

**UP, UP & AWAY:
HOW SIEGEL & SHUSTER’S SUPERMAN WAS
CONTRACTED AWAY
& DC COMICS WON THE DAY**

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I. INTRODUCTION

Upon leaping his first tall building and outrunning his first locomotive in the pages of 1938's *Action Comics* No. 1,¹ Superman became "the comic book industry's first 'star.'"² Since his first appearance, the Man of Steel³ has gone beyond being the star of comics to starring in his own radio serial, television shows, and feature films. For more than seven decades, Superman has fought gangsters and thugs, Lex Luthor and Brainiac. Save for his unfortunate weakness to Kryptonite, fragments from his home planet of Krypton, and one unfortunate encounter with the villain Doomsday,⁴ nothing has been able to stop him, not even his creators' heirs' efforts to terminate their grant of the Superman copyright⁵ to DC Comics.⁶

For almost as long as he has been saving Lois Lane, his constant damsel in distress, Superman has been at the center of a battle between his creators, Jerome Siegel and Joe Shuster, and DC Comics, the company that has published his exploits for years.⁷ Recently, in *Larson v. Warner Bros. Entertainment, Inc.*⁸ and *DC Comics v. Pacific Pictures Corp.*,⁹ this battle came to an end when the heirs of Siegel and Shuster were found to have entered into subsequent agreements that gave DC Comics the rights to Superman. Under the

¹ Jerome Siegel & Joe Shuster, *Superman*, ACTION COMICS (VOL. 1) 1 (DC Comics June 1938) (first appearance of Superman), reprinted in SUPERMAN: THE ACTION COMICS ARCHIVES, VOL. 1 (DC Comics 1998), available at Siegel v. Warner Bros. Entm't, Inc. (*Siegel I*), 542 F. Supp. 2d 1098 (C.D. Cal. 2008), rev'd sub nom. *Larson v. Warner Bros. Entm't, Inc.*, Nos. 11-55863, 11-56034, 2013 WL 1113259 (9th Cir. Jan. 10, 2013). All citations to comic books are cited in conformity with the format developed by the *Fordham Intellectual Property, Media & Entertainment Law Journal*. See Britton Payne, Appendix, *Comic Book Legal Citation Format*, 16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1017 (2006).

² BRADFORD W. WRIGHT, COMIC BOOK NATION 14 (2001).

³ Throughout this Comment, Superman will be referred to by some of his more well-known nicknames, including the Man of Steel, the Last Son of Krypton, the Man of Tomorrow, and the Big Blue Boy Scout.

⁴ Dan Jurgens et al., *Doomsday!*, SUPERMAN (VOL. 2) 75 (DC Comics Jan. 1993), reprinted in DAN JURGENS ET AL., THE DEATH OF SUPERMAN (1993).

⁵ In short, the termination right is "the right to terminate a previous assignment of a copyright regardless of the consideration paid for assignment." Peter Afrasiabi, *Superman's Latest Episode: The Right of Authors and Their Families to Terminate a Copyright Grant and Recapture the Copyright*, ORANGE CNTY. LAWYER 34, Sept. 2008, at 35.

⁶ Throughout this Comment, DC Comics refers to DC Comics and its parent companies. Currently, Warner Bros. Entertainment Inc. is the parent company of DC Comics.

⁷ Sean McGilvray, Note, *Judicial Kryptonite?: Superman and the Consideration of Moral Rights in American Copyright*, 32 HASTINGS COMM. & ENT. L.J. 319, 323 (2010) (noting that the courtroom battles over the Superman copyright began in 1947 and that "[t]his litigation was the first volley in what would prove to be an extended series of legal skirmishes").

⁸ Nos. 11-55863, 11-56034, 2013 WL 1113259 (9th Cir. Jan. 10, 2013).

⁹ No. CV 10-3633 ODW (RZx), 2012 WL 4936588 (C.D. Cal. Oct. 17, 2012).

Copyright Act of 1976, a creator who granted his or her copyright in a work to another prior to 1978 is permitted to terminate that grant.¹⁰ This provides authors the opportunity to negotiate a new grant with the grantee or to take back their copyrighted work. The Siegel family sought to terminate Jerome Siegel's grant of the Superman copyright to DC Comics,¹¹ and the Shuster family followed suit, seeking to terminate Joe Shuster's grant of the Superman copyright, in 2003.¹² Ultimately, both of these efforts failed because each family had entered into an agreement with DC Comics during the termination notice period that granted DC Comics the Superman copyright,¹³ which precluded termination.¹⁴

The recent battle for the Superman copyright in *Larson v. Warner Bros.* and *DC Comics v. Pacific Pictures Corp.* provides an opportunity to discuss the aims of American copyright law and, specifically, the Copyright Act of 1976. Furthermore, the battle over Superman reveals a flaw with the right of termination under § 304, which applies only to pre-1978 copyright grants. To wit, § 304 grants excessive bargaining power to a work's creators, while ignoring the financial and creative efforts of a company, like DC Comics, that added significant value to the character. This Comment discusses how the outcome of the battle for Superman is in line with the goals of American copyright law and the problems associated with § 304.

Part II of this Comment discusses the creation of Superman. Part III turns to the numerous lawsuits through which the Siegel and Shuster families tried to regain control over the Superman copyright. Part III also focuses on *Larson v. Warner Bros.* and *DC Comics v. Pacific Pictures Corp.*, detailing how the families' most recent efforts to recapture the Superman copyright failed. Part IV discusses how the outcome of the recent Superman copyright cases ultimately satisfies the goals of American copyright laws generally and the Copyright Act of 1976 specifically. Finally, Part V concludes.

¹⁰ 17 U.S.C. § 304 (2012).

¹¹ *Siegel I*, 542 F. Supp. 2d at 1114, *rev'd sub nom.* 2013 WL 1113259.

¹² *DC Comics v. Pac. Pictures Corp.*, No. CV 10-3633 ODW (RZx), 2012 WL 4936588, at *1-2 (C.D. Cal. Oct. 17, 2012).

¹³ See *Larson*, 2013 WL 1113259, at *1-2; *DC Comics*, 2012 WL 4936588, at *5. Joanne Siegel, the widow of Jerry Siegel, passed away on February 12, 2011. *Joanne Siegel, Model for Lois Lane, Dies at 93*, NPR (Feb. 16, 2011, 1:46 PM), <http://www.npr.org/2011/02/16/133811007/joanne-siegel-model-for-lois-lane-passes-away-at-93>. Thus, on appeal, Laura Siegel Larson, Jerry and Joanne's daughter, replaced her mother as the named party in the case.

¹⁴ 17 U.S.C. § 304(d) (2012).

II. “AND SO WAS CREATED . . . SUPERMAN!”¹⁵

One of the most important aspects of a superhero story is the superhero’s “secret origin.” These tales are so popular that they are told again and again, sometimes with small changes to the details of the character’s beginnings.¹⁶ In this tradition, this Comment begins with a brief overview of Superman’s real life origin story.

Before Superman was a child who was rocketed to Earth “[a]s a distant planet was destroyed by old age”¹⁷ and took on the secret identity of Clark Kent, he was Bill Dunn, a homeless man who was turned into the Superman by Professor Ernest Smalley.¹⁸ Siegel’s first Superman, whose powers included telepathy and mind control, appeared in “The Reign of the Superman,” which was published in issue three of Siegel and Shuster’s self-published *Science Fiction* in 1932.¹⁹ This Superman was a far cry from the Superman who would later save the Earth time and time again; instead, Bill Dunn was a tyrant who “use[d] his powers to disrupt a peace conference, reasoning that war and chaos w[ould] pave the way for his conquest of the planet.”²⁰ This first iteration of Superman never made it past the pages of Siegel and Shuster’s publication, but it included elements that would be incorporated into later stories.²¹

Casting off the tyrant Superman idea and looking to break into the world of comic books, Siegel and Shuster submitted *The Superman* to Consolidated Book Publishing Company.²² Although little is known about this early iteration of Superman,²³ Siegel and Shuster provided some details about the character, noting that he did not wear a costume and that he did not possess any superpowers.²⁴ Ultimately, “this Superman was a generic character based on a variety of sources from the pulps and the strips, and hardly as remarkable

¹⁵ Siegel & Shuster, *supra* note 1, at 1.

¹⁶ See, e.g., *id.*; Geoff Johns et al., *The Boy of Steel*, SUPERMAN: SECRET ORIGIN (VOL. 1) 1 (DC Comics Nov. 2009); Grant Morrison et al., *Rocket Song*, ACTION COMICS (VOL. 2) 5 (DC Comics March 2012).

¹⁷ Siegel & Shuster, *supra* note 1, at 1.

¹⁸ LES DANIELS, SUPERMAN: THE COMPLETE HISTORY: THE LIFE AND TIMES OF THE MAN OF STEEL 14 (1998).

¹⁹ *Id.* at 13–14.

²⁰ *Id.* at 14.

²¹ *Id.* at 14–15.

²² *Id.* at 17.

²³ Much to the chagrin of the creators, *The Superman* was never published following Consolidated’s exit from the business of making comic books. After receiving this news about Consolidated, “[d]evastated, and convinced that his work was somehow to blame for this latest setback, Joe Shuster burned every page of *The Superman*. Only the cover survived, rescued from the flames by a prescient Jerry Siegel.” *Id.*

²⁴ *Id.*

as the third and ultimate Superman, whose creation was just around the corner.²⁵

After a return to the drawing board, Siegel retooled the character, giving him physical superpowers and dressing him in a costume akin to that of a circus strongman.²⁶ Shuster made a few additions²⁷ while the original newspaper strip featuring Superman's adventures was repeatedly rejected.²⁸ But Siegel and Shuster eventually found a home for their final iteration of Superman at the newly formed DC Comics.²⁹ In exchange for seeing Superman in print, Siegel and Shuster sold all of the rights to Superman to DC Comics for \$130 in 1938.³⁰

In his first appearance,³¹ "Superman's adventures . . . centered on unjust imprisonment, spousal abuse, and corrupt government officials."³² On the cover of what is now one of the most famous comic books ever published was a man of incredible strength smashing a car into a rock as criminals ran from him in abject terror.³³ Inside this historic first issue of the first volume of *Action Comics*, readers learned the extent of this Superman's abilities: he could bound over buildings, lift the unliftable, and outrace locomotives and "nothing less than a bursting shell could penetrate his skin!"³⁴ Although *Action Comics* No. 1 featured other stories, including characters like the cowboy Chuck Dawson³⁵ and the magician Zatara,³⁶ "at the newsstand people were asking not for *Action Comics*, but for that magazine with Superman in it."³⁷

A new myth took hold instantly, and "what Siegel . . . did with his typewriter and Shuster [did] with his pen would transform the comic book

²⁵ *Id.* at 18.

²⁶ *Id.*

²⁷ "[A]nd let's give him a big *S* on his chest, and a cape, make him as colorful as we can and as distinctive as we can." *Id.* (quoting Joseph Shuster).

²⁸ *Id.* at 22–26.

²⁹ *Id.* at 30–31.

³⁰ *Id.* at 41; see also *FOUND: The Superman Check That Changed History*, THE BEAT (Oct. 25, 2011), <http://www.comicsbeat.com/2011/10/25/found-the-superman-check-that-changed-history> [hereinafter *FOUND*].

³¹ Siegel & Shuster, *supra* note 1.

³² DANIELS, *supra* note 18, at 35.

³³ GRANT MORRISON, *SUPERGODS* 5, 23 (2011).

³⁴ Siegel & Shuster, *supra* note 1.

³⁵ H. Fleming, *Chuck Dawson*, *ACTION COMICS* (VOL. 1) 1 (DC Comics June 1938).

³⁶ Fred Guardineer, *Zatara Master Magician*, *ACTION COMICS* (VOL. 1) 1 (DC Comics June 1938).

³⁷ DANIELS, *supra* note 18, at 35.

industry.”³⁸ After revision after revision and years of rejection after rejection, Siegel and Shuster’s creation finally took off after being sold to DC Comics. And Superman had nowhere to go but up, up, and away. Following the creation of Superman, DC Comics “oversaw the creation, development, and licensing of the Superman character in a variety of media, including but not limited to radio, novels, live action and animated motion pictures, television, live theatrical productions, merchandise and theme parks.”³⁹ Currently, Superman is the star of *Superman*,⁴⁰ *Action Comics*,⁴¹ and *Superman: Earth One*,⁴² among other comics, and he regularly appears in various other comic books,⁴³ including most notably *Justice League*.⁴⁴ Additionally, in Summer 2013, Superman will return to the silver screen in *Man of Steel*, directed by Zack Snyder.⁴⁵

III. SUPERMAN & THE LEGION OF LITIGATION

In 1947, Siegel and Shuster first took to the courts to reclaim the Superman they created in 1938.⁴⁶ Over the years since this first battle over Superman, United States copyright law has changed, and similar efforts to regain control over Superman have been brought to the courts. Section A of this Part briefly discusses Siegel’s and Shuster’s earliest efforts to reclaim Superman. Section B of this Part discusses the Copyright Act of 1976, which created the right of termination of transfer.⁴⁷ Section B turns to the most recent,

³⁸ Siegel v. Warner Bros. Entm’t, Inc. (*Siegel I*), 542 F. Supp. 2d 1098, 1102 (C.D. Cal. 2008), *rev’d sub nom.* Larson v. Warner Bros. Entm’t, Inc., Nos. 11-55863, 11-56034, 2013 WL 1113259 (9th Cir. Jan. 10, 2013).

³⁹ *Id.* at 1111.

⁴⁰ See, e.g., Scott Lobdell et al., *Because I’m a Scorpion*, SUPERMAN (VOL. 3) 15 (DC Comics Feb. 2013).

⁴¹ See, e.g., Grant Morrison et al., *Superman at the End of Days*, ACTION COMICS (VOL. 2) 15 (DC Comics Feb. 2013).

⁴² J. MICHAEL STRACZYNSKI ET AL., SUPERMAN: EARTH ONE 1 (DC Comics Dec. 2010).

⁴³ See, e.g., Tom DeFalco et al., *H’el on Earth: Shattered Steel!*, SUPERBOY (VOL. 6) 15 (DC Comics Feb. 2013); Michael Green & Mike Johnson et al., *Reunion*, SUPERGIRL (VOL. 6) 2 (DC Comics Dec. 2011); James Robinson et al., *The Price of Victory*, EARTH 2 (VOL. 1) 1 (DC Comics July 2012).

⁴⁴ See, e.g., Geoff Johns et al., *Justice League: Part Two*, JUSTICE LEAGUE (VOL. 2) 2 (DC Comics Dec. 2011).

⁴⁵ *Man of Steel (2013)*, IMDB, <http://www.imdb.com/title/tt0770828> (last updated Jan. 21, 2013).

⁴⁶ Siegel v. Nat’l Periodical Publ’n, Inc., 364 F. Supp. 1032, 1033–35 (S.D.N.Y. 1973) (discussing Siegel’s and Shuster’s 1947 effort to void the agreement through which they sold Superman).

⁴⁷ In short, the right of termination of transfer is created by § 203 of the Copyright Act of 1976, which provides creators the opportunity to terminate any grant or license of a copyright that was entered into prior to 1978. 17 U.S.C. § 203 (2012).

and unsuccessful, efforts of the Siegel and Shuster families to terminate the prior grants of the Superman copyright to DC Comics in *Larson v. Warner Bros. Entertainment, Inc.*,⁴⁸ and *DC Comics v. Pacific Pictures Corp.*⁴⁹

A. *The Initial Trials of Superman*

In 1938, Siegel and Shuster sold Superman to DC Comics for \$130.⁵⁰ Under this agreement, Siegel and Shuster “transferred to [DC Comics] the first thirteen page Superman strip, ‘all good will attached thereto and *exclusive* right to the use of the characters and story, continuity and title of strip . . . to have and hold *forever* and to be your *exclusive* property . . .”⁵¹ Although this agreement changed slightly over the next few years, each agreement between Siegel and Shuster and DC Comics made it clear that DC Comics owned the copyright to Superman.⁵²

Despite the plain language of the prior agreements, Siegel and Shuster sought to void the agreements in 1947. This effort was unsuccessful and resulted in a finding that “[b]y virtue of the instrument of March 1, 1938, plaintiffs transferred to DETECTIVE COMICS, INC. *all* of their rights in and to the comic strip SUPERMAN including the title, names, characters and concept.”⁵³ In short, the 1947 action found that DC Comics was “the *sole and exclusive* owner of and has the sole and exclusive right to the use of the title SUPERMAN and to the conception, idea, continuity, pictorial representation and formula of the cartoon feature SUPERMAN as heretofore portrayed and published.”⁵⁴

Unhappy with this outcome, Siegel and Shuster again tried to reassert control over the Superman copyright and brought suit to determine the status of the copyright renewal rights of the character in the mid-1960s and early

⁴⁸ Nos. 11-55863, 11-56034, 2013 WL 1113259 (9th Cir. Jan. 10, 2013).

⁴⁹ No. CV 10-3633 ODW (RZx), 2012 WL 4936588 (C.D. Cal. Oct. 17, 2012).

⁵⁰ DANIELS, *supra* note 18, at 41. Due to inflation, this would be the equivalent of \$2,123.15 today’s dollars. See *CPI Inflation Calculator*, BUREAU OF LABOR STAT., http://www.bls.gov/data/inflation_calculator.htm (last visited Mar. 4, 2013).

⁵¹ *Siegel*, 364 F. Supp. at 1034.

⁵² A September 22, 1938, agreement “stated that [DC Comics] was ‘exclusive owner’ of Superman and of the ‘right to publish’ Superman comics.” *Id.* at 1034. Additionally, a December 19, 1939, agreement “increase[ed] Siegel and Shuster’s] compensation and reiterat[ed] that [DC Comics] was the ‘sole and exclusive owner’ of Superman, of ‘all rights of reproduction’ and of ‘*all copyright and all rights to secure copyright registration* in respect of all such forms of reproduction.” *Id.*

⁵³ *Id.* at 1035.

⁵⁴ *Id.*

1970s.⁵⁵ Yet again, the efforts of Superman's creators were fruitless. The New York district court held that Siegel and Shuster were "precluded from relitigating matters which could have been raised in the 1947 action"⁵⁶ Therefore, the court determined that DC Comics also owned the renewal rights of the Superman copyright.⁵⁷

After this round of litigation, DC Comics, Siegel, and Shuster entered into another agreement regarding the rights to Superman. In the 1975 Agreement, Siegel and Shuster acknowledged that "all right title and interest in' Superman . . . resided exclusively with DC Comics and its corporate affiliates."⁵⁸ In return, DC Comics agreed to "provide[] Siegel and Shuster with modest annual payments for the remainder of their lives; provide[] them with medical insurance . . . and credit[] them as the 'creators of Superman,' among other considerations."⁵⁹

For the time being, DC Comics' ownership of the Superman copyright was settled.

B. *The Fight for Superman Returns*

Although it seemed the fate of Superman had been decided and DC Comics was the rightful holder of his copyright, Congress changed copyright law with the enactment of the Copyright Act of 1976.⁶⁰ The Act provided authors with the right of termination of transfer, the ability to terminate prior grants or licenses of a copyright that occurred before 1978.⁶¹ This gave the Siegel family and the Shuster family another opportunity to reclaim the Superman copyright. This Subsection begins with a brief overview of the relevant portions of the Copyright Act of 1976. It then discusses the termination efforts of the Siegel family and the Shuster family, detailing the several courts' rulings and how DC Comics almost lost and then won Superman.

⁵⁵ *Id.*; see also *Siegel v. Warner Bros. Entm't, Inc. (Siegel I)*, 542 F. Supp. 2d 1098, 1112 (C.D. Cal. 2008).

⁵⁶ *Siegel*, 364 F. Supp. at 1038.

⁵⁷ *Id.* The court also found that under the 1909 Copyright Act, Superman was created as a work for hire. *Id.* at 1036.

⁵⁸ *Siegel I*, 542 F. Supp. 2d at 1113.

⁵⁹ *Id.*

⁶⁰ Copyright Act of 1976, 17 U.S.C. § 101–1332 (2012). It has been suggested that the battle over the Superman copyright may have played a role in sparking the 1976 changes to copyright law. *FOUND*, *supra* note 30 ("[T]he US Copyright Office is thought to have taken the Superman case into account when they revised the work for hire law in 1976 to prevent further abuses.").

⁶¹ 17 U.S.C. § 304 (2012).

1. The Copyright Act of 1976

Although the Copyright Act of 1909 sought to provide authors and their families with an unalienable right to copyright renewal,⁶² “Congress’s attempt to grant authors and their families a future copyright interest ‘was substantially thwarted by [the Supreme] Court’s decision in *Fred Fisher Music Co. v. M. Witmark & Sons.*’”⁶³ In short, the *Fisher* Court found that authors could agree “to assign their renewal interests.”⁶⁴

Eventually, the Court’s decision in *Fisher* played a role in encouraging Congress to revise American copyright law “because of the unequal bargaining position of authors, resulting in part from the impossibility of determining a work’s value until [after] it has been exploited.”⁶⁵ To accomplish this, Congress created the right of termination of transfers, which would allow authors and their heirs to terminate prior copyright grants. The goal of the right of termination was to “safeguard[] authors against unremunerative transfers.”⁶⁶ Ultimately, this new right was incorporated into the Copyright Act of 1976.

The right of termination appears in two sections of the Copyright Act of 1976. First, pursuant to § 203, authors are vested with the power to terminate “the exclusive or nonexclusive grant of a transfer or license of copyright or of any right under a copyright, executed by the author on or after January 1, 1978.”⁶⁷ This provision gave authors the ability to reclaim their previously granted works within the framework provided in the Act.⁶⁸

⁶² Pub. L. No. 349, §§ 23–24, 35 Stat. 1075, 1080–81 (1909).

⁶³ Peter S. Menell & David Nimmer, *Pooh-Poohing Copyright Law’s “Inalienable” Termination Rights*, 57 J. COPYRIGHT SOC’Y U.S.A. 799, 805 (2010) (quoting *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 185 (1985) (White, J., dissenting)).

⁶⁴ *Fred Fisher Music Co., Inc. v. M. Witmark & Sons*, 318 U.S. 643, 657 (1943).

⁶⁵ H.R. REP. NO. 94-1476, at 124 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, at 5740. The unequal bargaining power of authors stems from the fact that “[t]he creators of the work frequently lack the tools needed to adequately exploit their creation or even envision the extent of potential commercialization their creation harvests.” Ian McClure, *Termination Rights: A Second Bite at the Apple*, FED. LAWYER, Jan. 2009, at 16, *available at* <http://www.iprospective.com/wp-content/uploads/2009/01/termination-rights2.pdf>. In the case of Superman, “Siegel and Shuster had been trying to sell Superman for years and had never had a substantial offer” until the offer to publish in *Action Comics*. DANIELS, *supra* note 18, at 30–31.

⁶⁶ H.R. REP. NO. 94-1476, at 124 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5740.

⁶⁷ 17 U.S.C. § 203(a) (2012).

⁶⁸ Pursuant to the Copyright Act of 1976,

[t]ermination of the grant may be effected at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant; or, if the grant covers the right of publication of the work, the period begins at the end of thirty-five years from the date of publication of the work under the grant or at the end of forty years from the date of execution of the grant, whichever term ends earlier.

Id. § 203(a)(3).

Congress also extended this right to authors who had entered into such an agreement prior to January 1, 1978.⁶⁹ More importantly, this section of the Act provides that “[t]ermination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.”⁷⁰ Thus, all previous agreements between DC Comics and Siegel and Shuster became ineffective and the 1974 decision, which put Superman in the hands of DC Comics, was no longer worth the paper on which it was reported.

Taking advantage of the fact that Congress had effectively given the Siegel and Shuster families a second bite at the Superman apple, “[o]n April 3, 1997, [Siegel’s heirs, Joanne Siegel and Laura Siegel Larson,] served seven separate notices of termination . . . purporting to terminate several of Siegel’s potential grant(s) in the Superman copyright,”⁷¹ reigniting the battle for Superman. Following suit, “heirs of Joseph Shuster . . . served DC with a copyright termination notice purporting to recapture certain early Superman works as of October 26, 2013.”⁷²

2. *Siegel v. Warner Bros.*

Siegel v. Warner Bros. centered on the Siegel family’s efforts to terminate Jerome Siegel’s initial grant of the Superman copyright to DC Comics. Initially, in an opinion that was heralded as “brilliant,”⁷³ District Judge Stephen G. Larson determined that despite the difficulties presented in termination of transfer cases, “[a]fter seventy years, Jerome Siegel’s heirs regain what he granted so long ago—the copyright in the Superman material that was published in *Action Comics*, Vol. 1.”⁷⁴ The Siegel family’s success rested, in part, on the fact that certain documents produced in the course of

⁶⁹ 17 U.S.C. § 304.

⁷⁰ 17 U.S.C. § 304(c)(5).

⁷¹ *Siegel v. Warner Bros. Entm’t, Inc. (Siegel I)*, 542 F. Supp. 2d 1098, 1114 (C.D. Cal. 2008), *rev’d sub nom. Larson v. Warner Bros. Entm’t, Inc.*, Nos. 11-55863, 11-56034, 2013 WL 1113259 (9th Cir. Jan. 10, 2013).

⁷² *DC Comics v. Pac. Pictures Corp.*, No. CV 10-3633 ODW (RZx), 2012 WL 4936588, at *1 (C.D. Cal. Oct. 17, 2012).

⁷³ William Patry, *Super Superman Opinion*, PATRY COPYRIGHT BLOG (Mar. 28, 2008), <http://williampatry.blogspot.com/2008/03/super-superman-opinion.html>. Patry commended Judge Larson for his

brilliant opinion that must have taken an extraordinary amount of time. It is very readable (and with great pictures!), which is very high praise given the extreme complexity of the facts and the legal issues at stake. If [sic] there was a Pulitzer Prize for judicial opinions, Judge Larson would win (with supporting awards for his hard-working clerks. [sic]).

Id.

⁷⁴ *Siegel I*, 542 F. Supp. 2d at 1145.

settlement negotiations did not constitute a post-1978 transfer of the Superman copyright,⁷⁵ which would have defeated any termination of transfer claim.⁷⁶ For a time, it seemed the Siegel family had found the Kryptonite it needed to defeat DC Comics in the Copyright Act of 1976.⁷⁷ Nonetheless, in 2013, the Ninth Circuit reversed Judge Larson's ruling regarding "whether the parties reached a binding settlement agreement during their negotiations over the rights to Superman in 2001 and 2002."⁷⁸ Thus, despite the Siegel family's efforts, their portion of the Superman copyright remains with DC Comics.

a. The Death of DC Comics' Superman?

In 2008, Judge Larson issued what was, at the time, a landmark ruling in the battle between DC Comics and the Siegel family over the Superman copyright.⁷⁹ This ruling, combined with another order issued by Judge Larson,⁸⁰ "gave the Siegel heirs 50% of the copyright of the Superman material in *Action Comics* #1 and certain other stories, including his origin on the planet Krypton."⁸¹ For the purposes of this Comment, two of the issues addressed by Judge Larson are important: (1) the Superman material subject to termination and (2) "whether the settlement negotiations that took place between the parties resulted in an enforceable agreement disposing of the claims asserted."⁸² Judge Larson's rulings on each of these issues are discussed in turn.

⁷⁵ *Id.* at 1139.

⁷⁶ *See* 17 U.S.C. § 304 (2012).

⁷⁷ Ron Dove & Erin Smith, *Heirs' Claim is Kryptonite to DC Comics*, 183 COPYRIGHT WORLD 14 (2008).

⁷⁸ *Larson v. Warner Bros. Entm't, Inc.*, Nos. 11-55863, 11-56034, 2013 WL 1113259 (9th Cir. Jan. 10, 2013).

⁷⁹ *Siegel I*, 542 F. Supp. 2d 1098.

⁸⁰ *Siegel v. Warner Bros. Entm't, Inc. (Siegel II)*, 658 F. Supp. 2d 1036 (C.D. Cal. 2009), *rev'd sub nom. Larson*, 2013 WL 1113259.

⁸¹ Jeff Trexler, *THE LEGAL VIEW: A Superman Copyright Multiversity*, THE BEAT (June 10, 2011), <http://comicsbeat.com/the-legal-view-a-superman-copyright-multiversity/>.

⁸² *Siegel I*, 542 F. Supp. 2d at 1116. Judge Larson also ruled on various other issues, including:

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

First, with regard to the material subject to termination, the Siegel family contended that they had “successfully terminated the 1938 grant by Jerome Siegel and his creative partner, Joseph Shuster, of the copyright in their creation of the iconic comic book superhero ‘Superman,’ thereby recapturing Jerome Siegel’s half of the copyright in the same.”⁸³ On the other hand, DC Comics argued that the materials in *Action Comics* No. 1 were works made for hire, which would put them outside the purview of the termination notices at issue.⁸⁴ Ruling on the motion for partial summary judgment, Judge Larson, adhering to a previous Second Circuit decision,⁸⁵ concluded: “all the Superman material contained in *Action Comics*, Vol. 1, is not a work-made-for-hire and therefore is subject to termination.”⁸⁶

Nonetheless, due to the changes in copyright law since the 1974 case, Judge Larson was not bound by the Second Circuit’s determination that the creators of Superman, and their heirs, were barred “from contesting ever again that all rights in Superman, including the renewal copyright, have passed forever to [DC Comics].”⁸⁷ Thus, Judge Larson was able to thoroughly consider the scope of the termination notices filed by Siegel’s heirs.

Judge Larson noted that the termination notices filed by Siegel’s heirs “had an effective date of April 16, 1999.”⁸⁸ Therefore, “the termination notices would leave unaffected (or better said, beyond their reach) any statutory copyright that had been secured in the Superman material before April 16, 1938.”⁸⁹ As such, the bulk of Judge Larson’s opinion discussed whether certain advertisements for *Action Comics* No. 1, which featured a black-and-white depiction of Superman, were within the reach of the termination notices filed by Siegel’s heirs.

Unfortunately for Siegel’s heirs, Judge Larson found that the advertisements for *Action Comics* No. 1 fell just days outside of the reach of

Id. at 1116–17.

⁸³ *Id.* at 1102.

⁸⁴ In short, a work made for hire is a work “prepared by an employee within the scope of his or her employment” or “a work specially ordered or commissioned” for various purposes. 17 U.S.C. § 101 (2012). A copyright in a work made for hire is not held by the individual or individuals who actually created the work, instead “the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright.” *Id.* § 201(b) (2012).

⁸⁵ *Siegel v. Nat’l Periodical Publ’n, Inc.*, 508 F.2d 909 (2d Cir. 1974).

⁸⁶ *Siegel I*, 542 F. Supp. 2d at 1130.

⁸⁷ *Siegel*, 508 F.2d at 914.

⁸⁸ *Siegel I*, 542 F. Supp. 2d at 1114.

⁸⁹ *Id.* at 1118. Judge Larson also noted that “[a] copyright in a work statutorily secured even just days outside this five year window is beyond the effective reach of the termination notice.” *Id.*

the termination notices,⁹⁰ meaning that the copyright of the Superman appearing in the advertisements was held by DC Comics.⁹¹ Nonetheless, Judge Larson found that the contents of *Action Comics* No. 1 were separately copyrightable and that the termination notices recaptured the rights to

the entire storyline from *Action Comics*, Vol. 1, Superman's distinctive blue leotard (complete with its inverted triangular crest across the chest with a red "S" on a yellow background), a red cape and boots, and his superhuman ability to leap tall buildings, repel bullets, and run faster than a locomotive.⁹²

Nonetheless, the court found that copyrightable elements, although few, "arise from the pictorial illustration in the announcement" and, therefore, DC Comics "may continue to exploit the image of a person with extraordinary strength who wears a black and white leotard and cape."⁹³

Additionally, in a subsequent ruling resolving other issues in the case, Judge Larson expanded the works subject to termination beyond *Action Comics* No. 1, including "the two weeks' worth of newspaper comic strip material created by Siegel and Shuster during the spring of 1938"⁹⁴ and "*Action Comics* No. 4 and *Superman* No. 1, pages three through six."⁹⁵ As such, the Siegel family, per Judge Larson, had recaptured significant portions of the Big Blue Boy Scout's history, including his original abilities⁹⁶ and his origin as the Last

⁹⁰

[T]he initial copyright registrations . . . indicate that *More Fun Comics*, Vol. 31, was published on April 5, 1938, eleven days before the effectiveness of the [Siegel heir's] termination notices, and that *Detective Comics*, Vol. 15, was published on April 10, 1938, six days outside the temporal reach of the termination notices . . . The Court therefore finds that the promotional announcements containing an illustration of Superman from the cover of *Action Comics*, Vol. 1, are outside the effective reach of the termination notices.

Id. at 1119–20, 1123.

⁹¹ *Id.* at 1126 ("The Court therefore finds that the publication date for at least one of the comics containing the promotional announcements falls outside the reach of the termination notice and, therefore, any copyrightable material contained therein . . . remains for [DC Comics] to exploit.").

⁹² *Id.*

⁹³ *Id.*

⁹⁴ *Siegel v. Warner Bros. Entm't, Inc. (Siegel II)*, 658 F. Supp. 2d 1036, 1083–84 (C.D. Cal. 2009), *rev'd sub nom. Larson*, 2013 WL 1113259.

⁹⁵ *Id.* at 1064.

⁹⁶ In *Action Comics* No. 1, Superman could "leap 1/8th of a mile; hurdle a twenty-story building," "raise tremendous weights," and "run faster than an express train." Siegel & Shuster, *supra* note 1, at 1. Additionally, "nothing less than a bursting shell could penetrate his skin!" *Id.*

Son of Krypton who came to Earth on the verge of Krypton's destruction via a rocket created by his father.⁹⁷

Second, in what would become the most important part of Judge Larson's ruling,⁹⁸ Judge Larson considered DC Comics' contention "that plaintiff's termination notice is no longer effective as the parties' settlement negotiations led to them entering into a binding post-termination agreement that resolved the issues presently before the Court."⁹⁹ After providing a brief review of the timeline of the negotiations¹⁰⁰ and noting that California law applied to whether the parties had entered into an agreement,¹⁰¹ Judge Larson found that, because "the parties failed to come to an agreement on all material terms,"¹⁰² "the parties' settlement negotiations did not result in an enforceable agreement resolving the issues presently before the Court."¹⁰³

DC Comics had argued that an October 19, 2001, letter, which was prepared by the Siegel family's counsel and "outline[d] the substance of a settlement offer from defendants that was 'accepted' by the plaintiffs,"¹⁰⁴

⁹⁷ See DANIELS, *supra* note 18, at 38–39.

⁹⁸ See *Larson*, 2013 WL 1113259, at *1–2.

⁹⁹ *Siegel v. Warner Bros. Entm't, Inc (Siegel I)*, 542 F. Supp. 2d 1098, 1136 (C.D. Cal. 2008), *rev'd sub nom. Larson*, 2013 WL 1113259.

¹⁰⁰ Judge Larson provided the following timeline:

October 19, 2001	Pursuant to the parties' negotiations, plaintiffs' counsel sent to defendants' counsel a six-page letter outlining the substance of a settlement offer from defendants that was "accepted" by the plaintiffs.
October 26, 2001	Defendants responded, noting they were working on a draft agreement and enclosing "a more fulsome outline" of "what" they "believe the deal" they have "agreed" to is.
February 1, 2002	Defendants' counsel provided a fifty-six page draft agreement that reserved the right to have their clients comment upon it and noted that certain, related "stand alone" assignments were in the process of being finalized.
May 5, 2002	Plaintiffs responded to defendants' draft by stating that the proposed agreement contained new, unacceptable terms to which they had not agreed.
May 21, 2002	Defendants sent a letter to plaintiffs stating that they believed that each of the major points in the settlement had already been agreed upon.
Sept [sic] 21, 2002	Plaintiffs rejected their counsel's proposed draft agreement and advised defendants in writing that they were ending negotiations.

Id. at 1136–37.

¹⁰¹ *Id.* at 1137.

¹⁰² *Id.* at 1138 (citing *Grove v. Grove Valve & Reg. Co.*, 84 Cal. Rptr. 300 (Ct. App. 1970)).

¹⁰³ *Id.* at 1139.

¹⁰⁴ *Id.* at 1136.

constituted an agreement despite later communications regarding any agreement.¹⁰⁵ Judge Larson noted that later communications between the parties—including DC Comics’ “‘more fulsome *outline*’ of what it ‘believed the deal’ they had ‘agreed to’” and DC Comics’ February 2002 draft agreement¹⁰⁶—were “material details” regarding whether an agreement existed between the parties.¹⁰⁷ Judge Larson noted that

[t]his give and take reveals that the parties, while close to agreeing to a complete and comprehensive settlement of their dispute, had not passed the threshold where they had finalized and assented to all material terms of such a settlement. Rather, as they attempted to sketch in the finer details of a settlement from the broad outlines contained in the October 19 letter, more and more issues arose upon which they could not reach agreement, resulting in the negotiations falling apart.¹⁰⁸

He then noted that the Ninth Circuit and California courts “held that no enforceable agreement [is] reached when the parties had agreed to a rough outline of an agreement, but were thereafter unable to reach agreement on the finer details and the negotiations fell apart.”¹⁰⁹ As the instant scenario was “not unlike” that already considered by the Ninth Circuit and California courts, Judge Larson found that the October 19, 2001, letter did not constitute a post-1978 transfer of the Superman copyright due to a failure of the parties to come to a meeting of the minds.¹¹⁰

Thanks to Judge Larson’s lengthy and detailed opinion, “[a]fter seventy years, Jerome Siegel’s heirs regain[ed] what he granted so long ago—the copyright in the Superman material that was published in *Action Comics*, Vol. 1.”¹¹¹ It appeared, for the time, that DC Comics was one step closer to losing Superman, as litigation regarding the Shuster family’s termination had yet to get off the ground.¹¹² But all of Judge Larson’s notions would be dispelled by the Ninth Circuit.¹¹³

¹⁰⁵ See *supra* note 100 and accompanying text.

¹⁰⁶ *Siegel I*, 542 F. Supp. 2d at 1137.

¹⁰⁷ *Id.*

¹⁰⁸ *Id.* at 1138.

¹⁰⁹ *Id.* (citing *Callie v. Near*, 829 F.2d 888 (9th Cir. 1987); *Weddington Prods. v. Flick*, 71 Cal. Rptr. 2d 265 (1998)).

¹¹⁰ *Id.*

¹¹¹ *Id.* at 1145.

¹¹² In 2003, the Shuster family served its notice of termination. *DC Comics v. Pac. Pictures Corp.*, No. CV 10-3633 ODW (RZx), 2012 WL 4936588, at *3 (C.D. Cal. Oct. 17, 2012). DC Comics did not file its complaint, seeking that the termination notices be declared invalid, until 2010. Complaint for: (1) Declaratory Relief re: Invalidity of Copyright Termination Notice; (2) Declaratory Relief re: Scope of Copyright Termination Notice; (3) Declaratory Relief re: DC

b. The Return of DC Comics' Superman

Following the district court rulings in *Siegel*, both DC Comics and the Siegel family appealed to the Ninth Circuit on various grounds. The Siegel family sought to overturn the district court's ruling that several works featuring Superman were works for hire.¹¹⁴ DC Comics, on the other hand, presented several issues on appeal.¹¹⁵ Most importantly, DC Comics put forward the issue of "[w]hether DC is entitled to entry of judgment on all claims on the basis of an October 2001 settlement agreement, confirmed by a letter from Larson that explicitly 'accepted D.C. [sic] Comics' offer' and described in detail all essential 'terms' of the parties' 'monumental accord.'"¹¹⁶ Ultimately, it was this issue put forward by DC Comics upon which the Ninth Circuit focused its

Comics Period of Exclusivity re: Shuster; (4) Interference with 1992 Shuster Agreement; (5) Interference with Prospective Economic Advantage re: Siegel-DC Comics Agreement; and (6) Declaratory Relief re: Invalidity of Copyright Assignment and Consent Agreements, *DC Comics v. Pac. Pictures Corp.*, No. CV 10-3633 ODW (RZx), 2012 WL 4936588 (C.D. Cal. Oct. 17, 2012).

¹¹³ See *Larson v. Warner Bros. Entm't, Inc.*, Nos. 11-55863, 11-56034, 2013 WL 1113259 (9th Cir. Jan. 10, 2013).

¹¹⁴ Appellant Laura Siegel Larson's First Brief on Cross-Appeal at *1-2, *Larson v. Warner Bros. Entm't, Inc.*, Nos. 11-55863, 11-56034, 2013 WL 1113259 (9th Cir. Jan. 10, 2013), available at <http://docs.justia.com/cases/federal/appellate-courts/ca9/11-55863/12>. These works included the following: "(a) *Action Comics*, Nos. 2-3, 5-6; (b) the 1939-1943 'Superman' newspaper strips (except for the first two weeks thereof) . . . and (c) *Action Comics*, Nos. 7-61 and *Superman*, Nos. 1-23 (except for pages 3-6 of *Superman*, No. 1)." *Id.* It is worth noting that Laura Siegel Larson, Jerome Siegel's daughter, also took her case to the court of public opinion. In an October 11, 2012, letter to "Superman Fans Everywhere," Larson accused Warner Bros. of "diverting attention from the legal merits of our case by personally attacking our long-time lawyer, Marc Toberoff . . . [F]alsely claiming 'unfair competition' and that Toberoff interfered with an out of court offer that Warner tried to push on my mom and me in early 2002." Nikki Finke & Dominic Patten, *Superman Heirs and Warner Bros Attorneys Swap More Nasty Allegations in Legal Battle*, DEADLINE HOLLYWOOD (Oct. 12, 2012, 7:27 AM), <http://www.deadline.com/2012/10/superman-heirs-and-warner-bros-attorneys-swap-more-nasty-allegations-in-legal-battle> (internal quotation marks omitted). The claims against Toberoff were included in DC Comics' complaint in *DC Comics v. Pac. Pictures Corp.* See Complaint for: (1) Declaratory Relief re: Invalidity of Copyright Termination Notice; (2) Declaratory Relief re: Scope of Copyright Termination Notice; (3) Declaratory Relief re: DC Comics Period of Exclusivity re: Shuster; (4) Interference with 1992 Shuster Agreement; (5) Interference with Prospective Economic Advantage re: Siegel-DC Comics Agreement; and (6) Declaratory Relief re: Invalidity of Copyright Assignment and Consent Agreements, *DC Comics v. Pac. Pictures Corp.*, No. CV 10-3633 ODW (RZx), 2012 WL 4936588 (C.D. Cal. Oct. 17, 2012), 2010 WL 2054239.

¹¹⁵ See Principal and Response Brief of Cross-Appellants and Appellees Warner Bros. Entm't, Inc., and DC Comics, *Larson*, 2013 WL 1113259 (9th Cir. Jan. 10, 2013), available at <http://docs.justia.com/cases/federal/appellate-courts/ca9/11-55863/31>.

¹¹⁶ *Id.* at *5.

opinion, which reversed Judge Larson's finding that the October 19, 2001, letter did not constitute an agreement between the parties.¹¹⁷

The Ninth Circuit determined that Judge Larson had "failed to address whether the October 19, 2001, letter from Larson's then-attorney constituted an acceptance of terms negotiated between the parties,"¹¹⁸ and held, "as a matter of law, that the October 19, 2001, letter did constitute such an acceptance."¹¹⁹ In reaching this decision, the Ninth Circuit noted that the letter "plainly states that the [Siegel] heirs have 'accepted D.C. Comics [sic] offer of October 16, 2001 [sic] in respect of the "Superman" and "Spectre" properties."¹²⁰ Following this were "five pages of terms outlining substantial compensation for the heirs in exchange for DC's continued right to produce Superman works"¹²¹ and the signature of the Siegel family's attorney.¹²²

As it read California law, the court stated that parties may "bind themselves to a contract, even when they anticipate that 'some material aspects of the deal [will] be papered later'"¹²³ and that "the only signature that is required is that of the party against whom a contract is sought to be enforced."¹²⁴ In light of this, the Ninth Circuit found that the October 19, 2001, letter laid out the terms of the agreement in a way "sufficiently definite that a court could enforce them" and was signed by a "duly authorized agent."¹²⁵ As such, the Ninth Circuit reversed Judge Larson's ruling and "direct[ed] the district [court] to reconsider DC's third and fourth counter claims in light of our holding that the October 19, 2001, letter created an agreement."¹²⁶ Furthermore, based on its holding, the Ninth Circuit had "render[ed] moot all of the other questions in this lawsuit."¹²⁷

¹¹⁷ *Larson*, 2013 WL 1113259, at *1–2.

¹¹⁸ *Id.* at *1.

¹¹⁹ *Id.* (footnote omitted).

¹²⁰ *Id.*

¹²¹ *Id.*

¹²² *Id.*

¹²³ *Id.* (quoting *Facebook, Inc. v. Pac. Nw. Software, Inc.*, 640 F.3d 1034, 1038 (9th Cir. 2011); *Harris v. Rudin, Richman & Appel*, 87 Cal. Rptr. 2d 822, 828 (Cal. Ct. App. 1999)).

¹²⁴ *Id.* (citing *Ulloa v. McMillin Real Estate & Mortg., Inc.*, 57 Cal. Rptr. 3d 1, 4–5 (Cal. Ct. App. 2007); 1 B.E. WITKIN, SUMMARY OF CALIFORNIA LAW, CONTRACTS § 359 (10th ed. 2005)). The Ninth Circuit also noted the following:

Nor is 17 U.S.C. § 204(a) a bar to validity of any such contract; that statute expressly permits an agreement transferring ownership of a copyright to be signed by a 'duly authorized agent' of the copyright owner, and Larson does not contest that the heirs' attorney was such an agent.

Id.

¹²⁵ *Id.*

¹²⁶ *Id.* at *2.

¹²⁷ *Id.*

In short, the Ninth Circuit's holding handed Superman back to D.C. Comics by establishing that a post-1978 transfer of the rights to Superman had been effected. Thus, the Siegel family's district court victory was short-lived and they would only be entitled to compensation as expressed in the October 19, 2001, letter.

c. *DC Comics v. Pacific Pictures Corp.*

Following the Siegel family's lead, "[o]n November 7, 2003, Mark Warren Peary (as substitute executor of the Shuster estate) served on DC a notice of termination of the prior grants of Shuster's Superman copyrights."¹²⁸ In response, DC Comics filed a motion for summary judgment, arguing, in part, that a "1992 agreement between DC and Jean Shuster Peavy and Frank Shuster—Joseph's siblings—bars the Shusters from exercising their statutory termination rights."¹²⁹ Unfortunately for the Shuster family, their termination efforts proved, like those of the Siegel family, unsuccessful.

The facts on which DC Comics' claim rested began long before Mark Warren Peary filed notices of termination. Following the death of Joe Shuster in 1992, his sister, "sole beneficiary and executrix of his estate," Jean Shuster Peavy, "ask[ed] DC to pay [Joe] Shuster's 'final debts and expenses.'"¹³⁰ In response, "DC offered to cover Joe's debts and increase survivor payments to his brother Frank," who in turn requested "that [his] payments be made directly to Jean."¹³¹ Shortly after this and in order to secure DC Comics' interest in Superman, "[t]he parties executed an agreement on October 2, 1992 under which DC would cover Shuster's debts and pay Jean \$25,000 a year for the rest of her life. In exchange, Jean and Frank re-granted all of Shuster's rights to DC and vowed never to assert a claim to such rights."¹³²

¹²⁸ DC Comics v. Pac. Pictures Corp., No. CV 10-3633 ODW (RZX), 2012 WL 4936588, at *3 (C.D. Cal. Oct. 17, 2012).

¹²⁹ *Id.* at *4.

¹³⁰ *Id.* at *2.

¹³¹ *Id.*

¹³² *Id.* The pertinent part of the 1992 Agreement provided as follows:

"We [DC] ask you to confirm by your signatures below that this agreement *fully settles all claims* to any payments *or* other right *or* remedies which you may have under *any other agreement or otherwise*, whether now *or* hereafter existing *regarding any copyrights*, trademarks, or other property right in any and all work created in whole or in part by your brother, Joseph Shuster, or any works based thereon. *In any event*, you now grant to us any such rights and release us, our licensees and all others acting with our permission, and covenant not to assert any claim of right, by suit or otherwise, with respect to the above, now and forever."

Id. at *4. In the years following the parties' execution of the 1992 Agreement, "Jean [Shuster Peavy] and Paul Levitz [who then served as Executive Vice President of DC Comics] corresponded regularly" and "DC maintained good relations with the Shusters." *Id.* at *3. During

In its ruling regarding DC Comics' motion for summary judgment, the district court noted that "[t]he Copyright Act provides a termination right for the prior grant of a copyright transfer or license *only if* the grant was made *prior* to January 1, 1978."¹³³ As such, the district court's inquiry focused on "whether the 1992 Agreement superseded 'Joseph Shuster's key 1938 Grant and subsequent Superman grants,'"¹³⁴ because if the 1992 Agreement superseded the prior grants, the grant of Superman rights via the 1992 Agreement would fall outside the language of the Copyright Act and, therefore, not be subject to termination.

The Central District of California found that "the 1992 Agreement first settled all claims, and then granted DC 'such rights' as were just settled, essentially revoking and regranting all copyright agreements and interest."¹³⁵ The Shuster family's contended that the 1992 Agreement failed to expressly revoke prior agreements or grants and neglected to include specifically Superman and, therefore, did not revoke Shuster's prior agreements regarding Superman. Nonetheless, the district court found that "[t]he broad and all-encompassing language of the 1992 Agreement unmistakably operates to supersede all prior grants." The court further noted that "[s]urely [the Shuster family] recognize[s] that 'any and all work created in whole or in part by . . . Joseph Shuster' necessarily includes his most famous creation, Superman."¹³⁶

Because the 1992 Agreement superseded all prior agreements and grants pertaining to Shuster's interest in Superman, the district court held that "[t]he 1992 Agreement thus represents the parties' operative agreement and, as a post-1978 grant, it is not subject to termination under 17 U.S.C. § 304(d)."¹³⁷ As such, the Shuster family's attempt to regain the Superman copyright—like the Siegel family's attempt—failed due to a post-1978 agreement re-granting the family's rights to DC Comics.

C. *The Man of Tomorrow, Today*

Although it seemed for a time that the Siegel family recaptured its half of the Superman copyright, it is now clear that the Ninth Circuit has dashed this hope and DC Comics will retain the Siegel family's half of the Superman

this time, "Jean expressed displeasure at the amount and form of her payments and requested changes," and "[i]n 1993, 1994, 1995, 1996, 1998, 1999, 2000, and 2001, DC provided additional bonuses to Jean, ranging from \$10,000 to \$25,000." *Id.* "In one instance when Jean asked for a bonus, DC made clear its position that Jean had no legal right to make such requests, but would pay her a bonus anyway, for which she thanked DC." *Id.*

¹³³ *Id.* at *4 (citing 17 U.S.C. § 304(d) (2012)).

¹³⁴ *Id.*

¹³⁵ *Id.* at *5.

¹³⁶ *Id.* at *7.

¹³⁷ *Id.* at *9.

copyright. Additionally, absent a reversal on appeal,¹³⁸ DC Comics will retain its hold on the Shuster family's half of the Superman copyright based on *Pacific Pictures Corp.* Thus, despite the efforts of the Siegel and Shuster families, DC Comics avoided the right of termination because it entered into post-1978 agreements with the families of Superman's creators. Thanks to these agreements, DC Comics is now the sole holder of the Superman copyright.

IV. TRUTH, JUSTICE & AMERICAN COPYRIGHT LAWS

If *Larson* and *Pacific Pictures* remain undisturbed, DC Comics can rest assured that it is the sole holder of the Superman copyright. However, the discussion regarding the Superman copyright and the outcomes of *Larson* and *Pacific Pictures* should not end with all that appears on the pages of these opinions. The battle over Superman presents an opportunity to discuss the fundamental policies that lie at the heart of American copyright law. Taking advantage of this opportunity, this Comment explores how the objectives of American copyright have been fulfilled. First, this Part discusses the potential litigation that could have ensued had the Shuster or Siegel families effected termination. Second, this Part demonstrates how the outcomes of *Larson* and *Pacific Pictures*, although decided on contractual grounds, further the goals of American copyright law by ensuring public access to the arts and affording authors an opportunity to secure remunerative re-grants of copyrights.

A. *Infinite Crises, No More: The Potential Litigation Avoided by the Outcomes of Larson & Pacific Pictures*

Before examining how the outcomes of *Larson* and *Pacific Pictures* ultimately further the policies underlying American copyright law and are appropriate outcomes, this Section discusses the litigation that would have likely ensued had either the Siegel family or the Shuster family successfully terminated a grant of the Superman copyright. First, this Section considers how DC Comics and either of the families could have locked one another into suits regarding the derivative works exception, which may have stunted attempts to publish further adventures of Superman. Second, this Section explains how DC Comics' Superman trademarks may have provided ample ground to prevent

¹³⁸ In a December 5, 2012, order, Judge Otis D. Wright II found that DC Comics' claim regarding the validity of termination had been fully decided, and as such, "there is no reason to delay appellate review at this time." *DC Comics v. Pac. Pictures Corp.*, No. CV 10-3633 ODW (RZx), 2012 WL 6086928, at *2 (C.D. Cal. Dec. 5, 2012). Therefore, the district court entered judgment pursuant to Federal Rule of Civil Procedure 54(b), which "allows a district court to certify an order as final and immediately appealable when it constitutes 'an ultimate disposition of an individual claim entered in the course of a multiple claims action.'" *Id.* at *1 (citing *Curtiss-Wright Corp. v. Gen. Elec. Co.*, 446 U.S. 1, 7-8 (1980)).

either family from fully exploiting the Superman copyright. A discussion of these concerns will help inform the analysis of how the outcomes of *Larson* and *Pacific Pictures* advance the policies of copyright law, albeit by way of contract law.

1. Identity Crisis: Difficulties Posed by the Derivative Works Exception

Even if DC Comics lost all or part of its interest in the Superman copyright in the most recent litigation, DC Comics would continue to hold important aspects of Superman and his mythos under copyright law's derivative works exception. In short, "[a] derivative work consists of a contribution of original material to a pre-existing work so as to recast, transform or adapt the pre-existing work."¹³⁹ Despite termination, "[a] derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination."¹⁴⁰ Thus, DC Comics would continue to hold copyrights in its additions to Superman and his mythos, and the families would only hold the copyrights to Superman, his aspects, and mythos included in the works subject to termination.¹⁴¹

Since first bounding into action in *Action Comics* No. 1, Superman has changed drastically, developing new powers and personas. For example, in the first issues of *Action Comics* and *Superman* and in the initial daily comic strips, Superman possessed a limited array of abilities. He could only "leap 1/8th of a mile; hurdle a twenty-story building," "raise tremendous weights," and "run faster than an express train."¹⁴² Moreover, "nothing less than a bursting shell could penetrate his skin."¹⁴³ Originally, Superman "was almost believable," as "Siegel and Shuster were careful to ground his adventures in a contemporary city, much like New York, in a fictional world haunted by the all-too-familiar

¹³⁹ 1-3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 3.03[A] (2012). The following is the definition provided at 17 U.S.C. § 101:

A "derivative work" is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a "derivative work."

17 U.S.C. § 101 (2012)

¹⁴⁰ *Id.* § 304(c)(6)(A).

¹⁴¹ *See id.* § 103.

¹⁴² Siegel & Shuster, *supra* note 1, at 1.

¹⁴³ *Id.*

injustices of the real one.”¹⁴⁴ Siegel and Shuster’s Superman was busy fighting two-bit criminals and “root[ing] out corruption in the US Senate.”¹⁴⁵

In stark contrast, Superman currently displays an array of powers far greater than those of his 1938 counterpart.¹⁴⁶ In addition to hoisting helicopters above his head without breaking a sweat,¹⁴⁷ Superman now has the ability to fly,¹⁴⁸ use X-ray vision,¹⁴⁹ fire heat rays from his eyes,¹⁵⁰ breathe breath so cold it freezes villains and pipes alike,¹⁵¹ and use superhearing to detect danger or damsels in distress anywhere in the world.¹⁵² The current iteration of Superman is practically invincible and immortal, coming back from the dead¹⁵³ and, in one storyline, living at the center of the sun well into, and possibly beyond, the 853rd century.¹⁵⁴ In short, while Superman of yesteryear remained limited to

¹⁴⁴ MORRISON, *supra* note 33, at 5.

¹⁴⁵ *Id.* at 10.

¹⁴⁶ Over time, the Superman created by Siegel and Shuster has become a relic of yesteryear. For example, throughout *Supergods*, prolific comic book author Grant Morrison discusses the evolution of the Man of Steel. In the 1950s, writer Wayne Boring “brought us classic Superman.” *Id.* at 62. Superman bounded from the confines of the city and into the cosmos, as “Boring’s Man of Steel casually jogged across light-years of unfathomable distance.” *Id.* In the 1980s, this Superman was “given a teary farewell” by Alan Moore. *Id.* at 215; *see generally* Alan Moore et al., *Whatever Happened to the Man of Tomorrow?*, SUPERMAN (VOL. 1) 423 (DC Comics Sept. 1986); Alan Moore et al., *Whatever Happened to the Man of Tomorrow?*, ACTION COMICS (VOL. 1) 583 (DC Comics Sept. 1986). Thereafter, “Superman was reborn as a clean-limbed, square-jawed twentysomething [sic] quarterback.” MORRISON, *supra* note 33, at 215. Recently, Morrison himself took the helm of *Action Comics*, reinventing Superman as a superhero at the outset of his career, who is more cynical and “ends up working outside the law, often breaking it and sometimes losing his temper as he fights for what he believes is right.” Vaneta Rogers, *Morrison Writes a Social Justice Superman in ACTION COMICS*, NEWSARAMA.COM (Sept. 2, 2011, 6:18 PM), <http://www.newsarama.com/comics/grant-morrison-action-comics-110902.html>.

¹⁴⁷ *See, e.g.*, Geoff Johns et al., *Mild-Mannered Reporter*, SUPERMAN: SECRET ORIGIN 3 (DC Comics Jan. 2010).

¹⁴⁸ *See, e.g.*, John Byrne et al., *Book Two: The Story of the Century!*, SUPERMAN: THE MAN OF STEEL 2 (DC Comics Aug. 1986), *reprinted in* SUPERMAN: THE MAN OF STEEL, VOLUME ONE (Dan DiDio ed., DC Comics 2003).

¹⁴⁹ Joe Kelly et al., *What’s So Funny About Truth, Justice & The American Way*, ACTION COMICS (VOL. 1) 775 (DC Comics Mar. 2001), *reprinted in* SUPERMAN: THE GREATEST STORIES EVER TOLD (VOL. 1) (Dan DiDio ed., DC Comics 2004).

¹⁵⁰ *See, e.g., id.*; Grant Morrison et al., *The Gospel According to Lex Luthor*, ALL-STAR SUPERMAN 5 (DC Comics Sept. 2006).

¹⁵¹ *See, e.g.*, SUPERMAN RETURNS (Warner Bros. Pictures 2006).

¹⁵² *See, e.g.*, George Pérez et al., *Flying Blind*, SUPERMAN 2 (DC Comics Dec. 2011).

¹⁵³ *See, e.g.*, Karl Kesel et al., *Reign of the Superman!*, THE ADVENTURES OF SUPERMAN (VOL. 1) 505 (DC Comics Oct. 1993).

¹⁵⁴ Grant Morrison et al., *Death Star*, ONE MILLION 4, at 1 (DC Comics Nov. 1998).

displays of strength and ability akin to those of a supernatural circus strongman, Superman now possesses powers of unthinkable breadth.¹⁵⁵

All of these changes to Superman constitute additions to and transformations of the underlying work (i.e., the Superman appearing in *Action Comics* No. 1 and other early adventures). Assuming these changes are significant enough to give rise to separately copyrightable derivative Supermen,¹⁵⁶ the families would have been left with “a Superman that cannot fly, cannot be depicted fighting Lex Luthor or any of Superman’s classic villains and has no vulnerability to Kryptonite,”¹⁵⁷ among other limitations. As noted by Anthony Cheng, “[u]sing any elements in later works would risk infringing DC’s copyrights.”¹⁵⁸ Furthermore, although DC Comics would hold the copyrights in the derivative Supermen, termination would have, nonetheless, prevented it from “prepar[ing] any new derivative works based on the terminated works.”¹⁵⁹ Thus, had the families terminated the prior grants of the Superman copyright, litigation regarding the derivative works exception and to what extent the families and DC Comics could use Superman would ensue. According to Cheng, the likely result would have been “the Siegel and Shuster heirs and DC only hav[ing] the right to block one another from using [Superman] in future works.”¹⁶⁰

¹⁵⁵ Additionally, the surroundings and exploits of each Superman are different. The Superman of *Action Comics* No. 1 worked at the *Daily Star* in an unidentified city, where he worked with Lois Lane and various unnamed staffers. See Siegel & Shuster, *supra* note 1, at 4–6. Also, this Superman focused his efforts “on unjust imprisonment, spousal abuse, and corrupt government officials.” DANIELS, *supra* note 18, at 35. Conversely, Superman now works for the *Daily Planet* in Metropolis, where his colleagues include Perry White, Lois Lane, and Jimmy Olsen. See, e.g., Byrne, *supra* note 148, at 1, 2, 15. His exploits go beyond social justice concerns, like those faced by Siegel and Shuster’s Superman. Jobs for this Superman include saving experimental space-planes, and those trapped inside, from crashing to Earth and facing off against a cast of powerful and maniacal villains, including the xenophobic Lex Luthor and the city-stealing alien named Brainiac, among many others. See, e.g., John Byrne et al., *Book One: Superman: From Out the Green Dawn*, SUPERMAN: THE MAN OF STEEL 1 (DC Comics Aug. 1986), reprinted in SUPERMAN: THE MAN OF STEEL, VOLUME ONE (Dan DiDio ed., DC Comics 2003; Grant Morrison et al., *Superman in Excelsis*, ALL-STAR SUPERMAN 12 (DC Comics Oct. 2008); Geoff Johns et al., *Brainiac Part I: First Contact*, ACTION COMICS (VOL. 1) 866 (DC Comics Aug. 2008). All in all, his adventures center on saving the world, and sometimes the universe, from destruction at the hands of villains the Superman of *Action Comics* No. 1 would find difficult to fight, let alone defeat.

¹⁵⁶ A thorough discussion of whether these changes would be significant enough to allow separately copyrightable derivative Supermen is beyond the scope of this Comment. For a more fulsome discussion of this issue, see Anthony Cheng, Note, *Lex Luthor Wins: How the Termination Right Threatens to Tear the Man of Steel in Two*, 34 COLUM. J.L. & ARTS 261 (2011).

¹⁵⁷ *Id.* at 279.

¹⁵⁸ *Id.*

¹⁵⁹ *Id.* at 276.

¹⁶⁰ *Id.* at 280.

2. Infinite Trademarks: Difficulties Posed by the Superman Trademarks Held by DC Comics

Had either the Siegel or Shuster family terminated their predecessors' grants of the Superman copyright, issues concerning the derivative works exception would not be the only hurdle the families would face in attempting to exploit the Superman copyright. In addition, they would likely face battles involving trademarks. Although trademark law is an area separate from copyright law, the families' use of Superman may have been further restricted due to the wealth of Superman trademarks held by DC Comics.¹⁶¹

In short, “[t]rademarks are words, names, symbols, logos, sounds, scents, or even colors that symbolize the good will of a brand and aid consumers in distinguishing and identifying products.”¹⁶² Trademarks are not designed to protect a character in and of itself; instead, “[a] trade-mark [sic] only gives the right to prohibit the use of [the trademark] so far as to protect the owner’s good will against the sale of another’s product as his.”¹⁶³ Thus, trademark serves to protect two interests: (1) the consumer’s interest in easily identifying the source of a good and (2) a company’s interest in protecting “the good will, or consumer preference and satisfaction, associated with that source.”¹⁶⁴ Trademark law “helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product.”¹⁶⁵

Since first publishing the exploits of Superman in *Action Comics* No. 1, DC Comics has used the character to create an empire encompassing “animated cartoons, radio, recordings, books, motion pictures, and television, while his image appeared on products ranging from puzzles to peanut butter.”¹⁶⁶ To

¹⁶¹ For an extensive, although not exhaustive, list of the trademarks associated with Superman and held by DC Comics, see Lauren Beth Emerson, *Termination of Transfer of Copyright: Able to Leap Trademarks in a Single Bound?*, 75 *FORDHAM L. REV.* 207, 228 n.213 (2006).

¹⁶² *Id.* at 223.

¹⁶³ *Prestonettes, Inc., v. Coty*, 264 U.S. 359, 368 (1924).

¹⁶⁴ Emerson, *supra* note 161, at 224.

¹⁶⁵ *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 164 (1995) (noting that trademark law “quickly and easily assures a potential customer that *this* item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past”).

¹⁶⁶ DANIELS, *supra* note 18, at 11. Most recently, “Kia, DC Entertainment and *Super Street* magazine designed and built [a] Superman-themed Optima Hybrid,” which will “serve as a force for good in the world by raising awareness of DC Entertainment’s ‘We Can Be Heroes’ giving campaign, a relief effort to bring help and hope to people affected by drought and famine in the Horn of Africa.” Press Release, Kia Media, Superman-Inspired Kia Optima Hybrid Soars into Chicago for Auto Show Debut (Feb. 7, 2013), *available at* <http://www.kiamedia.com/us/en/media/pressreleases/5486/superman-inspired-kia-optima-hybrid-soars-into-chicago-for-auto-show-debut>.

protect their cash cow Kryptonian, DC Comics has registered and maintained a number of trademarks related to Superman and has “tak[en] great care in the selection of licensees who will responsibly utilize and promote the SUPERMAN character, costumes, phrases, names, and images.”¹⁶⁷ Over time, the Superman trademarks “have acquired outstanding celebrity and have obtained virtually universal recognition in the United States and throughout the world as unique, distinctive marks symbolizing the extensive goodwill associated with the public image of this hero.”¹⁶⁸

Considering the wide array of trademarks held by DC Comics in relation to Superman,

[i]f the Siegel [h]eirs [or the Shuster heirs] were to affirmatively exercise their copyright right of publication, they would almost by necessity be infringing DC Comics’ trademarks While the Siegel [h]eirs [or the Shuster heirs] could conceivably argue against an infringement charge by showing a minimal likelihood of confusion, or alternatively some theory of fair use, DC Comics has successfully prevailed over such arguments in the past.¹⁶⁹

If either the Siegel family or the Shuster family had succeeded in terminating the transfers of the Superman copyright, the likelihood of trademark infringement claims may have kept either of them from publishing further Superman stories.¹⁷⁰ Additionally, if either family decided to publish stories,

¹⁶⁷ DC Comics Inc. v. Unlimited Monkey Bus., Inc., 598 F. Supp. 110, 113 (N.D. Ga. 1984).

¹⁶⁸ *Id.* at 115.

¹⁶⁹ M. Brian Bacher, *Faster Than a Speeding Bullet! More Powerful Than a Locomotive! Worth the Paper He’s Drawn on? An Examination of the Practical & Economic Implications of the Recent District Court Decisions Involving the Superman Copyright*, 20 DEPAUL J. ART TECH. & INTEL. PROP. L. 393, 406 (2010) (footnotes omitted).

¹⁷⁰ It is worth noting that such an outcome remains uncertain due to the Supreme Court’s ruling in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003). In *Dastar*, a television series based on General Dwight D. Eisenhower’s account of World War II campaigns had been produced by Fox in the 1940s, but had since entered the public domain. *Id.* at 25–26. Upon the series’ entry into the public domain, *Dastar* reproduced the video, with various editorial changes, as its own product. *Id.* at 26–27. Ultimately, the Court refused to extend the Lanham Act to foreclose use of materials already in the public domain, noting that “we have been ‘careful to caution against misuse or over-extension’ of trademark and related protections into areas traditionally occupied by patent or copyright.” *Id.* at 34 (quoting *Traffix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 29 (2001)). Nonetheless, the applicability of *Dastar* to the case of Superman would be questionable because,

[e]ssentially, the Court rejected a claim for sequential protection based on the policies underlying federal intellectual property law The Court did not, however, address overlapping protection in general, nor did the Court appear to object to the possibility that the plaintiff might have asserted claims for both copyright infringement and trademark infringement before the copyright expired.

they would open themselves up to trademark infringement claims by DC Comics.

As with the derivative works exception, these concerns are also avoided because DC Comics ultimately won in the battle over Superman. Nonetheless, this issue represents yet another difficulty the families would have faced had they claimed victory in their respective quests for termination. Although both of these possible restrictions—the derivative works exception and the trademark concerns—have been avoided, they provide some insight as to how the goals of copyright law are better served with Superman solely in the hands of DC Comics.

B. Grounded: How the Outcomes of Larson & Pacific Pictures Satisfy the Principles Underlying Copyright Law

With a general outline of the litigation avoided because the Superman copyright remains with DC Comics, this Comment turns to how this outcome satisfies the principles underlying American copyright law. Further, this Section also discusses how the outcomes of *Larson* and *Pacific Pictures* stand in accord with Congress' goal of ensuring that authors receive ample opportunity to benefit from the fruits of their creations, as established in the Copyright Act of 1976.

1. Superman for All People: Ensuring the Public's Continued Benefit from Superman's Adventures Under DC Comics

The United States Constitution empowers Congress to provide authors and other creators an exclusive right in “their respective Writings and Discoveries.”¹⁷¹ But, “[t]he sole interest of the United States and the primary object in conferring the monopoly lie in the general benefits derived by the public from the labors of authors.”¹⁷² Thus, the “ultimate aim” of American copyright law is “to stimulate artistic creativity for the general public good.”¹⁷³ This sentiment reflects American copyright law's foundation in “positive law

Viva R. Moffat, *Mutant Copyrights and Backdoor Patents: The Problem of Overlapping Intellectual Property Protection*, 19 BERKELEY TECH. L.J. 1473, 1522–23 (2004).

¹⁷¹ U.S. CONST. art. I, § 8.

¹⁷² *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932).

¹⁷³ *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975); see also 1-3 NIMMER ON COPYRIGHT, *supra* note 139, § 1.03[A] (“The primary purpose of copyright is not to reward the author, but is rather to secure ‘the general benefits derived by the public from the labors of authors.’” (quoting *Fox Film*, 286 U.S. at 127) (footnotes omitted)). In furtherance of this purpose, Congress is vested with the power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” U.S. CONST. art. I, § 8.

for utilitarian purposes,”¹⁷⁴ as opposed to the moral law foundation upon which other countries have built intellectual property protections.¹⁷⁵ Therefore, when discussing the goals of American copyright law, the appropriate focus is on the benefit to the American consumer instead of on the benefits to individual authors.¹⁷⁶

Copyright law’s goal of benefiting the public concerns “enriching the general public through access to creative works.”¹⁷⁷ Thus, the impetus is ensuring access and continued publication.¹⁷⁸ Although *Larson and Pacific*

¹⁷⁴ WILLIAM F. PATRY, PATRY ON COPYRIGHT § 1:1 (2013).

¹⁷⁵ As noted by William F. Patry, “[c]opyright in the United States is not a property right, much less a natural right. Instead, it is a statutory tort, created by positive law for utilitarian purposes: to promote the progress of science.” *Id.*; see also Benjamin S. Hayes, *Integrating Moral Rights into U.S. Law and the Problem of the Works for Hire Doctrine*, 61 OHIO ST. L.J. 1013, 1014 (2000) (“There is no tradition of moral rights in the United States. Intellectual property rights derive from the U.S. Constitution, and as such are statutorily-created rights. Moral rights are a creation of civil law, and are generally viewed as ‘natural’ rights.”) (footnotes omitted). In contrast to the American approach to copyright law is the moral rights doctrine, which has “long been part of the law of other nations.” *Id.* at 1013. In brief, the moral rights doctrine “include the rights of: attribution, integrity, disclosure, withdrawal, and *droit de suite*.” *Id.* at 1019. Additionally, “[s]ome scholars have argued that moral rights should not be alienable because they protect personal attributes such as personality, honor, and reputation. France and numerous other countries expressly adhere to this position . . .” Roberta Rosenthal Kwall, *Copyright and the Moral Right: Is an American Marriage Possible?*, 38 VAND. L. REV. 1, 12 (1985) (footnotes omitted). “Moral rights defend the personal and reputational value of the work and the artist from abuse long after the artist’s work has been completed.” Robert C. Bird, *Moral Rights: Diagnosis and Rehabilitation*, 46 AM. BUS. L.J. 407, 408 (2009). The moral rights doctrine has garnered international support, as “[t]he 1971 revision of the Berne Convention for the Protection of Literary and Artistic Works contains a moral rights provision . . . which recognizes the right of paternity and a limited right of integrity.” Kwall, *supra*, at 10. Despite such international support, “Congress has consistently resisted calls for greater moral right protection. The United States steadfastly refused, for almost 100 years, to adopt the Berne Convention, largely because of Congressional dislike of moral rights.” Hayes, *supra*, at 1017. Although the United States is a party to the Convention, “[t]o the extent that moral rights might be seen to conflict with the constitutional grant of intellectual property rights, it seems likely that the moral right provisions of the Berne Convention will be given limited or no effect.” *Id.* at 1018. To date, “[t]he Visual Artists Rights Act of 1990 (VARA) [is] the only moral rights statute passed by Congress.” Bird, *supra*, at 408. A fully developed analysis of the rights recognized by the moral rights doctrine is beyond the scope of this Comment. For a detailed analysis of the moral rights doctrine, see Hayes, *supra*; Kwall, *supra*.

¹⁷⁶ NIMMER ON COPYRIGHT, *supra* note 139, § 1.03[A]. “Nevertheless, it has also been recognized that the grant of exclusive rights serves ‘an important secondary purpose: To give authors the reward due them for their contribution to society . . .’” PATRY, *supra* note 174, at § 8:3. This secondary purpose will be discussed in Part IV.B.2.

¹⁷⁷ *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 527 (1994).

¹⁷⁸ In the case of Superman, the Author posits that the public benefits derived from Superman extend far beyond mere access to the Man of Steel’s entertaining, action-packed adventures. Although Superman is merely a fictional character swooping across the pages of comic books and zipping across the silver screen, he is among the most important figures in American history:

Pictures were decided on contractual grounds,¹⁷⁹ these cases ensure that the public will continue to benefit from the exploits of Superman because the outcomes avoid the possible litigation discussed in Part IV.A.

As discussed in Part IV.A, even if the Siegel and Shuster families had terminated their grants of the Superman copyright, the derivative works exception and trademark considerations may have left the families and DC Comics in a stalemate, in which neither party could publish the adventures of Superman.¹⁸⁰ Had this series of unfortunate events transpired, the underlying principle of copyright law would have been defeated, as the public would no longer benefit from further Superman adventures. As such, it may be best that Superman's only home is DC Comics.

Nonetheless, assuming *arguendo* that the derivative works exception and trademark considerations would not wholly prevent further Superman adventures, the goal of benefitting the public may have remained undermined even if the families and DC Comics held separately exploitable Superman copyrights free from the restraints considered in Part IV.A. On one hand, one could argue that the public would benefit because there would be varied Superman stories from multiple sources. For example, in this scenario, DC Comics could continue to publish *Action Comics*, *Superman*, and other stories featuring the Big Blue Boy Scout. Additionally, the Siegel and Shuster families could relicense their Superman copyright to Marvel Comics,¹⁸¹ which could then publish different Superman tales, or the families could publish their own Superman stories. At first blush, this would seem to further the goal of

Heroes like Doc Savage, Ty Cobb, and even Teddy Roosevelt can become dated, reduced to interesting reflections of their era but not ours. Others, like Sherlock Holmes, Babe Ruth, and Franklin Roosevelt, still resonate, tapping into something primal. Superman defines that archetype. . . . The more that flesh-and-blood role models let us down, the more we turn to fictional ones who stay true. . . . Our longest-lasting hero will endure as long as we need a champion, which should be until the end of time.

LARRY TYE, *SUPERMAN: THE HIGH-FLYING HISTORY OF AMERICA'S MOST ENDURING HERO* 300 (2012). Superman represents our "loftiest aspirations." MORRISON, *supra* note 33, at 15. "He was brave. He was clever. He never gave up and he never let anyone down. He stood up for the weak and knew how to see off bullies of all kinds. . . . Superman was the rebirth of our oldest idea: He was a god." *Id.* For more than seventy years, Superman has taught comic book readers of all ages what it means to fight for good and to be good in the face of evil and temptation. *See, e.g.*, Kelly et al., *supra* note 149 ("Dreams save us. Dreams lift us up and transform us. And on my soul, I swear . . . until my dream of a world where dignity, honor and justice becomes the reality we all share—I'll never stop fighting.").

¹⁷⁹ See *supra* Parts III.B.2.b–c.

¹⁸⁰ See Bacher, *supra* note 169, at 406; see also Cheng, *supra* note 156, at 280.

¹⁸¹ Marvel Comics is DC Comics' "main rival," as the two companies "split close to 80% of the market in new comic sales." Richard Siklos, *Spoiler Alert: Comic Books Are Alive and Kicking*, CNNMONEY (Oct. 13, 2008, 12:09 PM), http://money.cnn.com/2008/10/10/news/companies/siklos_marvel.fortune.

benefitting the public, as there would be more access to differing Superman tales.

But this fails to account for the public interest in diversity among the arts. Although outside the context of copyright law, the concept of “design arounds” in patent law is particularly informative. In short, inventors trade “full disclosure and precise claiming of [an] invention in exchange for the right to exclude all others for a period of time from making, using, or selling any product that incorporates the patented invention.”¹⁸² This notice informs other parties of the scope of the patent and assists them in “designing around” the patent to create new inventions, avoiding infringement and “allowing further advances to be made in the field of the disclosed invention Designing around patents is therefore one of the ways in which the patent system works to the advantage of the public in promoting progress in the useful arts.”¹⁸³

The same is true in the world of copyrights and comic book superheroes. Forcing publishers to design around Superman is preferable to having different publishers publish more of the same, or substantially similar, Superman. This is, in fact, how the comic book industry has developed and by this the public now benefits from a multiplicity of superheroes with varied secret origins and superpowers.¹⁸⁴ Leaving Superman in the hands of a single entity (i.e., DC Comics) further encourages progress and creativity, as another publisher could not merely get off the ground or expand its line of comic books by adding Superman to the superhero stable. Instead, a new or existing publisher must make progress and new superheroes to provide the public with something novel from which to benefit.

Additionally, it is worth noting that there is no need for multiple publishers to produce Superman works to provide the public with an assortment of Superman tales. Throughout the years, DC Comics has produced a wide variety of Superman stories that appeal to different readers and diverge from the in-continuity¹⁸⁵ exploits of the Man of Steel.¹⁸⁶ Most recently, DC Comics

¹⁸² Paul N. Katz & Robert R. Riddle, *Designing Around a United States Patent*, 45 S. TEX. L. REV. 647, 648–49 (2004).

¹⁸³ *Id.* at 649 (footnotes omitted).

¹⁸⁴ “The rapid growth of superhero titles in the wake of *Superman* and *Batman* and the devouring demand for fresh material encouraged young writers and artists to pursue increasingly surreal pixie paths to inspiration. Superheroes were driven to specialize in a savage Darwinian search for new, evolutionary niches.” MORRISON, *supra* note 33, at 27.

¹⁸⁵ Although continuity in comics takes on different forms, this refers to open continuity, where “[e]vents occur sequentially, compiling into a contiguous history of a fictional world. These are the stories in which everything happens, where our favorite characters are forced to grow and change, to make impossible choices and face the consequences, just like we do in the real world.” BH Shepherd, *On Comics and Continuity*, LIT REACTOR (July 12, 2012), <http://litreactor.com/columns/on-comics-and-continuity>.

¹⁸⁶ Most recently, DC Comics announced a new Superman series entitled *Adventures of Superman*, for which “[c]omic’s finest talents have assembled to bring [readers] all-new, non-

has published two volumes of *Superman: Earth One*,¹⁸⁷ an out-of-continuity tale that “inject[s] the folk tale and legend that is Superman’s origin with a modern, vital and forward-looking energy.”¹⁸⁸ Thus, even if DC Comics is the only source for the adventures of Superman, the public will still be able to enjoy different types of Superman stories, as they have in the past.

In sum, DC Comics’ continued possession of the Superman copyright ensures that the public will continue to reap the benefits of the Man of Steel’s exploits in light of the potential litigation. Furthermore, this option is preferable to having both DC Comics and the Siegel and Shuster families producing Superman works because it encourages other publishers to design around Superman and create newer, different superheroes.

2. A Second Bite at the Superman Apple: The Remunerative Transfers Secured by the Heirs of Siegel and Shuster

Ensuring that the public continues to benefit from Superman’s adventures of derring-do is not the only copyright law principle fulfilled by the outcomes of *Larson* and *Pacific Pictures*. A secondary purpose of copyright law is “[t]o give authors the reward due them for their contribution to society.”¹⁸⁹ Although this goal is subsidiary to that of public benefits, Congress displayed its desire to ensure authors receive their rewards due via the Copyright Act of 1976. For those authors who had contracted away their rights

continuity short stories featuring the Man of Steel himself—SUPERMAN!” *Adventures of Superman #2*, DC COMICS, <http://www.dccomics.com/comics/adventures-of-superman-2013/adventures-of-superman-2> (last visited Mar 31, 2013); see also Joey Esposito, *Introducing the All-New Adventures of Superman*, IGN (Feb. 6, 2013), <http://www.ign.com/articles/2013/02/06/introducing-the-all-new-adventures-of-superman>.

Additionally, under its *Elseworlds* imprint, DC Comics published a number of Superman stories that provided different interpretations of Superman, interpretations that in some cases were widely different from the Superman to whom comic book fans were accustomed. See, e.g., JOHN MARC DEMATTEIS ET AL., *SUPERMAN: SPEEDING BULLETS* (DC Comics 1993) (in which Superman is never raised by Jonathan and Martha Kent and, instead, is raised by Thomas and Martha Wayne, taking on the mantle of Batman); KIM HOWARD JOHNSON, JOHN CLEESE ET AL., *SUPERMAN: TRUE BRIT* (DC Comics 2004) (in which Superman never lands in Kansas and, instead, lands in England); MARK MILLAR ET AL., *SUPERMAN: RED SON* (DC Comics 2004) (in which Superman never lands in Kansas and, instead, lands in Soviet Russia, where he is raised “as the Champion of the common worker who fights a never-ending battle for Stalin, socialism, and the international expansion of the Warsaw Pact”); JOHN FRANCIS MOORE ET AL., *SUPERMAN: THE DARK SIDE* (DC Comics 1999) (in which Superman never lands on Earth and, instead, lands on Apokolips, where he is raised by the supervillain Darkseid).

¹⁸⁷ J. MICHAEL STRACZYNSKI ET AL., *SUPERMAN: EARTH ONE (VOL. 1)* (DC Comics Dec. 2010); J. MICHAEL STRACZYNSKI ET AL., *SUPERMAN: EARTH ONE (VOL. 2)* (DC Comics Nov. 2012).

¹⁸⁸ *Welcome to SUPERMAN: EARTH ONE*, DC COMICS (Sept. 2, 2010, 8:00 AM), <http://www.dccomics.com/blog/2010/09/02/welcome-to-superman-earth-one>.

¹⁸⁹ PATRY, *supra* note 174, at § 8:3.

prior to the Copyright Act of 1976, Congress provided that pre-1978 agreements would not affect an author's or heir's right of termination.¹⁹⁰ First, this Section discusses the appropriate timing of subsequent copyright grants that foreclose an author's or heir's right of termination. This Comment posits that a close reading of recent termination cases reveals that such grants are permissible as long as they are executed after the termination notice period opens, regardless of whether notice is sent. Next, this Comment briefly explains how the agreements at issue in *Larson* and *Pacific Pictures* were permissible under current interpretations of the Copyright Act of 1976. Second, this Section also reviews how *Larson* and *Pacific Pictures* end with the Siegel and Shuster families reaping the rewards of Jerome Siegel's and Joseph Shuster's contribution to society—Superman—and, therefore, fulfill Congress' goal of ensuring remunerative transfers.

a. Timing of Subsequent Grants Under § 304

The Copyright Act of 1976 provides that “[t]ermination of the [pre-1978] grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.”¹⁹¹ In the wake of two decisions—*Milne ex rel. Coyne v. Stephen Slesinger, Inc.*¹⁹² and *Penguin Group (USA) Inc. v. Steinbeck*¹⁹³—a debate over the effect of this language has emerged. In *Milne* and *Steinbeck*, the Ninth and Second Circuits, respectively, took the position that pre-termination transfers may be acceptable, under certain circumstances, despite the “notwithstanding any agreement to the contrary” language of the Copyright Act of 1976.¹⁹⁴ This Subsection discusses the Ninth and Second Circuits' approach to determining whether such agreements are permissible. Next, this Subsection addresses recent arguments regarding these rulings, the standards proposed by other authors, and how courts should interpret *Milne* and *Steinbeck*. Finally, this Subsection briefly explains the application of this standard in *Larson* and *Pacific Pictures*.

I. *Milne, Steinbeck & “Agreements [Not] to the Contrary”*

In *Milne* and *Steinbeck*, the Ninth and Second Circuits, respectively, found that the heirs' subsequent copyright agreements that extinguished the heirs' termination rights did not constitute “agreement[s] to the contrary” of the

¹⁹⁰ See 17 U.S.C. § 304(c)(5) (2012).

¹⁹¹ *Id.* § 304(c)(5).

¹⁹² 430 F.3d 1036 (9th Cir. 2005).

¹⁹³ 537 F.3d 193 (2d Cir. 2008).

¹⁹⁴ *Milne*, 430 F.3d at 1043, 1048; *Steinbeck*, 537 F.3d at 203–05.

right of termination.¹⁹⁵ In each case, an author's heirs sought to recapture the rights to works granted prior to the enactment of the Copyright Act of 1978.

In *Milne*, Clare Milne, the granddaughter of Alan Alexander Milne, the creator of Winnie-the-Pooh and his assortment of anthropomorphic friends, sought to "recapture the rights to the Pooh works" via termination.¹⁹⁶ But prior to this, Disney and Christopher Robin Milne, the author's son, "renegotiate[d] the rights to the Pooh works" and entered into "a more lucrative deal with [Stephen Slesinger, Inc.] and Disney that would benefit the Pooh Properties Trust and its beneficiaries."¹⁹⁷ Under this agreement, "Christopher . . . agreed not to seek termination of the existing arrangements."¹⁹⁸ The Ninth Circuit found that, when entering into this agreement, "Christopher presumably could have served a termination notice, [but] he elected instead to use his leverage to obtain a better deal for the Pooh Properties Trust."¹⁹⁹ Rejecting a strict reading of "agreement to the contrary," the Ninth Circuit found that the 1983 agreement was valid because it was entered into after "the copyright owner felt empowered to exercise his right of termination" and "after he was able to assess the works' value over the course of more than five decades"²⁰⁰ it accomplished a permissible remunerative transfer—"the very result envisioned by Congress when it enacted the termination provisions."²⁰¹

Similarly, in *Steinbeck*, the heirs of renowned author John Steinbeck sought to terminate a 1938 agreement by which Penguin Group (USA) Inc. ("Penguin") held the rights to Steinbeck's oeuvre.²⁰² Prior to this, however,

¹⁹⁵ *Milne*, 430 F.3d at 1045–48; *Steinbeck*, 537 F.3d at 202.

¹⁹⁶ *Milne*, 430 F.3d at 1041.

¹⁹⁷ *Id.* at 1040. Pursuant to a 1930 agreement, Stephen Slesinger, Inc., held "exclusive merchandising and other rights based on the Pooh works in the United States and Canada In return, the author received a share of royalty income earned by Slesinger, ranging from three percent of wholesale sales to 67 percent of Slesinger's receipts, as well as an advanced payment against those royalties." *Id.* at 1039. In 1956, Alan Milne passed away, and "[his] will bequeathed all beneficial interests in the Pooh works to a trust for the benefit of his widow during her lifetime ('Milne Trust'), and, after her death, to other beneficiaries ('Pooh Properties Trust'), which included his son, Christopher, and Christopher's daughter, Clare." *Id.* It should be noted that Professors Peter S. Menell and David Nimmer take issue with the Ninth Circuit's "narrative" regarding whether Christopher and Clare benefitted from Pooh Properties Trust. Menell & Nimmer, *supra* note 63, at 822. In fact, Menell and Nimmer assert that "the record on appeal flatly contradicts it." *Id.*

¹⁹⁸ *Milne*, 430 F.3d at 1040.

¹⁹⁹ *Id.* at 1045.

²⁰⁰ *Id.* at 1047.

²⁰¹ *Id.*

²⁰² Originally, the 1938 agreement was between Steinbeck and The Viking Press and granted the rights to "some of Steinbeck's best-known works, including *The Long Valley*, *Cup of Gold*, *The Pastures of Heaven*, *To A God Unknown*, *Tortilla Flat*, *In Dubious Battle*, and *Of Mice and Men*." *Steinbeck*, 537 F.3d at 196. The following year, "the agreement was extended to apply to

Elaine Steinbeck, the author's widow, and Penguin "entered into a 'new agreement for continued publication.'"²⁰³ In addition to granting Penguin the rights to additional works by Steinbeck, this subsequent agreement "changed the economic terms of the 1938 Agreement," providing Elaine with additional compensation, and superseded all prior agreements.²⁰⁴ Like the Ninth Circuit in *Milne*, the Second Circuit declined to entertain a broad, prohibitory reading of "notwithstanding any agreement to the contrary" because there was "no indication in the statutory text or the legislative history of the Copyright Act that elimination of a termination right through termination of a pre-1978 contractual grant was precluded or undesirable."²⁰⁵ In support of this finding, the court noted that the House Report "noted . . . specifically that 'parties to a transfer or license' would retain under the amendments the continued right to 'voluntarily agree[] at any time to terminate an existing grant and negotiat[e] a new one.'"²⁰⁶ Noting that the Act gave authors and heirs "opportunity and incentive" to renegotiate copyright grants via the threat of termination, the Second Circuit found that Elaine had used this opportunity "to renegotiate the terms of the 1938 Agreement to benefit."²⁰⁷ Thus, as the product of renegotiation aided by the threat of termination, "[t]he 1994 Agreement was not an 'agreement to the contrary' rendered ineffective by section 304(c)(5)."²⁰⁸

In sum, *Milne* and *Steinbeck* instituted a new approach to interpreting whether an agreement was an "agreement to the contrary." In both cases, an author's heirs re-granted copyrights during a time when they had the opportunity to exercise their termination rights. Although termination notice had not been sent when these agreements were entered, both courts found that the heirs used the right of termination to renegotiate the terms of their agreements. Thus, the agreements were not contrary to the right of termination; instead, they were agreements "consistent with, and which fully honored [the] right of termination."²⁰⁹

four later works, including *The Grapes of Wrath*." *Id.* Later, The Viking Press assigned the rights granted in the 1938 agreement to Penguin. *Id.*

²⁰³ *Id.*

²⁰⁴ *Id.*

²⁰⁵ *Id.* at 203.

²⁰⁶ *Id.* (quoting H.R. REP. NO. 94-1476, at 127 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 1976 WL 14045).

²⁰⁷ *Id.* at 204.

²⁰⁸ *Id.*

²⁰⁹ *Classic Media, Inc. v. Mewborn*, 532 F.3d 978, 988 (9th Cir. 2008).

2. *The Post-Milne-Steinbeck Landscape*

In the wake of *Milne* and *Steinbeck*, several authors have called into question the courts' determinations "that renegotiating a pre-1978 grant of copyright dissolves the right to terminate it."²¹⁰ Opponents of the outcomes of these decisions contend that they "threaten to render termination of transfer a dead letter"²¹¹ and are "unlikely . . . [to] yield reliable results."²¹² One author has suggested modifying the approach of the Second and Ninth Circuits with "a four-prong balancing test to assist in determining whether an agreement by the author or heirs . . . effectively acts as an exercise of the termination right."²¹³ This Comment contends that neither abrogating *Milne* and *Steinbeck* nor developing a four-part analysis is necessary to achieve Congress' goal of ensuring remunerative transfers. Instead, this Comment asserts that *Milne* and *Steinbeck* establish an appropriate, simple standard for determining whether an agreement is consistent with the right of termination and, thereby, furthers Congress' goal of ensuring remunerative copyright grants.

First, Professors Peter S. Menell and David Nimmer have argued that *Milne* and *Steinbeck* create a number of ways "to escape the possibility of termination . . . [n]ot one of [which] produces the result that Congress intended."²¹⁴ Taking an approach favoring inalienability of the right of termination,²¹⁵ Menell and Nimmer suggest that

²¹⁰ Adam R. Blankenheimer, Note, *Of Rights and Men: The Re-Alienability of Termination of Transfer Rights in Penguin Group v. Steinbeck*, 24 BERKELEY TECH. L.J. 321, 339 (2009); see also Menell & Nimmer, *supra* note 63, at 822; Michael J. Bales, Note, *The Grapes of Wrathful Heirs: Terminations of Transfers of Copyright and "Agreements to the Contrary,"* 27 CARDOZO ARTS & ENT. L.J. 663, 680 (2010).

²¹¹ 3-11 NIMMER ON COPYRIGHT, *supra* note 139, § 11.07; see also Menell & Nimmer, *supra* note 63, at 823 ("*Milne* and *Steinbeck* encourage publishers to escape the possibility of termination by heading straight to the bargaining table with the author's testamentary devisee, regardless of whether he or she happens to be one of the statutory successors.>").

²¹² Blankenheimer, *supra* note 210, at 339.

²¹³ Bales, *supra* note 210, at 680.

²¹⁴ Menell & Nimmer, *supra* note 63, at 823-24. The authors contend that

Milne and *Steinbeck* encourage publishers to escape the possibility of termination by heading straight to the bargaining table with the author's testamentary devisee, regardless of whether he or she happens to be one of the statutory successors. That result creates the opportunity for windfall to the testamentary devisee and publisher alike, thereby undermining the very basis for the termination regime. Sometimes the lucky heir named in the will may turn out to be a surviving spouse locking out hostile children from the author's former marriage; in other instances, publishers may tender compensation to some of the author's progeny in order to induce them to give up their advance termination right, to the prejudice of other children or grandchildren; sometimes the device may be labeled "rescission and regrant" (as in *Milne*); at other times, it will purport to "cancel and supersede the previous agreements" (as in *Steinbeck*); sometimes the grant will occur

courts should set aside:

- (i) any agreement, among two or more parties, which
- (ii) results in the practical inability to terminate the grant of copyright interest in a given work,
- (iii) under circumstances in which, but for the agreement, the ability to terminate would otherwise exist.²¹⁶

Under this formulation, there would remain a few “contexts in which termination rights may validly be eliminated,”²¹⁷ one of which is in direct opposition to the holdings of *Milne* and *Stienbeck*—“Re-Assignment to Grantee Following Notice of Termination.”²¹⁸ This exception to the above formulation is permissible, in the authors’ view, because “termination is not an ‘agreement’ by two or more parties; it is the exercise of a unilateral right. Accordingly, the termination itself cannot be an ‘agreement to the contrary.’ *Once the termination notice has been sent*, there is no future ability to effectuate any future termination.”²¹⁹

Although this proposition finds support in the legislative history of the Copyright Act of 1976, it only serves to elevate form over function and ignores the bargaining power an author’s heirs wield at the time the right of termination vests. For example, in *Milne*, the Ninth Circuit noted that, although *Milne*’s heirs had not sent notice of termination,

[t]he beneficiaries of the Pooh Properties Trust were able to obtain considerably more money as a result of the bargaining power wielded by the author’s son, Christopher, who was believed to own a statutory right to terminate the 1930 grant

when termination itself could already proceed under the statute, at other times prior to the termination window opening.

Id. at 823.

²¹⁵ *Id.* at 804 (“[The Copyright Act of 1976] expressly rendered [termination] rights inalienable and unwaivable.”).

²¹⁶ *Id.* at 825.

²¹⁷ *Id.* at 834.

²¹⁸ *Id.*

²¹⁹ *Id.* (emphasis added). The authors’ requirement that termination notice must be sent to effectuate an agreement that is not an “agreement to the contrary” finds its support in the legislative history of the Copyright Act of 1976:

The Copyright Act, according to its legislative history, provides an “exception, in the nature of a right of ‘first refusal,’ [that] would permit the original grantee or a successor of such grantee to negotiate a new agreement with the persons effecting the termination at any time after the notice of termination has been served.” The subtlety here is that the work can be transferred back to the original grantee *after* notice of termination, even *before* termination becomes effective.

Id. (quoting H.R. REP. NO. 94-1476, at 127 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 1976 WL 14045).

under [S]ection 304(c) of the 1976 Copyright Act. Although Christopher presumably could have served a termination notice, he elected instead to use his leverage to obtain a better deal for the Pooh Properties Trust.²²⁰

Despite the lack of notice of termination, an author's heirs may, nonetheless, use their termination rights to secure more lucrative agreements. Because this is consistent with the purpose of termination, there is no need to add more hurdles to the re-granting process. In addition to avoiding form-over-function requirements, adopting the *Milne-Steinbeck* approach to subsequent grants allows parties to avoid the expenses incurred by filing notices of termination.

A second argument raised in response to *Milne* and *Steinbeck* is that courts should adopt a four-prong balancing test to determine whether a subsequent grant of a copyright “effectively acts as an exercise of the termination right.”²²¹ The proposed test looks to “whether the parties actually intended the relinquishment of the [termination] right”²²²; “whether the termination right had vested at the time of an agreement which claims to eliminate the right”²²³; “whether the parties actually negotiated and whether the parties were advised by counsel before drafting or signing an agreement”²²⁴; and “whether an author or an author's heirs have been adequately compensated.”²²⁵ Although this test rejects strict inalienability,²²⁶ it adds much complexity to an issue that may be resolved more efficiently. Three of the prongs require subjective inquiries into the intent of the parties, the “procedural

²²⁰ *Milne ex rel. Coyne v. Stephen Slesinger, Inc.*, 430 F.3d 1036, 1044–45 (9th Cir. 2005). The Second Circuit echoed this sentiment in *Steinbeck*, finding that

Elaine Steinbeck had the opportunity in 1994 to renegotiate the terms of the 1938 Agreement to her benefit, for at least some of the works covered by the agreement were eligible, or about to be eligible, for termination. By taking advantage of this opportunity, she exhausted the single opportunity provided by statute to Steinbeck's statutory heirs to revisit the terms of her late husband's original grants of licenses to his copyrights. It is no violation of the Copyright Act to execute a renegotiated contract where the Act gives the original copyright owner's statutory heirs the opportunity and incentive to do so.

Penguin Group (USA) Inc. v. Steinbeck, 537 F.3d 193, 204 (2d Cir. 2008) (citing *Milne*, 430 F.3d at 1046).

²²¹ Bales, *supra* note 210, at 680.

²²² *Id.* at 680–81.

²²³ *Id.* at 681–82.

²²⁴ *Id.* at 683.

²²⁵ *Id.* at 684.

²²⁶ *Id.* at 680 (“Courts should not strictly interpret the termination provisions to be inalienable.”).

fairness of the negotiation,” and the “subjective fairness of an agreement.”²²⁷ Although resting in laudable policy concerns, these subjective inquiries may overcomplicate the already intricate analysis required in termination cases. Where a shred of doubt is cast over one of these inquiries, parties will be required to enter into more extended litigation, presenting more issues than those already surrounding the complexities of the Copyright Act of 1976. Thus, such a standard should not be adopted in favor of the “fairly simple and straightforward” standard promulgated in *Milne* and *Steinbeck*.²²⁸

Finally, it has also been argued that “[i]t is unlikely that the rule in *Steinbeck* and *Milne* will yield reliable results” because, in part, “a court’s inquiry might now become . . . whether or not the author or his heirs *in fact* used their termination interest as leverage.”²²⁹ This, it was argued, is “unpredictable, as it ‘require[s] a very speculative evaluation of whether or not [the benefits from the agreement] are equivalent to what the heirs would have received through the formal exercise of their termination rights.’”²³⁰

This Comment contends an analysis based on subjective inquiries is unnecessary and unwarranted. Instead, courts should simply read *Milne* and *Steinbeck* to require two objective questions: (1) Did the parties enter into the subsequent agreement after the termination notice period began? (2) Are the terms of the subsequent agreement more beneficial than the terms of the original agreement?

The first inquiry under this approach ensures that the termination right has vested and may be exercised at any time. This creates a presumption that the termination right was wielded as a bargaining tool in negotiation. In fact, the Ninth Circuit essentially used a similar inquiry to invalidate an agreement made prior to the opening of a termination notice period.²³¹

The second inquiry under this approach ensures that the agreement benefits the heirs in some way, and it further evidences that the right of termination was considered in the negotiation of the agreement. All that is required is that the terms of the second agreement are more favorable than those of the first. Thus, a court need only look to the language of the two agreements and determine whether it provides more compensation than the

²²⁷ *Id.* at 680–85. Bales’ test, nonetheless, does include among its components the inquiry articulated by *Milne* and *Steinbeck*: “In determining whether a subsequent agreement reflects the value of the termination right, a court should next determine whether the termination right had vested at the time of an agreement which claims to eliminate the [termination] right.” *Id.* at 681–82.

²²⁸ *Id.* at 682.

²²⁹ Blankenheimer, *supra* note 210, at 339 (emphasis added).

²³⁰ *Id.* at 339–40 (quoting Allison M. Scott, *Oh Bother: Milne, Steinbeck, and an Emerging Circuit Split Over the Alienability of Copyright Termination Rights*, 14 J. INTEL. PROP. L. 357, 387 (2007)).

²³¹ See *Classic Media, Inc. v. Mewborn*, 532 F.3d 978, 987–89 (9th Cir. 2008).

previous agreement. There is no need to analyze the value of the subject copyright. Instead, a court may assume that the parties' agreement fairly represents the value they ascribe to the copyright. Favorable terms may include "an increased royalty stream to the author's heirs,"²³² an increase in yearly payments, or a single payment that exceeds that paid in the original agreement. Nonetheless, an author's heirs would be able to invalidate an agreement on contract principles, ensuring fair dealing.²³³ Congress' goal of ensuring remunerative transfers would be fulfilled by this requirement than an author's heirs receive an increase in compensation.

Use of this objective inquiry to determine whether a subsequent copyright grant permissibly eliminates the right of termination is appropriate because it seeks to ensure that authors' heirs obtain subsequent transfers when they have the right of termination in hand. Although, as discussed previously, other authors have read *Milne* and *Steinbeck* to require similar factual circumstances (i.e., where the heirs knew they had the right of termination and, in fact, used it as leverage), the cases may be read more broadly. In both *Milne* and *Steinbeck*, the respective court found that the policies and objectives set forth by Congress had been fulfilled,²³⁴ which should be the determinative factor in future decisions.

b. Reaping the Rewards of the Superman Copyright

With a standard in place for determining whether an agreement appropriately abrogates the right of termination, the remaining concern is whether the agreements at issue in *Larson* and *Pacific Pictures* are permissible under this standard.

²³² *Milne ex rel. Coyne v. Stephen Slesinger, Inc.*, 430 F.3d 1036, 1047 (9th Cir. 2005).

²³³ For example, an author's heirs would be able to show that the agreement is unenforceable because it is unconscionable. *See, e.g., Forsythe v. BancBoston Mortg. Corp.*, 135 F.3d 1069, 1074 (6th Cir. 1997) (citing *Louisville Bear Safety Serv., Inc. v. S. Cent. Bell Tel. Co.*, 571 S.W.2d 438, 439 (Ky. Ct. App. 1978)) ("The doctrine [of unconscionability] forbids only one-sided, oppressive, and unfairly surprising contracts, and not mere bad bargains."); RESTATEMENT (SECOND) OF CONTRACTS § 208 (1981) ("If a contract or term thereof is unconscionable at the time the contract is made a court may refuse to enforce the contract, or may enforce the remainder of the contract without the unconscionable term, or may so limit the application of any unconscionable term as to avoid any unconscionable result."). Additionally, an author's heirs could resort to other principles of contract law that would make the agreement void. *See, e.g.,* RESTATEMENT (SECOND) OF CONTRACTS § 7 cmt. b (1981) ("Typical instances of voidable contracts are those where one party was an infant, or where the contract was induced by fraud, mistake, or duress, or where breach of a warranty or other promise justifies the aggrieved party in putting an end to the contract.").

²³⁴ *See, e.g., Milne*, 430 F.3d at 1047 ("Far from resulting in a termination of the grantee's rights, the 1983 agreement resulted in an increased royalty stream to the author's heirs—the very result envisioned by Congress when it enacted the termination provisions.").

As discussed above, an author's heirs should be bound by an agreement if it is executed after the termination notice period begins. In such a case, they will have bargained away their right of termination. The Superman copyright was first granted to DC Comics in 1938;²³⁵ therefore, the notice of termination period opened in 1984.²³⁶ The Shuster heirs entered into a subsequent agreement with DC Comics in 1992;²³⁷ the Siegel heirs entered into a subsequent agreement with DC Comics in 2001.²³⁸ Both agreements were executed when the heirs' termination rights had vested;²³⁹ therefore, under the proposed standard, both agreements appropriately abrogated the heirs' termination rights.

Additionally, the heirs' agreements with DC Comics fulfilled Congress' goal of ensuring remunerative transfers. As discussed in Part III.B.1, through the Copyright Act of 1976, Congress sought to "safeguard[] authors against unremunerative transfers" due to "the unequal bargaining position of authors, resulting in part from the impossibility of determining a work's value until it has been exploited."²⁴⁰ This is especially important because "[m]ost intellectual property is difficult to value before products embodying the rights are sold on the market. Accurately pricing an exclusive license to use intellectual property is arbitrary at best."²⁴¹ Thus was born the right of termination, and authors and their heirs were provided the opportunity to enter into new copyright grant agreements, presumably for more money, "notwithstanding any agreement to the contrary."²⁴²

²³⁵ DC Comics v. Pac. Pictures Corp., No. CV 10-3633 ODW (RZX), 2012 WL 4936588, at *1 (C.D. Cal. Oct. 17, 2012).

²³⁶ The opening of the notice of termination period is based on when termination may be effected. Because the original grant of the Superman copyrights occurred in 1938, termination could be effected between 1994 and 1999. See 17 U.S.C. § 304(c)(3) (2012) ("Termination of the grant may be effected at any time during a period of five years beginning at the end of fifty-six years from the date copyright was originally secured . . ."). Thus, the notice of termination period began ten years earlier (i.e., 1984) and ended in 1992. See *id.* § 304(c)(4)(A) ("[T]he notice shall be served not less than two or more than ten years before [the effective termination] date.").

²³⁷ *Pac. Pictures Corp.*, 2012 WL 4936588, at *2.

²³⁸ *Larson v. Warner Bros. Entm't, Inc.*, Nos. 11-55863, 11-56034, 2013 WL 1113259 (9th Cir. Jan. 10, 2013).

²³⁹ The *Pacific Pictures* Court noted "the 1992 [Shuster] Agreement came about several years 'after the copyright owner felt empowered to exercise his right of termination under the 1976 Copyright Act.'" *Pac. Pictures Corp.*, 2012 WL 4936588, at *8. Thus, it made no difference that the Shuster heirs had not filed termination notices.

²⁴⁰ H.R. REP. NO. 99-1476, at 124 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 1976 WL 14045.

²⁴¹ McClure, *supra* note 65, at 16.

²⁴² 17 U.S.C. § 304(c)(5) (2012).

Although Siegel and Shuster originally granted DC Comics the Superman copyright for a paltry \$130 in 1938,²⁴³ their heirs were able to reap the rewards of Superman's commercial and popular success thanks to the right of termination. Prior to the Copyright Act of 1976, courts found that DC Comics owned Superman outright²⁴⁴ and, therefore, DC Comics had neither obligation nor reason to renegotiate the terms of the original grant of the Man of Steel. With the advent of the right of termination, the heirs of Siegel and Shuster obtained the ability to negotiate a new grant of the Superman copyright. Further, as intended by Congress, the heirs of Siegel and Shuster had a significant advantage in negotiating a new grant²⁴⁵—they could strip DC Comics of the Superman copyright if they were unsatisfied with the terms offered by DC Comics. Both the Siegel and Shuster families financially benefitted from subsequent grants of the Superman copyright.²⁴⁶

Shortly after the death of Shuster, his heirs entered into an agreement with DC Comics that “cover[ed] Shuster's debts and pa[id his sister] \$25,000 a year for the rest of her life” in exchange for Shuster's share of the Superman copyright.²⁴⁷ Additionally, DC Comics paid Shuster's sister “additional bonuses . . . ranging from \$10,000 to \$25,000” in eight different years.²⁴⁸ Based on these figures, between the date of the 1992 agreement and the 2012 ruling in *Pacific Pictures*, Shuster's sister would have received an excess of \$500,000 in exchange for the Superman copyright, and she will continue to receive payments until her death, as per the agreement.²⁴⁹

The Siegel family also stands to reap substantial benefits from their subsequent transfer of the Superman copyright. In its opinion, the Ninth Circuit noted that the 2001 Siegel letter included “five pages of terms outlining *substantial compensation* for the [Siegel] heirs in exchange for DC's continued right to produce Superman works.”²⁵⁰ Attorney and law professor²⁵¹ Jeff

²⁴³ DANIELS, *supra* note 18, at 30–31, 41.

²⁴⁴ *See supra* Part III.A.

²⁴⁵ *See* H.R. REP. NO. 94-1476, at 124 (1976), *reprinted in* U.S.C.C.A.N. 5659, 5740.

²⁴⁶ Additionally, prior to the 1992 Shuster agreement and the 2001 Siegel letter, “the Siegels and Shusters ha[d] been paid over \$4 million under the 1975 agreement, not including medical benefits or bonuses.” *DC Comics v. Pac. Pictures Corp.*, No. CV 10-3633 ODW (RZx), 2012 WL 4936588, at *2 (C.D. Cal. Oct. 17, 2012).

²⁴⁷ *Id.*

²⁴⁸ *Id.* at *3.

²⁴⁹ *See id.* at *2 (“The parties executed an agreement on October 2, 1992 under which DC would . . . pay [Shuster's sister] \$25,000 a year for the rest of her life.”); *id.* at *3 (“In 1993, 1994, 1995, 1996, 1998, 1999, 2000, and 2001, DC provided additional bonuses to [Shuster's sister], ranging from \$10,000 to \$25,000.”).

²⁵⁰ *Larson v. Warner Bros. Entm't, Inc.*, Nos. 11-55863, 11-56034, 2013 WL 1113259 (9th Cir. Jan. 10, 2013) (emphasis added).

Trexler noted that “the Siegel estate and his daughter, Laura Larson, get a multimillion dollar payout” under the 2001 letter.²⁵² Most recently, the family’s attorney, Marc Toberoff, claimed that “[u]nder the terms of the October 19, 2001 letter, DC [Comics] would have been obligated to pay fixed compensation of at least \$8.5 million over the past decade.”²⁵³

Thus, under the 1992 Shuster agreement and by way of the 2001 Siegel letter, both families have received and will continue to receive significant financial gains via their subsequent grants of the Superman copyright, all made possible by the Copyright Act of 1976’s right of termination. As such, Congress’ goal of ensuring that authors and their families get their rewards due is accomplished. Furthermore, both agreements fall within the bounds of the standard proposed by this Comment.

V. CONCLUSION

For seven decades, Superman has been caught in the middle of a struggle over which he has no control. With the recent rulings in *DC Comics v. Pacific Pictures Corp.* and *Larson v. Warner Bros.*, it appears that this struggle has reached an end. Arguably, everybody wins. The Siegel family and the Shuster family are poised to receive substantial compensation from DC Comics for re-granting the Superman copyright. DC Comics will be able to continue publishing tales of Superman’s never-ending battle with the likes of Lex Luthor, Brainiac, and a host of villains both of this world and others. And fans of the Big Blue Boy Scout will benefit from additional creative output from DC Comics, whether on the pages of *Action Comics* or *Superman* or on the silver screen in the forthcoming *Man of Steel*. In the end, a situation where “the Siegel and Shuster heirs and DC only have the right to block one another from using the character in future works,”²⁵⁴ depriving future generations of a hero who has taught us all what it means to stand for “Truth, Justice, and the

²⁵¹ See Laura Hudson, *Facebook vs. Winklevoss Case Helps Defend Superman*, CNN (Jan. 11, 2013, 3:25 PM), <http://www.cnn.com/2013/01/11/tech/social-media/superman-facebook-winklevoss>.

²⁵² Jeff Trexler, *Today’s Superman Rulings Explained*, THE BEAT (Jan. 10, 2013), <http://comicsbeat.com/todays-superman-rulings-explained>.

²⁵³ Letter from Marc Toberoff, Counsel for Laura Siegel Larson, to Daniel Petrocelli, Counsel for Warner Bros. Entm’t, Inc., & DC Comics (Feb. 9, 2013), *available at* <http://www.scribd.com/doc/128611632/Settlement-rejection-by-Siegel-heirs-March-4-2013>.

²⁵⁴ Cheng, *supra* note 156, at 280.

American Way,”²⁵⁵ has been avoided. Instead, Superman will remain in the pages of DC Comics, flying “Up, Up, and Away!”²⁵⁶

*Dallas F. Kratzer III**

²⁵⁵ *Adventures of Superman* (ABC television broadcast); see also CptColumbo, *Adventures of Superman Season One Opening Credits*, YOUTUBE (Jan. 30, 2007), <http://www.youtube.com/watch?v=p0B1ufyXOds>.

²⁵⁶ Geoff Johns & Kurt Busiek et al., *Up, Up, and Away! Chapter One: Mortal Men*, SUPERMAN (VOL. 1) 650 (DC Comics May 2006).

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