ The argument that “[t]he threshold requirement ... is that *final judgment* has been entered
28 on an entire claim” (Opp. at 3) is nonsensical. It could hardly be a requirement for entry of
judgment under Rule 54(b) that a “final judgment” already be entered. Defendants tellingly
ignore the *Ninth Circuit’s* flexible approach to a “claim,” and rely on non-9th-Circuit cases
such as *W.L. Gore* (Fed. Circuit) (Opp. at 3) and *Hogan* (Second Circuit) (Opp. at 8).

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B. As Amended, the First Claim Has Been Fully Decided

1. The First Claim is Severable

As amended, the First Claim requests (TAC, ¶ 74) *only* a declaration:

- 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, 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.

Defendants never address Plaintiffs’ main argument that the legal and factual issues decided in the First Claim do not overlap with the legal and factual issues of the remaining accounting claims. *See Adidas Am., Inc. v. Payless Shoesource, Inc.*, 166 Fed. Appx. 268 (9th Cir. 2006) (54(b) judgment granted as severable claims “involve [a] factually and legally distinct issue”). The legal and factual issues pertinent to the First Claim and the First through Fourth counterclaims entail Siegel and Shuster’s creation of original Superman works in the 1930’s that were not “works for hire”; their pre-1978 copyright grants; the Termination’s compliance with the Copyright Act; and Defendants’ alleged defenses to the Termination. In stark contrast, the legal and factual issues relevant to the Second through Fourth [Accounting] Claims are DC’s profits from post-April 16, 1999 Superman derivative works; whether such profits should be “apportioned,” and if so, an analysis of the literary elements in the recaptured works relevant to such apportionment; what changes to a pre-1999 derivative work qualify it as a post-1999 derivative work; and whether Defendants’ trademarks dilute Plaintiffs’ copyright profits. Defendants can point to **no** overlapping legal or factual issue between the First Claim and the other claims.

Defendants’ opposition is based solely on their erroneous premise that to determine the validity of the Termination under the First Claim as to Superman works, a Court must adjudicate the copyrightable “elements” in each work. Opp. at 5. That makes no sense, as no copyright ownership decision would be complete until a Court articulated every element of the subject work – every character, plotline,

1 setting, and theme in a book, or every harmony, lyric, and melody in a song.

2 This is not the law. A 54(b) judgment can readily be entered on a claim for
3 copyright co-ownership of a work, even if the copyrightable elements of the work
4 were not adjudicated. *See Gordon v. Vincent Youmans, Inc.*, 358 F.2d 261, 262 (2d
5 Cir. 1965) (accepted Rule 54(b) judgment on copyright co-ownership claim, while
6 related “monetary” claims remained undecided); *Rodrigue v. Rodrigue*, 218 F.3d 432,
7 434 (5th Cir. 2000) (same). Defendants strain to distinguish *Gordon* and *Rodrigue*
8 on the basis that “the district court completely and finally decided the copyright
9 ownership claim” in those cases. Opp. at 8. Yet, in both *Gordon* and *Rodrigue*, the
10 trial court did not adjudicate the “elements” of the works; instead, the courts
11 determined whether the parties co-owned the copyrights, as here. *Gordon*, 358 F.2d
12 (determining “composition” ownership in an accounting action without discussion of
13 elements); *Rodrigue*, 218 F.3d at 433-34 (resolving copyright ownership of paintings,
14 with the only description of their subject matter being that some depicted a “blue
15 dog”).

16 **2. The Purported “Undecided Issues” Are Red Herrings**

17 Dicta/Ads: Contrary to Defendants’ claims, neither the “Ads” issue of “[t]he
18 impact, if any, [of] Defendants’ pre-Action Comics No. 1 ‘promotional
19 announcements’” (Opp. at 4), nor the issue of whether the “Court’s rulings listing the
20 copyrightable elements in *Action Comics No. 1*” were “dicta” (Opp. at 5) are part of
21 the First Claim. Instead, both issues relate to the “elements” of the recaptured works.
22 Docket No. 648 at 11-13. Moreover, as the pending motions on these issues are “for
23 reconsideration” of the Court’s decisions, it cannot be argued that these issues were
24 not decided. Docket No. 301. Previously, Defendants strenuously argued that *both*
25 issues were already decided. *See* Docket No. 348 at 4 (“Ads”), 44 (“Dicta”).

26 Defendants’ Opposition now relies on the Court’s October 13, 2010 Order that
27 denied Plaintiffs’ prior Rule 54(b) motion *without prejudice*. Opp. at 4. That Order,
28 based on the Second Amended Complaint (“SAC”), held that the Ads issue should be

1 decided before the Court “declare[s] the parties’ respective rights ... *as Plaintiffs’*
2 *claim for declaratory relief seeks*” (Docket No. 630 at 2) (emphasis added).²

3 Defendants had argued that the following subsections in the SAC’s First Claim
4 required further adjudication of the Ads, but these were deleted from the Third
5 Amended Complaint:

6 c. That Defendants control only fifty percent (50%) of the Recaptured
7 Copyrights, and thus, as of the Termination Date, had/have no authority to
8 confer *exclusive* licenses or grants with respect to any element of the
9 “Superman” mythology protected by the Recaptured Copyrights; and

10 d. That Plaintiffs are entitled to fifty percent (50%) of any and all Profits
11 from the exploitation of, or attributable to, in whole or in part, any aspect of
12 the Recaptured Copyrights.

13 Docket No. 378, ¶ 83. Arguably, prior subsections (c) and (d) might have entailed
14 the Ads issue, in determining if Defendants could confer “exclusive licenses or
15 grants” regarding the Ads or in determining “aspects of the Recaptured Copyrights.”
16 However, this is no longer an issue as sub-sections (c) and (d) do not appear in the
17 First Claim. The remaining First Claim sub-sections (a) and (b) simply ask for a
18 declaration as to the Superman “works” recaptured, and neither ask nor require the
19 court to further adjudicate the contents of the Ads or to resolve the Dicta issue.³

20 Defendants’ erroneous argument that “Plaintiffs concede the Ads issue bears
21 directly ‘on the scope of Plaintiffs’ recaptured copyrights’” (Opp. at 4) is thus moot.
22 Moreover, the full quote refers to “[t]he impact, *if any*” of the Ads (Docket No. 602
23 at 16:9), which does not establish such impact or that the Ads issue relates to the First
24 Claim. The argument is also improper, as the “Joint Status Report” quoted from
25 expressly states that “neither party will be prejudiced by the descriptions of the
26 claims, defenses, and arguments presented herein.” *Id.* at 1, n.1.

27 Defendants’ argument that this motion seeks “reconsideration” is also
28 illogical.⁴ The Court’s October 13 order denied Plaintiffs’ Rule 54(b) motion as to

² Notably, this Court did **not** hold that the Dicta issue needed to be decided before the First Claim would be complete. Docket No. 630 at 2.

³ In desperation, DC relies on inoperative language in the Termination itself, but this is not pertinent to a Rule 54(b) motion which focuses on the actual relief sought in the First Claim.

⁴ This argument is hypocritical given Defendants’ arguments in this case and the *Superboy*

1 the *Second* Amended Complaint *without prejudice*. Plaintiffs were granted leave to
2 file a *Third* Amended Complaint, which modified the First Claim. This motion is
3 based on the revised language of the Third Amended Complaint, which simply
4 focuses on the validity of the Termination and the works thereby recaptured.

5 Mixed-Trademark Use and S-Shield Logo Issue: First, this issue is expressly
6 contained in Plaintiffs' Third Claim, not First Claim. *See* TAC, ¶¶ 60-64. It
7 addresses the point that in an accounting, Defendants cannot divert profits
8 attributable to the S-shield or Superman logo, as these are covered by copyright.
9 Defendants bizarrely argue that this issue needs to be decided because the parties
10 must "quantify the value" of Plaintiffs' rights (Opp. at 6), which is not part of any
11 claim, and certainly not the First Claim. Defendants again improperly quote from the
12 Joint Status Report to misleadingly argue that "plaintiffs conceded" that the "issue ...
13 needs to be decided." *Id.* In reality, Plaintiffs stated that this accounting issue only
14 needed to be decided prior to the *accounting* trial. Docket No. 602 at 16.

15 Superboy: Defendants also misleadingly argue that there are "more than 1,325
16 Superboy works listed in [the] Superman Termination on which the Court has never
17 ruled." Opp. at 6. This is not true. The Court held that the Termination could only
18 recapture works that were copyrighted within a "five year window" beginning on
19 "April 16, 1938" (*Siegel*, 542 F. Supp. 2d at 1118) – *i.e.*, until April 16, **1943**. The
20 Court then determined the "work for hire" status of all works within that window.
21 *Siegel*, 542 F. Supp. 2d 1098, 690 F. Supp. 2d 1048. Superboy was first published in
22 late 1944 and each of the "1,325 Superboy works" Defendants cite were copyrighted
23 on or *after* November 18, **1944** and thus, per the Court's decision, were not
24 recaptured by the Superman Termination. *See* Docket No. 655, Exs. A-B. The Court
25 clearly decided all works recaptured by the Termination, completing the First Claim.

26 Defendants also misleadingly argue that "plaintiffs acknowledge ... one of the
27 _____
28 case that the Court has the inherent power to reconsider orders despite L.R. 7-18. *See*
Docket No. at 307 at 13-14 (DC argues the Court has inherent "authority to reconsider its
interlocutory Order in addition to the particular circumstances addressed by Local Rule
7.18"); Case No. 04-CV-8776, Docket No. 103 at 11-12 (same), Dock. No. 111 at 3 (same).

1 first orders of business in this case is for the Court to determine” two Superboy
2 issues. Opp. at 6 (citing Docket No. 602 at 23:3-6). As Defendants well know, that
3 relates to the separate Superboy action (04-CV-8776 ODW (RZx)), not this one. The
4 Court rejected Defendants’ motion to consolidate the cases in 2005. Docket No. 30.
5 “Other Issues”: Defendants claim that their “statute-of-limitations and
6 settlement defenses” are “grounds to challenge Plaintiffs’ First Claim.” Opp. at 6-7.
7 Both issues were conclusively decided against Defendants. *Siegel*, 542 F. Supp. 2d at
8 1134-36, 1137-39. Defendants have alluded to motions for *reconsideration* on these
9 topics for months (*see, e.g.*, Docket No. 623 at 5:18-26, No. 631 at 10:3-6), but have
10 taken no action. As these issues were completely decided, they cannot bar a 54(b)
11 judgment. In fact, Defendants’ open desire to “appeal” these decisions favors entry
12 of judgment and appeal to the Ninth Circuit now – not burdening this Court with
13 endless re-litigation of decided issues.⁵

14 Remedies: Defendants attempt to muddy the waters by arguing that Plaintiffs’
15 general requests for “interest” and “attorneys fees” at the end of the complaint mean
16 that judgment cannot be entered. Opp. at 7. However, under clear Supreme Court
17 and Ninth Circuit precedent, a dispute over attorney’s fees does not affect whether a
18 judgment is final. *See Budinich v. Becton Dickinson & Co.*, 486 U.S. 196, 199–203
19 (1998). (“[A]n unresolved issue of attorney’s fees ... does not prevent judgment on
20 the merits from being final”); *Int’l Asso. of Bridge, etc., Local Union 75 v. Madison*
21 *Industries, Inc.*, 733 F.2d 656, 659 (9th Cir. 1984) (“[A] judgment ... is final and
22 appealable even though a request for attorney’s fees is unresolved.”).⁶

23
24 ⁵ To cloud this motion, Defendants also vaguely claim an “issue” as to “the originality of
25 certain elements in *Action Comics No. 1*” (Opp. at 5), but offer no further explanation.

26 ⁶ The unpublished district court case relied on by Defendants, *RD Legal Funding Funding, LLC v. Erwin & Balingit, LLP*, 2010 U.S. Dist. LEXIS 34807, at *3-4 (S.D. Cal. Apr. 8, 2010), ignored this precedent, and rested on the distinguishable ground that “any appeals in this action could easily present similar factual and legal issues, and likely would result in a duplication of effort.” *Wolf v. Banco Nacional de Mexico, S.A.*, 721 F.2d 660, 662 (9th Cir. 2005), relied on by Defendants, is also inapposite. Contrary to Defendants’ assertion, *Wolf* did not concern a “Rule 54(b) judgment,” but rather a vague and improper judgment that did not specify whether it disposed of the entire case or merely a single claim.

1 **C. Judicial Efficiency Strongly Supports the Entry of Judgment**

2 **1. Rule 54(b) Judgments Are Routinely Granted and Upheld**

3 The First Claim and DC’s related counterclaims are clearly severable, have
4 been fully decided, and are a proper basis for a Rule 54(b) judgment. Despite
5 Defendants’ repeated “warnings” that the Ninth Circuit might not accept a Rule 54(b)
6 judgment, they do not dispute that the Ninth Circuit only reverses the entry of a Rule
7 54(b) judgment in the rarest of instances (*i.e.*, three times in one hundred since 2000,
8 and only one of which was on substantive grounds). Defendants point to 40 cases
9 where “an *entire claim* was resolved” (Opp. at 8) – precisely what has occurred here.

10 In practice, Rule 54(b) motions are commonly granted. *See* Docket No. 648,
11 Appendix I (collecting cases). The sheer number of cases brought to the Ninth
12 Circuit under Rule 54(b) rebuts Defendants’ “narrow exception” argument that “Rule
13 54(b) must be reserved for the unusual case” (Opp. at 7), which cites a *dissenting*
14 opinion in *Cadillac Fairview/Calif., Inc. v. U.S.*, 41 F.3d 562, 567 (9th Cir. 1994)
15 (Kleinfeld, J., dissenting), where the majority *approved* a 54(b) judgment.⁷

16 **2. The First Claim’s Legal/Factual Issues Are Distinct**

17 Defendants cite **no** legal or factual issues that overlap between the First Claim
18 and the accounting claims. Instead, Defendants vaguely argue, as before, that the
19 First Claim is “intertwined” with the accounting claims, which is not the Rule 54(b)
20 test. Moreover, their stated basis for this argument is gone. Defendants previously
21 based their “intertwining” argument on superfluous language in the SAC’s First
22 Claim that Plaintiffs were “entitled to fifty percent (50%) of any and all Profits” from
23 Superman derivative works. *See* Docket No. 378 at ¶ 83; No. 624 at 9-11. With
24 leave of this Court, that language was *removed* from the Third Amended Complaint.

25 ///

26 ⁷ DC also argues that Rule 54(b) requires “that the efficiencies to be gained *far outweigh* the
27 prejudice inherent in permitting a piecemeal appeal” (Opp. at 8), citing *Hogan v. Consol.*
28 *Rail Corp.*, 961 F.2d 1021, 1025 (2d Cir. 1992). However, that (i) is unsupported by
Hogan, which restates the familiar standard that a Rule 54(b) motion “should be granted
where there are ‘interests of sound judicial administration,’ and efficiency to be served,”
and (ii) is not the law in the Ninth Circuit, as set forth *supra*.

1 **3. Defendants’ “Accounting” Detour is No Solution**

2 Defendants seek to delay the appeal of the First Claim through a unilateral
3 accounting, outside a legal framework first established by the Court. Opp. at 10-11.
4 This is not a basis to deny Plaintiffs’ Rule 54(b) motion. *First*, this does nothing to
5 rebut the efficiency advantages of a Rule 54(b) judgment, which Defendants cannot
6 dispute. The remaining “accounting” claims are directly affected by (but legally and
7 factually separate from) the complex “work for hire” and other decisions underlying
8 the First Claim. If there are *any* errors, there will have to be, without a 54(b)
9 judgment and Ninth Circuit guidance, a re-trial of the complex accounting claims.

10 *Second*, Defendants’ unilateral accounting is unmoored from this action and
11 contradicts their prior statements to the Court.⁸ Plaintiffs’ Second through Fourth
12 Claims are for declaratory relief to set the legal framework for an accounting and
13 trial, not for a “Hollywood accounting” from Defendants. Defendants nonetheless
14 proposed their “accounting” agenda three times to the Court, which wisely declined
15 to accept it. See Docket Nos. 617, 623 at 3-6, 631 at 10-12.

16 *Third*, there is no way the “accounting” trial will be completed by “summer,”
17 as Defendants misleadingly represent. Opp. at 11. Defendants vaguely propose: (i)
18 that they “expect” to render a unilateral accounting “by the end of May [2011]” (*id.*),
19 which will then need to be reviewed by Plaintiffs’ experts and will inevitably lead to
20 adjudication of the same and further disputed accounting issues;⁹ (ii) that both expert
21 discovery and fact discovery (which closed in April 2007) be re-opened and re-taken;
22 (iii) that the Court then decide the briefed seven “Additional Issues” and other issues
23 intended to provide a legal framework for such accounting to begin with; and (iv) that

24 _____
25 ⁸ Defendants cannot escape the fact that they previously agreed in stipulations and
26 represented to this Court that the most logical course was for the Additional Issues to be
27 decided *before* an accounting. See Docket Nos. 290, 352, 356, 480 at 4 (“Issues go[] to
28 fundamental and foundational questions”), 556 at 1 (same), 587 at 7-9 (“[I]ssues that will
materially impact the analysis of how much ‘is owed from DC Comics to the plaintiffs;’”
“critical issues that will impact the parties’ preparation for and presentation at trial”).

⁹ Defendants gratuitously state that the parties’ mediations regarding the accounting issues
have been “invaluable” (Opp at 11), but, to date, not a single issue has been resolved.

1 an accounting trial be held which, according to Defendants, requires a “work by
2 work” apportionment analysis of thousands of individual Superman comics and
3 pieces of merchandising. *See* Docket No. 631 at 7-12. Defendants’ “cart before the
4 horse” proposal is destined, if not intended, to cloud and delay this case.

5 **4. A 54(b) Judgment Will Streamline the *DC Comics* Case**

6 Defendants make much ado of the fact that Plaintiffs did not seek a Rule 54(b)
7 judgment until August 2010. As Plaintiffs previously explained (Docket No. 641 at
8 4), the efficiency of a Rule 54(b) judgment became clear once Defendants made clear
9 their intent to re-litigate the entire First Claim, in both the recent *DC Comics* action
10 (May 2010) and this action (August 2010).

11 It is indisputable that if a Rule 54(b) judgment is entered, then the collateral
12 estoppel or issue preclusion doctrine will bind DC in the *DC Comics* action on all
13 common issues. *See Durkin v. Shea & Gould*, 92 F.3d 1510, 1515 (9th Cir. 1996)
14 (“[I]ssue preclusion bars relitigation of issues in subsequent suits based on a different
15 cause of action involving a party to the prior litigation.”); *Brown v. Dunbar*, 376 Fed.
16 Appx. 786, 787 (9th Cir. 2010) (approving “orders [that] found preclusive the partial
17 final judgment under [Rule] 54(b)”)¹⁰ Even though the Siegel and Shuster
18 Terminations are distinct, they involve the same Superman works, co-authored by
19 Siegel and Shuster, and the same copyright grants by Siegel and Shuster, and thus
20 many of the identical issues. This is no better demonstrated than by the *DC Comics*
21 complaint, which repeats nearly all of DC’s purported defenses (*e.g.*, “work for hire,”
22 settlement) adjudicated against them in this case.¹¹ Entry of judgment on the First
23 Claim would promote finality and preclude re-litigation of many identical issues.

24 **5. A Rule 54(b) Judgment Will Promote Settlement**

25 Defendants argue that an “accounting” will promote settlement by determining

26 ¹⁰ Faced with this clear preclusive effect, Defendants resort to citing out-of-context
27 statements from an old discovery motion. *Opp.* at 12-13.

28 ¹¹ *Compare* Docket No. 637-2, Ex. I (“DC FAC”), ¶¶ 140-41, 145-46 with *Siegel I*, 542 F.
Supp. 2d at 1126-30, *Siegel II*, 658 F. Supp. 2d at 1063-68, 1083 (work for hire issues); DC
FAC ¶¶ 142-44 with *Siegel I*, 542 F. Supp. 2d at 1118-26 (termination of the “Ads”); FAC,
¶¶ 140-41 with *Siegel II*, 658 F. Supp. 2d at 1061 (unpublished Superman works).

1 “the value of plaintiffs’ rights” – *i.e.*, the value of the “accounting” claims. Opp. at
2 11. However, Defendants fail to address Plaintiffs’ argument that the *validity* of the
3 Termination, and thus the Shuster estate’s mirror-image termination, is a much more
4 central economic concern to the parties than the “accounting.”¹² This is because, by
5 October 2013, Defendants will be required, in order to continue to exploit the
6 Superman franchise, to obtain a new license from the Siegels and the Shuster estate,
7 consistent with Superman’s reasonable market value.

8 **II. THIS ACTION SHOULD BE STAYED PENDING AN APPEAL**

9 Defendants lastly contend that, even if a Rule 54(b) judgment is entered, “there
10 would be no justification for staying the accounting.” Opp. at 13. To the contrary, it
11 would not make sense to have an “accounting” trial during an appeal of the
12 underlying decisions, because any errors would necessitate a re-trial – a key reason
13 for entry of the 54(b) judgment. Defendants’ claim that a stay will prejudice them,
14 arguing that they will need a license from the Siegels/Shuster estate to exploit new
15 Superman movies after October 2013 (Opp. at 13), makes no sense. Such a post-
16 2013 license is based on the Termination’s *validity*, not the accounting claims, which
17 have no effect on their need for this license. Defendants’ cites are also inapposite.
18 *See Dependable Hwy Express, Inc. v. Navig. Ins. Co.*, 498 F.3d 1059, 1066 (9th Cir.
19 2007) (stay “[f]orc[ed] the company to enter into arbitration in a foreign country”).

20 **CONCLUSION**

21 The Court should grant Plaintiffs’ motion and enter a Rule 54(b) judgment.

22 Dated: March 7, 2011

RESPECTFULLY SUBMITTED,

23 
24 _____
25 Marc Toberoff
26 TOBEROFF & ASSOCIATES, P.C.

27 Attorneys for Plaintiff
28 Laura Siegel Larson

27 _____
28 ¹² Whereas Plaintiffs strenuously dispute Defendants’ claim that “the impending accounting will yield only a modest recovery” (Opp. at 2) given the Superman character and myths contained in the recaptured works, Defendants’ statement only *supports* Plaintiffs’ argument that the fair value of a post-October 2013 license dwarfs the accounting damages.

EXHIBIT H

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8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA - WESTERN DIVISION**

10 JOANNE SIEGEL, an individual; and
11 LAURA SIEGEL LARSON, an
12 individual,

Plaintiffs,

13 vs.

14 WARNER BROS. ENTERTAINMENT
15 INC., a corporation; DC COMICS, a
16 general partnership; and DOES 1-10,

17 Defendants.

18 DC COMICS,

19 Counterclaimant,

20 vs.

21
22 JOANNE SIEGEL, an individual; and
23 LAURA SIEGEL LARSON, an
24 individual,

25 Counterclaim Defendants.

Case No: CV 04-8400 ODW (RZx)
Hon. Otis D. Wright II, U.S.D.J.
**PLAINTIFF'S OPPOSITION TO
DEFENDANTS' MOTION TO
AMEND PARTIAL FINAL
JUDGMENT UNDER FED. R.
CIV. P. 59**
Complaint filed: October 8, 2004
Trial Date: None Set
Date: May 16, 2011
Time: 1:30 p.m.
Place: Courtroom 11

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1 *In re Merrill Lynch & Co., Inc. Research Reports Sec. Litig.*,
 2 305 F. Supp. 2d 323, 325 (S.D.N.Y. 2004)11

3 *Kulchin Foundation Drilling Co v. Axis Specialty Ins. Co.*,
 2007 U.S. Dist. LEXIS 19141, at *11–12 (W.D. Wash. Mar. 16, 2007).....11

4 *Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH & Co.*,
 5 571 F.3d 873, 878 (9th Cir. 2009)4

6 *Napala v. Valley Isle Loan LLC*,
 2010 U.S. Dist. LEXIS 116257 (D. Haw. Nov. 1, 2010)10

7 *Noel v. Hall*,
 8 568 F.3d 743, 747 (9th Cir. 2009)9

9 *Northwest Acceptance Corp. v. Lynnwood Equip., Inc.*,
 841 F.2d 918, 925–26 (9th Cir. 1998)7

10 *Purex Corp. v. General Foods Corp.*,
 11 318 F. Supp. 322 (C.D. Cal. 1970)11

12 *Siegel v. Warner Bros. Ent. Inc.*,
 542 F. Supp. 2d 1098 (C.D. Cal. 2008)3, 6, 10

13 *Siegel v. Warner Bros. Ent. Inc.*,
 14 658 F. Supp. 2d 1036 (C.D. Cal. 2009)3

15 *Siegel v. Warner Bros. Ent. Inc.*,
 690 F. Supp. 2d 1048 (C.D. Cal. 2009)3

16 *Tucker v. Allstate Indem. Co.*,
 17 2010 U.S. Dist. 130162, at *22 (E.D. Cal. Dec. 8, 2010).....7

18 *United States v. Reyes-Alvarado*,
 963 F.2d 1184, 1187 (9th Cir. 1992)8

19 *WeWee v. United States*,
 20 2002 U.S. Dist. LEXIS 2959, at *9–10 (D. Ariz. Jan. 31, 2002)11

21 *Zimmerman v. City of Oakland*,
 255 F.3d 734, 740 (9th Cir. 2001)4

22 *Zyskowski v. SalesTraq, Inc.*,
 23 2010 U.S. Dist. LEXIS 135076 (D. Nev. Dec. 10, 2010)11

24 **Federal Statutes and Rules**

25 Federal Rule of Civil Procedure 12(f)1, 10

26 Federal Rule of Civil Procedure 54(b)..... *passim*

27 Federal Rule of Civil Procedure 59(e)..... *passim*

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1 **Treatises**

2 12-59 Moore’s Federal Practice – Civil § 59.30[6]7

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INTRODUCTION

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Defendants DC Comics *et al.*'s ("DC") Rule 59(e) motion to amend this Court's Rule 54(b) judgment (Docket No. 661; "Mot.") is another unnecessary stall tactic. DC asserts that the entry of judgment on the First Counterclaim was "clear error" based on the fiction that two irrelevant sub-parts of DC's First Counterclaim (Docket No. 646, ¶¶ 77-85), which solely relate to Plaintiff's separate Superboy notice of termination and to the Superboy case (No. 04-CV-08776), are part of this case (No. 04-CV-08776) about Plaintiff's Superman notices of termination.

Tellingly, DC could easily have raised this argument in its opposition to Plaintiff's Rule 54(b) motion on Plaintiff's First Claim and DC's First through Fourth Counterclaims (or in DC's opposition to two other related motions), but waited until the Rule 54(b) motion was granted to do so. Plaintiff specifically addressed the Superboy issue in her Rule 54(b) motion (*see* Docket No. 628 at 9 n. 13; No. 657 at 8), yet DC still remained silent. DC clearly made the tactical decision to await the outcome of Plaintiff's Rule 54(b) motion and then raise this argument to try to stymie the appeal process. DC's repeated failure to raise this issue effectively rebuts the notion that there was any "clear error," as is required by Rule 59(e), and such failure alone is grounds to deny DC's motion.

In truth, DC's Superboy allegations at issue are wholly redundant of identical allegations in DC's First Counterclaim in the Superboy case (No. 04-CV-08776), have no bearing on this litigation, and were properly disregarded by this Court, as Plaintiff made clear to DC in the meet-and-confer process on this motion. *See* Declaration of Patrick Perkins (Docket No. 661-4; "Perkins Decl."), Ex. 3.

Nonetheless, because DC will inevitably use its current arguments to muddy the waters on appeal, for clarity and the avoidance of doubt, the Court should deny DC's motion, strike DC's redundant and superfluous Superboy allegations from its First Counterclaim pursuant to F.R.C.P. 12(f), and simply reissue its 54(b) order and judgment.

FACTUAL BACKGROUND

1
2 Plaintiff Laura Siegel Larson (“Plaintiff”) and her mother Joanne Siegel, who
3 recently passed away, served separate notices of termination pursuant to 17 U.S.C. §
4 304(c): April 3, 1997 notices with respect to Superman, with an effective termination
5 date of April 16, 1999 (the “Superman Notice”); and thereafter, a November 8, 2002
6 notice with respect to Superboy, with an effective termination date of November 17,
7 2004 (the “Superboy Notice”). Plaintiff filed her complaint as to (i) the Superman
8 Notice on October 4, 2004 in this case, *Siegel v. Warner Bros. Ent. Inc.*, Case No. 04-
9 CV-08400 ODW (RZx) (the “Superman Case”); and (ii) the Superboy Notice on
10 October 22, 2004 in a separate case, *Siegel v. Time Warner Inc.*, Case No. 04-CV-
11 08776 ODW (RZx) (the “Superboy Case”).

12 The Superman and Superboy Cases concern separate termination notices,
13 characters, and theories of recovery. The Superman Case is for declaratory relief as
14 to the validity of the Superman Notice and for an accounting of Plaintiff’s co-
15 ownership share of profits from the Superman copyright interest. In contrast, the
16 Superboy Case is based on her father Jerome Siegel’s sole authorship of Superboy,
17 and is thus a copyright infringement action based on Defendants’ continuing
18 exploitation of Plaintiff’s recaptured Superboy copyrights.

19 Despite the stark contrast between the cases, Defendants moved to consolidate
20 these actions on February 9, 2005. *See* Docket No. 20. While that motion was
21 pending, DC brought simultaneous **consolidated** Counterclaims (citing both case
22 numbers) in **both** the Superman and Superboy Cases. *See* Docket No. 24; Case No.
23 04-8776, Docket No. 14. Plaintiff vigorously opposed DC’s motion to consolidate,
24 which was **denied** by the Court except as to discovery. *See* Docket No. 30. DC’s
25 dubious response was to re-file the same redundant Counterclaims in both cases as
26 before with duplicative allegations (referring to both the Superman and Superboy
27 Notices), as if the cases had been consolidated, but slyly only list the case number of
28 each respective case, instead of both case numbers as before.

1 Thus, in both of its amended Counterclaims in this Superman Case, DC
2 improperly included allegations that relate *solely* to the Superboy Notice, as though
3 the Court’s rejection of DC’s consolidation motion never happened. *See* Docket No.
4 42, ¶¶ 77-85; No. 646, ¶¶ 77-85. DC’s superfluous allegations in the First
5 Counterclaim in the Superman Case as to the Superboy Notice are thus nothing more
6 than an irrelevant vestige of its improperly consolidated pleadings.

7 The Court then issued a series of published decisions fully resolving certain of
8 the claims in the Superman Case. *See Siegel v. Warner Bros. Ent. Inc.*, 542 F. Supp.
9 2d 1098 (C.D. Cal. 2008), 658 F. Supp. 2d 1036 (C.D. Cal. 2009), 690 F. Supp. 2d
10 1048 (C.D. Cal. 2009). Based on those orders, Plaintiff moved for a Rule 54(b)
11 judgment on her First Claim and DC’s First through Fourth Counterclaims on August
12 13, 2010. *See* Docket No. 618. That motion was denied without prejudice. *See*
13 Docket No. 630. Thereafter, Plaintiff sought and was granted leave to amend the
14 complaint, in order to eliminate superfluous allegations and pave the way for a Rule
15 54(b) judgment. *See* Docket Nos. 637, 642. Plaintiff then brought a renewed Rule
16 54(b) motion, which this Court granted, and entered a Rule 54(b) judgment on the
17 First Claim and DC’s First through Fourth Counterclaims. Docket Nos. 648, 659-60.

18 **During this extensive motion practice regarding a 54(b) judgment,**
19 **spanning six months and three separate motion cycles, DC never so much as**
20 **uttered one word of their current argument about the First Counterclaim.** *See*
21 Section I.B.1, *infra*. Yet, immediately after the Rule 54(b) judgment was entered,
22 DC suddenly claimed that *both* the First and Second Counterclaims implicated
23 Superboy issues and that the Rule 54(b) was improper as to such claims. Perkins
24 Decl., Ex. 1. The parties met-and-conferred, and Plaintiff sent a detailed letter that
25 refuted DC’s arguments, offered a compromise to avoid unnecessary motion practice,
26 and gave DC fair warning that Plaintiff would move to strike DC’s Superboy
27
28

1 allegations if it proceeded with its motion. *Id.*, ¶ 4, Ex. 3.¹ DC refused Plaintiff’s
2 generous offer, and insisted on a one-sided and prejudicial stipulation touting DC’s
3 erroneous positions. *Id.*, Exs. 4-5; Declaration of Marc Toberoff, Exs. A-C.

4
5 **ARGUMENT**

6 **I. THE RULE 54(b) JUDGMENT AS TO DC’S FIRST COUNTERCLAIMS IS PROPER**

7 **A. Rule 59(e) Standard**

8 Under F.R.C.P. 59(e), “a motion for reconsideration should not be granted,
9 absent highly unusual circumstances, unless the district court is presented with newly
10 discovered evidence, committed clear error, or if there is an intervening change in the
11 controlling law.” *389 Orange Street Partners v. Arnold*, 179 F.3d 656, 665 (9th Cir.
12 1999) (citation omitted). In adjudicating a Rule 59(e) motion, a court can properly
13 “disregard[] legal arguments made for the first time” and need not consider facts that
14 were available earlier in the proceedings but not presented until the 59(e) motion.
15 *Zimmerman v. City of Oakland*, 255 F.3d 734, 740 (9th Cir. 2001). DC’s motion is
16 premised on “clear error,” and “[r]eview for clear error is significantly deferential
17 and requires a ‘definite and firm conviction that a mistake has been committed.’”
18 *Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH & Co.*, 571 F.3d 873, 878 (9th
19 Cir. 2009) (quoting *Easley v. Cromartie*, 532 U.S. 234, 242 (2001)). Reversal of a
20 prior decision on the basis of clear error is inappropriate as long as the court’s
21 “findings are plausible in light of the record viewed in its entirety.” *Id.* (quoting
22 *Husain v. Olympic Airways*, 316 F.3d 829, 835 (9th Cir. 2002)).

23 **B. DC Waived Its Argument Through Repeated Failures to Raise It**

24 **1. DC Did Not Raise This Argument Previously Despite Every Opportunity To Do So**

25 As part of Plaintiff’s first Rule 54(b) motion, Plaintiff moved for entry of Rule
26

27
28 ¹ In addition to addressing the First Counterclaim, Plaintiff also explained that DC’s argument as to its Second Counterclaim was frivolous. Perkins Decl., Ex. 3 at 2. DC apparently abandoned in this motion its argument about its Second Counterclaim.

1 54(b) judgment on DC’s “First, Second, Third and Fourth Counterclaims.” Docket
2 No. 618 at 1, 13, 15. In its opposition, DC made no arguments at all based on
3 purportedly unresolved “Superboy” allegations, in its counterclaims or otherwise.
4 *See* Docket No. 624. In contrast, *Plaintiff* had directly addressed the “Superboy”
5 issues that DC now raises:

6 “The First Counterclaim also contains two sub-sections (Counterclaims, ¶¶ 77-
7 85) that relate solely to the Superboy termination notices and Superboy case
8 (Case No. 04-CV-08776), and are irrelevant to this motion and case.
9 Defendants previously moved for consolidation of the Superboy and Superman
10 actions, and simultaneously addressed both actions in consolidated
11 Counterclaims (citing both Case Nos.). But on March 14, 2005 Defendants’
12 motion was denied except as to discovery. Docket No. 30. ***Thus, the First
13 Counterclaim’s allegations regarding the Superboy case are not part of this
14 action, and must be disregarded for purposes of Plaintiffs’ Rule 54(b) motion
15 in the Superman action.***”

16 Docket No. 628 at 9 n. 13 (emphasis added).² The Court denied Plaintiff’s original
17 Rule 54(b) motion without prejudice. Docket No. 630.

18 Plaintiff’s subsequent motion for leave to amend her complaint made clear that
19 a key reason for amendment was to facilitate a Rule 54(b) judgment. *See* Docket No.
20 637 at 11-12; *see also* Docket No. 641 at 6-7 (purpose of the amendments was the
21 “entry of judgment on the [] First Claim *and Defendants’ related counterclaims*”)
22 (emphasis added). Recognizing this, DC’s opposition to Plaintiff’s motion focused
23 on the supposed impropriety of a Rule 54(b) judgment (*see* Docket No. 640 at 2-7),
24 but DC once again did not make its current argument. The Court granted Plaintiff’s
25 motion, and Plaintiff duly filed an amended complaint. Docket Nos. 643-44.

26 After the Court granted the motion for leave, and Plaintiff duly amended her
27 complaint, DC re-filed its Counterclaims, and Plaintiff brought a renewed Rule 54(b)
28 motion, which again clearly argued that judgment should be entered on DC’s First
through Fourth Counterclaims. Docket No. 648 at 10-11. In opposition, DC once
again remained silent as to the Superboy argument it now raises regarding the First
Counterclaim, and again made no mention whatsoever of its counterclaims. *See*

² Mr. Perkins incorrectly testifies that “Plaintiffs’ counsel never before raised this issue ... with the Court” (Perkins Decl., ¶ 4), despite the fact that Plaintiff clearly did so.

1 Docket No. 655 at 1-14. DC only made one, frivolous argument as to Superboy:

2 Superboy. Also part of plaintiffs' First Claim are issues related to Superboy.
3 The claim seeks a declaration that plaintiffs recaptured *all* of the works listed
4 in the Termination. Docket No. 644 ¶¶ 53-55. Plaintiffs contend it has "clearly
5 been decided" what works they recaptured, Mot. at 11, but they ignore the
6 more than 1,325 *Superboy works* listed in their Superman Termination on
7 which the Court has never ruled. In the related and still-pending Superboy
8 case, plaintiffs seek to adjudicate 1,607 works listed in a separate Superboy
9 termination notice. However, 1,325 (or 82%) of those works are also listed in
10 the Superman notice. *See* Appendix A; Petrocelli Decl. Exs. A-B. The status of
11 those works has never been decided in either case.

12 Docket No. 655 at 6. This argument was made only with respect to Plaintiff's First
13 Claim, made no reference whatsoever to DC's First Counterclaim, and does not
14 correspond at all to the Superboy allegations in the First Counterclaim that DC now
15 raises for the first time. Plaintiff fully rebutted DC's convoluted argument in reply:

16 Superboy: Defendants also misleadingly argue that there are "more than 1,325
17 Superboy works listed in [the] Superman Termination on which the Court has
18 never ruled." Opp. at 6. This is not true. The Court held that the Termination
19 could only recapture works that were copyrighted within a "five year window"
20 beginning on "April 16, 1938" (Siegel, 542 F. Supp. 2d at 1118) – *i.e.*, until
21 April 16, 1943. The Court then determined the "work for hire" status of all
22 works within that window. *Siegel*, 542 F. Supp. 2d 1098, 690 F. Supp. 2d
23 1048. Superboy was first published in late 1944 and each of the "1,325
24 Superboy works" Defendants cite were copyrighted on or after November 18,
25 1944 and thus, per the Court's decision, were not recaptured by the Superman
26 Termination. *See* Docket No. 655, Exs. A-B. The Court clearly decided all
27 works recaptured by the Termination, completing the First Claim.

28 Docket No. 657 at 7. Plaintiff then clearly emphasized that any Superboy issues
"relate[] to the separate Superboy action [], not this one." *Id.* at 8.

In short, for DC to now claim that it "argued [that] these 'open' Superboy
issues were reason alone to reject plaintiff's Rule 54 motion altogether" (Mot. at 3) is
misleading. DC made *no* arguments that even remotely resemble its current motion,
despite clear notice going back to Plaintiff's original Rule 54(b) motion.

2. DC Cannot Claim "Clear Error" Based on an Argument It Failed to Raise in *Three* Prior Motions

As a matter of basic logic, DC's failure to raise the "First Counterclaim/
Superboy" issue despite *three* obvious opportunities to do so rebuts DC's claim that

1 entry of judgment on the First Counterclaim was “clear error.” If DC genuinely
2 believed this to be “error” it certainly would have brought this up earlier in its
3 oppositions to entry of a 54(b) judgment, rather than wait until judgment was entered.

4 As the Supreme Court has clearly held, “Rule 59(e) permits a court to alter or
5 amend a judgment, but it ‘may not be used to relitigate old matters, *or to raise*
6 *arguments* ... that could have been raised prior to the entry of judgment.” *Exxon*
7 *Shipping Co. v. Baker*, 554 U.S. 471, 485 n.4 (2008) (emph. added) (citation omitted).
8 See 12-59 Moore’s Federal Practice – Civil § 59.30[6] (“[A Rule 59(e)] motion to
9 alter or amend generally may not be used to raise arguments, or to present evidence,
10 that could reasonably have been raised or presented before the entry of judgment.”).

11 DC had numerous opportunities “prior to the entry of judgment,” to raise the
12 arguments it makes in its 59(e) motion; its failure to do so, without any justification,
13 alone is grounds to deny its motion. See *Tucker v. Allstate Indem. Co.*, 2010 U.S.
14 Dist. 130162, at *22 (E.D. Cal. Dec. 8, 2010) (denying motion for reconsideration
15 under Rule 59(e) because “motions for reconsideration are not the place for parties to
16 make new arguments not raised in their original briefs”) (citing *Northwest*
17 *Acceptance Corp. v. Lynnwood Equip., Inc.*, 841 F.2d 918, 925–26 (9th Cir. 1998)).³

18 DC is familiar with its own Counterclaims. Its concerted failure to raise its
19 current argument regarding its First Counterclaim was obviously deliberate. The
20 only plausible reason for DC’s failure is that it seeks to create confusion and potential
21 error for appeal. The Ninth Circuit has clearly disapproved of such tactics. See
22 *Dzung Chu v. Oracle Corp. (In re Oracle Corp. Secs. Litig.)*, 627 F.3d 376, 386 (9th
23 Cir. 2010) (“[F]or Plaintiffs to fail to respond to Defendants’ objections, and to then
24

25 ³ See, e.g., *Howard v. Nunley*, 2010 U.S. Dist. LEXIS 119303, at *7 (N.D. Cal. Oct. 28,
26 2010) (denying Rule 59(e) motion because “even if [the party raised a valid argument], the
27 court would deem the argument waived for failure to raise it [in] his summary judgment
28 response”); *Arik v. Astrue*, 2010 U.S. Dist. LEXIS 69642 (N.D. Cal. Jun. 21, 2010)
(denying Rule 59(e) argument in part because defendant “waived this argument by failing to
raise it in his opposition to Plaintiff’s motion for summary judgment.”); *Fleetwood v.*
Stanley Steamer Int’l, 2010 U.S. Dist. LEXIS 94402, at *9 (E.D. Wash. Sept. 10, 2010)
(denying Rule 59(e) motion that was based on “a new argument ... that could have been
raised in their opposition to Defendant’s motion for summary judgment”).

1 challenge the district court's evidentiary rulings on appeal, is to invite the district
2 court to err and then complain of that very error. We cannot countenance such a tactic
3 on appeal.”); *United States v. Reyes-Alvarado*, 963 F.2d 1184, 1187 (9th Cir. 1992)
4 (“The doctrine of invited error prevents a defendant from complaining of an error that
5 was his own fault.”). DC made a tactical decision not to advance its new argument
6 despite many opportunities to do so; it should not be permitted to do so now.

7
8 **C. The Court Properly Disregarded the Irrelevant Superboy
Allegations in the First Counterclaim**

9 Nor was there any “error,” as the Court properly disregarded the vestigial
10 “Superboy” arguments made in the First Counterclaim, left over from DC’s denied
11 motion to consolidate the Superman and Superboy Cases. Docket No. 30. Plaintiff’s
12 complaint in this Superman Case makes no mention whatsoever of Superboy, much
13 less the Superboy Notice. *See* Docket No. 646. Nonetheless, DC included in its
14 First Counterclaim in both the Superman and Superboy Cases the following *identical*
15 subparts it now complains about:

16
17 **#3 The Unpublished Superboy Works**

18 77. In the *Superboy Notice*, the Siegels purport to terminate copyright
19 grants of rights in the November 1938 Letter and the Unpublished 1940
20 Superboy Script

21
22 80. As a result, the *Superboy Notice* is ineffective as to the Siegel
23 Superboy Proposals or any portion of any derivative works containing any
24 copyrightable material therefrom and DC Comics remains the sole owner
25 thereof. Therefore, the *Superboy Notice* is ineffective.

26
27 **#4 Siegel Owned No Copyright In Superboy**

28 85. Whether the Siegel Superboy Proposals were derivative works prepared
without the prior authorization of the copyright owner, or were works made for
hire, Siegel could not and did not own any copyright interest therein that would
be subject to copyright termination pursuant to 17 U.S.C. § 304 (c). Thus, the
Superboy Notice is ineffective.

29 Docket No. 646 (Superman First Counterclaim), ¶¶ 77-85 (emphases added). *See*
30 also Case No. 04-08776, Docket No. 44, ¶¶ 77-85 (Superboy First Counterclaim).

31 The Superboy Notice is the focus of the Superboy Case, not this case. The

1 only rational way to read DC’s Superboy allegations in this Superman Case is as a
2 vestige of its failed consolidated Counterclaims, and the only way to read the First
3 Counterclaim is that its allegations as to the Superboy Notice relate to the Superboy
4 Case, while its allegations as to the Superman Notice relate to this case. In fact, such
5 reading of DC’s improper duplicative counterclaims in both cases is consistent with
6 the Ninth Circuit’s “pragmatic approach” to defining claims under Rule 54(b). *See*
7 *Continental Airlines, Inc. v. Goodyear Tire & Rubber Co.*, 819 F.2d 1519, 1525 (9th
8 Cir. 1987); *Noel v. Hall*, 568 F.3d 743, 747 (9th Cir. 2009).

9 DC’s argument that its counterclaims apply equally to both cases, even though
10 the cases are not consolidated, **makes no sense**. If that were so, judgment could not
11 be entered in either the Superman or Superboy Case until all of DC’s Counterclaims
12 were fully resolved in both cases. If the Superman Case went to trial and was
13 completely resolved, while the Superboy Case remained pending, final judgment *still*
14 could not be entered in the Superman Case according to DC’s newfound theory
15 because DC’s First Counterclaim include superfluous Superboy allegations.

16 Courts freely disregard irrelevant or superfluous allegations in a counterclaim,
17 such as the allegations in the First Counterclaim at issue. *See E. & J. Gallo Winery v.*
18 *Andina Licores S.A.*, 2006 U.S. Dist. LEXIS 20113, at *5 (E.D. Cal. Apr. 7, 2006)
19 (“The court will, however, disregard any argument appearing in Defendants pleading
20 that the court finds irrelevant to the issues directly before the court in this case.”).
21 DC has a full and fair opportunity to litigate its Superboy Counterclaims in the
22 Superboy Case, and cannot simultaneously litigate those issues here. Thus, this
23 Court was well within its rights to read DC’s redundant and superfluous “Superboy”
24 allegations out of its First Counterclaim in this Superman Case, as argued by Plaintiff
25 in her Rule 54(b) motion (Docket No. 628 at 9 n. 13), and this was not “clear error.”

26
27 **D. Defendants Seek Amendment of the 54(b) Judgment In An Attempt to Avoid It**

28 In the related case of *DC Comics v. Pacific Pictures Corp.* (Case No. 10-CV-

1 03633 ODW (RZx)), DC attempts to re-litigate rejected arguments made in its First
2 Counterclaim. *Compare, e.g.*, Docket No. 646, ¶¶ 68-69 (First Counterclaim in the
3 Superman case alleging that a May 21, 1948 consent judgment was not terminated)
4 *with Siegel v. Warner Bros. Ent. Inc.*, 542 F. Supp. 2d 1098, 1126 (rejecting that
5 argument) *with DC Comics*, Docket No. 49 ¶¶ 125-28 (again claiming the rejected
6 argument). The Rule 54(b) judgment has preclusive effect and will prevent DC from
7 re-litigating such decided issues in the *DC Comics* case. *See* Docket No. 648 at
8 17:12-18:1; *Brown v. Dunbar*, 376 Fed. Appx. 786, 787 (9th Cir. 2010) (approving
9 issue preclusion based on a Rule 54(b) judgment).

10 Because the First Counterclaim (which sought to invalidate the Superman
11 Termination) is a “mirror image” of Plaintiff’s First Claim (which sought to validate
12 the Superman Termination), the arguments in DC’s First Counterclaim were decided
13 *both* as part of Plaintiff’s First Claim and DC’s First Counterclaim. *See First Pac.*
14 *Bancorp., Inc. v. Helfer*, 224 F.3d 1117, 1120, 1128 (9th Cir. 2000) (adjudication of
15 claims had preclusive effect on mirror image claims); *Napala v. Valley Isle Loan*
16 *LLC*, 2010 U.S. Dist. LEXIS 116257 (D. Haw. Nov. 1, 2010) (same).

17 Still, if the First Counterclaim is removed from the Rule 54(b) judgment, DC
18 will undoubtedly attempt to use this to muddy the waters and argue against
19 preclusion. To avoid this possibility, and to avoid burdening the Court with this
20 motion, Plaintiff offered to stipulate to an amended judgment, provided that DC
21 confirm that the Superman issues in its First Counterclaim were “actually litigated
22 and necessarily determined” by the 54(b) judgment on the First Claim. *See Perkins*
23 *Decl.*, Ex. 3 at 2; Ex. 5 at 28:9-19. DC unreasonably refused, making it clear that its
24 real agenda is to evade the Rule 54(b) judgment. *Toberoff Decl.*, Exs. A-C.

25 **II. THE COURT SHOULD STRIKE DC’S REDUNDANT ALLEGATIONS**

26 Federal Rules of Civil Procedure 12(f) states that a district court “may strike
27 from a pleading an insufficient defense or any redundant, immaterial, impertinent, or
28 scandalous matter.” As the Ninth Circuit has noted, Rule 12(f) “allows a court to

1 strike material *sua sponte*.” *Atlantic Richfield Co. v. Ramirez*, 1999 U.S. App.
2 LEXIS 8669 (9th Cir. May 4, 1999). It is particularly proper for a Court to strike
3 claims or allegations that are frivolous, irrelevant, or improper. *See Purex Corp. v.*
4 *General Foods Corp.*, 318 F. Supp. 322 (C.D. Cal. 1970) (granting motion to strike
5 where the allegations “may not properly be raised in this action”).⁴

6 Litigants are not permitted to file duplicative lawsuits. As the Ninth Circuit
7 stated in *Adams v. Cal. Dep’t of Health Servs.*, 487 F.3d 684, 688 (9th Cir. 2007),
8 plaintiffs “have no right to maintain two separate actions involving the same subject
9 matter at the same time in the same court and against the same defendant.” As such,
10 DC’s identical counterclaims simultaneously filed in separate cases are improper.
11 *Compare* Docket No. 646 (Superman Counterclaim), ¶¶ 77-85 with Case No. 04-
12 08776, Docket No. 44, ¶¶ 77-85 (Superboy Counterclaim). Courts routinely dismiss
13 such duplicative lawsuits. *See e.g., Brown v. County of Los Angeles*, 2010 U.S. Dist.
14 LEXIS 140976 (C.D. Cal. Sept. 30, 2010) (dismissing two claims on the grounds that
15 they were duplicative of claims in a previously filed lawsuit).⁵

16 As DC’s “Superboy” counterclaims are before *this* Court in the Superboy
17 Case, they are redundant here and should be struck. *See In re Merrill Lynch & Co.,*
18 *Inc. Research Reports Sec. Litig.*, 305 F. Supp. 2d 323, 325 (S.D.N.Y. 2004) (striking
19 as “redundant” allegations that were duplicative of allegations in a “pending suit in
20 the same district”).

21

22 ⁴ *Dunbar & Sullivan Dredging Co. v. Jurgensen Co.*, 44 F.R.D. 467, 472 (S.D. Ohio 1967)
23 (motion to strike proper where a “defense is wholly insufficient in law and so unrelated to
24 [the] claim as to be unworthy of any consideration”); *Burke v. Mesta Mach. Co.*, 5 F.R.D.
134, 138 (D. Pa. 1946) (motion to strike proper where “the matter criticized is so unrelated
to the complainant’s claim as to be unworthy of any consideration”).

25 ⁵ *See also Zyskowski v. SalesTraaq, Inc.*, 2010 U.S. Dist. LEXIS 135076 (D. Nev. Dec. 10,
26 2010) (dismissing lawsuit that duplicated claims already made against a defendant in a
27 separate lawsuit); *Kulchin Foundation Drilling Co v. Axis Specialty Ins. Co.*, 2007 U.S.
28 Dist. LEXIS 19141, at *11–12 (W.D. Wash. Mar. 16, 2007) (“Not only would duplicative
litigation represent a waste of time and resources (for both the judiciary and the parties), but
such a separation raises the specter of inconsistent rulings and results on identical legal
issues.”); *WeWee v. United States*, 2002 U.S. Dist. LEXIS 2959, at *9–10 (D. Ariz. Jan. 31,
2002) (dismissing a duplicative lawsuit because it “would entail an effort duplicative of [the
other lawsuit] and constitute a waste of judicial resources”).

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CONCLUSION

The Court should (a) deny Defendants’ motion, (b) strike the irrelevant and duplicative paragraphs of DC’s First Counterclaim as redundant and superfluous, and (c) re-enter the Rule 54(b) order and judgment.

Dated: April 25, 2011

RESPECTFULLY SUBMITTED,



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Laura Siegel Larson

EXHIBIT I

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8 **UNITED STATES DISTRICT COURT**

9 **CENTRAL DISTRICT OF CALIFORNIA - WESTERN DIVISION**

10 JOANNE SIEGEL, an individual; and
11 LAURA SIEGEL LARSON, an
12 individual,

Plaintiffs,

13 vs.

14 WARNER BROS. ENTERTAINMENT
15 INC., a corporation; TIME WARNER
16 INC., a corporation; DC COMICS, a
17 general partnership; and DOES 1-10,

18 Defendants.

19 DC COMICS,

20 Counterclaimant,

21 vs.

22 JOANNE SIEGEL, an individual; and
23 LAURA SIEGEL LARSON, an
24 individual,

25 Counterclaim Defendants.
26
27
28

Case No: CV 04-8400 ODW (RZx)

Hon. Otis D. Wright II, U.S.D.J.

**PLAINTIFF'S RENEWED
NOTICE OF MOTION AND
MOTION FOR ENTRY OF A
PARTIAL JUDGMENT UNDER
FED. R. CIV. P. 54(b) AND FOR
STAY OF REMAINING
CLAIMS PENDING APPEAL
PURSUANT TO THE COURT'S
MAY 5, 2011 ORDER;
MEMORANDUM OF POINTS
AND AUTHORITIES**

*Declaration of Marc Toberoff,
[Proposed] Order and [Proposed]
Judgment filed concurrently
herewith*

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

Date: June 6, 2011
Time: 1:30 p.m.
Place: Courtroom 11

1 TO ALL PARTIES AND THEIR COUNSEL OF RECORD:

2 PLEASE TAKE NOTICE that on June 6, 2011 at 1:30 p.m., or as soon
3 thereafter as counsel may be heard, in Courtroom 11 of the above-captioned Court,
4 located at 312 N. Spring Street, Los Angeles, California, 90012, plaintiff Laura
5 Siegel Larson will and hereby does respectfully renew her motion to the Court for
6 certification pursuant to Fed. R. Civ. P. 54(b) of the Court's March 26, 2008, August
7 12, 2009, and October 30, 2009 orders, which granted partial summary judgment
8 upholding plaintiffs Joanne Siegel¹ and Laura Siegel Larson's ("Plaintiffs") copyright
9 notices of termination filed pursuant to 17 U.S.C. § 304(c) regarding the world
10 famous character Superman. These detailed decisions also clearly determined which
11 Superman comic books and newspaper strips had been recaptured by Plaintiffs'
12 notices of termination. The Court's orders are a "final" disposition of Plaintiffs' First
13 Claim for Relief and Defendants' related First through Fourth Counterclaims, and
14 there is no just reason to delay entering the orders as an immediately appealable
15 judgment with respect to such claim.

16 On March 15, 2011, the Court granted Plaintiffs' prior motion for entry of
17 partial final judgment pursuant to Rule 54(b) and entered judgment on such claims.
18 *See* Docket No. 659-660. Defendants thereafter moved for reconsideration pursuant
19 to Rule 59(e) based solely on purportedly unresolved allegations in their First
20 Counterclaim that related to separate "Superboy" notices of termination. *See* Docket
21 No. 661. On May 5, 2011, the Court ordered that "[s]uch superfluous, redundant and
22 improper [Superboy] allegations are hereby ordered STRICKEN," and directed that
23 "Plaintiffs shall renew their motion for certification and lodge a proposed judgment
24 accordingly." Docket No. 664.

25 Thus, this renewed Rule 54(b) motion is made pursuant to the Court's May 5,

26 ¹ Joanne Siegel passed away on February 13, 2011. Plaintiff Laura Siegel Larson filed a
27 Statement re: Death of a Party on February 18, 2011. Docket No. 647. Laura Siegel Larson
28 was named in Joanne Siegel's will as the executor of Joanne Siegel's estate, and will shortly
file a motion or stipulation for substitution pursuant to F.R.C.P. 25(a). For convenience, the
motion refers to "Plaintiffs" and the "Siegels."

1 2011 order, and following the conference of counsel pursuant to L.R. 7-3, which took
2 place in person on July 13, 2010. The parties further met and conferred
3 telephonically on August 5, 2010.

4 Plaintiff's motion is based on this Notice of Motion and Motion, the attached
5 Memorandum of Points and Authorities, all of the pleadings and records on file in
6 this action, such additional authority and argument as may be presented in any reply
7 and at the hearing on this motion, and such other matters of which this Court may
8 take judicial notice.

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Dated: May 9, 2011

RESPECTFULLY SUBMITTED,



Marc Toberoff
TOBEROFF & ASSOCIATES, P.C.

Attorneys for Plaintiff
Laura Siegel Larson

1 **INTRODUCTION**

2 Plaintiffs Joanne Siegel and Laura Siegel Larson’s First Claim for Relief, as
3 well as Defendant DC Comics’ (“DC”) related First through Fourth Counterclaims,
4 have been fully adjudicated, and a final judgment should be entered thereon under
5 F.R.C.P. 54(b). On March 15, 2011, the Court granted Plaintiffs’ prior motion for
6 entry of partial final judgment pursuant to Rule 54(b), entered judgment on such
7 claims, and stayed this action pending appeal. *See* Docket No. 659-660. Defendants
8 moved for reconsideration pursuant to Rule 59(e) based on purportedly unresolved
9 allegations in their First Counterclaim regarding Plaintiffs’ “Superboy” notice of
10 termination. *See* Docket No. 661. On May 5, 2011, the Court ordered that “[s]uch
11 superfluous, redundant and improper [Superboy] allegations are hereby ordered
12 STRICKEN,” and directed that “Plaintiffs shall renew their motion for certification
13 and lodge a proposed judgment accordingly.” Docket No. 664. Plaintiffs therefore
14 promptly filed this renewed Rule 54(b) motion and respectfully request that the Court
15 grant their motion and re-enter the Rule 54(b) judgment filed concurrently herewith.

16 **PROCEDURAL BACKGROUND**

17 Plaintiff Laura Siegel Larson and her mother Joanne Siegel, who recently
18 passed away (“Plaintiffs”), served on April 3, 1997 notices of termination pursuant to
19 17 U.S.C. § 304(c) with respect to Superman (the “Termination”), with an effective
20 termination date of April 16, 1999. Plaintiffs filed their complaint on October 4,
21 2004. The Court then issued a series of published decisions fully resolving certain of
22 Plaintiffs’ claims and DC’s counterclaims. *See Siegel v. Warner Bros. Ent. Inc.*, 542
23 F. Supp. 2d 1098 (C.D. Cal. 2008) (Docket No. 293, dated March 26, 2008), 658 F.
24 Supp. 2d 1036 (C.D. Cal. 2009) (Docket No. 560, dated August 12, 2009), 690 F.
25 Supp. 2d 1048 (C.D. Cal. 2009) (Docket No. 595, dated October 30, 2009).

26 Based on those orders, Plaintiffs moved for a Rule 54(b) judgment on their
27 First Claim and DC’s First through Fourth Counterclaims on August 12, 2010. *See*
28 Docket No. 618. That motion was denied without prejudice. *See* Docket No. 630.

1 Plaintiffs then sought and were granted leave to amend their complaint, to
2 eliminate superfluous allegations and pave the way for a Rule 54(b) judgment. *See*
3 Docket Nos. 637, 642. Plaintiffs filed their Third Amended Complaint and
4 thereafter, a Rule 54(b) motion (Docket No. 648), which this Court granted as to “the
5 First Claim of Plaintiffs’ Third Amended Complaint and the First, Second, Third and
6 Fourth Counterclaims of Defendants’ Second Amended Counterclaims,” by order
7 dated March 15, 2011. Docket No. 659. That March 15, 2011 order incorporated by
8 reference the arguments contained in Plaintiffs’ Rule 54(b) motion (Docket Nos. 648,
9 657), which is attached for the Court’s convenience. *See* Declaration of Marc
10 Toberoff, Exs. A-B. The Court entered a Rule 54(b) judgment on Plaintiffs’ First
11 Claim and DC’s First through Fourth Counterclaims. Docket No. 660.

12 Defendants moved under Rule 59(e) to amend the Rule 54(b) judgment on the
13 grounds that DC’s First Counterclaim included unresolved allegations regarding
14 Plaintiffs’ “Superboy” notice of termination – a vestige of the non-consolidated case,
15 *Siegel v. Time Warner Inc., et al.*, Case No. 04-08776 ODW (RZx). Docket No.
16 661. Plaintiffs opposed that motion, and requested that the improper redundant
17 Superboy allegations be struck from Defendants’ counterclaims. Docket No. 662.
18 By order dated May 5, 2011, the Court resolved the matter as follows:

19 After certifying for appeal certain issues, the determination of which shall
20 bear greatly on the upcoming trial in this matter, Defendant DC Comics
21 pointed out that the counterclaims certified for appeal are not final. [661] But
22 the allegations which allegedly preclude a finding of finality for purposes of
23 appeal are improperly included in the counterclaims. Specifically, this case,
24 which bears the number 04-8400, involves Superman, not Superboy. A
25 separate action bearing the number 04-8776 concerns Superboy. The Court
26 long ago declined to consolidate both cases into one action, but Defendants
27 have nevertheless included some Superboy allegations in the Superman
28 action. Such superfluous, redundant and improper allegations are hereby
ordered **STRICKEN**, such that case number 04-8400 shall include no
allegations whatsoever as to Superboy, and vice versa.

Plaintiffs shall renew their motion for certification and lodge a proposed
judgment accordingly. Defendants’ motion to amend judgment [661] is
deemed **MOOT** and the hearing scheduled for May 16, 2011 at 1:30 p.m. is
VACATED.

Docket No. 664.

ARGUMENT

I. JUDGMENT SHOULD BE ENTERED UNDER F.R.C.P. 54(b)

For the reasons set forth in the Court’s order of March 15, 2011(Docket No. 659), and in plaintiffs’ underlying motion for entry of a partial final judgment (Docket Nos. 648, 657, incorporated herein by reference), entry of judgment pursuant to F.R.C.P. 54(b) is proper.

Federal Rule of Civil Procedure 54(b) allows a district court to certify as final and immediately appealable orders that resolve certain claims “[w]hen more than one claim for relief is presented in an action.” To be eligible for entry of judgment under Rule 54(b), the order must constitute “an ultimate disposition of an individual claim entered in the course of a multiple claims action,” and there must be “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). As duly noted in the Court’s March 15, 2011 order granting Plaintiffs’ prior 54(b) motion, “[t]he Ninth Circuit embraces a ‘pragmatic approach [to Rule 54(b)] focusing on severability [of claims] and efficient judicial administration’ in the construction of what constitutes a claim and whether there is no just reason to delay appellate review.” *Continental Airlines, Inc. v. Goodyear Tire & Rubber Co.*, 819 F.2d 1519, 1525 (9th Cir. 1987).²

The First Claim of the Third Amended Complaint and the First through Fourth Counterclaims of the Second Amended Counterclaims have been fully resolved:

- Plaintiffs’ First Claim requests only a declaration that “Plaintiffs validly terminated” and recaptured certain of their father’s “Superman” works. It has been fully resolved by orders that upheld the validity of the Siegel Termination and determined all the copyrighted Superman works (*e.g.*, *Action Comics*, No. 1) thereby recaptured and co-owned by Plaintiffs and DC. *See* Docket No.

² *See also Noel v. Hall*, 568 F.3d 743, 747 (9th Cir. 2009); *Texaco, Inc. v. Ponsoldt*, 939 F.2d 794, 797-98 (9th Cir. 1991); *James v. Price Stern Sloan*, 283 F.3d 1064, 1068 n.11 (9th Cir. 2002); *Wood v. GCC Bend, LLC*, 422 F.3d 873, 881 (9th Cir. 2005); *Gordon v. Vincent Youmans, Inc.*, 358 F.2d 261, 262 (2d Cir. 1965); *Rodrigue v. Rodrigue*, 218 F.3d 432, 434 (5th Cir. 2000).

- 1 644, ¶ 74; *Siegel*, 542 F. Supp. 2d at 1130; 658 F. Supp. 2d 1036.
- 2 • DC’s First Counterclaim seeks a declaration that the Termination was
- 3 ineffective on three alleged grounds, each expressly adjudicated and rejected
- 4 by the Court. *Compare* Docket No. 646 (“Counterclaims”), ¶¶ 68-69 *with*
- 5 *Siegel*, 542 F. Supp. 2d at 1131-32; ¶¶ 70-76 *with* 542 F. Supp. 2d at 1132-34;
- 6 ¶¶ 86-89 *with* 542 F. Supp. 2d at 1117-19.
- 7 • DC’s Second Counterclaim seeks declaratory relief that Plaintiffs’ claims are
- 8 barred by the statute of limitations, which was expressly analyzed and rejected
- 9 by the Court. *Compare* Counterclaims, ¶¶ 90-96 *with Siegel*, 542 F. Supp. 2d
- 10 at 1134-36.
- 11 • DC’s Third and Fourth Counterclaims seek relief for breach of contract, based
- 12 on a purported October 2001 settlement agreement, but the Court definitively
- 13 found that no such contract existed. *Compare* Counterclaims, ¶¶ 97-101 *with*
- 14 *Siegel*, 542 F. Supp. 2d at 1137-39.
- 15 • DC previously contended (Docket No. 661) that its First Counterclaims
- 16 contained unresolved allegations regarding Plaintiffs’ separate Superboy notice
- 17 of termination, but the Court ordered all such Superboy allegations stricken.
- 18 *See* Docket No. 664.

19 As confirmed by the Court’s March 15, 2011 and May 5, 2011 orders, the

20 Court’s decisions of March 26, 2008 (Docket No. 293), August 12, 2009 (Docket No.

21 560), and October 30, 2009 (Docket No. 595) unambiguously constitute an “ultimate

22 disposition” of the Plaintiffs’ First Claim and Defendants’ First Through Fourth

23 Counterclaims (as stricken in part), satisfying Rule 54(b).

24 There is “no just reason to delay” appellate review, as entry of judgment under

25 Rule 54(b) is especially appropriate “where the claims determine the scope and

26 contours of trial as to the remaining issues, that trial is likely to be protracted, and the

27 Court will avoid wasting resources in a re-trial,” as is the case here. Docket No. 659

28 at 1-2; *see Continental Airlines*, 819 F.2d at 1525. As the Court stated in its March

1 15, 2011 order, “[e]ntry of a 54(b) judgment would streamline the issues, conserve
2 judicial resources and promote settlement. As such, there is no just reason for delay
3 entering judgment in this case.” Docket No. 659 at 2.³

4 **CONCLUSION**

5 For the foregoing reasons, and those set forth in Plaintiffs’ prior Rule 54(b)
6 motion (Docket Nos. 648, 657), the Court’s March 15, 2011 order (Docket No. 659)
7 and May 5, 2011 order (Docket No. 664), Plaintiffs respectfully request that the
8 Court re-enter judgment on the First Claim of the Third Amended Complaint and the
9 First through Fourth Counterclaims of the Second Amended Counterclaims pursuant
10 to F.R.C.P. 54(b), and re-stay the remainder of the accounting action pending appeal.

11

12 Dated: May 9, 2011

RESPECTFULLY SUBMITTED,

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14 Marc Toberoff
15 TOBEROFF & ASSOCIATES, P.C.

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16 Attorneys for Plaintiff Laura Siegel
17 Larson

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27 ³ See also *Adidas Am., Inc. v. Payless Shoesource, Inc.*, 166 Fed. Appx. 268, 270–71 (9th
28 Cir. 2006); *Torres v. City of Madera*, 655 F. Supp. 2d 1109, 1135 (E.D. Cal. 2009);
Advanced Magnetics, Inc. v. Bayfront Partners, Inc., 106 F.3d 11, 16 (2d Cir. 1997);
Curtiss-Wright Corp., 446 U.S. at 8 n.2; *Wood*, 422 F.3d at 882 n.6; *Whitney v. Wurtz*, 2007
U.S. Dist. LEXIS 60077, at *5 (N.D. Cal. Aug. 16, 2007).

EXHIBIT J

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13 Attorneys for Defendants and Counterclaimant

14 **UNITED STATES DISTRICT COURT**
 15 **CENTRAL DISTRICT OF CALIFORNIA**

16 JOANNE SIEGEL and LAURA
 17 SIEGEL LARSON,
 18 Plaintiffs and
 19 Counterdefendants,

20 v.

21 WARNER BROS.
 22 ENTERTAINMENT INC., DC
 23 COMICS, and DOES 1-10,
 24 Defendants and
 25 Counterclaimant.

Case No. CV-04-8400 ODW (RZx)

**DEFENDANTS' OPPOSITION TO
 PLAINTIFF'S RENEWED
 MOTION FOR ENTRY OF
 PARTIAL JUDGMENT UNDER
 FED. R. CIV. P. 54(B) AND STAY
 OF REMAINING CLAIMS
 PENDING APPEAL**

**DECLARATION OF CASSANDRA
 SETO AND [PROPOSED] ORDER
 FILED CONCURRENTLY
 HEREWITH**

The Hon. Otis D. Wright II

Hearing Date: June 6, 2011
 Hearing Time: 1:30 pm
 Courtroom: 11

DEFS.' OPP. TO PLS.' RENEWED MOT.
 FOR ENTRY OF RULE 54(B) J.

1 DC Comics opposes Plaintiff's Renewed Motion For Entry Of A Partial
2 Judgment Under Fed. R. Civ. P. 54(b) And For Stay Of Remaining Claims Pending
3 Appeal Pursuant To The Court's May 5, 2011 Order (Docket No. 665), for the
4 reasons set forth in DC's prior opposition papers to plaintiff's two prior Rule 54(b)
5 motions and in DC's Rule 59 motion, *see* Docket Nos. 624, 624-1-624-4; 655, 655-
6 1-655-7; 661, 661-1-661-9; 663 (Decl. of Cassandra Seto, Exhibits A-J), and,
7 principally, because plaintiff's claims and defendants' counterclaims have not been
8 fully and finally adjudicated, as is required, *see id.*; *Cont'l Airlines, Inc. v.*
9 *Goodyear Tire & Rubber Co.*, 819 F.2d 1519, 1524 (9th Cir. 1987). DC
10 understands from the Court's May 5, 2011, order, Docket No. 664, that it intends to
11 grant plaintiff's renewed motion and therefore will not burden the Court with
12 repetitive briefing on these points, other than to file this opposition, reserve all
13 rights, and direct the Court to its arguments in its prior submissions enclosed and
14 incorporated herein. DC would respectfully request oral argument on these issues,
15 but understands the Court may deem that unnecessary.

16 Dated: May 16, 2011

Respectfully Submitted,

O'MELVENY & MYERS LLP

19 By: /s/ Daniel M. Petrocelli

20 Daniel M. Petrocelli
21 Attorneys for Defendants

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