

## Lex Luthor Wins: How the Termination Right Threatens to Tear the Man of Steel in Two

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### INTRODUCTION

When Superman was created in 1938, there had never been a character quite like him.<sup>1</sup> His arrival marked the first appearance of a *superhero*, setting off a trend that would come to dominate the comic book medium, one of the few distinctly American art forms, for the next seven decades.<sup>2</sup> As befitting his larger than life adventures, the fictional character Superman spread across all communicative media, from the comic page to the radio serial, animation, live action television and motion pictures.<sup>3</sup>

Superman began as the brainchild of Jerome Siegel and Joe Shuster, two like-minded sons of Jewish immigrants who met and befriended one another while attending the same Cleveland, Ohio high school.<sup>4</sup> After many fitful stops and starts, and multiple interested publishers, Siegel and Shuster eventually brought the otherworldly Superman, the “last son of Krypton,” to Detective Comics, Inc. (“DC Comics” or “DC”), where he remains to this day.<sup>5</sup>

The “Man of Steel’s” colossal and unforeseen success has thrust DC and the Siegel and Shuster heirs (and the creators themselves, while they were still living) into a seemingly never-ending battle over the copyright to the character.<sup>6</sup> Critical to this legal battle is the termination of transfer provision created in the Copyright Act of 1976, which grants the creators’ heirs the ability to recapture the rights the

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1. LES DANIELS, *SUPERMAN: THE COMPLETE HISTORY: THE LIFE AND TIMES OF THE MAN OF STEEL* 11 (2d ed., Chronicle Books 2004) (1998).

2. *Id.*

3. *Id.*

4. *Id.*

5. *Id.*

6. See *Siegel v. Warner Bros. Entm’t Inc.*, 542 F. Supp. 2d 1098, 1112–17 (C.D. Cal. 2008). (detailing the extensive litigation history between the original creators and heirs against DC from 1947 to 2004).

duo granted to DC over seventy years ago.<sup>7</sup>

The termination battle over Superman has thrown into sharp relief copyright law's uncomfortable treatment of fictional characters and the protectability of such characters separate from the works in which they appear.<sup>8</sup> Now that the Siegel heirs have successfully terminated the original Superman assignment, the heirs, along with DC, are co-owners of the copyright to *Action Comics #1*, the first appearance of Superman, through the Shuster interest that DC still possesses.<sup>9</sup> But if and when the Shuster heirs' termination becomes effective in 2013, the question will arise: what Superman property interests will the parties be left with after that date?<sup>10</sup>

This Note proceeds in three parts. Part I describes the legal provisions and case law that allow for the heirs of Jerome Siegel to exercise termination rights over the Superman works. Specifically, it examines copyright law's uncertain treatment of characters as copyrightable works separate from the works in which they appear, especially in the case of characters appearing in works of serial fiction.<sup>11</sup> It then discusses the implications for the termination right when some, but not all, of a character's adventures are recaptured via termination. Part II describes the history of Superman and the real life battle over his future between the estates of the original creators and DC Comics. Part III discusses how the termination right has been applied to Superman in the case of the Siegel heirs and, prospectively, the legal implications for the character once the Shuster termination takes effect in 2013. This Part argues that once the 2013 termination takes effect, the Siegel and Shuster heirs and DC will be left with fragments of the Superman character that cannot be easily exploited by any party. Such an outcome is ultimately undesirable for the law, the parties and the public. The Note concludes by proposing some potential solutions to this problem.

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7. See *id.* at 1113–14 (“[T]he 1976 Act gave artists and their heirs the ability to *terminate* any prior grants of the rights to their creations that were executed before January 1, 1978 . . . . It is this right of termination that Joanne Siegel and Laura Siegel Larson now seek to vindicate in this case.” (emphasis in original)).

8. See 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 2.12 (2009). The issue of whether a character from a work of fiction is protectable apart from the story in which such character appears is in a sense more properly framed as relating to the degree of substantial similarity required to constitute infringement rather than in terms of copyrightability *per se*. However, the increasing prevalence of “sequels” in novels, motion pictures and television wherein characters from a prior work are used in an otherwise completely new work renders it appropriate to consider the copyrightability of a character apart from the original work in which the character appeared.

*Id.*

9. See *Siegel*, 542 F. Supp. 2d at 1142 (“Thus, although defendants retain the unfettered right to exploit the works (and retain the profits derived therefrom) in foreign nations, they may do so domestically only as a co-owner (through Shuster's share) of the works.”).

10. See *id.* at 1114 n.3 (“According to documents filed with the United States Copyright Office, Mark Warren Peary, the son of Shuster's sister and the court-appointed representative of the Shuster estate, has given notice of the estate's intent to terminate the 1938 grant of the Superman copyright to Detective Comics and its successors effective 2013.”)

11. See NIMMER & NIMMER, *supra* note 8, §2.12.

## I. COPYRIGHT HISTORY

### A. DURATION UNDER COPYRIGHT ACTS OF 1790 AND 1909

The Copyright Clause of the Constitution gives Congress the power to “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.”<sup>12</sup> The task of Congress is to define the scope of that limited monopoly in order to balance the interests of authors on the one hand, and the public purpose of the Copyright Clause on the other.<sup>13</sup> Authors’ interests are supported by copyright’s grant of certain exclusive rights, including the right to create derivative works based on the authors’ preexisting works.<sup>14</sup> Perhaps the strongest concession to the public’s interest in these works is the limited duration of the monopoly granted by copyright.<sup>15</sup> When the term of a copyrighted work expires, the work enters the public domain and can be reproduced and used in new creative works by anyone.<sup>16</sup> The Copyright Act of 1790 gave authors protection for fourteen years and a renewal term of an additional fourteen years.<sup>17</sup> If the work was not renewed, it fell into the public domain.<sup>18</sup>

Under the Copyright Act of 1909, an author was entitled to twenty-eight years of protection from the date of publication and could renew the copyright for another twenty-eight year term during the final year of the first term.<sup>19</sup> Congress intended to correct a bargaining power imbalance between authors and publishers by granting authors this right to renegotiate after the initial term or to take their work elsewhere.<sup>20</sup> The Supreme Court held in *Fred Fisher Music Co. v. M. Witmark &*

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12. U.S. CONST. art. I, § 8, cl. 8.

13. *Id.* See also *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984) (finding that “it is Congress that has been assigned the task of defining the scope of the limited monopoly that should be granted to authors . . . in order to give the public appropriate access to their work product”).

14. 17 U.S.C. § 106 (2006).

15. *Id.* § 302.

16. See 17 U.S.C. § 302. See also *NIMMER & NIMMER*, *supra* note 8, § 9.11 (discussing the lengthening duration of copyright terms which have had the effect of delaying expiration of term for copyrighted works to enter the public domain).

17. Copyright Act of 1790, § 1, 1 Stat. 124 (1790) (current version at 17 U.S.C. § 101 (2006)).

18. *Id.*

19. Copyright Act of 1909, §§ 23–24, Pub. L. No. 60-349, 35 Stat. 1075 (1909) (current version at 17 U.S.C. § 101 (2006)).

20. See *Siegel v. Warner Bros. Entm’t Inc.*, 542 F. Supp. 2d 1098, 1139 (C.D. Cal. 2008).

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

*Sons* that this right of renewal was assignable in the initial term of copyright, as long as the author was alive at the time of renewal.<sup>21</sup> In practice, this decision allowed publishers to use their initial bargaining power to require authors to sign away the renewal right at the outset of the contractual relationship, defeating the remunerative purpose of having the renewal term.<sup>22</sup>

#### B. THE COPYRIGHT ACT OF 1976 AND THE COPYRIGHT TERM EXTENSION ACT (CTEA)

The Copyright Act of 1976 changed the duration of most works of authorship to one term of life plus fifty years.<sup>23</sup> The formalities of registration and notice in the previous copyright system caused many works to enter the public domain inadvertently at the time of publication.<sup>24</sup> Under the 1976 revisions, these formalities were largely dispensed with and copyright attached to any original work the moment it became fixed in a tangible medium of expression.<sup>25</sup>

To replicate the ability of authors to recapture works as originally intended under the 1909 renewal term, the termination of transfer provision was added.<sup>26</sup> Unlike the previous renewal term system, the termination right is very difficult to lose and cannot be contracted away.<sup>27</sup>

Section 304(c) created a “retroactive” right of termination, whereby authors like Jerome Siegel and Joe Shuster could terminate assignments of works copyrighted under the 1909 Act, so long as those works would be covered under the extended renewal term and not otherwise in the public domain.<sup>28</sup> A number of formalities

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desired to continue to market the copyright.*Id.*

21. *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943). The case involved the renewal rights of the song “When Irish Eyes are Smiling.” *Id.* at 645. Five years after the copyright was first obtained, one of the authors assigned to Witmark the renewal right in the song. *Id.* at 646. When that author later renewed the rights to the song in the twenty-eighth year of the initial term, Witmark filed for an injunction. *Id.* The Court determined that authors could assign their renewal interests, but that such assignment was not effective if the author died before renewal. *Id.* at 651. The decision was motivated at least in part by a rejection of state paternalism over creators’ economic decision making. *Id.* at 657 (“While authors may have habits making for intermittent want, they may have no less a spirit of independence which would resent treatment of them as wards under guardianship of the law.”).

22. *Siegel*, 542 F. Supp. 2d at 1140 (“This re-valuation mechanism provided by the renewal term under the 1909 Act was largely frustrated by the Supreme Court’s decision in *Fred Fisher Music*, allowing authors to assign away at the outset all of their rights to both the initial and the renewal term.” (internal citation omitted)).

23. Copyright Act of 1976, § 302(a), Pub. L. No. 94-553, 90 Stat. 2541 (1976) (current version at 17 U.S.C. § 302(a) (2006)).

24. NIMMER & NIMMER, *supra* note 8, § 9.11[A].

25. Copyright Act of 1976 § 102(a).

26. *Id.* §§ 203(a), 304(c).

27. *Id.* §§ 203(a)(5), 304(c)(5) (“Termination 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.”). *See also* Penguin Grp. (USA) Inc. v. Steinbeck, 537 F.3d 193, 201-202 (2d Cir. 2008) (holding that where a later grant of rights terminates and supersedes a pre-1978 grant, the termination rights provided by § 304(d) cannot be applied). Publishers could arguably draft contract provisions requiring authors to regrant their rights after successful termination, but no court has passed on the enforceability of such a provision.

28. 17 U.S.C. § 304(c)(5) (2006). *See also* Siegel v. Warner Bros. Entm’t Inc., 658 F. Supp. 2d

accompany the exercise of the new termination right. Authors or their heirs have a five-year window to file for termination, between the fifty-sixth and sixty-first years after the copyright was originally secured.<sup>29</sup> Termination notices must be sent to transferees or their successors in interest two to ten years before a termination can be effectuated.<sup>30</sup> Termination notices must comply with a number of Copyright Office regulations in order to successfully terminate a grant.<sup>31</sup> If authors or their heirs successfully navigate the formalistic requirements of the termination of transfer provision, they have recaptured the copyright in the original work “against all odds.”<sup>32</sup>

Section 304(c) created an express exception in cases of works for hire.<sup>33</sup> In order for a creative work to be deemed a work for hire, it must be created by an employee within the scope of his or her employment.<sup>34</sup> Alternatively, the work of an independent creator may be deemed a work for hire if there is a written agreement between author and publisher and the work fits into one of nine statutory categories.<sup>35</sup> The practical effect of a work’s designation as a work for hire is that the publisher becomes the statutory author of the work.<sup>36</sup> Consequently, there would be no transfer between author and publisher to terminate in cases of works for hire.<sup>37</sup>

Creators and publishers in the “Golden Age of Comics” rarely specified whether artworks prepared for comics were works for hire.<sup>38</sup> The task of determining the meaning of “works made for hire” and “employer” under the Copyright Act was left to the courts.<sup>39</sup> Courts use the “instance and expense” test to determine whether works were made for hire under the 1909 Act.<sup>40</sup> The “instance and

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1036, 1041 (C.D. Cal. 2009) (“The complexity of the 1976 Act’s termination procedures stems as much from the fact that those provisions intersect with and must be construed in light of the body of copyright law that existed at the time the works were created (here, the 1909 Copyright Act) . . .”).

29. 17 U.S.C. § 304(c)(3).

30. *Id.* § 304(c)(4)(A).

31. *Id.* § 304(c)(4)(B) (specifying that the notice “shall comply, in form, content, and manner of service” required by the Register of Copyrights).

32. *Siegel v. Warner Bros. Entm’t Inc.*, 542 F. Supp. 2d 1098, 1101–02 (C.D. Cal. 2008) (quoting 2 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 7:52 (2007)).

33. 17 U.S.C. § 304(c).

34. *Id.* § 101.

35. *Id.*

36. *Id.* §§ 201(b), 304(c). *See also Siegel v. Warner Bros. Entm’t Inc.*, 658 F. Supp. 2d 1036, 1056 (C.D. Cal. 2009) (explaining that the termination provision of § 304(c) could not extend to works made for hire “because the copyright in such a creation never belonged to the artist in the first instance to grant; instead, it belonged at the outset to the party that commissioned the work”).

37. *See Siegel*, 658 F. Supp. 2d at 1056.

38. GEOFF KLOCK, HOW TO READ SUPERHERO COMICS AND WHY 2 (2002) (“The distinction between the [Golden Age and Silver Age] periods is as blurry as the distinction between any two movements in the history of literature or art . . . . The golden age was the birth of the superhero proper out of the pulp novel characters of the early 1930s and was primarily associated with the DC Comics Group.”).

39. *See Siegel*, 658 F. Supp. 2d at 1041–42 (commenting that the law developed by the courts under the 1909 Act was “oftentimes confused and not well-delineated, with its dimension continuing to evolve long after the effective date of the 1976 Act”).

40. *See Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298, 300 (9th Cir. 1965).

expense” test balances three factors: whether the motivating factor in producing the work was the employer who induced its creation, whether the hiring party had the power to accept, reject, modify or otherwise control the creation of the work and at whose expense the work was created.<sup>41</sup> Because the parties cannot deem a work a work for hire retrospectively, Golden Age creator Joe Simon in *Marvel Characters, Inc. v. Simon* was not estopped from raising a termination action for the equally iconic Captain America character.<sup>42</sup> The court made this decision despite prior settlement agreements between the parties stipulating that he had done the work as an “employee for hire.”<sup>43</sup>

### C. THE CHARACTER COPYRIGHT

Circuits conflict concerning the extent to which characters are entitled to copyright protection apart from the works in which they appear.<sup>44</sup> The Second Circuit uses the “distinctively delineated” standard formulated by Judge Learned Hand in *Nichols v. Universal Pictures Corp.*; this test is a close cousin to the idea/expression doctrine.<sup>45</sup> The Ninth Circuit uses the more stringent “story being told” standard in *Warner Bros. Pictures Inc. v. Columbia Broadcasting System, Inc.*, holding that the famous hard-boiled detective character Sam Spade was not copyrightable.<sup>46</sup>

Graphic characters appear to have an easier time gaining copyright, in contrast to their literary counterparts.<sup>47</sup> For Example, the Ninth Circuit in *Walt Disney Productions v. Air Pirates* held that Mickey Mouse and other Disney cartoons were protected by copyright apart from the stories in which they appeared.<sup>48</sup> It is not clear whether *Air Pirates* signaled a retreat from the Sam Spade case, or whether the court simply thought Mickey satisfied the “story being told” test.<sup>49</sup> In the

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41. See *Siegel*, 658 F. Supp. 2d at 1057 (“Toward that end, the instance and expense test requires the evaluation of three factors: (1) At whose instance the work was prepared; (2) whether the hiring party had the power to accept, reject, modify, or otherwise control the creation of the work; and (3) at whose expense the work was created.” (citing *Twentieth Century Fox Film Corp. v. Entm’t Distrib.*, 429 F.3d 869, 879, 881 (9th Cir. 2005))).

42. See *Marvel Characters, Inc. v. Simon*, 310 F.3d 280, 291–92 (2d Cir. 2002).

43. *Id.*

44. NIMMER & NIMMER, *supra* note 8, § 2.12.

45. *Nichols v. Universal Pictures Corp.*, 45 F.2d 119 (2d Cir. 1930) (holding that the copyright in a play was not infringed by a similar play that told a similar story because the defendant only used uncopyrightable “stock characters” that did not meet the “distinctively delineated” standard); see also *Warner Bros. Inc. v. Am. Broad. Co., Inc.*, 720 F.2d 231 (2d Cir. 1983) (holding that the parodic character “The Greatest American Hero” was sufficiently dissimilar from Superman due to his timid and reluctant nature, despite sharing many character elements such as super powers).

46. *Warner Bros. Pictures, Inc. v. Columbia Broad. Sys., Inc.*, 216 F.2d 945 (9th Cir. 1954) (holding that if a literary character was merely a “chessman” moved around by plot alone, it would not be copyrightable; characters had to “really constitute[] the story being told” in order to achieve copyright protection).

47. NIMMER & NIMMER, *supra* note 8, § 2.12.

48. *Walt Disney Prods. v. Air Pirates*, 581 F.2d 751 (9th Cir. 1978), *cert. denied*, 439 U.S. 1132 (1979).

49. *Id.* at 755 (“[C]omic book characters therefore are distinguishable from literary characters, the *Warner Brothers* language does not preclude protection of Disney’s characters.”).

Seventh Circuit, Judge Posner in *Gaiman v. McFarlane* stated that a specific name, appearance, set of behaviors and speech pattern were enough for a comic book character to achieve copyright protection.<sup>50</sup> Judge Augustus Hand in *Detective Comics, Inc. v. Bruns Publications, Inc.* held that the Fox Features character Wonderman infringed on Superman, who was more than a “mere delineation of a benevolent Hercules” and deserved copyright protection.<sup>51</sup>

### 1. Characters in a Series of Works

Comic book characters like Superman are conceived as characters that will appear in multiple creative works.<sup>52</sup> The copyright law’s treatment of sequels is therefore an important component of a comic book character’s protection. Sequels use characters from prior works to generate a new work, normally, by telling the continuing adventures of that character in an otherwise completely new work.<sup>53</sup> A subsequent work in a series can be characterized as a derivative work of the original.<sup>54</sup> The first work in a series might delineate a character enough to create a copyright for that character separate from the work itself.<sup>55</sup>

In *Anderson v. Stallone*, an unauthorized script for a new sequel infringed the movie character Rocky because the unauthorized script was a derivative work; and, under § 106(2), Stallone had the exclusive right to prepare derivative works.<sup>56</sup> This was the case even though the script contained original expression.<sup>57</sup> The *Stallone* court also signaled its acceptance of Judge Hand’s *Nichols* standard when it stated, the “Rocky characters are one of the most highly delineated group of characters in modern American cinema.”<sup>58</sup>

Judge Newman’s concurring opinion in *Burroughs v. Metro-Goldwyn-Mayer, Inc.* stated that, assuming Tarzan was a distinctively delineated character, the delineation of the character was complete in the first book published in 1912.<sup>59</sup> The fact that the Burroughs’ heirs terminated only thirty out of thirty-five Tarzan books would not prevent them from recapturing the character of Tarzan because the first book was included among the terminated works.<sup>60</sup>

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50. *Gaiman v. McFarlane*, 360 F.3d 644, 660 (7th Cir. 2004).

51. *Detective Comics, Inc. v. Bruns Publ’ns, Inc.*, 111 F.2d 432, 433–34 (2d Cir. 1940).

52. *See Siegel v. Warner Bros. Entm’t Inc.*, 658 F. Supp. 2d 1036, 1066 (C.D. Cal. 2009) (“[T]he letters from Detective Comics’ executives in January and April, 1938, indicate that the Superman material first published in *Action Comics* No. 1 was not intended to be a one-shot deal, but rather was conceived of as an ongoing ‘new feature’ to which sequels would need to be fashioned.”).

53. *See NIMMER & NIMMER, supra* note 8, § 2.12.

54. *See id.*

55. *See id.*

56. 17 U.S.C. § 106(2) (2006); *Anderson v. Stallone*, 11 U.S.P.Q.2d 1161, 1166 (C.D. Cal. 1989).

57. *Anderson*, 11 U.S.P.Q.2d. at 1162.

58. *Id.* at 1166.

59. *Burroughs v. Metro-Goldwyn-Mayer, Inc.*, 683 F.2d 610, 631 (2d Cir. 1982) (Newman, J., concurring).

60. *Id.*

## 2. Characters in a Series and the Public Domain

When an original author uses the same character in a series, and some of the works enter the public domain while others remain protected, can a subsequent author create a new work using that character without infringing the copyrights of the original author? The answer appears to be “Yes, as long as the first work with that character is in the public domain.”<sup>61</sup> The sequels (or derivative works) that have not yet passed into the public domain retain copyright protection for the original elements they add to the character.<sup>62</sup>

As one illustration, Dr. Fu Manchu, the classic “yellow peril” villain, first appeared in a short story titled “The Zayat Kiss,” published in 1912.<sup>63</sup> The story was later included among a collection of stories about the character and published as a book, *The Mystery of Dr. Fu-Manchu*, in 1913.<sup>64</sup> The first three Fu Manchu books were published before 1922 and presumably are within the public domain in the United States.<sup>65</sup> The remaining ten books are still protected by copyright.<sup>66</sup> A subsequent creator could use the character as described in the first three books, but using any elements of the character introduced in later books (such as his villainous daughter) would run the risk of infringing the later works that are still protected by copyright.<sup>67</sup> Similarly, assuming the new work was a graphic work, a subsequent creator would have to avoid basing his version of Dr. Fu Manchu on the film version of the character, which is yet another derivative work that is still protected by copyright law.<sup>68</sup> Furthermore, the laws of trademark and unfair competition could remain as barriers to a subsequent creator.<sup>69</sup>

### D. DERIVATIVE WORKS AND JOINT WORKS

Derivative works are copyrightable to the extent that they add sufficiently new expression to the preexisting work, assuming that the underlying work was used

61. See NIMMER & NIMMER, *supra* note 8, § 2.12.

62. *Id.*

63. A. ROBERT LEE, UNITED STATES: RE-VIEWING AMERICAN MULTICULTURAL LITERATURE 153 (2009); SAX ROHMER, *THE ZAYAT KISS* (1912).

64. Dr. Lawrence J. Knapp, *The Page of Fu Manchu*, NJEDGE.NET, <http://www.njedge.net/~knapp/FuFrames.htm> (last visited Nov. 28, 2010).

65. See NIMMER & NIMMER, *supra* note 8, § 9.11 (“Works first published in 1922 entered the public domain at the end of 1997, before the amendment was enacted. Accordingly, works first published through the end of 1922 remain unprotected today.”).

66. *Id.*

67. See NIMMER & NIMMER, *supra* note 8, § 2.12.

68. See *id.* The subsequent creator would have to follow the literary description of the character instead:

Imagine a person, tall, lean and feline, high-shouldered, with a brow like Shakespeare and a face like Satan, a close-shaven skull, and long, magnetic eyes of the true cat-green. Invest him with all the cruel cunning of an entire Eastern race, accumulated in one giant intellect, with all the resources of science past and present . . . Imagine that awful being, and you have a mental picture of Dr. Fu- Manchu, the yellow peril incarnate in one man.

Knapp, *supra* note 64, (quoting SAX ROHMER, *THE INSIDIOUS DR. FU MANCHU* 366–67 (1913)).

69. See NIMMER & NIMMER, *supra* note 8, § 2.12.



with permission or was in the public domain to begin with.<sup>70</sup> The originality requirement for derivative works is stiffer than that for copyrightable works generally in that there must be a nontrivial contribution to the preexisting work.<sup>71</sup> Additionally, the copyright owner has the exclusive right to prepare derivative works based upon his or her own copyrighted works.<sup>72</sup> However, the ability to prepare derivative works, along with other rights guaranteed by copyright, is shared by two or more authors in the case of joint works.<sup>73</sup> Comics are often the result of collaboration between author and artist and thus the product of joint authorship under copyright law.<sup>74</sup>

Under the 1909 Act, each joint author of a copyrightable work was a co-owner of the work and possessed an undivided ownership interest in the entire work.<sup>75</sup> This meant that a co-owner had the legal right to grant a license or transfer his rights to a third party without any other co-owner's permission.<sup>76</sup> Under the 1909 Act, if one author created a work with an expectation that it would later be joined with another author's contribution, it could still be considered a joint work.<sup>77</sup> The 1976 Act explicitly disallowed this form of anticipatory joint authorship.<sup>78</sup>

The federal appeals courts of the United States have interpreted the test of joint authorship differently. The Second and Ninth Circuits have held that joint authorship requires that each author make an independently copyrightable contribution.<sup>79</sup> In contrast, Judge Posner, writing for the Seventh Circuit in *Gaiman*, stated in dicta that two authors could jointly create a character protected by copyright in a mixed medium such as comics or motion pictures, even if,

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70. See 17 U.S.C. § 103 (2006). See also *Durham Indus., Inc. v. Tomy Corp.*, 630 F.2d 905, 910 (2d Cir. 1980).

First, to support a copyright the original aspects of a derivative work must be more than trivial. Second, the scope of protection afforded a derivative work must reflect the degree to which it relies on preexisting material and must not in any way affect the scope of any copyright protection in that preexisting material. Thus the only aspects of Tomy's Disney figures [of Mickey Mouse, Donald Duck and Pluto] entitled to copyright protection are the non-trivial, original features, if any, contributed by the author or creator of these derivative works.

*Id.*

71. *Durham*, 630 F.2d at 910 (holding that a derivative work is not independently protectable if there is "no independent creation, no distinguishable variation from preexisting works, nothing recognizably the author's own contribution").

72. 17 U.S.C. § 106(2).

73. 17 U.S.C. § 201(a) ("The authors of a joint work are co-owners of copyright in the work."); *Id.* § 106(2) ("[T]he owner of copyright under this title has the exclusive rights to do and to authorize any of the following: . . . to prepare derivative works based upon the copyrighted work . . .").

74. See *Gaiman v. McFarlane*, 360 F.3d 644, 659 (7th Cir. 2004) ("The contents of a comic book are typically the joint work of four artists—the writer, the penciler who creates the art work . . . , the inker . . . and the colorist who colors it.").

75. *Siegel v. Time Warner Inc.*, 496 F. Supp. 2d 1111, 1144 (C.D. Cal. 2007).

76. *Id.*

77. *Id.*

78. *Id.*

79. See *Childress v. Taylor*, 945 F.2d 500, 507 (2d Cir. 1991) (adopting the rule that each contribution to a joint work must be independently copyrightable, at least in part "to prevent some spurious claims by those who might otherwise try to share the fruits of the efforts of a sole author of a copyrightable work"); see also *S.O.S., Inc. v. Payday, Inc.*, 886 F.2d 1081 (9th Cir. 1989).

standing alone, the independent contributions were not copyrightable.<sup>80</sup>

Critical for the purposes of the termination action, derivative works prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination.<sup>81</sup> Armed with this post-termination exception for continued use, former licensees are able to exploit at least the authorized derivative works they created while the preexisting work was in their possession.<sup>82</sup> However, the statute closes the door on preparation of new derivative works based on works covered by the terminated grant.<sup>83</sup>

This is hardly the end of the matter, however. The court in *Burroughs* decided that because the Burroughs heirs had failed to include five titles featuring the Tarzan character in their termination notice, the former licensee was allowed to create a film based on the nonterminated works.<sup>84</sup> This was in spite of the fact that a film based on one of the sequels would inevitably include elements of the original, terminated work—which the licensee no longer had authority to use.<sup>85</sup> The court elected to find an implicit grant of rights to the earlier work.<sup>86</sup> The result allowed MGM to move forward on the creation of a cinematic derivative work based on a sequel derivative work, despite the successful termination of the original underlying work, which contained the Tarzan character's initial delineation.

#### E. SUMMARY

The *Burroughs* decision does considerable violence to the Siegel and Shuster heirs' termination right if its logic is extended to the Superman facts. While the Siegel heirs have successfully terminated *Action Comics #1* and a handful of other strips, the vast majority of the Superman material exists as unterminable works for hire owned by DC.<sup>87</sup> For a character as ubiquitous as the Man of Steel, this means tens of thousands of sequels can serve as the basis for DC's attempt to prepare new derivative works after the creators' heirs successfully terminate DC's remaining half interest in *Action Comics #1*.

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80. *Gaiman v. McFarlane*, 360 F.3d 644, 658–59 (7th Cir. 2004).

81. 17 U.S.C. § 304(c)(6)(A) (2006) (“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, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant.”).

82. *Id.*

83. *Id.*

84. *Burroughs v. Metro-Goldwyn-Mayer, Inc.*, 683 F.2d 610 (2d Cir. 1982).

85. *Id.*

86. *Id.* at 622 (“When an author grants the rights to a work that contains material protected by the author's copyright in an earlier work, the grant implicitly authorizes the use of all material contained in the licensed work, including material that may be covered by the author's other copyrights.”).

87. See *Siegel v. Warner Bros. Entm't Inc.*, 658 F. Supp. 2d 1036, 1067 (C.D. Cal. 2009) (“It is clear to the Court that all of the *comic book* material produced by Siegel and Shuster *after* they signed the employment agreement with Detective Comics were works made for hire.” (emphasis in original)).

## II. BACKGROUND OF SUPERMAN COPYRIGHT BATTLES

### A. HISTORY

Jerome Siegel and Joe Shuster attended the same high school in Cleveland, Ohio, where the pair was united by a common interest in science fiction tales and jungle hero adventure stories.<sup>88</sup> The pair began discussing the idea of a character named Superman in the early 1930s.<sup>89</sup> In 1933, Siegel published a science fiction story titled, “The Reign of Superman,” where the eponymous character is a bald headed villain with strange mental powers.<sup>90</sup>

Siegel and Shuster created the more familiar Superman character in 1934.<sup>91</sup> After shopping the character around to various publishers (including DC Comics), Superman was finally published by McClure Newspaper Syndicate as a Milwaukee newspaper comic strip.<sup>92</sup> Warner Brothers (then Detective Comics) sought comic strip material to create a long form comic book and eventually settled on Superman.<sup>93</sup> Siegel and Shuster were directed to expand and reformat their material, which was published as *Action Comics #1* in 1938.<sup>94</sup>

Superman’s debut appearance established that he was an infant refugee from an unnamed alien planet that had been “destroyed by old age.”<sup>95</sup> Raised in an orphanage on Earth, he discovered he had abilities “millions of years advanced of” human beings, including super strength, bulletproof skin, the power to leap an eighth of a mile, hurdle a twenty story building and run faster than an express train.<sup>96</sup> Taking the name Clark Kent and disguising himself as a newspaper reporter for the *Daily Star*, his alter ego Superman saves an innocent woman who is about to be executed, rescues fellow reporter Lois Lane from a gangster after feigning cowardice as Clark Kent and terrorizes a corrupt lobbyist by running across telephone wires with the helpless villain dangling in tow.<sup>97</sup> The superhero was born.

Shortly before the publication of *Action Comics #1*, Siegel and Schuster entered

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88. STEPHEN KRENSKY, *COMIC BOOK CENTURY: THE HISTORY OF AMERICAN COMIC BOOKS* 17 (2008). That jungle hero was Tarzan, who by the 1930s had become a comic strip star himself. *Id.* Not coincidentally, Tarzan would also become the subject of his own termination action by the 1980s. *See generally Burroughs*, 683 F.2d 610.

89. KRENSKY, *supra* note 88, at 17.

90. *Id.* at 17–18. The character was not only a proto-Superman, but also might have been the spiritual predecessor to other important Siegel creations, including bald headed and mentally powered Superman villains the Ultra-Humanite and Lex Luthor. *Siegel v. Warner Bros. Entm’t. Inc.*, 542 F. Supp. 2d 1098, 1102 (C.D. Cal. 2009) (“This initial superman character in villain trappings was drawn by Shuster as a bald-headed mad man.”).

91. *Siegel*, 542 F. Supp. 2d at 1104–05.

92. *Siegel*, 658 F. Supp. 2d at 1048–54.

93. *Id.* at 1044–48.

94. *Id.* at 1047.

95. Jerome Siegel & Joe Shuster, *Superman*, ACTION COMICS 1, June 1938, at 1, available at <http://xroads.virginia.edu/~UG02/yeung/actioncomics/cover.html>.

96. *Id.*

97. *Id.* at 2–13.

into an agreement with the publisher whereby they assigned perpetual worldwide exclusive rights to Superman to DC.<sup>98</sup> Later in 1938, the duo entered into an employment agreement with the publisher to produce similar Superman material on a monthly basis, once the resounding success of *Action Comics #1* became clear to the publisher.<sup>99</sup>

Starting in the 1930s, during the period comic book historians have dubbed the Golden Age of Comics, comic books were sold side by side with newspapers and periodicals at newsstands.<sup>100</sup> Popular titles like Superman are estimated to have sold one million copies per issue in the Golden Age.<sup>101</sup> By 1960, after the Golden Age period ended, postal circulation statements indicate Superman still averaged 810,000 copies per month, a staggering number considering the era predated the comic book speculation craze that swept the comics industry in the early 1990s.<sup>102</sup>

The Superman character began to invade other media shortly after his success in comic books, quickly gaining his own newspaper comic strip and radio serial.<sup>103</sup> The latter debuted the character's famous introduction, with the phrases "faster than a speeding bullet," "more powerful than a locomotive," and "Look! Up in the sky! It's a bird! It's a plane! It's SUPERMAN!"<sup>104</sup> It is difficult to estimate the economic value of the Superman franchise. Superman's box office history, however, might shed some light on the stakes involved. Since 1978, the Man of Steel grossed \$870,684,153 in worldwide box office sales in only five total cinematic appearances.<sup>105</sup> While no copyright owner would expect to reap all or even a majority of the revenue from film exploitation, film is but one medium where Superman has been successful.<sup>106</sup> An accurate valuation of the character's worth would have to take into account television, merchandising, toys, video games and all the potential licensees Superman's owner could do business with.<sup>107</sup>

## B. PRIOR ACTIONS

The character's success sparked litigation battles that continue to this day. In 1947, Siegel and Shuster brought an action against DC in New York Supreme Court, Westchester County, seeking to annul the agreement assigning their

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98. *Siegel*, 658 F. Supp. 2d at 1047.

99. *Id.* at 1048.

100. TODD ALLEN, *THE ECONOMICS OF WEB COMICS: A STUDY OF CONVERTING CONTENT INTO REVENUE* 12 (2d ed. 2007).

101. *Id.* at 13. KRENSKY, *supra* note 88, at 19.

102. ALLEN, *supra* note 100, at 13; see BRADFORD W. WRIGHT, *COMIC BOOK NATION: THE TRANSFORMATION OF YOUTH CULTURE IN AMERICA* 279 (2001) ("Publishers were well aware that their collectible *X-Men* issue [*X-Men* vol. 2 #1 (1991)] did not sell to eight million different consumers. Many were purchased by speculators who bought multiple copies in order to hoard them for future sale at inflated prices in the collector's market.").

103. KRENSKY, *supra* note 88, at 20.

104. *Id.*

105. *Box Office History for Superman Movies*, NUMBERS.COM, <http://www.thenumbers.com/movies/series/Superman.php> (last visited Mar. 23, 2010).

106. DANIELS, *supra* note 1.

107. *Id.*

ownership rights in Superman as void for lack of consideration.<sup>108</sup> The litigation resulted in a finding that the assignment was valid.<sup>109</sup> The parties thereafter settled and stipulated that DC was the owner of all Superman rights.<sup>110</sup> The court vacated the earlier finding and the judge entered the settlement.<sup>111</sup>

The expiration of the initial copyright term spurred new action in 1969.<sup>112</sup> Siegel and Shuster brought suit in the Federal District Court of New York claiming they, not DC, owned the renewal right.<sup>113</sup> Under *Scherr v. Universal Match Corp.*, the court found the pair had assigned their renewal right in the 1938 assignment, which was confirmed in the 1948 stipulation.<sup>114</sup>

In 1975, the New York Times ran a story about Siegel and Shuster's "destitute living conditions."<sup>115</sup> In response to the bad publicity engendered by the publication of the article, DC extended annual payments and medical insurance to the duo for the remainder of their lives and promised to credit them as creators of Superman, all the while emphasizing the strictly voluntary basis of its actions.<sup>116</sup> Later, Joanne Siegel lobbied for and received surviving spouse benefits.<sup>117</sup> Jerome Siegel passed away on January 18, 1996.<sup>118</sup>

In 1997, under § 304(c) of the 1976 Act, Siegel's widow and daughter sent notices of termination to DC, to be made effective as of April 16, 1999.<sup>119</sup> Joe Shuster had no heirs as defined by the 1976 Act.<sup>120</sup> Following the CTEA, which extended the definition of an heir beyond the traditional next of kin designations, Shuster's nephew filed notice of termination in 2003, to be made effective in 2013.<sup>121</sup>

A lengthy attempt at settlement between Siegel and DC ensued.<sup>122</sup> The parties entered into a tolling agreement in 2000 whereby neither party would assert a statute of limitations defense while they continued to negotiate.<sup>123</sup> The parties could not agree to terms for a regrant of the Superman license.<sup>124</sup> The Siegels subsequently hired new counsel and proceeded with litigation.<sup>125</sup>

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108. *Siegel v. Warner Bros. Entm't Inc.*, 542 F. Supp. 2d 1098, 1112 (C.D. Cal. 2008).

109. *Id.*

110. *Id.*

111. *Id.*

112. *See Siegel v. Nat'l Periodical Publ'ns, Inc.*, 364 F. Supp. 1032 (S.D.N.Y. 1973), *aff'd by*, 508 F.2d 909 (2d Cir. 1974).

113. *Id.* at 1033.

114. *Id.* at 1036–37.

115. *Siegel*, 542 F. Supp. 2d at 1112 (citing Mary Breasted, *Superman's Creators, Nearly Destitute, Invoke His Spirit*, N.Y. TIMES, Nov. 22, 1975, at 62).

116. *Id.* at 1113.

117. *Id.*

118. *Id.*

119. *Id.* at 1114.

120. *Id.* at 1114 n.3.

121. *Id.*

122. *Id.* at 1115.

123. *Id.*

124. *Id.* at 1116.

125. *Id.*

### C. PROCEDURAL HISTORY

On March 6, 2008, in a motion for partial summary judgment, Judge Larson concluded that because promotional announcements featuring a black-and-white reproduction of the *Action Comics #1* cover depicting Superman lifting a car (“Promo-Superman”) were published a few days before the Siegel heirs’ sixty-one year window of termination under the notice (April 16, 1938 to April 16, 1999), the copyrights to the advertisement were retained by DC.<sup>126</sup> DC could continue to exploit the Promo-Superman, but the character was merely super strong and wore a black and white costume, with no distinctive story elements.<sup>127</sup> The court upheld the Second Circuit’s determination that *Action Comics #1* was not a work made for hire, on collateral estoppel grounds.<sup>128</sup> Judge Larson also concluded that the U.S. termination provision could not reach foreign grants when a U.S. author conferred worldwide rights, limiting the effect of the termination and allowing DC to retain valuable rights to the character in foreign markets.<sup>129</sup> The court concluded issues of fact remained for the accounting of profits from exploitation of the work because the material was a joint work and DC continued to own Shuster’s one-half interest.<sup>130</sup> These issues of fact included whether the consideration for the Superman movie license was below market value.<sup>131</sup>

In assessing the difference in market value between a nonexclusive and an exclusive license, it is interesting to note that Judge Larson characterized the plaintiffs as co-owners of the copyright in the Superman material published in *Action Comics #1*, and that this material did not include many other important aspects of the character, such as his power to fly or vulnerability to Kryptonite.<sup>132</sup> This was the first time the court spelled out that DC and Siegel were to be considered co-owners of the material in *Action Comics #1*.<sup>133</sup>

In an August 12, 2009 order resolving additional issues, the court found that the Siegel heirs had successfully recaptured *Action Comics #1*, *Action Comics #4*, *Superman #1* (pages three through six only) and the initial two weeks’ worth of Superman daily newspaper strips—namely, the material that Siegel and Shuster had co-created before becoming employees of DC’s predecessor in interest in late

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126. *Id.* at 1123–26.

127. *Id.* at 1126.

128. *Id.* at 1127 (“In the case before us, Superman and his miraculous powers were completely developed long before the employment relationship was instituted. The record indicates that the revisions directed by the defendants were simply to accommodate Superman to a magazine format. We do not consider this sufficient to create the presumption that the [comic book] strip was a work for hire.” (quoting *Siegel v. Nat’l Periodical Publ’ns, Inc.*, 508 F.2d 909, 914 (2d Cir. 1974))).

129. *Id.* at 1140.

130. *See id.* at 1142.

131. *Id.* at 1144–45. Warner Brothers, the parent company of DC, licensed the Superman franchise to its subsidiary film studio. *Id.* The court had to rule on whether this was a below market transaction between “alter egos” of the same corporate entity. *Id.*

132. *Siegel v. Warner Bros. Entm’t Inc.*, No. CV 04-08400-SGL, 2009 WL 2014164, at \*15–16 (C.D. Cal. July 8, 2009).

133. *Id.*

1938.<sup>134</sup> Ownership of the Superman material that was published from 1938 to 1943 while Siegel and Shuster were employees of DC remained solely with DC because they were works made for hire.<sup>135</sup>

In an October 30, 2009 order denying motion for reconsideration, dealing primarily with inadequacy of termination notice issues, the court finally appeared to decide the issue of the character copyright, separate from the termination of individual works.<sup>136</sup> Relying heavily on *Burroughs*, the court said that the termination notices listing hundreds of works demonstrated the plaintiffs intended to terminate the grant of the Superman character and the world built around him; that the copyright in the Superman character was a conglomerate of seventy years of exploitation, not “individual copyrightable bits” and that the copyrightable aspects of a character are protected only to the extent the work with that particular aspect of the character was first delineated remains protected.<sup>137</sup>

### III. ANALYSIS

Section 304(c)(6)(A) of the 1976 Act allows for the continued post-termination exploitation of derivative works based on a terminated work, created while a party had a valid license, but not for the preparation of new derivative works based on the terminated work.<sup>138</sup> Between 1999 and 2013 (the putative date that the Shuster termination would take effect), DC could exploit the Superman works that it exclusively owns (created as works for hire between 1938 to 1999) and continue to create new derivative works.<sup>139</sup> As co-owner of Superman with the Siegels, DC would have to account to them for profits.<sup>140</sup> Under Judge Larson’s prior reasoning, this accounting would have to distinguish between the elements that the Siegels own, primarily introduced in *Action Comics #1*, and the later distinct elements that DC owns.

After 2013, assuming the Shuster termination is valid and that DC loses any copyright interest in *Action Comics #1*, DC would lose the Superman character copyright according to Judge Larson’s latest reasoning, which relies explicitly on *Burroughs*. DC would still be able to exploit any 1938 to 1999 material it created, but as statutory owners of that material, it might not have to account to anyone for

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134. *Siegel v. Warner Bros. Entm’t Inc.*, 658 F. Supp. 2d 1036, 1095 (C.D. Cal. 2009).

135. *Id.*

136. *See Siegel v. Warner Bros. Entm’t Inc.*, 690 F. Supp. 2d 1048 (C.D. Cal. 2009).

137. *Id.* at 1058–59, 1066–67, 1068.

138. 17 U.S.C. § 304(c)(6)(A) (2006) (appearing to reject the situation in *Stewart v. Abend*, 495 U.S. 207 (1990), which arose under the 1909 Act and did not deal with a post-termination work; the Supreme Court held in that case that so long as a preexisting work was out of the public domain, its use was infringing if one who employs the work does not have a valid license or assignment for use of the preexisting work, even if the derivative work was inseparably intertwined with the original).

139. *See Siegel v. Warner Bros. Entm’t Inc.*, 542 F. Supp. 2d 1098, 1142 (C.D. Cal. 2008) (establishing that DC as co-owner has an independent right to use or license the copyright).

140. H.R. REP. NO. 94-1476, at 121 (1976) (“Under the bill, as under the present law, coowners of a copyright would be treated generally as tenants in common, with each coowner having an independent right to use or license the use of a work, subject to a duty of accounting to the other coowners for any profits.”).

profits.<sup>141</sup> However, DC will lose the right to prepare any new derivative works based on the terminated works. Because the Siegels and Shusters could not use any of the new elements featured in the DC material, they would not be able to exploit the Superman character as the public knows him either, a poor outcome both for the parties involved and for the general public.

Judge Posner's *Gaiman* decision in the Seventh Circuit could provide a rationale for both parties to continue legally exploiting the character.<sup>142</sup> In that decision, Judge Posner determined that a character called Medieval Spawn, a derivative work of the Image Comics character Spawn, was a separately copyrighted character.<sup>143</sup> In formulating his standard, Judge Posner asked whether Medieval Spawn was "sufficiently distinct" from Spawn.<sup>144</sup> He concluded that Medieval Spawn's knightly regalia and medieval speech pattern, which "regular" Spawn did not display, was enough to justify a separate character copyright.<sup>145</sup> Discussing the consequences of his holding for future infringement actions, Judge Posner also stated that a character that looks and talks like Spawn would infringe Spawn, and a character that looks and talks like Medieval Spawn would infringe Medieval Spawn.<sup>146</sup> Applying Judge Posner's interpretation to Superman, DC would be able to continue using the version of Superman they have developed during and since Siegel and Shuster's contributions to the character ("Modern Superman"). The Siegels and Shusters would also be able to exploit the version of Superman they own ("1938 Superman") without infringing DC's material.

A question arises regarding whether under *Gaiman* every Superman issue would create a separately copyrightable character. Such a consequence would be absurd. The trivial variation rule concerning derivative works could be thought of as "merging" different appearances of a character back into a single legally cognizable character. Also, under *Burroughs*, sequels that merely tell the continuing adventures of the same character do not appear to change the rights to the underlying work.<sup>147</sup> But what happens when there is more than trivial variation? Judge Larson, in a separate but related line of cases about the "Superboy" character, seemed open to ruling that Superboy was a copyrightable character separate from Superman, but ultimately left this question open for more fact submission.<sup>148</sup> If Superboy, who was little more than a teenaged Superman with identical background, powers and physical appearance, could be considered a

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141. See 17 U.S.C. § 304(c)(6)(A) (2009). There is an ambiguity in § 304(c)(6)(A) regarding whether the continued utilization of derivative works by a publisher post-termination requires any accounting of profits to authors of the terminated work. As works made for hire, the vast majority of Superman works created between 1938 and 1999 are solely owned by DC. See *Siegel v. Warner Bros. Entm't Inc.*, 658 F. Supp. 2d 1036, 1067 (C.D. Cal. 2009).

142. *Gaiman v. McFarlane*, 360 F.3d 644 (7th Cir. 2004).

143. *Id.* at 661.

144. *Id.* This was despite the fact that Medieval Spawn had no name; the appellation "Medieval Spawn" was a descriptor ascribed to him after the fact. *Id.*

145. *Id.*

146. *Id.* at 662. The court notably did not address whether a character that infringes Medieval Spawn would also necessarily infringe Spawn.

147. *Burroughs v. Metro-Goldwyn-Mayer, Inc.*, 683 F.2d 610 (2d Cir. 1982).

148. *Siegel v. Time Warner Inc.*, 496 F. Supp. 2d 1111, 1155 (C.D. Cal. 2007).



character separately copyrightable from Superman, then Siegel and Shuster's 1938 Superman and DC's Modern Superman could be thought of as separate characters under copyright as well.<sup>149</sup>

Perhaps significantly, the original Superman of the Golden Age has already met his in-story death within the fictional DC Comics universe.<sup>150</sup> The current Superman, whose adventures DC currently publishes in the pages of *Action Comics* and *Superman*, is considered a parallel universe version of the character.<sup>151</sup> Whatever the case, there are significant differences between the 1938 Superman and the Modern Superman. The 1938 Superman cannot fly, does not have heat or x-ray vision and wears a different "S" emblem on his chest.<sup>152</sup> Important secondary elements, such as his bald arch-nemesis Lex Luthor and a crippling vulnerability to the debris of his home world, Kryptonite, are also missing.<sup>153</sup> On the other hand, most of the elements that make Superman distinct from other characters of fiction were present from the very beginning, such as Superman being the last survivor of a dying planet, immensely strong and bulletproof.<sup>154</sup> Has DC since then delineated enough distinct elements to have a copyright in a separate character?

DC has introduced more radical variations on Superman in the past. In 1997, DC turned Superman into "Electric Superman," a white and blue "energy being" with electrical powers, including the ability to traverse power lines and split into multiple "energy beings."<sup>155</sup> Electric Superman is at least as "sufficiently distinct" from Superman as Medieval Spawn is from Spawn.

DC also legally retains the rights to the Promo-Superman that appeared in advertisements before *Action Comics #1* and was not recaptured by the Siegel's termination notice; however, what this means as far as character rights are concerned is far from clear.<sup>156</sup> Promo-Superman, being a fuzzy black-and-white reprint of the cover of *Action Comics #1*, might not be distinctly delineated enough

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149. *Id.* at 1113.

150. The Golden Age Superman's death came within the pages of 1985's twelve part *Crisis on Infinite Earths*. See KLOCK, *supra* note 38, at 19.

[The series'] principle aim was to clean up the mess of narrative parallel universes which DC's writers had established over the past forty-five years, in order to start afresh with a single, easy to follow continuity. It achieved this aim by combining all of the possible earths into one, and killing off all the characters who didn't fit.

*Id.*

151. *Id.* at 21–22. The new Superman debuted in John Byrne's *Man of Steel* in 1986. *Id.* Significant changes to the character's milieu included: excising his career as Superboy, redesigning Krypton and eliminating nearly all of his Kryptonian supporting cast, including comic relief characters like Krypto the Superdog. *Id.* ("Superman's origin, for example, was retold by John Byrne putting Superman in the position of meeting his old enemies for the first time again.")

152. See *Siegel v. Warner Bros. Entm't Inc.*, 542 F. Supp. 2d 1098, 1111–12 (C.D. Cal. 2008)

153. *Id.*

154. *Id.* at 1104.

155. Steve Younis, *Superman Blue (and Superman Red)*, SUPERMAN HOMEPAGE, [http://www.supermanhomepage.com/comics/comics.php?topic=comics-new\\_supes](http://www.supermanhomepage.com/comics/comics.php?topic=comics-new_supes) (last visited Dec. 4, 2010).

156. *Siegel*, 542 F. Supp. 2d at 1123–26.

to achieve character copyright.<sup>157</sup> Promo-Superman exists only as a drawing, with none of the attendant character traits and elements that would make him valuable as a character.<sup>158</sup> However, coupled with the copyrighted material they own that was produced as work for hire between 1938 and 1999, DC might be able to claim that they at least hold some interest in the character, even after the 2013 Shuster termination takes effect because the appearance of Promo-Superman is chronologically first in time.<sup>159</sup> His Promo-Superman appearance, plus the character and story elements they do solely own and control, may be enough to assert that DC retains copyright to a character that looks and acts much like Superman as the public knows him, even after the heirs of the original creators succeed in terminating the original assignment of the character.

#### A. WHAT CAN DC DO AFTER 2013?

If the Modern Superman is a copyrightable character separate from the 1938 Superman, the derivative works exception might allow DC to continue to create new derivative works based on the Modern Superman, even after the 2013 Shuster termination.<sup>160</sup> DC would have to successfully claim that their continued exploitation is based on the Modern Superman character, and not on the 1938 Superman. Such a claim appears unlikely to succeed. Even if DC were to do their best to avoid any elements of the material in *Action Comics #1*, their Superman character would still look and act much the same as the 1938 Superman and retain many shared elements. Any subsequent works using the Superman character may necessarily be derivative works of the original, barring significant visual differences and an entirely different alter ego and origin.<sup>161</sup>

The likely result for DC is that they will not be able to create new works, despite owning a seventy-year library of the character's exploits. At the same time, because the Siegels and Shusters would own only the material in *Action Comics #1*, #4 and a handful of comic strips, they would not be able to exploit the Superman character franchise to its full extent either.

#### B. WHAT CAN THE SIEGELS AND SHUSTERS DO AFTER 2013?

After a putative complete termination of the original assignment of Superman by the Siegel and Shuster heirs, they could only use the Superman character as he appears in the material they own.<sup>162</sup> Using any elements in later works would risk

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157. *Id.*

158. *Id.*

159. *Id.*

160. 17 U.S.C. § 304(c)(6)(A) (2006).

161. DC could still argue the "implied grant" construct detailed by the Second Circuit *Burroughs* decision. *See Burroughs v. Metro-Goldwyn-Mayer, Inc.*, 683 F.2d 610, 622 (2d Cir. 1982). A successful attempt to do so would strip nearly all of the remunerative power from the termination right in this case, an approach that the Ninth Circuit has yet to embrace.

162. *See Siegel*, 542 F. Supp. 2d at 1110–11 (demonstrating the characteristics of the character that were not present in the terminated works).

infringing DC's copyrights. If the heirs were to license their version of Superman for future exploitation, trademark and unfair competition law could also bar them from referring to their Superman as "Superman" on packaging, promotional materials and titles, despite their ownership of the copyright to the original version of the character.<sup>163</sup>

The Siegels and Shusters would own a Superman that cannot fly, cannot be depicted fighting Lex Luthor or any of Superman's classic villains and has no vulnerability to Kryptonite.<sup>164</sup> Many valuable aspects of the Superman character would be missing from any post-termination attempts to exploit the character on the part of the heirs.<sup>165</sup> It could also be very difficult for the Siegels and Shusters to take the Superman character to another publisher or licensee because DC's contribution to the character's mythology would not be included in the bargain.

### C. SOLUTIONS

Two possible solutions exist that are potentially amenable to the existing law of character copyright. One idea is to split the character in two—a 1938 Superman and a Modern Superman—and allow both sides to create new works based on their versions. This approach would embrace the theory and consequences of Judge Posner's ruling in the Medieval Spawn case.<sup>166</sup> A character that flies and has heat vision would infringe Modern Superman; a character that leaps tall buildings and works at the *Daily Star* would infringe 1938 Superman. Since the two characters would be legally separate, the Siegel and Shuster heirs would own a one hundred percent interest in 1938 Superman. DC would retain a one hundred percent interest in the unterminable works created after 1938. Because the two sides would have no overlapping property interests if the character were severed this way, there would be no need to account for profits between DC and the heirs. The heirs and DC would be able to independently exploit their respective versions of the Man of Steel.

The obvious downside to this approach is that it arguably does not achieve one of the remunerative goals of termination, as the publisher is left with the more valuable version of the character. However, it is possible that a rival publisher like Marvel Comics or Image Comics would be receptive to producing works featuring the original Superman, so long as it was relatively safe from legal action from DC. Nonetheless, while conceptually defensible, this splitting arrangement would tend to hurt creators and their heirs for the betterment of the publisher and the public.

A more satisfying solution may be to extend the current co-ownership arrangement between DC and the Siegel heirs (and then the Siegel heirs and the Shuster heirs) to include all three parties once the Shuster termination takes effect.<sup>167</sup> While the Siegel and Shuster estates could own the early terminated

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163. *Id.* at 1142.

164. *Id.* at 1110–11.

165. *Id.*

166. *Gaiman v. McFarlane*, 360 F.3d 644 (7th Cir. 2004).

167. *See* 17 U.S.C. § 201(a) (2006).

works together, and DC could own the work for hire material, the character copyright could be jointly owned by all three. Adopting this approach would effectively acknowledge that a character copyright is not a fixation in a tangible medium of expression in the same way a painting or book is.<sup>168</sup> A character like Superman is more than his delineation in one given work. He is the culmination of seventy years of fictional world building, as Judge Larson correctly pointed out.<sup>169</sup> The Superman character exists in the text and art of his adventures, but also he encompasses more than any single comic book issue or film or television episode. All three parties, as co-owners of the Superman character copyright, would be able to draw on the material produced by Siegel, Shuster and DC to create new works, subject to the duty of accounting for profits as in a joint authorship arrangement.<sup>170</sup>

The downside to this approach is the increased chance of marketplace confusion because each co-owner would have the ability to grant nonexclusive licenses.<sup>171</sup> There could be three or more sources of official Superman adventures potentially. However, in the context of other joint works, the copyright law is unperturbed by this potential outcome, and licensees must obtain the permission of each joint author if they want exclusive rights of exploitation.<sup>172</sup> Arguably, the relationship between the three tenants in common in this scenario is unequal since DC unquestionably owns the noncopyright aspects of the character, such as the Superman and "S" shield trademarks.<sup>173</sup> Trademark and unfair competition law could therefore favor the publisher by blocking the Siegel and Shuster heirs from exercising their rights in the character without involving DC in the hypothetical transaction.<sup>174</sup> Militating against this hardship is the fact that the original creators would benefit from work that belongs to DC through work made for hire.<sup>175</sup>

#### IV. CONCLUSION

Due to the unclear consequences of judicial rulings on the rights to the Superman character, as separate from *Action Comics #1*, it seems that the Siegel and Shuster heirs and DC only have the right to block one another from using the character in future works. Perhaps this is the desired result. Faced with owning fragments of an otherwise enormously valuable character, the parties have strong incentives to negotiate with one another for a regrant of rights, so that new derivative works can be prepared based on the character of Superman as the general public knows him.

However, if this is the correct interpretation of the interaction between termination and character copyright, then some of the basic goals of the termination

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168. See *id.* § 102(a) ("Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression.")

169. Siegel v. Warner Bros. Entm't Inc., 690 F. Supp. 2d 1048, 1068 (C.D. Cal. 2009).

170. NIMMER & NIMMER, *supra* note 8, §6.12.

171. *Id.*

172. *Id.*

173. See Siegel v. Warner Bros. Entm't Inc., 542 F. Supp. 2d 1098, 1142 (C.D. Cal. 2008).

174. *Id.*

175. See Siegel v. Warner Bros. Entm't Inc., 658 F. Supp. 2d 1067 (C.D. Cal. 2009).

of transfer provision have been thwarted. Settlement or a regrant of license would resolve the problem, but negotiations between the parties have broken down before.<sup>176</sup>

The termination right was created as a response to the failures of the 1909 renewal term.<sup>177</sup> A similar failure has occurred here, since the heirs of the original creators will not receive a character that is “free and clear” to take to another publisher if negotiations break down again. The heirs are effectively locked into negotiating with DC and DC alone, which significantly decreases their bargaining power. DC also receives no exploitable interest in a character that it has successfully stewarded for seventy years of publishing history, with many hundreds and thousands of works that it bore the financial risk of producing. Settlement should be encouraged when the result is optimal, not because ownership of rights are fractured and unclear.

As of this writing, the estate of legendary creator Jack Kirby has filed its own termination lawsuit against Marvel Comics, new owner Walt Disney Co., as well as Sony and Fox movie studios for the characters Iron Man, the X-Men, The Incredible Hulk, Thor, the Fantastic Four, Spider-Man and nearly all of the most iconic characters in the Marvel library of intellectual property.<sup>178</sup> Disney’s four billion dollar purchase of Marvel, reportedly made with full knowledge that the Jack Kirby estate would be sending termination notices, gives one an idea of the potential stakes involved in recapturing even a one-half interest in one or more of these characters.<sup>179</sup> A clear solution is needed. As high profile litigation in this area increases and creators become more aware of their termination rights, the threat increases that beloved characters will be locked in unending courtroom battles, to the detriment of all, while the labyrinthine provisions of the termination right and its unclear interaction with the character copyright get interpreted.

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176. See *Siegel*, 542 F. Supp. 2d at 1136–37.

177. See *id.* at 1139.

178. Michael Cieply & Brooks Barnes, *Disney Faces Rights Issues Over Marvel*, N.Y. TIMES (Sept. 20, 2009), <http://www.nytimes.com/2009/09/21/business/21marvel.html>.

179. *Id.*