

1 terminate the grant in "work-for-hire creations"). The complexity of the 1976 Act's
2 termination procedures stems as much from the fact that those provisions
3 intersect with and must be construed in light of the body of copyright law that
4 existed at the time the works were created (here, the 1909 Copyright Act) as from
5 the intricacies set forth in the 1976 Act itself.

6 This is particularly true when applying the "work made for hire" bar to works
7 created under the auspices of the 1909 Act, as the law developed by the courts
8 under the Act was oftentimes confused and not well-delineated, with its dimension
9 continuing to evolve long after the effective date of the 1976 Act. See Easter Seal
10 Society for Crippled Children and Adults of Louisiana, Inc. v. Playboy Enterprises,
11 815 F.2d 323, 325 (5th Cir. 1987) (commenting that the term "work for hire" was
12 undefined in statute, and that a "substantial body of cases developed as courts
13 worked out the definition").

14 Having previously addressed the iconic superhero Superman's first
15 appearance in Action Comics No. 1 in its earlier decision, the Court now considers
16 the myriad relationships and contractual arrangements surrounding the published
17 works of Superman by his creators Jerome Siegel and Joseph Shuster for the
18 years 1938 to 1943. The task of disentangling these relationships and
19 agreements, and giving legal meaning to them, lies at the heart of this case.

20 I. FACTUAL BACKGROUND

21 When the Court last left Superman, the copyright in the earliest published
22 version of the character, as depicted in the comic book Action Comics No. 1, had
23 been reunited with the heirs of one of his creators, Jerome Siegel. See Siegel v.
24 Warner Bros. Entertainment Inc., 542 F. Supp. 2d 1098, 1145 (C.D. Cal. 2008).
25 One might have thought that with the extensive discussion of Superman's creation
26 and development therein, little more would be left to be said about Superman's
27 first years in print; as the Court has since learned, there is more to the story.

28

1 Like the arc of a comic book serial, there has been an unfolding of
2 evidence regarding the creation and subsequent publication of Superman. The
3 parties have presented to the Court previously undisclosed evidence surrounding
4 the back story to Superman's creation before 1938, the character's publication for
5 the years 1938 to 1943 in comic books published by Detective Comics after Action
6 Comics No. 1, and in the syndication of daily newspaper comic strips through the
7 McClure Newspaper Syndicate.

8 **A. Pre-1938 Years: Superman's Initial Creation and Development**

9 As recounted in the Court's earlier Orders, the development of Superman
10 evolved, with the character being re-worked by Siegel and Shuster over a period
11 of years. However, missing from that account and now disclosed is the existence
12 of another collaborator.

13 The story picks up with Siegel dramatically rescuing from the flames the
14 cover art work from the pair's initial version of the Superman character in heroic
15 form (as a hulking strong man, sans super-human powers or alien origin, in the
16 fashion of Flash Gordon) after Shuster grew despondent when the publisher to the
17 comic book Detective Dan rescinded its offer to publish the material. See Siegel,
18 542 F. Supp. 2d at 1103. This led to a split of sorts with Siegel, with Shuster
19 apparently deciding he was no longer interested in continuing to illustrate
20 Superman, and Siegel apparently concerned that the character was going
21 nowhere under Shuster's artistic direction. As Siegel later recounted, after the
22 debacle with Detective Dan, Shuster became "very discouraged" and decided that
23 he "did not want to work on Superman anymore." (Decl. Marc Toberoff, Ex. F at
24 45). Undeterred, Siegel sought out other artists to illustrate his scripts as he
25 continued to flesh out the Superman character. See Siegel, 542 F. Supp. 2d at
26 1103 ("Undaunted, Siegel continued to tinker with his character, but decided to try
27 a different publication format, a newspaper comic strip").

28

1 Notably, Siegel approached illustrator Russell Keaton, who at that time was
2 providing the art work for the Buck Rogers Sunday newspaper strips. For a few
3 months spanning the summer and fall of 1934, the pair exchanged
4 correspondence and scripts for Superman. This activity culminated with Siegel
5 and Keaton producing a week's worth of newspaper comic strips (or nine
6 horizontal strips, each containing four panels, with dialogue and illustrations), and
7 Siegel drafting for Keaton's consideration three scripts (for which no illustrations
8 were ever created) for Superman that, taken together, demonstrated the evolving
9 nature of the character.

10 The story portrayed in the scripts and the week's worth of illustrated
11 material was devoted exclusively to Superman's upbringing as a child by a couple
12 known only as Sam and Molly Kent, and included the first inklings of a science
13 fiction aspect to the character, albeit with a much different take on Superman's
14 now well-familiar origins.

15 In this earlier version, Siegel conceived of Superman as having been sent
16 as an infant back in time, to then-present day America (circa 1935), in a time
17 machine created by "the last man on Earth" before the planet's destruction. The
18 story is also notable as it contained the first expression of Superman's now
19 familiar super-human powers: That he had a "physical structure millions of years
20 advanced from" those living in 1935, leading him to possess "colossal strength,"
21 the ability to "leap over a ten story building," "run[] as fast as an express train,"
22 and stated that "nothing less than a bursting shell could penetrate his tough skin."
23 Upon his arrival, Superman spoke a language that his adoptive parents did not
24 understand, and the secret of his origins was tied to a cryptic mystery note
25 accompanying him in the time machine. When, as an adult, Clark Kent was
26 presented with the mystery note, he could not understand the words written on it.
27 Both the illustrated strips and the scripts contain the by-line crediting its authorship
28 to "Jerome Siegel and Russell Keaton." (Decl. Marc Toberoff, Exs. C, D & E).

1 Keaton eventually chose not to take a chance on someone with such little
2 experience writing comics; by sometime in the first half of 1935, Siegel and
3 Shuster resumed their creative partnership and were again working together on
4 Superman, with the pair poised at the tipping point that would lead them to create
5 the version of the character that would transform the comic book industry. In fact,
6 it was shortly thereafter that Siegel would have his breakthrough moment,
7 conceiving of the now-familiar Superman story on a "hot summer night." It was
8 then that Siegel combined his now developed Superman character as a mythic
9 superbeing capable of fantastic feats with a new pseudo-scientific explanation for
10 those feats to make them more plausible — the character's extra terrestrial origin.
11 Shuster then went about creating a graphical representation of Siegel's character,
12 replete with costume and distinctive physical features:

13 The two then set about combining Siegel's literary
14 material with Shuster's graphical representations.
15 Together they crafted a comic strip consisting of
16 several weeks' worth of material suitable for newspaper
17 syndication. Siegel typed the dialogue and Shuster
18 penciled in artwork, resulting in four weeks of
19 Superman comic strips intended for newspapers. The
20 art work for the first week's worth of "daily comic strips
21 was completely inked" and thus ready for publication.
22 The "three additional weeks of 'Superman' newspaper
23 comic strip material" differed from the first week's
24 material "only in that the art work, dialogue and the
25 balloons in which the dialogue appeared had not been
26 inked," instead consisting of no more than black-and-
27 white pencil drawings.

21 Siegel, 542 F. Supp. 2d at 1105.¹ Much of this four weeks' worth of material was
22 later re-cut and re-pasted into a comic book format and published in the first
23 installment of Detective Comics' comic book magazine Action Comics. Not widely
24 known is the amount of material, beyond that published, the pair had created
25 during these formative years, outside the watchful eye of any publisher.

27 ¹ In its March 26, 2008, Order, the Court describes this "hot summer night"
28 moment as occurring in 1934; however, the undisputed evidence now points to an
undefined date in the summer of 1935.

1 To begin, not all of the four weeks of pre-existing Superman material
2 created by Siegel and Shuster found its way into print in Action Comics No. 1.
3 During the editing process, Detective Comics decided to exclude the first weeks'
4 worth of material in order to accommodate space for other features in the comic
5 book. As later explained by noted comic artist/writer/historian James Steranko in
6 his 1989 forward to DC Comics publication of Superman Archives, Volume 1:

7 McClure Syndicate agent M.C. Gaines, an early comics
8 pioneer, just happened to have the Siegel and Shuster
9 submission on his desk when president Harry
10 Donenfeld [of Detective Comics] phoned, inquiring
11 about original material to fill a new magazine he was
12 assembling. . . . Donenfeld recognized the material's
13 appeal and ordered the newspaper strip repasted into
14 comic-book format, with the first week eliminated to
15 accommodate available space in the magazine, which
16 was christened **Action Comics**. . . . The opening tale
17 was reprinted in its entirety in **Superman 1**

18 (emphasis added).

19 Indeed, if one compares the material published in Superman No. 1 with that
20 in Action Comics No. 1, the two mirror one another in every respect except that
21 Superman No. 1 contains an additional six pages (the first six pages in the comic)
22 filling in more details about Superman's formative years as well as providing the
23 prologue to the story told in Action Comics No. 1 (see Addendum A for the first six
24 pages of Superman No. 1). Included in the famous first edition re-publication of
25 Superman No. 1 is a forward by Siegel himself, which gives the following
26 description of the origins and time of creation for these first six pages of material:

27 M.C. Gaines became involved in this enterprise[, the
28 publication of Superman No. 1]. Readers may be
especially interested in the letter he wrote to me on
March 27, 1939 on Detective Comics, Inc. stationery:
"With further reference to the SUPERMAN book . . . we
have decided . . . that for the first six pages of the
SUPERMAN book that we would like you to take the
first page of SUPERMAN, which appeared in ACTION
COMICS #1, and by elaborating on this one page,
using different ideas than those contained on this
page, work up two introductory pages, the last panel of
this second page to consist of the panel marked 'X' on
the enclosed sheet. On these two pages, you will of

1 course leave out the scientific explanation of Clark
2 Kent's amazing strength, as we want a separate page
3 on that item to use further back in the book with the
4 heading as follows: 'Scientific Explanation of
5 Superman's Amazing Strength', in which you will
6 incorporate five or six various explanations, which we
7 discussed while you were here in New York several
8 days ago.

9 (Decl. Marc Toberoff, Ex. GG).

10 Thus, the first two pages in Superman No. 1 was composed of material
11 created by Siegel and Shuster in 1939 when the comic book was published, but
12 the following four pages in the comic (pages three through six) represent the first
13 week of Superman material the pair had crafted in 1935.

14 Beyond this first four weeks of material (containing Siegel's dialogue and
15 Shuster's illustrations) that was later re-cut and re-pasted in comic book format,
16 Siegel also had written Superman material to which Shuster provided no
17 illustrations.

18 For example, Siegel wrote a paragraph previewing future Superman
19 exploits which was contained at the end of a "nine-page synopsis of the storyline
20 appearing in the three weeks of penciled daily Superman newspaper comic
21 strips." 542 F. Supp. 2d at 1105. The paragraph Siegel wrote previewing future
22 Superman exploits has now been produced in this case:

23 This ends the first month's release and yet the
24 potentialities of the character, SUPERMAN, has barely
25 been scratched. He's headed for the most exciting and
26 yet humorous adventures this world has even seen.
27 He will win a war single-handed, battle an airplane with
28 his bare hands, swim several hundred miles and think
nothing of it, etc.,. He's different and sure to become
the idol of young and old. He'll participate in sports
and astound the nation; he'll single-handed rescue a
town from a flood through his super-strength. Unlike
most adventure strips the scene of the story will not be
laid in some fantastic, unknown jungle or planet or
country, but will be all the more astounding for having
its locale on familiar streets. SUPERMAN will operate
against a background of America's most well-known
cities, buildings, and pleasure-spots.

1 (Decl. Marc Toberoff, Ex. A at 12 (emphasis in original)).

2 These broad outlines later found expression in the plot in Action Comics
3 No. 2, which involved Superman single-handedly averting a war brewing in the
4 fictional country of San Monte that had been instigated by a corporate war
5 profiteer. In that comic book, there is a series of panels revealing Superman
6 battling a fighter plane in mid-air with his bare hands, and there is also a series of
7 panels depicting Superman swimming a great distance in the ocean. Action
8 Comics No. 4 similarly gives concrete expression to the idea pitched in Siegel's
9 paragraph, telling the story of Superman interceding in a college football game
10 and using his superpowers on the field to astound the crowd. Finally, in Action
11 Comics No. 5, Superman is shown saving a town from a flood after a huge dam
12 breaks.

13 Moreover, even with the renewed partnership with Shuster, Siegel still
14 looked to and would lift material he had created while corresponding with Keaton,
15 and use it for publications of his newly conceived Superman character. Thus, in
16 November, 1934, Siegel sent to Keaton, a nine-page "synopsis of what will occur
17 during the next two months" to convince a potential publisher to bring the extant
18 version of Superman to print. The synopsis submitted by Siegel is of the college
19 football story alluded to a year later in Siegel's "future exploits" paragraph and
20 tracks almost precisely the storyline, both the dialogue and the action direction,
21 that was later published by Detective Comics in Action Comics No. 4.² The

22 _____
23 ² Plaintiffs also assert that there are additional pre-1938 Superman
24 material, in the form of scripts, or synopses for daily newspaper strips, that were
25 created. (Pls.' Opp. at 6 ("scripts (continuity) for 15 Superman daily comic strips
26 (created by Siegel c. 1934) and a 9 page synopsis covering 2 months of daily (at 6
27 days per week) comic strips of Superman (created by Siegel c. 1934)"). This
28 reference to additional newspaper comic strip material is misleading. The material
in question is nothing more than a reference to the newspaper strips that were
later repackaged and published in Action Comics No. 1. (See Decl. Marc
Toberoff, Ex. B ("The drawn daily strips of Superman, herein described, were later
cut up, pasted onto pages, and reproduced together with the art of daily strip week
one and two in ACTION COMICS No. 1, June, 1938 issue"); Ex. X at 176 ("In
(continued...)

1 following example, comparing Siegel's 1934 script with a portion of the published
2 material found in Action Comics No. 4, is typical of this near seamless
3 interweaving between these two items. The narrative from Siegel's script is
4 followed by the embodiment thereof in Action Comics No. 4:

5 Script (page 6)

6 The coach says: "This is going to be good! The sap is
7 running for a goal, with everyone on the field trying to
8 stop him. There goes Martin for him. Watch Burke
9 come down faster than a window-shade!"

10 Martin is the first to reach SUPERMAN. As he
11 dives for a tackle he says: "This is for poking into my
12 locker!" SUPERMAN's outhrust arm connects with
13 Martin's face, thrusting off the tackler. "And this," says
14 SUPERMAN, "is for busting me on the jaw!"

15 Three more players close in on SUPERMAN,
16 from all sides. The coach says to his assistant: "He'll
17 have to be a superman to get by them." SUPERMAN
18 leaps to the shoulder of one of the three oncoming
19 players, and springs on over the other two. The
20 coach's assistant replies: "There's your superman!"

21 SUPERMAN is already half-way down the field. The
22 coach's assistant says: "I believe he's going to make
23 it!" To which Coach Oliver replies: "Just fool's luck so
24 far. Wait until he meets our 'unbeatables' — Stevens,
25 Burns, and Dennis." The entire remaining team piles
26 onto SUPERMAN. The coach yells: "They've got him!"

27 Action Comics No. 4 (page 8):

28 ²(...continued)

29 addition, I prepared a synopsis of the story continuity appearing in the three weeks
30 of penciled daily strips. Because we did not want to risk the loss of all the art work
31 we had done, either through the mails or a failure to return it, the synopsis was
32 sent to prospective out-of-town newspaper syndicates and publishers, in lieu of
33 the three weeks of penciled strips, together with the first week of inked strips)).
34 Plaintiffs have not come forward with evidence to refute the fair inference of the
35 evidence that is of record, that the "synopsis" mentioned is nothing more than
36 what was later re-cut and re-pasted in Action Comics No. 1.

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18 **B. Superman's Publication in Comic Books and Newspaper Strips**

19 Siegel and Shuster's well-traveled Superman concept was eventually
20 published by Detective Comics in the premiere issue of its comic book magazine
21 Action Comics in April, 1938, becoming an almost instant success whose
22 popularity endures to this day and whose depiction has been transferred to
23 various media formats. It is in this transfer to different formats that yet another
24 portion of the untold history of Superman's first years in print takes shape.

25 Shortly before the publication of Action Comics No. 1, Siegel and Shuster
26 signed a grant of their rights in the copyright to the Superman material contained
27 therein to Detective Comics. This assignment was executed on March 1, 1938,
28 giving to Detective Comics "such work and strip, all good will attached thereto and

1 exclusive right[s] to the use of the characters and story, continuity and title of strip
2 contained therein . . . to have and hold forever," in exchange for \$130. In the
3 grant, Siegel and Shuster further agreed that they would "not employ said
4 characters or said story in any other strips or sell any like strip or story containing
5 the same characters by their names . . . without obtaining [Detective Comics']
6 written consent therefore."

7 Superman's appearance in Action Comics No. 1 was followed by
8 subsequent installments, "published at regular intervals, each succeeding issue
9 having a SUPERMAN comic strip prepared by [Siegel and Shuster], who
10 continue[d] to be paid by DETECTIVE COMICS, INC. at the agreed rate of \$10
11 per page." (April 20, 2007, Decl. Bergman, Ex. S at 282 (Westchester referee's
12 Finding of Fact No. 36)).³ Thus, Action Comics No. 2 was published on May 25,
13 1938; Action Comics No. 3 was published on June 25, 1938; Action Comics No. 4
14 was published on July 25, 1938; Action Comics No. 5 was published on August
15 25, 1938; and Action Comics No. 6 was published on September 26, 1938.

16 It is apparent from the undisputed evidence that publication of Superman
17 as a continuing feature in Action Comics was part of a pre-arranged, implicit
18 understanding between the artists and Detective Comics. For instance, before
19 Superman was accepted for publication in the first issue of Action Comics,
20 Detective Comics' editor, in a letter dated January 10, 1938, voiced concerns to
21 Siegel about Shuster's ability to handle such a continuing "feature" given his pre-
22 existing commitments to doing the art work for other regularly appearing comics
23 for the publisher. (Decl. Michael Bergman, Ex. A ("With all the work Joe is doing
24 now . . . could it be possible for him to still turn out 13 pages of this new feature?
25 . . . if it were humanly possible I'd like to have him turn out this 'Superman' for the
26 new magazine. . . . It strikes me that adding another 13 pages to his already filled

27
28 ³ The Court previously held that the referee's factual findings are binding in
this litigation. Siegel, 496 F. Supp. 2d at 1136.

1 schedule is loading him up to the neck. Please let me know immediately whether
2 or not he can do this extra feature" (emphasis in original)).

3 Similarly, correspondence from another Detective Comics' editor to the pair,
4 shortly before Superman's initial appearance in Action Comics No. 1, also
5 suggested that the Superman comic was envisioned by the publisher to be a
6 regular feature in its Action Comics comic book for which the pair would provide
7 continuing material. On April 8, 1938, Detective Comics sent a check in payment
8 for their "July material," and enclosed was a letter to Siegel remarking that the
9 publisher had "loaded [them] up with 43 pages a month" in material to produce,
10 and expressing concern with the pair's ability to handle such a monumental task,
11 but also reminding the pair that their "chances of . . . making more money is
12 bound up with the success of the magazine." (Decl. Michael Bergman, Ex. B).

13 Superman's acceptance for publication in comic book format apparently
14 rekindled Siegel's interest in seeing his character syndicated in daily newspaper
15 strips. As later explained by Shuster during the bench trial in the 1947
16 Westchester litigation, even with Superman's publication in Action Comics No. 1,
17 he and Siegel still "wanted to see Superman in the newspapers, not in the
18 magazines." (Decl. Marc Toberoff, Ex. N at 118). Their motive was an economic
19 one: At this time, "black-and-white newspaper comic strips . . . were" not only "the
20 most popular medium for comics," but were also potentially the most lucrative.
21 Siegel, 542 F. Supp. 2d at 1103. Toward that end, Siegel, initially without either
22 the approval of or notice to Detective Comics, began shopping around the now
23 accepted, but as yet unpublished, Superman character to various newspaper
24 publishers seeking syndication in or around March or early April, 1938. That
25 Siegel did not first approach Detective Comics about syndicating Superman in
26 newspapers was understandable given that, in Shuster's words, Detective Comics
27 "wasn't running a newspaper." (Decl. Marc Toberoff, Ex. N at 118). As Siegel
28 later explained in an unpublished memoir titled "Creation of a Superhero":

1 I continued attempting to break into newspaper
2 syndication. On April 8, 1938, an employee in the
3 Business Department of the McClure Newspaper
4 Syndicate wrote to me asking if I would be agreeable to
5 working out two weeks of "Superman" newspaper
6 strips at no obligation to them: "You should get a letter
7 from the publisher of these magazines before we can
8 get down to brass tacks on Superman." He was
9 referring to "Action Comics." He added, "The early
10 panels describing the birth of SUPERMAN and how he
11 came to this planet could well be expanded into several
12 weeks releases, we think."

13 On April 13, 1938, he suggested that I submit the two-
14 weeks' sample releases of SUPERMAN around July
15 1st.

16 I wrote a detailed two weeks "Superman" daily strip
17 continuity account of Superman's origin on the planet
18 Krypton; how his father and mother placed their infant
19 child in a rocket ship and sent him to Earth, moments
20 before Krypton exploded. And how, upon reaching
21 Earth, the infant was rescued from the flaming space
22 craft and grew up to become crusading SUPERMAN.

23 I sent the script to McClure Syndicate.

24 (Decl. Marc Toberoff, Ex. R).

25 Just before he submitted the script to McClure, Siegel wrote the following
26 letter to Detective Comics' president, J.S. Liebowitz, on April 18, 1938:⁴

27 Regarding SUPERMAN. In their latest letter, McClure
28 has instructed us to draw up the two weeks release of
SUPERMAN and get them submitted on July 1st. This,
Joe and I will do. When we submit the drawn up strip
to them, I'll inform you at once. I've no doubt but that if
you drop in on the McClure Newspaper Syndicate at
that time to discuss matters, that your presence will aid
materially in the selling of the strip.

(Decl. Marc Toberoff, Ex. S).

Siegel's unpublished memoir recounts what transpired thereafter:

On April 21, 1938, McClure responded that they
preferred waiting until July 1: "Enclosed we return your
continuity for your safe-keeping. Thank you for your
energetic cooperation."

⁴ Incidentally, the same day that Action Comics No. 1 was first published.

1 I knew that periodical publishers often returned to
2 contributors, upon request, the rights other than first
3 serial rights. Wheeler-Nicholson had written to me that
4 this was our arrangement. I wrote to Liebowitz [at
5 Detective Comics] that I had a newspaper syndicate
6 interested in syndicating "Superman," and I requested
7 that newspaper syndication rights to "Superman" be
8 returned to Joe [Shuster] and me.

9 In his letter to me dated June 9, 1938, Liebowitz
10 replied, "While it is not our intention to hold you back in
11 any way from a possible newspaper syndication of
12 'Superman', we are not in a position to give you what
13 you ask for, that is a complete release. If and when a
14 syndicate makes a definite offer for the use of
15 'Superman', we can get together so that all of us will
16 benefit."

17 On June 13, 1938, M.C. Gaines of McClure wrote to
18 me that since I had already completed the first two
19 weeks of the SUPERMAN strip, I should now send the
20 material to him. "I will take this matter up at the first
21 opportunity and let you know what we decide to do."

22 Joe did a terrific art job of illustrating my script for these
23 two weeks of the daily "Superman" strip. I mailed the
24 strips to McClure Syndicate.

25 (Decl. Marc Toberoff, Ex. R).

26 While waiting to hear back from McClure, Siegel pursued other newspaper
27 syndicators to see if they might be interested in distributing a Superman
28 newspaper comic strip, submitting with his pitch a copy of the two weeks' worth of
material concerning Superman's origins. One other newspaper syndicator that
expressed some positive feedback was The Register and Tribune Syndicate.

Again, as explained by Siegel in his memoir:

22 Chas. E. Lounsbury of the Register and Tribune
23 Syndicate wrote to me on August 10, 1938, in
24 response to my letter of August [sic] 26, "We are
25 impressed with your outline and especially your
26 enthusiastic approach. We read with interest the
27 optional two weeks' releases. They do strike us as
28 exciting and original." He noted I had a proposal
elsewhere, and said they could not give me a quick
decision. But if I was still in the clear after Labor Day,
they would be glad to hear from me.

On September 7, 1938, he again wrote that "such
matters necessarily move rather slowly here. . . .

1 Personally I like SUPERMAN very much and believe
2 that with a few changes it has very good possibilities."
3 He stated that if McClure Syndicate was in a position to
4 take on the strip, he presumed I would go ahead. I
5 informed Liebowitz [at Detective Comics] of these
6 developments.

7 (Decl. Marc Toberoff, Ex. R; see also Decl. Marc Toberoff, Ex. T (September 7,
8 1938, letter from Managing Editor Chas Lounsbury to Jerome Siegel)).

9 Shortly thereafter, progress was made on the McClure front. In early
10 September, 1938, Liebowitz summoned Siegel to New York City to discuss the
11 McClure newspaper syndication proposal. (Decl. Marc Toberoff, Ex. R ("In early
12 September, Liebowitz asked me to come to New York to discuss the matter of
13 McClure's interest in syndicating 'Superman'")). What happened during this early
14 September meeting is later related in the June, 1941, Saturday Evening Post
15 story, "Up, Up and Awa-a-y!":

16 From the fall of '38 on, it was all sail and no anchor.
17 Amid the piteous sounds of syndicate editors kicking
18 themselves, McClure negotiated with Donenfield [at
19 Detective Comics] to handle the newspaper rights,
20 Donenfield to receive 40 per cent. Superman was
21 eventually placed in 230 daily and Sunday newspapers
22 scattered throughout the Western Hemisphere.
23 Donenfield's 1940 cut was \$100,000.

24 The McClure negotiations were perceived by
25 considerable unhappiness for the partners. They
26 sensed — correctly — that syndicate editors, who had
27 once turned Superman down, would soon come to
28 them, hat in hand. They begged Donenfield to give
back the syndicate rights.

"We can't do that," he replied, "but if one of you will
come to New York, I'm sure we can work something
out."

Sitting up all night in the coach for lack of sleeper fare,
Siegel arrived, rumped and yawning, to receive the
proposition: If the partners would confine all their
services to Donenfield for ten years, he would permit
them to do strips for McClure, himself retaining an
agent's 10 per cent — of McClure's gross, however,
not his own 40 per cent. In the heat of discussion
Siegel was frequently reminded that Donenfield owned
all rights and could freeze the partners out. The boys

1 signed a contract, which for the first year brought them
2 an increase of less than \$100 a month.

3 (Decl. Marc Toberoff, Ex. M).

4 The transaction was structured into two separate contracts, executed by
5 the parties on approximately September 22, 1938:⁵ An employment agreement
6 between Detective Comics, on one hand, and Siegel and Shuster, on the other
7 hand; and a newspaper syndication agreement among all three: Detective
8 Comics, Siegel and Shuster, and McClure.

9 The newspaper syndication agreement gave McClure an eight-month
10 option for a "six days a week" Superman "daily strip." If exercised, Detective
11 Comics agreed "to permit [Siegel and Shuster] to supply 'Superman' strip
12 exclusively to [McClure] for syndication in newspapers [throughout the world], for a
13 minimum period of five years from June 1, 1939," with an option for McClure to
14 "renew the agreement for a further period of five years." "[I]n consideration,"
15 McClure agreed to pay "Detective . . . forty (40%) per cent of the net proceeds
16 from such syndication during the first year, forty-five (45%) per cent during the
17 second year and fifty (50%) per cent thereafter." (Decl. Marc Toberoff, Ex. Q).
18 Payment to Siegel and Shuster for their "work" created under the contract was to
19 be done "solely" through Detective Comics.

20 The syndication agreement provided that Siegel and Shuster were to
21 supply said material to McClure "on an advanced schedule of at least six weeks"
22 so as to "insure ample time for distribution prior to release dates." If Siegel and
23 Shuster failed to furnish said material in time, the agreement allowed Detective
24 Comics to substitute "other artists to do the feature and strip." As to the
25 Superman newspaper strip material supplied to it by Siegel and Shuster, the

26 _____
27 ⁵ The agreements are dated September 22, 1938 (before the publication of
28 Action Comics No. 6); however, correspondence between the parties establishes
that Siegel and Shuster did not return the signed agreements to Detective Comics
until September 30, 1938. (See Decl. Bergman, Ex. C).

1 syndication agreement provided that McClure, not Detective Comics, would have
2 "reasonable editorial supervision of the feature," which Siegel and Shuster
3 promised to maintain "at the standard shown in the sample submitted." (Decl.
4 Marc Toberoff, Ex. Q).

5 The syndication agreement also provided that monthly statements of
6 McClure's net proceeds would be sent to "Detective and a copy to" Siegel and
7 Shuster. Furthermore, both Detective Comics and Siegel and Shuster were given
8 the right to inspect McClure's books and records "in reference to the feature, at
9 any reasonable time." (Decl. Marc Toberoff, Ex. Q).

10 As to the copyright in the material published in the newspaper comic strips,
11 the syndication agreement provided that it would be in McClure's name, with a
12 "reversionary" interest in favor of Detective Comics at the conclusion of the
13 contract's term. (Decl. Marc Toberoff, Ex. Q ("The material contained in the
14 feature which we syndicate will be copyrighted in our name, but copyright reverts
15 to Detective at the termination of this contract")). Toward that end, the syndication
16 agreement made clear that "the title 'Superman' shall always remain the property
17 of Detective," and that Detective Comics retained the copyright in Superman in all
18 other media "except daily or weekly newspaper publication." (Decl. Marc
19 Toberoff, Ex. Q ("Our agreement covers newspaper rights only. Radio, motion
20 picture, silent and talkie, book and all other rights are retained and owned by
21 Detective")). Finally, McClure agreed to provide to Detective Comics free of
22 charge "all the original drawings of the 'Superman' strip, so that said drawings may
23 be used by Detective in the publication" of its comic book magazines, but only "six
24 months after [the] newspaper [strip's] release."

25 The employment agreement notably differentiates provisions relating to
26 newspaper strips and those concerning comic books. The agreement contained
27 an opening declaration broadly asserting Detective Comics' rights to, among
28 others, the Superman copyright. (Decl. Marc Toberoff, Ex. P ("We, Detective

1 Comics . . . , are the exclusive owners of comic strips known by the titles
2 'Superman')). The employment agreement further noted up front that Siegel and
3 Shuster had, up to that time, been doing the "art work and continuity for [the
4 Superman] comic[] for [Detective, and that Detective] wish[ed] [for them] to
5 continue to do said work and hereby employ and retain you for said purposes for
6 the period of this contract." The following sentence then recited Siegel and
7 Shuster's agreement to "supply [Detective] each and every month hereafter, in
8 sufficient time for publication in our monthly magazines, sufficient copy and art for
9 each of said features each month hereafter." The agreement distinguished this
10 duty from Siegel and Shuster's further duty under the syndication agreement: "You
11 shall also furnish in sufficient time to properly perform the terms of an agreement
12 we are executing together with you with the McClure Newspaper Syndicate, all of
13 the art and continuity for the newspaper strip entitled 'Superman' called for by said
14 agreement." (Decl. Marc Toberoff, Ex. P).

15 The employment agreement then spelled out the per page compensation
16 rate Detective Comics would pay Siegel and Shuster for the respective comic
17 book characters they had been supplying to the publisher at that time (Superman
18 receiving the highest rate of \$10 per page). Again, the agreement then
19 distinguished this payment scheme with that for the artists' creation of the
20 Superman newspaper strips:

21 We further agree to pay you for the McClure
22 Newspaper Syndicate strips which you may hereafter
23 furnish pursuant to the above-mentioned contract with
24 McClure, on the following basis:

25 When we receive payment from McClure on the
26 40% basis mentioned in the contract, we shall
27 retain 7½% and pay you 32½% of the "net
28 proceeds" as defined in the McClure contract.

When we receive payment from McClure on the
45% basis mentioned in the contract, we shall
retain 9% and pay you 36% of the "net proceeds"
as defined in the McClure contract.

1 When we receive payment from McClure on the
2 50% basis mentioned in the contract, we shall
3 retain 10% and pay you 40% of the "net
4 proceeds" as defined in the McClure contract.

5 (Decl. Marc Toberoff, Ex. P).

6 As for ownership in the copyright to the newspaper strips, the employment
7 agreement provided that Detective Comics would own "all" such "material" and, at
8 Detective Comics' option, it could be "copyrighted or registered in [Detective's]
9 name or in the names of the parties designated by us."

10 The employment agreement further provided that Detective Comics had the
11 right to "reasonably supervise the editorial matter of all features" and the right to
12 terminate Siegel and Shuster's employment if "the art and continuity of any feature
13 shall not be up to the standard required for the magazines."

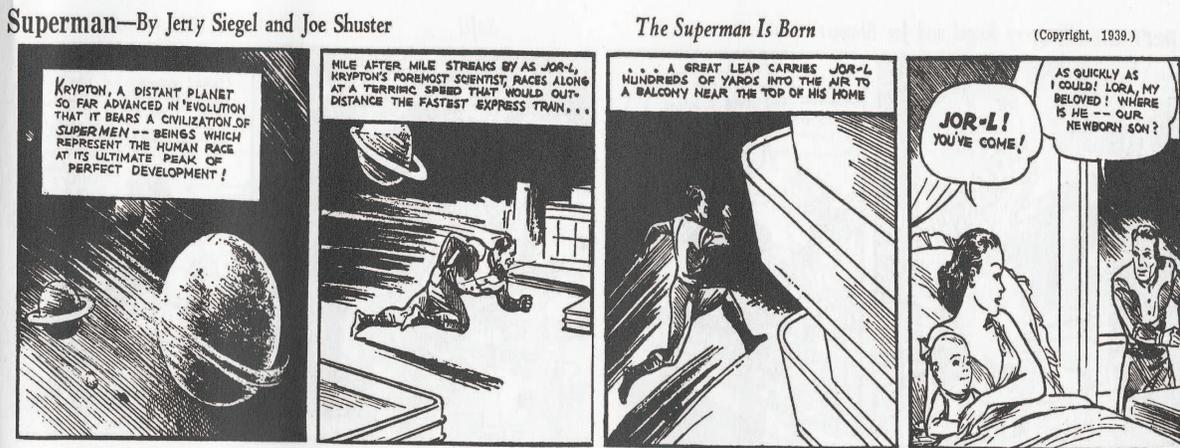
14 Moreover, the employment agreement provides that, should Detective
15 Comics decide to re-print some of the Superman newspaper strips in its
16 "magazines," Detective Comics would compensate the pair "at the above-
17 mentioned page rate less the percentage which McClure receives for said
18 syndication."

19 The employment agreement also contained a global (literally and
20 figuratively) prohibition against Siegel and Shuster "hereafter" furnishing to
21 anyone Superman material, whatever its form be it as a "comic" book, a
22 "newspaper" strip, or something else; instead, the artists agreed that they "shall
23 furnish such matter exclusively to [Detective Comics] for the duration of this
24 agreement as such matter may be required by us or as designated by us in
25 writing."

26 Around the time the syndication and employment agreements were signed
27 by all the parties concerned, Liebowitz wrote a letter on September 28, 1938, to
28 Siegel, commenting upon said agreements. In the course of his lengthy
 correspondence, Liebowitz reminded Siegel that, "[a]s I have pointed out to you

1 many times, our company has very little to gain in a monetary sense from the
2 syndication of this material. Also bear in mind, that we own the feature
3 'Superman' and that we can at any time replace you in the drawing of that feature
4 and that without our consent this feature would not be syndicated and therefore
5 you would be the loser in the entire transaction. . . . It is entirely up to you and
6 Joe, whether you wish our pleasant relationship to continue and whether you wish
7 the strip 'Superman' to be syndicated." (Decl. Michael Bergman, Ex. B). Siegel
8 quickly responded that both he and Shuster "are anxious and ready to do our best
9 on SUPERMAN so that all parties concerned will profit." (Decl. Michael Bergman,
10 Ex. C).

11 With that, Siegel and Shuster produced daily newspaper strips for McClure
12 under the terms of the September 22, 1938, syndication agreement from
13 1939 through 1943; the first daily newspaper strip (depicting the first day's worth
14 of the two weeks of material created by Siegel and Shuster in the spring of 1938)
15 appearing in the Milwaukee News Journal on January 16, 1939:



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26 The applications submitted by McClure (and, when approved, the certificates) for
27 the original copyright term registration for the Superman newspaper strips
28 (identified as a "PERIODICAL CONTRIBUTION") created and published from

1 1939 to 1943 listed "McClure Newspaper Syndicate" as the claimant and "Jerry
2 Siegel and Joe Shuster" as the authors of the newspaper strips. (Decl. Michael
3 Bergman, Ex. C). No effort was made by any party throughout the initial term of
4 the Superman newspaper strips published through 1943 to file a supplemental
5 registration to make changes to the information contained in the original
6 registrations.

7 Two applications for renewal term registrations were, however, submitted
8 for the Superman newspaper strips in question during the 1960s: First, National
9 Periodical Publications Inc., as successor in interest to Detective Comics,
10 submitted applications for a renewal registration claiming as proprietors in the
11 copyright of the renewable matter in "a work made for hire," noting that said work
12 was a "contribution to periodical or other composite work," namely, the specific
13 newspaper issue in question. (Decl. Michael Bergman, Ex. C). Second,
14 applications for a renewal registration were also made by Siegel and Shuster,
15 listing themselves as authors of the renewable matter. (Decl. Marc Toberoff, Ex.
16 A (Thomson & Thomson copyright report noting that "the copyrights in the
17 [newspapers strips] originally published through 1943 were renewed . . . in the
18 names of Jerome Siegel and Joe Shuster, claiming as authors"))).

19 Not long after Superman entered into newspaper syndication, it became
20 apparent that McClure could not provide the editorial supervision over the material
21 submitted by Siegel and Shuster as called for in the syndication agreement.
22 Correspondence between the artists and their magazine editor at Detective
23 Comics, J.S. Liebowitz, recount this increasingly rocky relationship. (Decl.
24 Michael Bergman, Ex. D (April 21, 1939, letter from Liebowitz in which he notes
25 "[e]very morning it seems to me I receive copies of criticisms and complaints sent
26 to you by Miss Baker of McClure" and that "Mr. Nimis of McClure was here today
27 and he stated that they definitely do not intend to go on as they are . . . they feel
28

1 that the time and effort and aggravation encountered in getting this thing going
2 properly is not worthwhile because of your lack of cooperation").

3 Eventually, by January, 1940, it was clear that McClure had outsourced its
4 editorial supervision over the newspaper strips to editors at Detective Comics.
5 (Decl. Michael Bergman, Ex. I (January 22, 1940 letter commenting that "[w]e've
6 been having considerable talk about the daily releases on SUPERMAN, and I
7 believe Jack [Liebowitz] is writing to you to have you send all the material here
8 before it goes to the syndicate for release"); Ex. E (January 25, 1940 letter from
9 Liebowitz reminding Siegel that "all copy must clear through our office"); Ex. F
10 (February 8, 1940 letter remarking on the "present arrangement" of Detective
11 Comics "editing of the strip")). The substance of the editorial comments contained
12 in the correspondence from Detective Comics (both as to the Superman comic
13 book and later also the newspaper strips), pertained for the most part to
14 complaints about the pair's failure to follow its editorial directions and to submit
15 material on time, leaving the publisher to have to quickly scramble to get the
16 material to the printer to meet its deadlines.

17 There were, however, more substantive criticisms of both the script and
18 artwork supplied by the pair, with specific changes either made to yet-to-be
19 released material or suggested for later releases. (Decl. Michael Bergman, Ex. E
20 (noting that it was "unwise" to depict Clark Kent flying in the air without wearing
21 Superman's costume, as had been done with "the last daily release"); Ex. H
22 (returning 26-page script and suggesting that it be re-written for a 13-page story as
23 "there is nothing important enough about the story to justify its going to such
24 length"); Ex. I (cataloging critiques of specific artwork of "sketches" submitted by
25 Shuster); Ex. M (complaining "that a great deal hasn't been done to make Lois
26 look better," giving specific examples in which the artwork is deficient, and then
27 drawing an image of Lois on the correspondence that the editor suggests "Shuster
28 and his lads" use as an exemplar).

1 During the term of the syndication agreement, problems also arose with
2 Siegel and Shuster's ability to supply newspaper strips in a timely fashion to
3 McClure. As a consequence, McClure turned to Detective Comics for "filler"
4 material for "newspapers which carried the comic strip SUPERMAN in order to
5 prevent said newspapers from terminating their syndication agreements with"
6 McClure. Notably, Detective Comics did not supply in-house Superman
7 newspaper strips, as was its right under the terms of the syndication agreement.
8 Instead, Detective Comics "supplied" to McClure a Superman spin-off, the "comic
9 strip LOIS LANE, GIRL REPORTER, . . . without charge for use." In fact,
10 Detective Comics and McClure entered into a side agreement in September,
11 1943, with reference to the Lois Lane newspaper strip's impact on the
12 computation of the net proceeds to be divided among the parties. In the
13 agreement, the two "agreed that . . . 'net proceeds' for the purposes of computing
14 [Siegel and Shuster's] return from the newspaper publication of Superman should
15 be the entire gross receipts" from the same, "deducting therefrom only the cost of
16 cuts and proofs." Detective Comics and McClure further agreed that "the
17 compensation of the [in-house] artists engaged by Detective Comics to draw the
18 releases of Lois Lane, Girl Reporter . . . furnished by Detective Comics to McClure
19 for newspaper syndication was to be deducted from the gross receipts of the
20 Superman syndication as 'mechanical costs' in computing 'net proceeds.'" Siegel
21 and Shuster were not parties to (nor were they apparently aware of) this
22 arrangement between McClure and Detective Comics.

23 Later, McClure notified Detective Comics of its election to extend for five
24 years (beginning from June 1, 1944) the term of the 1938 syndication agreement.
25 Contemporaneously, McClure "assigned to Detective Comics . . . all its rights, title
26 and interest in all copyrights in [the] Superman" newspaper strips created during
27 the preceding five years, "including all renewals and extensions thereof." (Decl.
28 Toberoff, Ex. A at 5 (Thomson & Thomson copyright report, dated Feb. 29, 1996)).

1 During the same time period, the pair produced, under the terms of the
2 employment agreement, Superman material for various comic book magazines
3 published by Detective Comics, first in its serialized magazine Action Comics, then
4 as a stand-alone feature in the self-titled comic book magazine Superman. The
5 terms contained in the 1938 employment agreement were later altered in a
6 modification agreement entered into between Detective Comics and the artists on
7 December 19, 1939. In this modification agreement it was noted that, "while both
8 [the artists] have continued to furnish art work and continuity for 'SUPERMAN,' . . .
9 Mr. Shuster no longer furnishes the art work" for the other strips to which the pair
10 were under contract to produce, such as "Slam Bradley" or "Spy." The parties
11 therefore agreed that, in exchange for Detective Comics being "free to make other
12 arrangements" for "furnishing [the] art work" for these other comics, Siegel and
13 Shuster's compensation for Superman comic book material (which the pair
14 reaffirmed that they would "continue to furnish all [the] art and continuity" thereof)
15 would be increased to \$20 per page, and Detective Comics would pay the pair 5%
16 of the net proceeds derived from the commercial exploitation of Superman outside
17 that from comic books and newspaper syndication, and into such other mediums
18 as "radio, motion pictures, [and] the toy and novelty field." (Decl. Michael
19 Bergman, Ex. A).

20 Detective Comics re-asserted that it had "the unrestricted right to adapt,
21 arrange, change, transpose, add to and otherwise deal with [the Superman] comic
22 strip . . . as [it] in [its] sole discretion . . . deem[ed] necessary." The agreement
23 further contained Siegel's and Shuster's re-affirmation that Detective Comics was
24 the "sole and exclusive owners of the comic strip entitled 'Superman' . . . and to all
25 rights of reproduction . . . , including but not limited to the fields of magazine or
26 other book publications, newspaper syndication, radio broadcasts, television, [and]
27 motion pictures" It was also acknowledged by the pair that Detective Comics
28 held "all right of copyright and all rights to secure copyright registration in respect

1 of all such forms of reproduction either in [its] name or others at [its] exclusive
2 option."

3 Not all the Superman comic book material supplied by Siegel and Shuster
4 after the September, 1938, employment agreement was published by Detective
5 Comics, although it remains unclear whether the pair was nonetheless paid for
6 such material. For instance, plaintiffs have brought to the Court's attention the
7 curious tale of "K-Metal from Krypton." In August, 1940, Siegel submitted a 26-
8 page script, accompanied by multiple pages of illustrations (mainly pencil
9 drawings, but some that had been inked) created by artists working in Shuster's
10 studio that, in the words of comic writer and historian Mark Waid, "would have . . .
11 radically" altered the then established Superman story line: Lois Lane learns that
12 Clark Kent is Superman and the two agree to become partners and confidants;
13 the first appearance of the kryptonite concept (referred to in the material as K-
14 Metal derived from meteorite debris from the planet Krypton) and its debilitating
15 effects on Superman's powers; and Superman first learning of his Kryptonian
16 origins. Although the material was not published when initially submitted by
17 Siegel, upon later being unearthed in DC Comics' library vault in 1988, copies of
18 the material were circulated among the top brass at the company in the hopes of
19 "obtaining Siegel's blessing to have the story re-illustrated and released . . . , but
20 for whatever reason, nothing ever came of it." (Decl. Marc Toberoff, Ex. BB).

21 Eventually, disputes between Detective Comics and Siegel and Shuster led
22 to the pair leaving the employ of Detective Comics in 1947, ending involvement by
23 this talented pair in the further development of the Superman character.

24 **II. WORK MADE FOR HIRE UNDER THE 1909 ACT**

25 Under the 1976 Act, an author's (or his or her heirs') ability to terminate a
26 prior grant in the copyright to his or her creation does not apply to a "work made
27 for hire" because the copyright in such a creation never belonged to the artist in
28 the first instance to grant; instead, it belonged at the outset to the party that

1 commissioned the work. See 17 U.S.C. § 304(c). This absolute bar to
2 termination brings into sharp focus a question that has figured prominently
3 throughout the parties' papers: Whether any of the vast body of Superman
4 material created up to 1943 by Siegel, with either the assistance of Shuster, with
5 the assistance of others, or alone, was a "work made for hire." If so, then plaintiffs
6 (as Siegel's heirs) cannot terminate his grant of the copyright in that material, such
7 a grant being merely a superfluous act that did not alter the pre-existing ownership
8 rights to that copyright. See Playboy Enterprises, Inc. v. Dumas, 53 F.3d 549, 554
9 (2d Cir. 1995) ("Once it is established that a work is made for hire, the hiring party
10 is presumed to be the author of the work").

11 Resolution of the work made for hire nature of this material is controlled by
12 the governing body of law in existence at the time Siegel crafted this Superman
13 material, that is, the 1909 Act and the precedent developed thereunder. See Self-
14 Realization Fellowship v. Ananda Church, 206 F.3d 1322, 1325 (9th Cir. 2000)
15 ("Because all of the copied works were created before 1978, the Copyright Act of
16 1909 governs the validity of the initial copyrights"); Twentieth Century Fox Film
17 Corp. v. Entertainment Distributing, 429 F.3d 869, 876 (9th Cir. 2005) ("We first
18 consider Twentieth Century Fox Parties' infringement claims under the now
19 repealed Copyright Act of 1909 because [the work] was published before the . . .
20 effective date of the 1976 Copyright Act").

21 The 1909 Act provided that, "[i]n the interpretation and construction of this
22 title[,] . . . the word 'author' shall include an employer in the case of works made
23 for hire." 17 U.S.C. § 26 (repealed). "Thus, with respect to works for hire, the
24 employer is legally regarded as the 'author,' as distinguished from the creator of
25 the work, whom Learned Hand referred to as 'the "author" in the colloquial
26 sense.'" Martha Graham Sch. and Dance Foundation, Inc. v Martha Graham
27 Center of Contemporary Dance, Inc., 380 F.3d 624, 634 (2d Cir. 2004). Nowhere,
28 however, did the 1909 Act define what was meant by "work made for hire" or

1 "employer"; only the consequences flowing from such a designation were spelled
2 out. The task of giving meaning to these terms was left to the courts. "Although
3 for most of its life Section 26 was construed to extend work-for-hire status only to
4 traditional employer-employee relationships," by way of demonstration that the
5 work was done within the scope of one's job duties with their employer, "in the late
6 1960s, in limited circumstances, some courts began expanding the definition of
7 'employee' to cover authors outside the traditional employment relationship," to
8 those involving "an independent contractor," but only if it could be shown that "the
9 work was made at the hiring party's 'instance and expense.'" 2 PATRY ON

10 COPYRIGHT § 5:84. 6

11 However, in 1965, the Ninth Circuit was the first court to utilize the
12 "instance and expense" test to determine whether works created either by
13 independent contractors or employees were ones made for hire. See Lin-Brook
14 Builders Hardware v. Gertler, 352 F.2d 298 (9th Cir. 1965).⁷ Said inclusion was
15 done by the court formulating an across-the-board presumption in favor of finding
16 work-for-hire ownership whenever a work is produced at the "instance and
17 expense" of the hiring party, said presumption only subject to being overcome by
18 evidence that the parties did not intend for such a result:

19 [W]hen one person engages another, whether as
20 employee or as an independent contractor, to produce

21 ⁶ Prior to this expansion, invocation of the instance and expense test to
22 independent contractors only resulted in a determination that the commissioned
23 party had assigned to the commissioning party the copyright for the initial term,
24 leaving the renewal term in the work with its creator. See Estate of Burne Hogarth
v. Edgar Rice Burroughs, Inc., 342 F.3d 149, 160 (2d Cir. 2003).

25 ⁷ Plaintiffs object to the across-the-board application of the "instance and
26 expense" test set forth in Lin-Brook for determination of the for-hire status of all
27 the works at issue in this case, arguing that at the time the works were created in
28 the late 1930s and early 1940s, the law governing work for hire extended only to
the traditional employer-employee relationship. Whatever appeal plaintiffs'
argument may otherwise have, it has been rejected by the Ninth Circuit. See
Twentieth Century, 429 F.3d at 877 (holding that rejection of the retroactive
application of Lin-Brook to evaluating works created by independent contractors
would "overturn forty years of established case law within this circuit").

1 a work of an artistic nature, that in the absence of an
2 express contractual reservation of the copyright in the
3 artist, the presumption arises that the mutual intent of
4 the parties is that the title to the copyright shall be in
5 the person at whose instance and expense the work is
6 done.

7 Lin-Brook, 352 F.2d at 300 (noting that the presumption was not overcome
8 because there was no evidence "as to the circumstances or intentment" of the
9 parties); see also Twentieth Century, 429 F.3d at 881 ("[t]he presumption may be
10 rebutted only by evidence that the parties did not intend to create a work-for-hire").
11 The test sought to match the concept of a work made for hire with the purpose of
12 the Copyright Act, that is, to "promote" the creation of "useful Arts." U.S. Const.
13 Art. 1, § 8. As one court explained: "[T]he law directs its incentives towards the
14 person who initiates, funds and guides the creative activity, namely, the employer,
15 but for whose patronage the creative work would never have been made.
16 Copyright law 'is intended to motivate the creative activity of authors . . . by the
17 provision of a special reward,'" namely, the legal protection afforded to such
18 creative property through copyright. Estate of Hogarth v. Edgar Rice Burroughs,
19 Inc., 62 U.S.P.Q.2d 1301, 1316 (S.D.N.Y. 2002) (quoting Sony Corp v. Universal
20 City Studios, Inc., 464 U.S. 417, 429 (1984)). Toward that end, the instance and
21 expense test requires the evaluation of three factors: (1) At whose instance the
22 work was prepared; (2) whether the hiring party had the power to accept, reject,
23 modify, or otherwise control the creation of the work; and (3) at whose expense
24 the work was created. See Twentieth Century, 429 F.3d at 879, 881.

25 The "expense" requirement is met where a "hiring party simply pays an
26 [employee or] independent contractor a sum certain for his or her work." Playboy
27 Enterprises, 53 F.3d at 555. Such regular, periodic payments of a sum certain
28 bear the hallmark of the wages of an employee required to produce the work in
question for his or her employer, and not that of a party who is free to engage with
those other than the commissioning party in marketing his or her work. See

1 Donaldson Publishing Co. v. Bregman, Vocco & Conn, Inc., 375 F.2d 639, 642-43
2 (2d Cir. 1967). "In contrast, where the creator of a work receives royalties as
3 payment, that method of payment generally weighs against finding a work-for-hire
4 relationship." Playboy Enterprises, 53 F.3d at 555; see also Twentieth Century,
5 429 F.3d at 881 (finding that "expense" requirement met when publisher agreed to
6 pay the creator "a lump sum for writing the book, instead of negotiating a royalty
7 deal").

8 Finally, in speaking of the expense in the creation of the work, the focus is
9 not on who bore the costs or expense in physically creating the work itself (the
10 money spent to purchase the paper on which the dialogue and story elements was
11 printed, the typewriter used to put into concrete form the author's concepts of the
12 same, and the pencils and ink needed to draw the illustrations, etc.). That
13 particular consideration relates to the question of whether "an artist worked as an
14 independent contractor and not as a formal employee," a distinction, as made
15 clear after the Ninth Circuit's decision in Lin-Brook, that has "no bearing on
16 whether the work was made at the hiring party's expense." Playboy Enterprises,
17 53 F.3d at 555. Instead, the focus is on who bore the risk of the work's
18 profitability. See Twentieth Century, 429 F.3d at 881 ("there is little doubt that the
19 book was authored at [the publisher's] expense. [The publisher] took on all the
20 financial risk of the book's success, agreeing to pay [the writer] a lump sum for
21 writing the book, instead of negotiating a royalty deal"); Picture Music, Inc. v.
22 Bourne, Inc., 314 F. Supp. 640, 651 (S.D.N.Y. 1970) (noting that "the fact that the
23 author was obliged to repay advances on royalties which were never accrued is an
24 indication that the relationship was not an employment for hire").

25 The "instance" component of the test inquires into "whether 'the motivating
26 factor in producing the work was the employer who induced the creation.'"
27 Twentieth Century, 429 F.3d at 879; see also Picture Music, Inc. v. Bourne, Inc.,
28 457 F.2d 1213, 1217 (2d Cir. 1972) (concluding that the fact the employer took the

1 "initiative in engaging" the author to create the work rendered it as one made for
2 hire). That the commissioning party be the motivating factor is not a "but for" test
3 — that is, but for the artist's employment the work would not have been created —
4 but instead is a more narrow inquiry focused on the nature and scope of the
5 parties' business relationship. As one court explained:

6 No doubt Graham was a self-motivator, and perhaps
7 she would have choreographed her dances without the
8 salary of Artistic Director, without the Center's support
9 and encouragement, and without the existence of the
10 Center at all, but all that is beside the point. The fact is
11 that the Center did employ her to do the work, and she
12 did the work in the course of her regular employment
13 with the Center. Where an artist has entered into an
14 explicit employment agreement to create works, works
15 that she creates under that agreement cannot be
16 exempted from the work-for-hire doctrine on
17 speculation about what she would have accomplished
18 if she had not been so employed.

13

14 There is no need for the employer to be the
15 precipitating force behind each work created by a
16 salaried employee, acting within the scope of her
17 regular employment. Many talented people . . . are
18 expected by their employers to produce the sort of
19 work for which they were hired, without any need for
20 the employer to suggest any particular project.
21 "Instance" is not a term of exclusion as applied to
22 specific works created within the scope of regular
23 employment. It may have more significance in
24 determining whether an employee's work somewhat
25 beyond such scope has been created at the employer's
26 behest or to serve the employer's interests

21 Martha Graham Sch., 380 F.3d at 640-41.

22 Thus, "under the 1909 Act[,] a person could be an employee yet create a
23 work 'as a special job assignment, outside the line of the employee's regular
24 duties.' In that event, the work is not a work for hire." Id. at 635 (citing Shapiro
25 Bernstein & Co. v. Jerry Vogel Music Co., 221 F.2d 569, 570 (2d Cir. 1955)). The
26 critical factor is what was the nature of the creator and publisher's business
27 relationship (be it as an employer-employee or an commissioner-independent
28 contractor) at the time of the work's creation, and whether the work in question

1 falls within the scope of those job duties. It is for this reason that courts concern
2 themselves with "the degree to which the hiring party had the right to control or
3 supervise the artist's work," as its presence would reflect a circumstance found
4 when the work being created was done so within the confines of the pre-existing
5 employment relationship. Twentieth Century, 429 F.3d at 879; see also
6 Donaldson, 375 F.2d at 643 (labeling as an "essential element" the "power to
7 direct and supervise the manner in which the writer performs his work"); Picture
8 Music, 314 F. Supp. at 650 ("The existence of an arrangement going beyond an
9 assignor-assignee relationship prior to the undertaking of the particular work. The
10 antithesis of such an arrangement is a case where an author creates a work of his
11 own volition and then sells it to a proprietor"). Although it is not critical that the
12 commissioning party actually exercise its right of control and supervision in the
13 creation of the work in question, it is necessary that the party have the right to
14 direct, control, or otherwise shape the artist's work. See Martha Graham Sch.,
15 380 F.3d at 635 ("The right to direct and supervise the manner in which the work
16 is created need never be exercised" (emphasis in original)); Picture Music, 314 F.
17 Supp. at 651 (labeling as "crucial" whether the hiring party had "[t]he right . . . to
18 direct and supervise the manner in which work is performed").

19 Moreover, there are certainly gradations of control a publisher could and
20 may have exerted in the creation of the work, and the greater the extent of such
21 supervision the "more likely it is that the work was created at the commissioning
22 party's instance." Twentieth Century, 429 F.3d at 880. Thus, a publisher
23 providing suggestions and comments on galleys to a novel, for instance, may
24 move into the realm of that associated with a work made for hire depending on the
25 degree and pervasiveness of said interaction. Id. (labeling "the degree of in-
26 person supervision was much greater than" what the publisher "usual[ly]" did,
27 including utilizing the services of fact-checker and "regular face-to-face meetings"

28

1 by the author "with [the publisher's] editorial board" at which the author was
2 "provided . . . with extensive notes and comments").

3 **III. APPLICATION OF THE WORK FOR HIRE DOCTRINE**
4 **TO THE RELEVANT WORKS**

5 There are four major categories of Superman works over which the parties
6 are contesting the work for hire nature: (A) Superman material created by Siegel
7 before the March 1, 1938, grant (including Action Comics No. 4 and portions of
8 Superman No. 1);⁸ (B) Superman comic book material published in the interim
9 period after the March 1, 1938, grant but before the execution of the September
10 22, 1938, employment and syndication agreements (namely, the material
11 appearing in Action Comics Nos. 2-3 and 5-6);⁹ (C) the remaining Superman
12 comic book material created by Siegel and Shuster beginning immediately after
13 the execution of the September, 1938, employment and syndication agreements
14 and continuing until the close of the five-year termination window on April 16, 1943
15 (namely, Action Comics Nos. 7-61 and Superman Nos. 1-23); and (D) Superman
16 daily newspaper comic strips published beginning in January, 1939 (under the
17 auspices of the September 22, 1938, syndication agreement) and continuing
18 through April 16, 1943 (the close of the five-year termination window).

19 **A. Pre-March, 1938, Superman Material (Action Comics No. 4 and**
20 **portions of Superman No. 1)**

21 Beginning with the earliest Superman comic book material, there seems
22 little doubt that any Superman material that Siegel created by himself or with the
23 assistance of others prior to the March 1, 1938, grant, and that was later
24

25 ⁸ The Court previously considered the issue of whether Action Comics No.
26 1 was a work made for hire. See Siegel, 542 F. Supp. 2d at 1126-28. Nothing
27 contained in this Order is meant to supersede that Order.

28 ⁹ Although Action Comics No. 4 was published during this period, given
that the dialogue thereto was arguably created during the pre-March, 1938,
period, the Court will treat its work for hire nature there.

1 published, is not a work made for hire. That was a core holding in this Court's
2 March 26, 2008, Order, which itself was built upon the finding the Second Circuit
3 made during the parties 1970s' litigation over the renewal term rights to the
4 Superman copyright. See Siegel, 542 F. Supp. 2d at 1126-28 ("Accordingly, . . .
5 all the Superman material contained in Action Comics, Vol. 1, is not a work-made-
6 for-hire and therefore is subject to termination."); Siegel, 508 F.2d at 914.

7 Adapting the language from the Second Circuit decision, the Superman material in
8 question had been crafted by the artists years before the relationship between its
9 authors and its ultimate publisher existed. The creation of this material was not
10 done at the instance and expense of anyone other than the artists themselves.

11 The dispute is thus not with the work for hire nature of this material, but
12 rather over whether any of the following material either contains copyrightable
13 elements or suffers from some other defect preventing termination from occurring:

14 (1) The "future Superman exploits" paragraph written before the publication of
15 Action Comics No. 1; (2) the Superman material found in Action Comics No. 4,
16 which was based on Siegel's 1934 script and the other 1934 material created by
17 Siegel and Keaton; and (3) the first six pages of Superman No. 1.

18 **1. Paragraph on Superman's Future Exploits**

19 As for the one paragraph concerning future exploits, there is no doubt that
20 the concepts embodied in that paragraph later found concrete expression in some
21 of the earliest Superman material published in Action Comics. Plaintiffs' counsel,
22 however, would have the Court conclude that, based on this one scant paragraph
23 and its later fuller expression of the concepts contained therein, the Superman
24 materials found in Action Comics Nos. 2, 4, and 5 were created prior to the March
25 1, 1938 grant. The problem with this argument is that the paragraph itself
26 constitutes mere ideas for future works rather than expressions of those ideas,
27 and thus contains no copyrightable material, which, of course, bars any effort at
28

1 termination. See 17 U.S.C. § 304(c) (limiting termination to the grant in the
2 "copyright" to a work).

3 "A copyright never extends to the 'idea' of the 'work,' but only to its
4 'expression,' and that no one infringes, unless he descends so far into what is
5 concrete as to invade that 'expression.'" National Comics Publications, Inc. v.
6 Fawcett Publications, Inc., 191 F.2d 594, 600 (2nd Cir. 1951) (L. Hand, J.). Aside
7 from the addition of a few adjectives, Siegel's one paragraph of future Superman
8 exploits has much more in common with Judge Learned Hand's conception of the
9 general idea of a play about "a riotous knight who kept wassail to the discomfort of
10 the household, or a vain and foppish steward who became amorous of his
11 mistress" than with its concrete expression in the form of Shakespeare's play
12 "Twelfth Night." See Nichols v. Universal Pictures Corp., 45 F.2d 119, 121 (2d Cir.
13 1930). To turn Judge Hand's phrase, Siegel's one paragraph of future exploits
14 was little more than a generalized description of Superman performing an
15 unelaborated task or heroic feat, the precise details of which were left to be
16 sketched out at a later time, as later occurred, around the time the comic books
17 were published during 1938.¹⁰ Here, Siegel did little more than sketch the idea of
18 his superhero doing some broad-brushed act, the details being left to be filled in
19 later, as they were when he put the idea into concrete form by writing a script
20 setting down precisely how and why Superman "battles an airplane with his bare
21 hands." In this sense the one paragraph sets out little more "than the most
22 general statement of what the [comic] is about." Id. The generalized description
23 Siegel put down to paper concerning Superman's "exploits" did not cross the line
24

25 ¹⁰ For instance, in the story in Action Comics No. 2, Superman thwarts the
26 efforts of an industrialist war profiteer who is secretly funding both sides in a war in
27 a far-off land ("Superman will win a war single-handed"), that leads to Superman
28 battling aircraft ("battle an airplane with his bare hands"), swimming great
distances in the ocean (he'll swim several hundred miles and think nothing of it"),
rescuing Lois Lane from being executed by a firing squad, and ending with the
industrialist repenting his actions.

1 into something to which copyright protection applies and, accordingly, to which no
2 right to termination attaches.

3 **2. Superman Material Created while Siegel Was Collaborating with**
4 **Keaton**

5 As far as the Superman material created by Siegel during his collaboration
6 with Keaton is concerned, save for one important exception, that material never
7 acquired statutory copyright protection under the 1909 Act, as it was either never
8 published with the requisite notice or registered as an unpublished work. The
9 termination provisions apply only to a work for which the "copyright [therein was]
10 subsisting in either its first or renewal term on January 1, 1978." 17 U.S.C.
11 § 304(c). Unless the material had been registered as unpublished works under
12 section 12 to the 1909 Act, copyright protection could be achieved only by
13 publication of the material, before January 1, 1978, bearing the requisite copyright
14 notice. See Siegel, 496 F. Supp. 2d at 1150; 3 PATRY ON COPYRIGHT § 7:42
15 ("Section 304(c) . . . by its own terms covers only works in either their first or
16 renewal term on January 1, 1978. The section thus does not cover works that
17 were unpublished" on that date); 3 NIMMER ON COPYRIGHT § 11.02[A][1] at 11-12
18 ("the termination provisions of Section 304(c) apply only if the work in question
19 was the subject of statutory copyright prior to the effective date of the current
20 Act"). There has been no evidence presented that any of the Siegel/Keaton
21 material was registered as an unpublished work under the 1909 Act, nor is there
22 any indication that any portions of the Siegel/Keaton material (other than that
23 appearing in Action Comics No. 4) was ever published with the requisite notice
24 before 1978. Thus, although not works made for hire, most of the Siegel/Keaton
25 material is not subject to termination.

26 The same, however, cannot be said of the 1934 Superman football story
27 script written by Siegel and sent to Keaton. Defendants do not dispute that the
28 storyline contained in Action Comics No. 4 published nearly verbatim the entirety

1 of the script, as it surely did. See generally Siegel, 496 F.Supp.2d at 1150-51
2 (discussing what was sufficient to demonstrate "publication" of material for
3 purposes of the 1909 Act).

4 Instead, defendants object to the Court's consideration of the script on
5 evidentiary grounds, complaining that the script had never been produced in
6 discovery, that it has not been authenticated, and that plaintiffs have failed to
7 provide the source of the material and how they came into possession of it.
8 (Defs.' Obj. to Pls.' Sept. 22, 2008 ¶ 7). None of these evidentiary objections are
9 well-taken. Plaintiffs have submitted declarations evidencing that the script in
10 question was in the possession of Russell Keaton's widow who turned it over,
11 along with other materials, to the family's literary and marketing agent, Denis
12 Kitchen, in 1993. Mr. Kitchen thereafter on August 21, 2008, posted a comment
13 in response to a blog story titled "Russell Keaton, Superman's Fifth Beatle,"
14 wherein he disclosed that, in addition to the subject of the story (which concerned
15 the illustrated strips, but not the scripts, Siegel and Keaton had created
16 concerning the version of Superman as someone from Earth's future), "there's
17 LOTS more correspondence and scripts." Plaintiffs' counsel thereafter ran across
18 Kitchen's post while searching the Internet, and after contacting him obtained a
19 copy of the script, which he then promptly produced. (Sept. 23, 2008 Decl.
20 Toberoff; Sept. 23, 2008 Decl. Joanne Siegel; Sept. 29, 2008 Decl. Denis
21 Kitchen).

22 Defendants also apparently argue that plaintiffs should be precluded from
23 acquiring any ownership stake in the artwork found in Action Comics No. 4, as no
24 artwork was contained in Siegel's 1934 script. As stated in their papers: "Even if
25 accepted in evidence . . . , the allegedly pre-existing continuity pertaining to Action
26 Comics #4 would not signify that the artwork and any new text in this comic book
27 were pre-existing as opposed to being prepared after March 1, 1938 as work for
28 hire." (Defs.' Obj. to Pls.' Sept. 23, 2008, filing ¶ 4). The record is devoid of any

1 evidence indicating when the artwork later found in Action Comics No. 4 was
2 created. However, also missing is what specific legal argument defendants seek
3 raise based on that silence in the record. For instance, the Court is left to wonder,
4 whether their challenge is based on an assertion that Shuster's artwork appearing
5 in Action Comics No. 4 is a work made for hire on the basis that it was created
6 following the March 1, 1938 grant; or are they asserting that Siegel's script lacks
7 sufficiently originality as to preclude any effort by plaintiffs to recapture the
8 copyright in the artwork contained in Action Comics No. 4 as part of a joint work;
9 or is it for some other unarticulated reason? Defendants have had ample time
10 and opportunity to precisely articulate their legal argument flowing from this factual
11 assertion, and they have failed to do so. The Court has permitted defendants to
12 file four post-hearing briefs related to any of the issues raised at oral argument or
13 in opposing counsel's papers that were filed following the hearing. Accordingly,
14 being unable to discern the legal basis for defendants' argument, the Court
15 declines to address the significance of defendants' unelaborated observation.
16 See Greenwood v. FAA, 28 F.3d 971, 977 (9th Cir. 1994).

17 This is not to say, however, as plaintiffs would have the Court find, that
18 Siegel writing in 1934 the script ultimately published in Action Comics No. 4 (that
19 was but an expression of one of the ideas found in his "future Superman exploits"
20 paragraph) likewise means that Siegel also wrote the other Superman material
21 that are expressions of these ideas found in that one paragraph (such as that
22 found in Action Comics Nos. 2 and 5) during the same time frame. There is no
23 evidentiary basis to support such an inference. The evidence surrounding the
24 1934 football story script gives no indication that, other than the script in question,
25 Siegel had written or planned on writing more Superman scripts. The one future
26 Superman exploits paragraph itself makes no mention that scripts for the ideas
27 therein had been or were in the process of being crafted by Siegel. The cover
28 letter Siegel submitted to Keaton with the enclosed football story script likewise

1 contains no indication that Siegel had or was planning on writing more scripts.
2 Rather, the evidence supports the inference that the script was created as a
3 discrete project to woo a prospective publisher.

4 Accordingly, because, as illustrated herein, the material appearing in Action
5 Comics No. 4 is based almost verbatim on Siegel's pre-1938 script, the Court
6 finds that the Superman material appearing therein was not a work made for hire
7 and is subject to termination.

8 **3. Superman No. 1, pages 1-6**

9 This leaves the question of whether the first six pages in Superman No. 1,
10 which in all other respects consist of nothing more than a reprint of the Superman
11 comic from Action Comics Nos. 1-4, contains within it any additional pre-March 1,
12 1938, material.

13 Defendants label as "grossly exaggerated" the notion that the continuity to
14 these first six pages were written by Siegel in 1934. (Defs.' Obj. to Pls.' July 28,
15 2008 Opp. Br. at 13). To this end, defendants point to the fact that Siegel wrote in
16 his memoir, "The Story Behind Superman No. 1," that a Detective Comics' editor,
17 M.C. Gaines, wrote a letter to the pair on March 27, 1939, "specifying in detail
18 [what] the contents of [those] 'first six pages' [should entail], including specific
19 headings and panels." (Id.) It is defendants' factual characterization, not
20 plaintiffs', that exaggerates. The letter referenced by defendants makes clear
21 that it was the first two pages of the six at issue that was created at and the
22 subject of Mr. Gaines editorial direction. Mr. Gaines remarked that insofar as the
23 "first six pages" of Superman No. 1 was concerned, the publisher would like the
24 pair to take the first page from Action Comics No. 1, "and by elaborating on this
25 one page," "work up two introductory pages" for Superman No. 1. (Decl. Marc
26 Toberoff, Ex. GG (emphasis in original)).¹¹ However, as to pages three through

27
28 ¹¹ Plaintiffs' argument that the first two pages in Superman No. 1 were
(continued...)

1 six in Superman No. 1, there is nothing in Mr. Gaines' letter indicating that the
2 material was created contemporaneously with Superman No. 1's publication in
3 1939. Quite the opposite is true.

4 Specifically, Mr. Steranko's forward to DC Comics' 1989 re-printing of
5 Superman No. 1 recounts the origins of pages three through six as consisting of
6 the first week of material Siegel and Shuster had created in 1935. It had been
7 intended by the artists to be part of Action Comics No. 1, but it was "eliminated" by
8 Detective Comics from inclusion in Action Comics No. 1 in order to make more
9 space available for other comics. Given that no evidence has been submitted to
10 rebut Mr. Steranko's statement (contained in one of defendants' publications, no
11 less), the Court finds that pages three through six of Superman No. 1 is material
12 created by Siegel and Shuster in 1935 and thus was not a work made for hire.¹²

13 Thus, in addition to that set forth in the Court's earlier orders, the
14 uncontroverted evidence establishes that the following works were not works
15 made for hire and are thus subject to termination: Action Comics No. 4 and
16 Superman No. 1, pages three through six.

17
18
19
20
21 ¹¹(...continued)
22 created before the March 1, 1938, grant is equally unconvincing. Plaintiffs point to
23 various scripts Siegel wrote to Keaton in 1934 to support this claim; however, too
24 many discrepancies exist between those scripts and the two published pages in
25 Superman No. 1 to support the conclusion sought by plaintiffs. Moreover, this
26 argument is in direct contradiction to Siegel's own account, set forth in his memoir,
27 of the date the first two pages of Superman No. 1 was created, which he places
28 squarely in 1939.

¹² Defendants conclusorily argue that the contents of the story line (but not
the illustrations) contained in pages three through six of Superman No. 1 are
nothing more than "de minimis" elements, to which no copyright would attach.
Other than offering this legal conclusion, nowhere have defendant provided any
specific factual argument directed to what or how this continuity is defective.
Defendants have had ample opportunity to elaborate on this argument, but have
not. Accordingly, the Court declines to consider it.

1 **B. Post-March 1, 1938, Superman Comic Book Materials Published Prior**
2 **to September, 1938, Employment Agreement (Material Appearing in**
3 **Action Comics Nos. 2-3 and 5-6)**

4 With respect to the comic books containing Superman material that were
5 published by Detective Comics in the interim period after the March 1, 1938, grant
6 and the September, 30, 1938, employment agreement, namely Action Comics
7 Nos 2-3 and 5-6, defendants' principal argument for why the instance test was met
8 is because Detective Comics was the rights holder in the underlying Superman
9 material contained in Action Comics No. 1 by virtue of the March 1, 1938, grant,
10 and thus its consent was required before any derivative Superman material could
11 be published. In essence, defendants once again lean heavily on the derivative
12 nature of the work itself to demonstrate they had the right to control its creation.
13 As the Court remarked in resolving the work for hire status of the Superboy script
14 created by Siegel in 1940, the fact that a work is a derivative of another does not
15 automatically translate into it being considered a work for hire or as being
16 produced at the instance of the owner of the pre-existing work; something more is
17 required. Siegel, 496 F. Supp. 2d at 1142-43.

18 Here, however, there is more than just a naked argument regarding the
19 derivative status of the works in question. There is correspondence from
20 Detective Comics to Siegel and Shuster noting the publisher's expectation that the
21 pair would continue to generate derivative works of Superman for further
22 publication in its comic book magazines even after the character's initial release in
23 Action Comics No. 1. In an April 8, 1938, letter, Detective Comics executive J.S.
24 Liebowitz remarked that the company had "loaded [the pair] up with 43 pages a
25 month [said sum including the pair's work on other comic book features for the
26 publisher such as "The Spy" and "Slam Bradley" as well as Superman]," noting
27 that "the success of the magazine is dependent on the type of work done by
28 yourself," and then concluding that he was "looking for your complete cooperation

1 for our mutual benefit." (Decl. Michael Bergman, Ex. B). Likewise, the January
2 10, 1938, letter from Detective Comics' editor refers to Superman as a "new
3 feature" that could overburden Shuster's time.

4 This correspondence certainly suggests that the Superman material after
5 Action Comics No. 1 was provided pursuant to an implicit agreement between the
6 artists and the publisher to furnish said material on a regular basis for the
7 publisher. In essence, Detective Comics had already set aside space in its comic
8 book publications to accommodate the artist's Superman material even before the
9 character's first appearance in Action Comics No. 1. This point is reenforced by
10 the fact that in every succeeding monthly issue of Action Comics for the period in
11 question there appeared a feature of Superman. Indeed, at trial in the 1947
12 Westchester suit Shuster testified that in accepting Detective Comics' offer, the
13 pair anticipated that they would see Superman's publication in Action Comics.
14 (Decl. Marc Toberoff, Ex. N). Furthermore, the referee in the 1947 Westchester
15 suit made a factual finding that the artists were regularly paid for the material
16 created during this interim period at the rate of \$10 per page.

17 Given this correspondence, the regular appearance of the Superman
18 feature in subsequent publications, and the general understanding of the artists
19 themselves, the evidence leads the Court quite naturally to the conclusion that the
20 creation of the Superman material appearing in Action Comics Nos. 2-3 and 5-6
21 was solicited by and done at the instance of defendants. See Playboy
22 Enterprises, Inc. v. Dumas, 960 F.Supp. 710, 715 (S.D.N.Y. 1997) (holding that
23 fact that paintings were furnished and published on a regular basis, and that they
24 were described as a "regular feature," "suggest[ed] that the magazine had an
25 implicit agreement with [the painter]" to produce those works, which was, in turn,
26 "persuasive proof of [the publisher's] role" in the works' creation), aff'd without
27 published opinion, 159 F.3d 1347 (2d Cir. 1998).

28

1 Plaintiffs seek to undermine such an impression by making much of the fact
2 that there was no written agreement between the parties following the March 1,
3 1938, grant wherein Detective Comics specifically commissioned the pair to create
4 subsequent Superman comic book stories. (Pls.' Opp. at 8 (noting that the March
5 1, 1938 grant "could have but did not provide for the employment of Siegel and
6 Shuster to create subsequent Superman stories")). In plaintiffs' view, the entire
7 relationship between the parties for this six-month period following the grant is
8 akin to that of a screenwriter submitting a "spec screenplay" to a studio with the
9 hopes that it would be purchased. (Pls.' Opp. at 5). Such a characterization of
10 the parties' relationship fails to weave in all aspects of that relationship.

11 Undoubtedly plaintiffs are correct that, in creating this material, there was
12 no guarantee by Detective Comics that it would accept it and thereby pay Siegel
13 and Shuster for their work. The first issue of Superman could have been a
14 commercial flop, leading the publisher to reconsider whether to continue to publish
15 such material or to place the character in the hands of different comic book artists.
16 Because there was no guarantee of success, continuation of the parties' business
17 relationship could have ended abruptly and early, thus placing Siegel and
18 Shuster's role with Detective Comics further afield than under the traditional
19 employee-employer scenario. That said, the pair's business connection to their
20 "employer" (in the colloquial sense) was much stronger and closer to that of other
21 admitted work for hire scenarios (e.g., an independent contractor) given the nature
22 of the project and the material they were supplying to Detective Comics. Cf. Self-
23 Realization Fellowship Church, 206 F.3d at 1326-27 (noting that a monk's writings
24 and religious lectures created while the monk was supported by the church was
25 not a work made for hire as the monk had less of a connection to the church than
26 another would have had in a traditional employment setting).

27 To begin, Siegel and Shuster were not simply creating some random work
28 and submitting it to a number of publishers for consideration; the comic book

1 material was for a character to which the publisher to whom it was submitted
2 owned the pre-existing rights, rendering Siegel and Shuster's material as but a
3 derivative thereof. Moreover, the material was submitted at the request of
4 Detective Comics. Again, the letters from Detective Comics' executives in
5 January and April, 1938, indicate that the Superman material first published in
6 Action Comics No. 1 was not intended to be a one-shot deal, but rather was
7 conceived of as an ongoing "new feature" to which sequels would need to be
8 fashioned; hence, the Detective Comics executives' reference in the April 8, 1938,
9 letter to the "43 pages a month" the pair had been "loaded up" with by the
10 publisher, a page computation that included within it the 13-page Superman comic
11 book, and the January, 1938, letter voicing concerns regarding the possibility of
12 placing undesirable constraints on Shuster's time. Perhaps the best way of
13 envisioning the parties' business relationship at this time was one in which the
14 artists were given a trial period of sorts to see whether their creation would be
15 commercially successful enough to warrant further formal action by the publisher.
16 Thus, the material over this six-month period was not sent on spec to see whether
17 the publisher would like it, but rather was sent as requested for publication in a
18 monthly feature in the hopes that the publisher would eventually decide to formally
19 pick up the feature on a long-term basis.

20 This characterization of the parties' relationship during this period is
21 confirmed by the September, 1938, employment agreement's recital that Siegel
22 and Shuster "have been doing the art work and continuity for us" and that
23 Detective wanted the pair "to continue to do said work and hereby employ and
24 retain you for said purpose." In essence, the September, 1938 employment
25 agreement formalized what had informally been ongoing beforehand. That
26 Detective Comics' requests were made on an informal basis before the written
27 agreements were executed does not detract from the fundamental fact that Siegel
28 and Shuster's creation of the derivative Superman material was done at the

1 request and instance of Detective Comics. That Detective Comics waited six
2 months before more formally "employing" the pair to "continue" to do just that
3 does not detract from the core point that such production by Siegel and Shuster
4 was again done at the instance of Detective Comics; it simply shows that by that
5 point Superman had so proven itself a commercial success that the publisher
6 desired a more formalized arrangement to be placed down in writing to ensure
7 that the pair would continue to produce such material for it (rather than going on to
8 create other comic book characters for other publishers).

9 When these facts are considered in toto, it is easy to conclude that creation
10 of the works in question lie further along the spectrum from that found in a more
11 traditional employment relationship, as is the case for the comic books created by
12 in-house employees of the publisher. The lack of any long-term guarantee or
13 commitment by the publisher to the business enterprise itself, however, is not
14 something which is atypical in an independent contractor situation. That the pair
15 functioned in such a looser employment relationship with the hiring party is not
16 critical. What is important is the existence of an engagement to create the works,
17 and the level of control and direction the commissioning party thereafter had over
18 creation of the works in question. And in that regard, the fact that Siegel and
19 Shuster were commissioned by the publisher to create specific material to which
20 the publisher had the statutory right to exert control over its creation, and for which
21 they were paid upon the material's publication, is dispositive as to the instance
22 prong.

23 In short, Detective Comics, as the copyright holder of the pre-existing work,
24 approached the artists and asked that they create works derived from that pre-
25 existing material on a regular basis, and then paid the artists for that derivative
26 work. As such, the material would fall within the category as a work made for hire.
27 Burroughs, 342 F.3d at 163; Picture Music, 457 F.2d at 1216. Accordingly, the
28 Court finds that the Superman material in Action Comics Nos. 2-3 and 5-6, which

1 were published in the interim period after the March 1, 1938, grant but before the
2 execution of the September 22, 1938, employment agreement were works made
3 for hire. The Superman material appearing in Action Comics No. 4, although
4 published during this same interim period, was not a work made for hire because it
5 consisted of material created in 1935. See supra III.A.2.

6 **C. Post-September, 1938, Superman Comic Book Material (Action
7 Comics Nos. 7-61 and Superman Nos. 1-23)**

8 It is clear to the Court that all of the comic book material produced by
9 Siegel and Shuster after they signed the employment agreement with Detective
10 Comics were works made for hire. The employment agreement makes plain that
11 the pair were specifically "employ[ed] and retain[ed]" by Detective Comics for a
12 period of five years (with an option to extend for an additional five years) to
13 produce, on an ongoing basis, the comic book magazines for certain characters,
14 including Superman, in return for payment of a sum certain upon that materials'
15 publication. Such an arrangement has all the elements of a relationship leading to
16 the creations of works made for hire.

17 Plaintiffs' argument regarding the "instance" prong of the test centers upon
18 the contention that, although Detective Comics retained a great deal of editorial
19 control over Siegel and Shuster's comic books, it actually exercised very little.
20 That the two were permitted to exercise their creative talents largely, or even
21 exclusively, in the manner they chose is not dispositive of whether the comics
22 were prepared at Detective Comics' instance. See Martha Graham Sch., 380
23 F.3d at 640-41 ("There is no need for the employer to be the precipitating force
24 behind each work created by a salaried employee, acting within the scope of her
25 regular employment. Many talented people, whether creative artists or leaders of
26 major corporations, are expected by their employers to produce the sort of work
27 for which they were hired, without any need for the employer to suggest any
28 particular project"). "Complete control over the author's work is not necessary" to

1 meet the instance test, Twentieth Century, 429 F.3d at 880, all that is required is
2 the right to direct and supervise the manner in which the work is created, and
3 even then, "the right to direct and supervise . . . need never be exercised." Martha
4 Graham Sch., 380 F.3d at 635 (emphasis in original).

5 Here, Detective Comics contractually reserved for itself the right to
6 "reasonably supervise the editorial matter of all features," a right which in some
7 instances it did exercise to provide editorial supervision over that material before it
8 was published, suggesting changes to the art work and the continuity submitted by
9 the pair. While this supervision perhaps did not rise to the level the publisher in
10 Twentieth Century exercised over the author's manuscript, see 429 F.3d at 880
11 (explaining that "the degree of in-person supervision was much greater than usual,
12 including regular face-to-face meetings between General Eisenhower and
13 Doubleday . . . where the editorial board provided him with extensive notes and
14 comments" as opposed to the normal process of "waiting for the manuscript to be
15 completed, and then discussing possible improvements with the author"), nowhere
16 did the Ninth Circuit suggest that such heightened supervision was necessary to
17 demonstrate that the work was produced at the instance of the publisher.

18 Magnifying the extent of Detective Comics' right to control the Superman
19 comic books' creation is the fact that it was also the holder of the underlying
20 material from which the later Superman comic books were derived. The fact that
21 Detective Comics approached Siegel and Shuster and, in a written agreement,
22 specifically engaged (and paid) for them to create comic book material derived
23 from the underlying Superman material it already owned, lends strong support to
24 the conclusion that said comic books were made at its instance. See Burroughs,
25 342 F.3d at 163; Picture Music, 457 F.2d at 1217; Siegel, 496 F. Supp. 2d at 1143
26 ("It was these additional elements of requesting and paying for specific derivative
27 works that served to demonstrate that the creation of the derivative work was at
28 the instance of the commissioning party").

1 In this respect, the circumstances of this case are not all that different from
2 those in Martha Graham School. Before being hired by a dance center, the artist
3 had created/choreographed various dances. Later she was hired as the artistic
4 director (receiving a regular salary) for the dance center and charged with
5 choreographing new dances, which she did to great success. In her position as
6 director of the dance center, the artist had nearly free reign in the type and
7 manner of the dances she created. Nonetheless, the Second Circuit held that,
8 because the works in question fell specifically within the class of duties for which
9 the artist was hired to perform (the creation of dances), those works were made
10 for hire. This case is no different. Siegel and Shuster were undisputedly charged
11 after September 22, 1938, with supplying Detective Comics "each and every
12 month" the comic book material for Superman. The works in question fall
13 precisely into the duties the employment contract called on Siegel and Shuster to
14 perform, thus meeting the "instance" prong of the work made for hire test.

15 As for the "expense" prong, the plaintiffs argue that the contingent nature of
16 Detective Comic's obligation to make payment for the material created (upon its
17 acceptance for publication), coupled with the fact that Siegel and Shuster had to
18 bear up-front costs (in more of an independent contractor role than a traditional
19 employee), negates this element. This method of payment, plaintiffs argue,
20 renders the present case distinguishable from other "sum certain" cases where
21 the artist were paid regardless of whether their work was accepted for publication.
22 However, plaintiffs have failed to present evidence that Siegel and Shuster were
23 not, in any given instance, paid for their work. Although there is evidence that at
24 least one of the works produced by Siegel and Shuster, "K-Metal from Krypton,"
25 was not accepted for publication by Detective Comics, nowhere have plaintiffs
26 pointed to any direct evidence indicating that the pair were not paid for this
27 rejected submission. Plaintiffs speculate, rather than substantiate, this point.

28

1 Plaintiffs attempt to fill this vacuum by pointing to declarations from comic
2 book historians who state that the industry practice at the time was for artists only
3 to be "paid for pages actually delivered by them and eventually published by" the
4 comic book publisher. (Pls' Opp. at 20). As the Court noted previously, appeals
5 to expert opinion of industry custom and practice are of "dubious evidentiary
6 value" owing to the fact that the expert in question is not venturing any opinion as
7 to what actually occurred with respect to the specific business relationship
8 between Detective Comics and Siegel and Shuster. Siegel, 542 F.Supp.2d at
9 1130.

10 Moreover, the language in the parties' December, 1939, modification
11 agreement creates the strong inference that Shuster had been paid by Detective
12 Comics for all or a portion of that prior year's artwork for comic strips (other than
13 Superman) that he did not supply. Furthermore, as disclosed in the 1947
14 Westchester action, Detective Comics decided near the end of the five-year
15 period in question to pay Siegel and Shuster for Superman material that neither
16 had contributed in creating. See Siegel, 496 F.Supp.2d at 1138. These instances
17 of payment for material not created by the artists establishes that the parties'
18 business relationship was anything but that fitting within the industry norm of
19 which the experts opine. It also demonstrates that, despite plaintiffs' appeal to the
20 "possibilities" of payment given the contractual terms, the parties' actual business
21 relationship belied those terms. In the end, the parties' actual pattern and practice
22 under the terms of the agreement speaks louder on the expense prong of the
23 work for hire question than such textual contingencies; all the Court has been
24 presented with in this regard are appeals to such possibilities and contingencies
25 that could, but for which there is no evidence ever did, take place.

26 Plaintiffs also emphasize all the costs, expenses, and overhead Siegel and
27 Shuster incurred in running their own artists' studio (payments to assistants,
28 payment of rent, purchasing art tools and supplies, etc.) in producing the material

1 they then supplied to Detective Comics, as demonstrating that the expense prong
2 has not been met. In the end, this evidence suggests that the artists' relationship
3 with Detective Comics, even when under contract to produce the material in
4 question, was more distant from that of traditional employees and closer to that of
5 independent contractors; however, as noted above, the instance and expense test
6 under the 1909 Act also applied to independent contractors. See Siegel, 496 F.
7 Supp. 2d at 1138 ("[C]ourts employing the instance and expense test have
8 discounted reliance on the circumstances and the cost borne for the production of
9 the work. Such consideration relates to the question of whether 'an artist worked
10 as an independent contractor and not as a formal employee,' a distinction that has
11 'no bearing on whether the work was made at the hiring party's expense.'")
12 (quoting Playboy Enterprises, 53 F.3d at 555)). The "expense" prong of the test is
13 therefore met.

14 Accordingly, applying the "instance and expense test," the undisputed
15 evidence establishes that the Superman materials created by Siegel and Shuster
16 during the term of their employment agreement (namely, Action Comics Nos. 7-
17 61, and to Superman Nos. 1-23) were works made for hire.¹³

18 **D. Superman Newspaper Strips Published from 1939 to 1943**

19 This leaves the last and most difficult category — the newspaper strips for
20 the period 1939 to 1943 — which the Court further subdivides into two categories:
21 (1) the two weeks' worth of newspaper strip material Siegel and Shuster created
22 before the syndication agreement was executed and (2) the remaining newspaper
23 strips the pair created thereafter under the aegis of that agreement. Because the
24 Court's ruling regarding the first two weeks' worth of newspaper strips implicates
25 more far-reaching issues, which are discussed in subsequent sections, the two
26

27 ¹³ The material appearing on pages three through six of Superman No. 1 is
28 the single exception to this conclusion. See supra section III.A.3 (holding that
these pages were not works for hire).

1 sub-categories are addressed in reverse chronological order. However, before
2 the Court may address the work for hire aspect of the newspaper strip materials, it
3 is necessary to discuss the significance of McClure's role in the September 22,
4 1938, agreements.

5 The complexity of the work for hire question on this last category of material
6 is due in large measure to the added dimension of McClure's presence in the
7 newspaper syndication endeavor, which altered and rearranged Detective Comics'
8 and the artists' then-existing business relationship. To be sure, McClure has
9 served as the proverbial elephant in the room in this case, an elephant whose
10 significant impact on the business relationship created through the September 22,
11 1938, employment agreement and newspaper syndication agreement both sides
12 have sought to either ignore or diminish. Defendants seek to relegate McClure to
13 the role of a mere licensee of the newspaper strips for which it owned nothing, lest
14 the material be injected into the public domain because McClure's listing itself as
15 the proprietor in the copyright notice and registration would arguably violate the
16 prohibition on divisibility of copyright in the 1909 Act.¹⁴ For their part, plaintiffs

17
18 ¹⁴ As noted by Professor Nimmer, under the 1909 Act, "it was inferred" by
19 the courts that because the 1909 Act "referred in the singular to the 'copyright
20 proprietor' . . . the bundle of rights which accrued to a copyright owner," such as
21 the right to reproduce the material on the stage or in books, "were 'indivisible, 'that
22 is, incapable of assignment in parts.'" 3 NIMMER ON COPYRIGHTS § 10.01[A] at 10-
23 5. Absent the complete assignment of rights commanded by the copyright, the
24 transfer was considered to be a license, with the transferor maintaining ownership
25 in all the rights to the copyright in the material. *Id.* Given this, any publication of
26 the material by the transferee was required to contain a copyright notice in the
27 name of the copyright owner (that is, the transferor); other actions, such as the
28 transferee's publication of the material carrying a notice only in its name, would
result in publication without proper notice, thereby injecting the material into the
public domain. 3 NIMMER ON COPYRIGHTS § 10.01[C][2] at 10-12 to 10-13. In light
of the rapid development of different forms of media in which material could be
reproduced, pressure began to build against continued adherence to the doctrine
of indivisibility, resulting in the creation of various judge-made exceptions to its
application. *Id.* at 10-6 to 10-7. One such exception crafted by some courts was
conceptualizing "such rights" conveyed as being "held in trust for the benefit of
the" transferor but with "legal title" resting in the name of the transferee thereby
allowing for the publication with notice thereto in the name of the transferee. *Id.* at
10-13 to 10-14; see also Runge v. Lee, 441 F.2d 579 (9th Cir. 1971). As

(continued...)