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

LAURA SIEGEL LARSON, individually
and as personal representative of the
ESTATE OF JOANNE SIEGEL,

Plaintiff,

v.

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

Defendants.

Case No. 2:04-cv-08776-ODW(RZx)
**ORDER GRANTING
DEFENDANTS' MOTION FOR
SUMMARY JUDGMENT RE:
SUPERBOY AND THE SUPERMAN
ADS
[04-cv-8776, ECF No. 222]**

LAURA SIEGEL LARSON, individually
and as personal representative of the
ESTATE OF JOANNE SIEGEL,

Plaintiff,

v.

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

Defendants.

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I. INTRODUCTION

On March 20, 2013, this Court granted Defendants’ February 7, 2013 Motion for Summary Judgment in part, holding on remand from the Ninth Circuit that the parties’ October 19, 2001 settlement agreement remained binding and enforceable. The Court also ordered the parties to file supplemental briefs addressing how that holding affected the parties’ respective rights to Superboy and the Superman ad works. The Court now holds that the 2001 settlement agreement encompassed those works. The remainder of Defendants’ Motion is therefore GRANTED, and this litigation of superhero proportions now draws to a close.

II. FACTUAL BACKGROUND

On March 1, 1938, writer Jerome Siegel and artist Joe Shuster signed an agreement selling Superman to DC Comics for \$130. Siegel v. Warner Bros. Entm’t Inc., 542 F. Supp. 2d 1098, 1107 (C.D. Cal. 2008). DC intended to publish Superman in the inaugural issue of Action Comics, which it promoted in advance in black-and-white advertisements in two of its other magazines (the “Ads”). Id. The Ads reproduced the cover of the forthcoming Action Comics No. 1 with accompanying text:



1 In 1938, following Superman’s successful debut, Siegel “pitched the idea to
2 [DC] of serializing a comic concerning the exploits of Superman as a young man.”
3 *Siegel v. Warner Bros. Entm’t Inc.*, 496 F. Supp. 2d 1111, 1114 (C.D. Cal. 2007.) DC
4 twice declined to publish Siegel’s proposed Superboy comic. *Id.* at 1115. But while
5 Siegel was stationed abroad with the U.S. Army in 1943, DC published a five-page
6 “Superboy” comic strip without Siegel’s consent and without giving him notice. *Id.*
7 Several rounds of litigation ensued, but suffice it to say for present purposes that the
8 parties continue to dispute ownership, publication, and copyrightability of various
9 aspects of Superboy.

10 In 1997, Laura Siegel Larson and Joanne Siegel (Siegel’s daughter and now-
11 deceased widow, respectively) served DC with a “nearly six-pound, 546-page
12 termination notice” of Siegel’s Superman copyright grants under 17 U.S.C. § 304(c).
13 (Petrocelli Decl. in Support of Def.’s Supp. Br. (“Petrocelli Decl.”) Ex. 11); *Siegel v.*
14 *Warner Bros. Entm’t Inc.*, 658 F. Supp. 2d 1036, 1095 (C.D. Cal. 2009). This 1997
15 termination notice “applie[d] to each and every work (in any medium whatsoever,
16 whenever created) that include[d] or embodie[d] any character, story element, or
17 indicia reasonably associated with SUPERMAN or the SUPERMAN stores, such as,
18 without limitation, Superman . . . Superboy, . . . [or] Smallville.” (Petrocelli Decl. Ex.
19 11, at 93 n.1; *see also* Pl.’s Supp. Br. 3 (“[T]he 1997 Terminations applied to Siegel’s
20 Superman works published between 1938 and 1943, although they listed derivative
21 works outside this ‘window’ out of an abundance of caution.”).) In other words, the
22 Notice purported on its face to cover not only Superman, but also Superboy and the
23 Superman Ads.

24 Shortly before the termination’s 1999 effective date, DC contested the scope
25 and validity of 1997 termination notice and subsequently entered settlement
26 negotiations with the Siegels. After four years, these negotiations culminated in the
27 October 19, 2001 letter that the Ninth Circuit and this Court have found constitutes the
28 operative agreement between the parties. The 2001 agreement, like the 1997 notice of

1 termination, purported to cover Superboy and the Superman Ads. (*See* Petrocelli
2 Decl. Ex. 12, at 647 (defining “The Property” subject to the settlement as “all
3 Superman, Superboy and related properties (including, for example, Supergirl, Steel,
4 Lois & Clark and Smallville), and the Spectre property, and includes all pre- and post-
5 termination works (including the so-called Superman library, characters, names and
6 trademarks relating to the property”).)

7 But then efforts to reduce the 2001 agreement to a long-form contract broke
8 down. As a result, the Siegels repudiated the agreement, served an additional notice
9 of termination in 2002 purporting to recover the Superboy works, and sued DC in
10 2004 for declaratory relief with respect to the 1997 and 2002 notices of termination.
11 The Siegels later served a subsequent 2012 notice of termination regarding the Ads,
12 after Judge Larson held earlier in this litigation that the 2001 agreement was not
13 binding and that the 1997 notice of termination failed to capture the Ads. The parties
14 now dispute the effect of the 2001 settlement agreement on the Superboy and Ad
15 works in light of the 2002 and 2012 notices of termination.

16 III. DISCUSSION

17 DC maintains that the October 19, 2001 agreement constituted a revocation and
18 re-grant of the Siegels’ copyright interests (if any) in the Superboy and Superman Ad
19 works that precluded the Siegels’ 2002 and 2012 termination notices for those works.
20 (DC’s Supp. Br. 3–4.) The Siegels respond that the October 19, 2001 agreement
21 cannot constitute a revocation and re-grant, because it “contains *no language of*
22 *revocation*, let alone the requisite express revocation.” (Pl.’s Supp. Br. 9 (citing
23 *Milne*, 430 F.3d at 1040–41, 1047–48; *Mewborn*, 532 F.3d at 980–81, 986, 988–89).)

24 Two important appellate decisions undergird the parties’ revocation-and-re-
25 grant arguments: *Milne ex rel. Coyne v. Stephen Slesinger, Inc.*, 430 F.3d 1036 (9th
26 Cir. 2005) and *Penguin Group (USA) Inc. v. Steinbeck*, 537 F.3d 193 (2d Cir. 2008).
27 *Milne* concerned author A.A. Milne’s classic *Winnie the Pooh* works. *Milne*, 430
28 F.3d at 1039. In 1930, Milne granted producer Stephen Slesinger certain copyright

1 interests in Pooh in exchange for royalties. *Id.* Slesinger then transferred his Pooh
2 rights to Stephen Slesinger, Inc. (SSI), which in turn granted its rights exclusively to
3 Disney. *Id.* at 1039–40. Milne later died in 1956, survived by his widow and son,
4 Christopher Robin. *Id.*

5 Twenty years later, Congress passed the 1976 Copyright Act, which (among
6 other things) extended the 1909 Act’s renewal term and created a new termination
7 right so that authors or certain of their heirs could take advantage of that extended
8 term. *Id.* In 1983, faced with the possibility that Christopher Robin might seek to
9 terminate his 1930 grant to SSI (but before any termination right had been exercised),
10 Disney proposed that the parties renegotiate the rights to the Pooh works. *Id.*
11 “Christopher accepted Disney’s proposal and, using the bargaining power conferred
12 by his termination right, negotiated and signed on April 1, 1983 a more lucrative deal
13 with SSI and Disney that would benefit” Milne’s heirs. *Milne*, 430 F.3d at 1040.

14 In 1998, Congress passed the Sonny Bono Copyright Term Extension Act
15 (“CTEA”), Pub. L. No. 105-298, 112 Stat. 2827 (1998) (codified at 17 U.S.C. §§ 108,
16 203, 310–304). Of particular importance here, the CTEA further extended the term of
17 copyright protection, granted an extended termination window *only for pre-1978*
18 *copyright grants*, and provided more favorable treatment to authors’ heirs. *See*
19 17 U.S.C. § 304(c)–(d); *Milne*, 430 F.3d at 1038–39, 1041.

20 Years later, Christopher’s daughter, Clare, attempted to terminate Milne’s 1930
21 grant. The Ninth Circuit rejected this effort, holding that Christopher’s 1983 grant
22 revoked the pre-1978 grant and re-granted the same rights, thereby pulling the 1930
23 agreement from the grasp of the CTEA’s extended termination provisions. *Id.* at
24 1048.

25 The Ninth Circuit further held that Christopher’s 1983 grant did not constitute
26 an ineffective “agreement to the contrary” under 17 U.S.C. § 304(c)(5). *Id.* at 1046.
27 In so holding, the Ninth Circuit reasoned that Congress had “anticipated that parties
28 may contract, as an alternative to statutory termination, to revoke a prior grant by

1 replacing it with a new one.” *Id.* But more importantly for this case, the Ninth Circuit
2 found that Christopher’s 1983 grant had effectively fulfilled Congress’s objectives in
3 disallowing authors or their heirs from entering into an agreement contrary to the
4 future exercise of their newly granted statutory termination rights:

5 The rationale behind [the CTEA] was to ‘safeguard[] authors against
6 unremunerative transfers’ and improve the ‘bargaining position of
7 authors’ by giving them a second chance to negotiate with more
8 advantageous grants in their works after the works had been sufficiently
9 ‘exploited’ to determine their ‘value.’ *Congress sought to foster this*
10 *purpose by permitting an author’s heirs to use the increased bargaining*
11 *power conferred by the imminent threat of statutory termination to enter*
12 *into new, more advantageous grants. This is exactly what Christopher*
13 *and the other beneficiaries of the Pooh Properties Trust did in 1983.”*
14 *Milne*, 430 F.3d at 1046 (emphasis added) (quoting H.R. Rep. No. 94-
15 1476 at 124, 1976 U.S.C.C.A.N. at 5740).

16 *Steinbeck* mirrored the *Milne* scenario. In 1938, author John Steinbeck
17 executed a publishing agreement covering several of his best-known works; the
18 agreement was extended in 1939 to cover four additional works. *Steinbeck*, 537 F.3d
19 at 196. The agreements were later assigned to Penguin Group, and Steinbeck
20 thereafter properly renewed the copyrights subject to those agreements. *Id.* Steinbeck
21 died in 1968, survived by his widow, Elaine, and two sons from a previous marriage,
22 Thomas and John IV. *Id.*

23 In 1994, Elaine and Penguin entered into a new agreement for continued
24 publication of all works subject to the 1938 agreement, plus additional other Steinbeck
25 works. *Id.* The 1994 agreement also altered the economic terms of the 1938
26 agreement to Elaine’s benefit and expressly “cancel[ed] and supersede[d] the previous
27 agreements, as amended, for the [works] covered [t]hereunder.” *Id.*

28 Elaine then died in 2003, and in 2004 Thomas and John IV’s son jointly served
a notice of termination purporting to terminate the grants made by the 1938
agreement. *Id.* Citing *Milne* with approval, the Second Circuit in *Steinbeck* held that

1 Elaine’s 1994 agreement (1) “terminated and superseded” the 1938 agreement, *id.* at
2 200; and (2) was not an invalid “agreement to the contrary,” “even if the agreement
3 had the effect of eliminating a termination right that Congress did not provide until
4 1998.” *Id.* at 202. Similar to the Ninth Circuit in *Milne*, the Second Circuit noted that
5 Elaine had renegotiated and canceled the 1938 agreement “while wielding the threat
6 of termination” and found that “this kind of renegotiation appears to be exactly what
7 was intended by Congress.” *Id.*

8 The Siegels’ 1997 Termination notice and subsequent 2001 settlement
9 agreement with DC presents this Court with an even clearer case than either *Milne* or
10 *Steinbeck*. At the outset, the Court notes that this case does not—despite the parties’
11 many pages of argument on the issue—implicate a revocation and re-grant scenario.
12 In both *Milne* and *Steinbeck*, the courts began their analyses with the recognition that
13 the CTEA’s extended termination rights, which became effective in 1999, only
14 applied to grants made *before* January 1, 1978. *Steinbeck*, 537 F.3d at 200; *Milne*,
15 430 F.3d at 1042. Thus, because the *Milne* and *Steinbeck* heirs had entered into post-
16 1978 agreements that terminated and superseded the pre-1978 grants, those heirs were
17 statutorily precluded from exercising the CTEA’s new grant of termination rights.

18 Here, in contrast, DC and the Siegels entered into the 2001 agreement *after* the
19 CTEA became effective in 1999. Because the extended termination rights the CTEA
20 bestowed had already vested by the time the 2001 agreement was consummated, the
21 Court need only concern itself with whether the 2001 agreement constituted an
22 “agreement to the contrary” under § 304(c)(5).

23 Both *Milne* and *Steinbeck* preclude a finding that the 2001 settlement agreement
24 constituted an “agreement to the contrary” under § 305(c)(5). In finding that the post-
25 1978 revocation-and-re-grant agreements did not constitute agreements to the
26 contrary, the courts in both *Milne* and *Steinbeck* ardently emphasized the fact that the
27 heirs had vindicated Congress’s intent by wielding their termination rights to extract
28 more lucrative deals. The Ninth Circuit in *Classic Media, Inc. v. Mewborn* has since

1 expressly relied on this point in contrasting the facts of that case with those in *Milne*:
2 “When the Milne heir chose to use the leverage of imminent vesting to revoke the pre-
3 1978 grant and enter into a highly remunerative new grant of the same rights, it was
4 tantamount to following the statutory formalities, and *achieved the exact policy*
5 *objectives for which § 304(c) was enacted.*” 532 F.3d 978, 987 (9th Cir. 2008)
6 (emphasis added); *see also id.* at 988 (the subject agreement was consistent with and
7 “fully honored Christopher’s right of termination which could vest immediately if he
8 served notice”; “[t]he avenue chosen by Christopher and the studio secured the exact
9 equivalent result for him and his fellow heirs, and in no way subverted the termination
10 rights and the congressional purpose underlying them.”). Christopher, the Ninth
11 Circuit noted, had chosen “to avoid the statutory formalities whereby the rights would
12 actually vest in him and then he would have to renegotiate with the studio.” *Id.* at
13 988. Further, “the deal resulted in a net gain of hundreds of millions of dollars to [the
14 Milne heirs], landing the studio and [the heirs] in the same place had [they] followed
15 the formalities.” *Id.*

16 By the 1997 termination notice and 2001 settlement agreement, the Siegels here
17 went a step further than the heirs in *Milne* by actually engaging in the statutory
18 formalities: While Christopher simply *could have* served a termination notice, the
19 Siegels actually *did* serve a termination notice listing a vast spectrum of Superman
20 and Superboy works. Sure, DC disputed the validity and scope of the Siegels’ 1997
21 notice. And the Siegels served another termination notice in 2002 targeting Superboy
22 in particular. When Judge Larson later held that the Ads fell outside the scope of the
23 1997 termination notice, the Siegels apparently felt compelled to file a 2012
24 termination notice with respect to the Ads. But in construing the parties’ October
25 2001 settlement agreement, the Court must focus on the subject of the settlement
26 negotiations—the 1997 notice of termination that encompassed Superman, Superboy,
27 and the Ads. As of the date of the 1997 notice, it was an open question between the
28 parties whether and to what extent any of these works were within the ambit of the

1 1997 notice. This uncertainty resulted in a lengthy four-year negotiation process that
2 culminated in an October 19, 2001 settlement agreement whereby the Siegels
3 *explicitly* granted DC their rights to “*all* Superman, *Superboy*, and related properties
4 (including, for example, . . . *Smallville*,” as well as “all pre- and post-termination
5 works (including the so-called Superman library), characters, names and trademarks
6 relating to” these rights. (Petrocelli Decl. Ex. 12, at 647.) In exchange for this grant,
7 the Siegels received a \$2 million advance, a \$1 million non-recoupable signing bonus,
8 forgiveness of a previous \$250,000 advance, a guarantee of \$500,000 per year for 10
9 years, a 6% royalty of gross revenues, and various other royalties. Simply put, the
10 Siegels entered into a *highly* remunerative new deal with DC as a *direct result* of their
11 1997 notice of termination that purported to encompass the Superboy and Superman
12 Ad works now at issue. “[T]his kind of renegotiation appears to be exactly what was
13 intended by Congress.” *See Steinbeck*, 537 F.3d at 202.

14 Later decisions holding that Superboy and the Ads were not properly terminated
15 by the 1997 notice do not change this result. The course of litigation in this matter
16 teaches that the Superboy and the Superman Ads were likely not properly terminated
17 by the 1997 notice of termination, notwithstanding the fact that those works were
18 listed in the notice. The Court will therefore assume without deciding that absent the
19 2001 Agreement, the Siegels would have properly terminated Superboy through their
20 2002 notice of termination and the Ads through their 2012 notice of termination.
21 Under this presumption, the Siegels would have settled away their termination rights
22 to Superboy and the Ads by way of the 2001 settlement agreement. On the surface,
23 this would appear to be an agreement to the contrary. But the Siegels freely and
24 intelligently entered into the 2001 agreement as a direct result of their 1997 attempt to
25 terminate the Superboy and Ad works. In 2001, they knew full well that the CTEA
26 had been effective for more than two years. And like Christopher, the Siegel heirs
27 here had very much “in hand with which to bargain” in 2001 when they negotiated the
28 settlement stemming from their 1997 termination notice. *Mewborn*, 532 F.3d at 989.

1 The import of the 2001 agreement could not possibly have been lost on the
2 Siegels at the time: they had already served a termination notice purporting to
3 recapture the rights to the entire universe of Superman works. They had used that
4 termination as leverage “to obtain considerably more money as a result of [their
5 increased] bargaining power.” *Id.* at 988. Clearly the 2001 agreement was not
6 *contrary* to the Siegels’ termination rights at all; “it was an agreement consistent with,
7 and which fully honored [the Siegels’] right of termination” they undoubtedly
8 *intended* to exercise as to Superboy and the Ads by the 1997 termination. *Id.*

9 Given that the Siegels settled their rights to Superboy and the Ads well before
10 any court decided the 1997 termination notice did not in fact encompass those works,
11 the Court cannot see how the 2001 settlement agreement could be an “agreement to
12 the contrary” simply because it had the effect of eliminating certain termination rights
13 the Siegels believed they had already exercised.

14 IV. CONCLUSION

15 The Court holds that the 2001 settlement agreement between DC and the
16 Siegels re-granted the Siegels’ Superman, Superboy, and Superman Ad works to DC
17 in return for substantial advances and royalties. Because the agreement leveraged the
18 Siegels’ all-encompassing 1997 termination notice to extract a highly remunerative
19 new grant of the same rights, it was tantamount to following the statutory formalities
20 and thus does not constitute an “agreement to the contrary” under 17 U.S.C.
21 § 303(c)(5).

22 DC’s February 7, 2013 Motion for Summary Judgment is therefore **GRANTED**
23 in its entirety. To recap, the October 19, 2001 agreement (embodied in Kevin Marks’
24 letter of the same date) remains binding and enforceable solely under the terms
25 embodied in that agreement. That agreement encompasses all of the works subject to
26 the related Superman and Superboy actions. *Siegel v. Warner Bros. Entm’t Inc.*, No.
27 2:04-cv-08400-ODW-RZ (C.D. Cal. filed Oct. 8, 2004); *Siegel v. Time Warner Inc.*,
28 No. 2:04-cv-08776-ODW-RZ (C.D. Cal. filed Oct. 22, 2004). Whether and how that

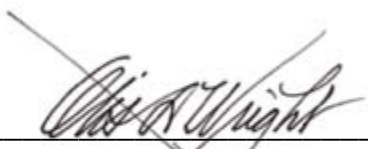
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right has been affected by the parties' actions after October 19, 2001, is not now before the Court, as DC has voluntarily dismissed its third counterclaim for breach of contract, and the Siegels do not assert any contract claims related to the October 19 agreement. Thus, to the extent that any party contends any delay in performance or other breach gives rise to any damages, such a claim is properly subject to a separate state-court action for breach of contract.

A judgment will issue.

IT IS SO ORDERED.

April 18, 2013



OTIS D. WRIGHT, II
UNITED STATES DISTRICT JUDGE