

## NOTES

# Crisis of Indefinite Consequence: How the Derivative Works Exception and the Lanham Act Undercut the Remunerative Value of Termination of Transfers.

by Ashok Chandra\*

INTRODUCTION .....	242
I. COPYRIGHT HISTORY .....	249
A. <i>Terminations under the 1909 Act</i> .....	251
B. <i>The Golden Age</i> .....	252
C. <i>The Gilded Age</i> .....	258
D. <i>The Copyright Age and the Copyright Act of 1976</i> .....	261
II. TERMINATION OF TRANSFERS .....	262
A. <i>Effect of the 1976 and 1998 Amendments</i> .....	263
B. <i>The Math in Action</i> .....	265
C. <i>Termination and the Work for Hire Exception</i> .....	266
III. HOW PUBLISHERS CAN UNDERCUT THE PROTECTIVE VALUE OF THE TERMINATION OF TRANSFER PROVISION .....	270
A. <i>Does Trademark Protect Graphic Characters?</i> .....	271
B. <i>The Derivative Rights Exception—Is Superman Still     Superman?</i> .....	277
1. Judicial Approaches To Determining Whether a Work Is a Derivative or Not .....	283

---

\* J.D. candidate, Fordham University School of Law, 2006; B.S., Biochemistry, B.A., English, University of Texas, Austin, 2001. I would like to thank Professor Sonia Katyal for helping me mold and refine this note, Professors Alan Hartnick and Stanley Rothenberg, for their comments and help and I would also like to thank my friends and family.

242	<i>FORDHAM INTELL. PROP. MEDIA &amp; ENT. L.J.</i> [Vol. 16:241	
	a) The <i>Durham</i> Two-Step Analysis.....	284
	b) The <i>Gracen</i> “Grossly Different” test and its Illegitimate Progeny.....	287
	IV. LIMITATION OF DERIVATIVE RIGHTS.....	291
	CONCLUSION.....	295

## INTRODUCTION

Who would win in a fight: Batman or Superman? Superman is an alien powerhouse with a myriad of destructive powers, but is tempered by a rigid belief in the human spirit. Batman, on the other hand, is the pinnacle of human performance—he has an acute mind and a vast array of gadgets at his disposal and is not afraid to use them. Numerous authors have attempted to illustrate this battle in the pages of graphic narratives over the years, but have come to no definitive conclusion.<sup>1</sup> Usually, some sort of balance is reached between the Boy Scout in red and blue tights and the Dark Knight detective.<sup>2</sup>

Much like Batman and Superman, two factions with different means of combat and defense in their arsenals are going to battle over the rights to comic book characters. Much like that fictional battle, this legal one will most likely be resolved by an uneasy, if not an impossible balance. This Note examines the limitations of the remunerative powers of the Copyright Act’s termination of transfer provision<sup>3</sup> when applied to graphic serializations. The termination of transfer provision allows an author to reclaim the rights to a work or character that he had assigned before he had known the value the character would accrue after exploitation. Graphic characters hold a distinct liminal position in the law of in-

<sup>1</sup> See, e.g., Jeph Loeb, Jim Lee, Scott Williams & Alex Sinclair, *Hush, Chapter Five: The Battle*, *BATMAN* 612, at 1, 9–15 (Apr. 2003), reprinted in *ABSOLUTE BATMAN: HUSH* ch. 5 at 9–15 (Robert Greenberger ed., DC Comics 2004); Frank Miller, Klaus Janson & Lynn Varley, *The Dark Knight Falls*, *BATMAN: THE DARK KNIGHT RETURNS* 4, at 1, 36–44 (DC Comics June 1986), reprinted in *BATMAN: THE DARK KNIGHT RETURNS* 188–96 (DC Comics 2002).

<sup>2</sup> See *supra* note 1 and accompanying text.

<sup>3</sup> 17 U.S.C. § 304 (2000).

tellectual property.<sup>4</sup> These characters are governed by copyright law,<sup>5</sup> which protects traditional literary narratives.<sup>6</sup> They are at the same time governed by trademark law, which protects pictorial images that have come to be associated with certain publishers.<sup>7</sup> Both the derivative rights exception codified in Section 304(c)(6)(A) of the Copyright Act as well as trademark protection from the Lanham Act limit the scope of the termination of transfer provision under 17 U.S.C. § 304.<sup>8</sup> While these two exceptions limit the remunerative powers that Congress intended the termination provision to confer, they concurrently ensure that publishers will not instantaneously lose the value that they imbued onto a character, thus providing a delicate balance in disputes between publishers and creators.

This Note will examine the development of the termination of transfer provision of the Copyright Act and its application to comic book characters through the history of Jerome Siegel and Joe Shuster and their creation, Superman. Siegel and Shuster created the Man of Steel in 1933 and subsequently licensed the iconic character to the publisher that would eventually become DC Comics in 1938.<sup>9</sup> In the years following their assignment, the character of

---

<sup>4</sup> See Jay Kogan, *Trademark Protection for "Identity" Elements of Characters After Copyright Expires*, N.Y. ST. B.A. ENT., ARTS & SPORTS L.J., Fall/Winter 2001, at 26 (explaining that "[c]haracters are entitled to protection under both copyright and trademark and related doctrines").

<sup>5</sup> See, e.g., *Warner Bros. v. Am. Broad. Cos., Inc.*, 720 F.2d 231, 235 (2d Cir. 1983) (stating that "[p]laintiffs own the copyrights in various works embodying the character Superman and have thereby acquired copyright protection for the character itself"); see also Kogan, *supra* note 4, at 26.

<sup>6</sup> 17 U.S.C. § 102(a)(1) (2000).

<sup>7</sup> *Cartoons and Comic Strips*, U.S. COPYRIGHT OFFICE CIRCULAR 44 (June 2002); see also *Am. Broad. Cos., Inc.*, 720 F.2d at 246; *Frederick Warne & Co. v. Book Sales, Inc.*, 481 F. Supp 1191, 1196–97 (S.D.N.Y. 1979) (explaining that "a character . . . may also serve to identify the creator thus meriting protection under theories of trademark or unfair competition").

<sup>8</sup> Compare 17 U.S.C. § 304(c)(6)(A) (2000) and 15 U.S.C. §§ 1114–23 (2000) with 17 U.S.C. § 304 (2000).

<sup>9</sup> See *Siegel v. Nat'l Periodical Publ'ns, Inc.*, 508 F.2d 909, 911 (2d Cir. 1974); see also LES DANIELS, *SUPERMAN: THE COMPLETE HISTORY* 18–22 (Steve Korté ed., Chronicle Books 1st paperback ed. 2004) (1998). Siegel and Shuster created three distinct versions of the Superman character before it sold: a villain in an illustrated short story, a hero without extraordinary powers, and the brightly-costumed Herculean form seen in his comic book debut. See DANIELS, *supra*.

Superman grew to become one of the most cherished pieces of Americana to be born out of the period that is now known as the Golden Age of comics.<sup>10</sup>

While the value of the character increased with its exposure in movies, cartoons, spin-offs and merchandising,<sup>11</sup> the original creators did not reap the benefits as they no longer owned the rights in the character.<sup>12</sup> While Siegel and Shuster were forced to live meagerly,<sup>13</sup> DC Comics exploited the character and made Superman into the economic behemoth that he is today.<sup>14</sup>

Two changes to the Copyright statute in 1976 and 1998 provided Siegel and Shuster and their heirs, as well as other Golden Age comic book creators, the opportunity to regain the copyright that they transferred to one of the major publishers.<sup>15</sup> With the legislative intent of allowing creators to be put in a place that they would have been had they known the true value of their creation after exploitation, the termination provision permits original creators to reclaim their characters after exploitation has occurred.<sup>16</sup> This grant allows creators such as Siegel and Shuster to reclaim the copyright in a character after a publisher has spent time and money in exploiting it. The heirs to Siegel took advantage of this exception and laid claim to half the rights to Superman in 1999.<sup>17</sup>

However, this raises new questions as to how to apply the relevant law of copyright and trademark to graphic narratives. In particular, how should the termination of transfer provision of 17 U.S.C. § 304(c) apply to an art form where every month a new derivative work is created from the original underlying work?<sup>18</sup> Unlike characters in classic novels whose stories end on the last page, the stories in a comic book never end. In the industry, when

---

<sup>10</sup> See DANIELS, *supra* note 9, inside cover.

<sup>11</sup> See DANIELS, *supra* note 9, *passim*.

<sup>12</sup> See DANIELS, *supra* note 9, at 41.

<sup>13</sup> See Robert Vosper, *The Woman of Steel*, CORP. LEGAL TIMES, Feb. 2005, at 1, 5.

<sup>14</sup> See DANIELS, *supra* note 9, *passim*.

<sup>15</sup> See VOSPER, *supra* note 13, at 5.

<sup>16</sup> See generally Kathleen M. Bragg, Comment, *The Termination of Transfer Position of the 1976 Copyright Act: Is it Time to Alienate it or Amend it?*, 27 PEPP. L.REV. 769 (2000).

<sup>17</sup> See VOSPER, *supra* note 13.

<sup>18</sup> Comic books are typically published on a monthly basis.

an original creator of a book leaves to pursue other ventures, the book continues on the next month with a different artist or writer.<sup>19</sup> With each passing month, the story of a character develops and the character evolves. The derivative rights exception ensures that these stories, as well as new characters that appear, are copyrightable,<sup>20</sup> but this exception may give too much control to publishers.

A derivative work is created when an underlying work is licensed to another and the licensee creates a work based on the original. For example, the James Bond films based on the Ian Fleming books have been found to be derivative works that are deserving of separate copyright protection.<sup>21</sup> This paper will explore the fuzzy areas of copyright law that the medium of comic books falls into. In order to obtain a copyright in a derivative character in a graphic or novelization form, publishers must show that their characters are sufficiently different from the underlying characters.<sup>22</sup>

Unlike traditional literary characters, the imagination does not create the visual interpretation of the character that an author's words can.<sup>23</sup> While the author of a good novel can craft a vivid description of a fictional character in a pure narrative, each reader will have a different conception in his or her mind of the character's actual physical appearance.<sup>24</sup> Changing the description of the character's appearance and mannerisms can be sufficient to create a derivative character.<sup>25</sup> While this may be true for the novel, it does not hold true for a comic book.<sup>26</sup> The image of a character is fixed upon first publication of a book.<sup>27</sup> The combined work of a writer, penciler, inker and colorist creates an image that all readers

---

<sup>19</sup> Assuming that the original author has assigned the work to a publisher or that he has created the work under a work-for-hire contract.

<sup>20</sup> 17 U.S.C. § 103(a) (2000).

<sup>21</sup> See *Metro-Goldwyn-Mayer, Inc. v. Am. Honda, Inc.*, 900 F.Supp. 1287, 1303 (C.D. Cal. 1989).

<sup>22</sup> See *Gaiman v. McFarlane*, 360 F.3d 644, 661 (7th Cir. 2004).

<sup>23</sup> See *id.* at 660–61 (explaining that “[a] reader of unillustrated fiction completes the work in his mind; the reader of a comic book . . . is passive”).

<sup>24</sup> *Id.*

<sup>25</sup> See 17 U.S.C. § 103(b) (2000).

<sup>26</sup> See *Walt Disney Prods. v. Air Pirates*, 581 F.2d 751, 755 (9th Cir. 1978).

<sup>27</sup> See *Gaiman*, 360 F.3d at 659.

of a work will associate with the actions of a certain character.<sup>28</sup> The copyright attaches to the image of the character upon publication.<sup>29</sup> Although there is no definitive test to determine how different a character must be from the underlying work to obtain protection,<sup>30</sup> it is far more difficult for a graphic character to be considered a derivative work than a literary character.<sup>31</sup>

In relation to comic books in general, this can mean a number of things. For example, with Superman, it may mean that upon termination, the rights to the character revert back to the original authors and the publisher–licensee will no longer be able to publish new issues of Superman. Another possibility is that the rights to the first publication and the other works created by the original authors prior to the application of an employment contract revert, but all subsequent issues published by the publisher are derivative works for which the publisher retains copyright. Yet another interpretation results with the original creators regaining their copyright in the original Superman character and publications that they wrote, but the publisher–licensee can still continue to publish a Superman comic book if they claims that the current Superman is not based on the original 1938 Superman, but a subsequent version. One can argue that the version of Superman that Siegel and Shuster created is vastly different from the one that appears today even though many physical traits are shared.<sup>32</sup>

This derivative rights exception presents Constitutional problems as well. If the publisher could successfully claim that the current Superman is a derivative of a previous version of Superman, that would mean that the copyright date in the character would re-

---

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

<sup>30</sup> See also *infra* text accompanying notes 266–305 for a more detailed discussion. *But see Gaiman*, 360 F.3d at 661 (asserting that the standard is copyrightability, that derivative characters will be considered sufficiently delineated only if they would receive independent copyright).

<sup>31</sup> See *id.* at 660–61. Literary characters are described in words and are given less protection than graphic characters. Because of the highly detailed nature of comic book characters it is harder to create sufficiently different characters. *Id.*

<sup>32</sup> Troy Brownfield, *Who Was That Caped Man?*, NEWSARAMA, Oct. 13, 2005, <http://www.newsarama.com/forums/showthread.php?threadid=46268> (discussing the existence of multiple Superman characters in comic books published by DC Comics).

set to a date more recent than 1938.<sup>33</sup> Such practice could create a never ending copyright regime in graphic characters in serials that would likely spill over into other genres. As soon as a term of copyright is about to end, the publisher could make significant changes to the character and claim that it is a derivative work to restart the length of copyright.<sup>34</sup>

Not only is a character's story a point of contention in copyright law, but also the graphic representation of the character. In 1940, Judge Augustus Hand held that the image of Superman is copyrightable.<sup>35</sup> Although copyright protects this interest, trademark law grants simultaneous protection to a character's image.<sup>36</sup> The Superman character—and more specifically, the shield with a red "S" on it—has become intrinsically linked in commerce to Warner Brothers and its subsidiary, DC Comics.<sup>37</sup> A successful termination by the creators of a popular comic book character could, possibly, force reversion of the copyright in a graphic representation of a character to the original creator, but trademark law would allow the publisher to concurrently retain rights in the same graphic representation if it has become associated with the publisher. A publisher could then publish a book with a character of the same appearance but with a different history. This hypothetical "new" character, created through exploitation of trademark law, would undercut the inherent value of the copyright that the creator re-acquired. Even though the creator would own the copyright to the character under this hypothetical, they may not be able to publish a series with the physical representation of the character. A second identical character on the market would create consumer confusion that is prohibited by trademark law. If the creator of the character would not be able to use the likeness of his character, the value would be considerably lessened, as would his bargaining power.

---

<sup>33</sup> *Gaiman*, 360 F.3d at 661–62. In *Gaiman*, Judge Posner details a hypothetical of this counterintuitive interpretation. *Id.*

<sup>34</sup> *Id.*

<sup>35</sup> See *Detective Comics, Inc. v. Bruns Publ'ns, Inc.*, 111 F.2d 432, 433 (2d Cir. 1940) (finding that the aspects of the Superman character's physical appearance are copyrightable).

<sup>36</sup> See Kogan, *supra* note 4, at 26.

<sup>37</sup> Superman and all related indicia are trademarks of DC Comics. *Id.* at n.67.

Ever since the Siegel heirs asserted their rights to Superman against Warner Brothers and DC Comics,<sup>38</sup> other creators in the medium have begun to sue their former publishers in order to reclaim the rights to their works.<sup>39</sup> If the Siegel heirs prevail on this case, there will likely be a wave of pre-1976 creators attempting to execute the termination provision.<sup>40</sup> Such an onslaught of lawsuits could limit the ability of comic book publishers to continue to put out the stories that we know and love. Lawsuits aimed at termination can be costly for both parties, but especially for the publisher.<sup>41</sup> If creators are able to bargain for the present day value of their characters, their renegotiated contracts would have the effect of either increasing the price of comic books or making it prohibitively expensive to license characters. Some of the less lucrative characters might no longer be published. As sales in comics decrease accordingly with the shrinking demographic that reads them,<sup>42</sup> a wave of lawsuits could signal the death knell of an entire genre. Alternatively, publishers may have to pick and choose which characters they can re-license in order to keep down the contracting price. This would have the effect of essentially removing certain characters that have become part of the public consciousness from their monthly publications. On the other hand, a different publisher may license the character and unfairly benefit from the years of promotion that the previous publisher poured into the character under the assumption that they owned the character outright.

This Note will analyze different tests that have been used to determine the scope of copyrightability of derivative works. These

---

<sup>38</sup> See VOSPER, *supra* note 13, at 5–7 (detailing the Siegels' filing for termination of the grant of copyright in Superman, filed in 1997, effective in April of 1999, and leading to their suit against Warner Bros., filed in early 2005).

<sup>39</sup> See, e.g., *Marvel Characters, Inc. v. Simon*, 310 F.2d 280, 284–85 (2002). (The creator of the Marvel character, Captain America, sued to regain the copyright in the character).

<sup>40</sup> See VOSPER, *supra* note 13, at 7. See also Brownfield, *supra* note 32 (indicating that some of the characters that DC Comics publishes, such as Captain Atom and the Blue Beetle, were acquired from other publishers).

<sup>41</sup> See VOSPER, *supra* note 13, at 7.

<sup>42</sup> See, e.g., Matt Brady, *Marvel Releases Q3 2005 Numbers*, NEWSARAMA, Nov. 9, 2005, <http://www.newsarama.com/forums/showthread.php?s=f2fc0d8f8f7b9fa8836342d8b5bf90e0&threadid=48875> (noting that Marvel Entertainment saw a 29% drop in profits from quarter three of the previous year).

tests may limit the original intent of the legislature in the passage of 17 U.S.C. § 304.<sup>43</sup> Parts I and II will recount the history of the Copyright Act and how the statutory provisions have affected contracting between authors and publishers. Part III will examine the role that trademark and derivative rights play in undercutting the remunerative value of the termination of transfer provision. Part IV will examine the balance that is struck when the termination interests of the author conflict with the defenses that a publisher can use to protect its works.

## I. COPYRIGHT HISTORY

Fictional characters appear in many forms and in different genres of works. They can appear in literary works, where they are described solely by words; they can appear in cartoons, where their motions and actions give life to the character; or they can appear in movies, where characters are defined by their actions, their physical appearance and other attributes. These characters are all protected to some degree by copyright.<sup>44</sup> For a character to achieve copyright protection, the work cannot be “so rudimentary, commonplace, standard, or unavoidable that they do not serve to distinguish one work within a class of works from another.”<sup>45</sup> The character must be sufficiently different from its line of predecessors.<sup>46</sup> Of particular interest are characters that appear in the medium of graphic narratives; otherwise known as comic books.

Comic book characters have become the mythology of America.<sup>47</sup> Children grow up on the stories of imaginative writers and artists who create new characters and arcs<sup>48</sup> to engage the thoughts and hearts of their readers. Although comic book writers change

---

<sup>43</sup> 17 U.S.C. § 304 (2000).

<sup>44</sup> 17 U.S.C. § 101 (2000).

<sup>45</sup> *Bucklew v. Hawkins*, 329 F.3d 923, 929 (7th Cir. 2003).

<sup>46</sup> *See Gaiman*, 360 F.3d 644, 661–62 (7th Cir. 2004).

<sup>47</sup> The renowned comic book artist, Alex Ross, published a book called *Mythology* featuring properties owned by DC Comics such as Batman and Superman. ALEX ROSS & CHIP KIDD, *MYTHOLOGY: THE DC COMICS ART OF ALEX ROSS* (Pantheon 2003).

<sup>48</sup> An arc is a set of comic book issues where a story plays out.

almost as frequently as the seasons,<sup>49</sup> the characters remain and grow even as they become more and more separated from their original creators.<sup>50</sup> Who is it, though, that actually owns the rights to these characters? Changes in copyright law have made this a bit of a fuzzy question.

The Copyright clause of the Constitution gives Congress the power “to Promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”<sup>51</sup> The clause exists to give authors a limited monopoly in their works in order to encourage them to release their creative works to the public.<sup>52</sup> Although authors are conferred the right to reproduce their work,<sup>53</sup> distribute copies of work,<sup>54</sup> control public performances and displays of their work,<sup>55</sup> and prepare derivative works,<sup>56</sup> authors can also contract these rights away. In order to remedy the possible inequitable bargaining positions that publishers can impose upon authors, Congress has historically included termination provisions in copyright statutes in order to ensure that an author could have some bargaining power.<sup>57</sup> Although there has been an increase in protection—possibly so much that it belittles the assumed competence of authors<sup>58</sup>—publishers may have statutory as well as common law methods of circumventing a termination of transfer and simultaneously diminishing the value of an author’s newly reclaimed copyright.

---

<sup>49</sup> Typically, comic book writers stay on a book for about a designated time before being transferred to another book or using their notoriety to push a new book.

<sup>50</sup> See DANIELS, *supra* note 9, *passim*.

<sup>51</sup> U.S. CONST. art. I, § 8, cl. 8.

<sup>52</sup> See *U. S. v. Paramount Pictures, Inc.*, 334 U.S. 131, 158 (1948) (finding that the copyright clause “serves to induce release to the public of his [the author’s] creative genius”).

<sup>53</sup> 17 U.S.C. § 106(1) (2000).

<sup>54</sup> 17 U.S.C. § 106(3) (2000).

<sup>55</sup> 17 U.S.C. §§ 106(4)–(6) (2000).

<sup>56</sup> 17 U.S.C. § 106(2) (2000).

<sup>57</sup> See generally Bragg, *supra* note 16.

<sup>58</sup> See *id.* at 769–70.

The first Congressional venture into defining the scope of Copyright was the Copyright Act of 1790,<sup>59</sup> which maintained the original and renewal terms of the Statute of Anne.<sup>60</sup> It gave authors copyright protection for fourteen years and a renewal period of fourteen years.<sup>61</sup> The Copyright Act was altered in 1870, but was criticized by publishers who believed that it unfairly favored authors.<sup>62</sup> Legislative action was taken to revise the 1870 Act as it “treated authors like children” in its protection of their interests.<sup>63</sup>

*A. Terminations under the 1909 Act*

Under the 1909 Act, an author was entitled to a copyright in his work for a period of twenty-eight years from the date of publication.<sup>64</sup> Upon expiration of the first twenty-eight year period, the author could renew the copyright for a second twenty-eight year period, known as the renewal term, by applying to the United States Copyright Office.<sup>65</sup> By granting a renewal term as part of the bundle of rights, Congress intended to allow an author to have a second chance after the initial term expired.<sup>66</sup> Congress enacted this two-term system with the express purpose of fixing the imbalance in bargaining power between the author and the publisher and it provided an escape hatch to authors who made careless bargains.<sup>67</sup> Contrary to Congressional intent, this escape hatch did not work to secure additional protection to the author. In *Fred Fischer*

---

<sup>59</sup> 1 Stat. 124 (May 31, 1790) (commonly known as the Copyright Act of 1790, repealed 1909), reprinted in MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT Vol. 8, app. 7 at 41 (Matthew Bender & Co. 1993) (1963).

<sup>60</sup> 8 Anne c. 19, (1709) (repealed 1842), reprinted in MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT Vol. 8, app. 7 at 5 (Matthew Bender & Co. 1993) (1963).

<sup>61</sup> *Id.*

<sup>62</sup> See Malcolm L. Mimms, Jr., *Reversion and Derivative Works Under the Copyright Acts of 1909 and 1976*, 25 N.Y.L. SCH. L. REV. 595, 598–99 (1980); see also Bragg, *supra* note 16, at 770.

<sup>63</sup> See Mimms, *supra* note 62.

<sup>64</sup> 17 U.S.C. § 24 (1909 Act) (entitled Duration; Renewal and Extension), replaced by the Copyright Act of 1976, 17 U.S.C. § 101, *et seq.*, reprinted in MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT Vol. 8, app. 6 at 26 (Matthew Bender & Co. 1993) (1963).

<sup>65</sup> *Id.*

<sup>66</sup> See Mimms, *supra* note 62, at 600–01; see also Bragg, *supra* note 16, at 771.

<sup>67</sup> See Mimms, *supra* note 62, at 601; see also Bragg, *supra* note 16, at 771.

*Music Co. v. M. Witmark & Sons*, the Supreme Court found that the second term of copyright was assignable during the first term.<sup>68</sup> This ruling ensured that publishers could preemptively contract for the second term before the value of the work was determined.

The term of copyright ran from the date of publication and ended twenty-eight years from then.<sup>69</sup> Within a year of the twenty-eighth year, an author had the right to renew his copyright to obtain rights for the duration of the renewal period.<sup>70</sup> The 1909 Act allowed an author to assign the rights, in their entirety to the initial twenty-eight years, or, after a renewal had occurred, the second twenty-eight years.<sup>71</sup>

### B. *The Golden Age*

The “Golden Age” is a term that comic book enthusiasts use to demarcate the period in comic book publication that began in 1938 with the publication of *Action Comics #1*, the first appearance of Superman,<sup>72</sup> and ended in 1956, with the publication of *Showcase #4*, the first appearance of the new Flash.<sup>73</sup> During the Golden

---

<sup>68</sup> 318 U.S. 643, 659 (1943). The case involved the song, “When Irish Eyes are Smiling.” *Id.* at 645. The authors of the song assigned both the initial and renewal rights in the song. *Id.* When one of the authors renewed the rights in his own name, Witmark brought suit and the Court determined that the second term of copyright was renewable by someone other than the author if it was assigned. *See id.* at 659.

<sup>69</sup> *See supra* note 64 and accompanying text.

<sup>70</sup> *See id.*

<sup>71</sup> *See* 17 U.S.C. § 28 (1909 Act) replaced by the Copyright Act of 1976, 17 U.S.C. § 101, *et seq.*, reprinted in MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT Vol. 8, app. 6 (Matthew Bender & Co. 1993) (1963).

<sup>72</sup> Jerome Siegel & Joe Shuster, *Superman*, ACTION COMICS 1, (June 1938), at 1 (commonly referred to as the first appearance of Superman), reprinted in SUPERMAN IN ACTION COMICS ARCHIVES, VOLUME ONE 9 (Bob Kahan ed., DC Comics 1997). *See also* Siegel v. Nat’l Periodical Publ’ns, Inc., 508 F.2d 909, 911 (2d Cir. 1974).

<sup>73</sup> Robert Kanigher, Carmine Infantino & Joe Kubert, *Mystery of the Human Thunderbolt!*, SHOWCASE 4, (Oct. 1956), at 1 (commonly referred to as the first appearance of the “Silver Age” Flash), reprinted in THE FLASH ARCHIVES, VOLUME ONE 20 (Bob Kahan ed., DC Comics 1996); *see also* Jamie Coville, *The Silver Age*, INTEGRATIVE ARTS 10, PENN. ST. UNIV., [http://www.psu.edu/dept/inart10\\_110/inart10/cmbk6silver.html](http://www.psu.edu/dept/inart10_110/inart10/cmbk6silver.html) (last visited Oct. 8, 2005) (describing the first published appearance of Barry Allen, the new Flash, a character whose power is the ability to run incredibly fast); Brownfield, *supra* note 32 (discussing the existence of the Golden Age Superman and the current Superman); *cf.* A. David Lewis, *One For the Ages: Barbara Gordon and the (Il)-Logic of Comic Book Age-Dating, Part Two: The Silver Age and Beyond*, ONCE UPON A DIME (Dec. 2003)

Age of Comics, DC Comics characters such as Batman,<sup>74</sup> Captain Marvel,<sup>75</sup> Green Lantern,<sup>76</sup> Wonder Woman,<sup>77</sup> and Plastic Man<sup>78</sup> were first published, and have remained icons in American culture.<sup>79</sup> All of these characters were created under the 1909 Copyright Act, which was the governing law during the period.<sup>80</sup> The question of ownership was not at the forefront of contractual concerns at the time.<sup>81</sup> The work made for hire doctrine had not yet been put into heavy practice in the realms of publication.<sup>82</sup> As a result, many of the characters that are now being published by DC Comics and other publishers were not created through employment contracts, but were licensed by independent creators.<sup>83</sup>

---

<http://www.onceuponadime.com/hist/ages2.htm> (discussing other possible start dates for the Silver Age). The Silver Age of comic books resuscitated the superhero genre after a post-war slump. *See* Lewis, *supra*. The characters that came out of the Silver Age were still iconic, but demonstrated more human flawed qualities. *See* Lewis, *supra*. Some of the humanity and realism that was missing from the Golden Age was found in comics in the Silver Age. *See* Lewis, *supra*. The Silver Age is also notable as Marvel Comics began to gain strength in the field with books such as the Fantastic Four and Spider-Man. *See* Lewis, *supra*.

<sup>74</sup> Bill Finger & Bob Kane, *The Case of the Chemical Syndicate*, DETECTIVE COMICS 27, (May 1939), at 2 (commonly referred to as the first appearance of Batman), *reprinted in* BATMAN ARCHIVES, VOLUME ONE 7 (Dale Crain ed., DC Comics 1990).

<sup>75</sup> Bill Parker & C. C. Beck, *Introducing Captain Marvel*, WHIZ COMICS 2, (Feb. 1940), at 1 (commonly referred to as the first appearance of Captain Marvel), *reprinted in* THE SHAZAM! ARCHIVES, VOLUME ONE 19 (Bob Kahan ed., DC Comics 1992).

<sup>76</sup> Bill Finger & Martin Nodell, *The Origin of Green Lantern*, ALL-AMERICAN COMICS 16, (July 1940), at 1 (commonly referred to as the first appearance of Green Lantern), *reprinted in* THE GOLDEN AGE GREEN LANTERN ARCHIVES, VOLUME ONE 7 (Rick Taylor ed., DC Comics 1999).

<sup>77</sup> William Marston & Harry Peter, *Introducing Wonder Woman*, ALL STAR COMICS 8, (Dec. 1941–Jan. 1942), at 68 (commonly referred to as the first appearance of Wonder Woman), *reprinted in* ALL STAR COMICS ARCHIVES, VOLUME TWO 129 (Bob Kahan ed., DC Comics 1993).

<sup>78</sup> Jack Cole, *The Origin of Plastic Man*, POLICE COMICS 1, (Aug. 1941), at 32 (commonly referred to as the first appearance of Plastic Man), *reprinted in* THE PLASTIC MAN ARCHIVES, VOLUME ONE 10 (Dale Crain ed., DC Comics 1998).

<sup>79</sup> *See* VOSPER, *supra* note 13, at 7.

<sup>80</sup> *See supra* note 64 and accompanying text.

<sup>81</sup> *See, e.g.*, DANIELS, *supra* note 9, at 41 (explaining that “Jerry Seigel had just wanted to give his brainchild a chance . . . ‘Well, at least this way we’ll see him in print’”).

<sup>82</sup> *See, e.g.*, *Marvel Characters, Inc. v. Simon*, 310 F.3d 280, 282 (2d Cir. 2002) (discussed *infra* notes 183–190 and accompanying text).

<sup>83</sup> *See, e.g.*, *Siegel v. Nat’l Periodical Publ’ns, Inc.*, 508 F.2d 909, 911 (2d Cir. 1974) (noting that the creators of Superman conceptualized the character four years prior to licensing the character to Detective Comics).

The facts surrounding Superman can illustrate the unstable legal predicament of comic book authors who debuted their creations in the Golden Age. In the early 1930's, the Golden Age began when a pair of Cleveland teenagers, Jerry Siegel and Joe Shuster,<sup>84</sup> created the character Superman, the sole survivor of a dying alien planet who was sent to Earth.<sup>85</sup> Superman's alien physiology reacted oddly to the earth's gravitational field.<sup>86</sup> The gravitational field of earth gave Superman exceptional strength and allowed him to jump much higher than regular human beings.<sup>87</sup>

In 1933, Jerome Siegel conceived of the idea of Superman, a character with superhuman powers who engaged in heroic activities, and with his partner, Joe Shuster, crafted a comic book strip.<sup>88</sup> For four years, they shopped the character around, but were largely rejected, and couldn't put together a deal with a publisher.<sup>89</sup> In the meantime, Siegel and Shuster achieved a toehold in the nascent business of comic books with other offerings.<sup>90</sup> On December 4, 1937, Siegel and Shuster entered into a written contract with Detective Comics whereby they would furnish strips for the publisher for a period of two years.<sup>91</sup> Under the terms of that contract, the creators agreed "that all of these products and work done by said Employee [Siegel and Shuster] for said Employer [Detective] dur-

---

<sup>84</sup> See Vincent P. Bzdek, *More Powerful Than . . . Ever; On Screen and Off, Superheroes are a Force to be Reckoned With*, WASHINGTON POST, Feb. 6, 2005, at N01.

<sup>85</sup> See DANIELS, *supra* note 9, at 13–23; see also Matt Brady, *DC Comics to Lose Half the Rights to Superman*, STRICTLY COMICS, Sep. 1, 1999, <http://www.teako170.com/superman.html>.

<sup>86</sup> See Jerome Siegel & Joe Shuster, *A Scientific Explanation of Superman's Amazing Strength!*, SUPERMAN 1, (Summer 1939), at 32 (explaining that "[t]he smaller size of our planet, with its slighter gravity pull, assists Superman's tremendous muscles in the performance of miraculous feats of strength!"), reprinted in SUPERMAN ARCHIVES, VOLUME ONE 42 (Mark Waid and Richard Bruning ed., DC Comics 1989).

<sup>87</sup> See *id.*; Warner Bros. v. Am. Broad. Cos., Inc., 720 F.2d 231, 235–36 (2d Cir. 1983).

<sup>88</sup> Siegel v. Nat'l Periodical Publ'ns, Inc., 508 F.2d 909, 911 (2d Cir. 1974).

<sup>89</sup> See DANIELS, *supra* note 9, at 15–30. In one form or another, Superman was passed over by Consolidated, *Famous Funnies*, Super Magazines, Inc., National Allied Publishing, Dell Publishing, United Features Syndicate, *Tip Top Comics* and the McClure Newspaper Syndicate. *Id.*

<sup>90</sup> *Id.* at 23–26. Siegel and Shuster contributed *Henri Duval of France*, *Famed Soldier of Fortune*, *Dr. Occult*, *the Ghost Detective*, *Federal Men* and *Slam Bradley* to National Allied Publishing, sometimes pseudonymously as Leger (or Legar) and Reuths. See *id.* at 23–26.

<sup>91</sup> See Siegel, 508 F.2d at 911.

ing said period of employment shall be and become the sole and exclusive property of the Employer and the Employer shall be deemed the sole creator thereof. . . .”<sup>92</sup> In 1938, Siegel and Shuster presented their well-traveled Superman idea to the publisher, M.C. Gaines, who passed it on to Jack Liebowitz, publisher of a forthcoming new comic book for Detective Comics.<sup>93</sup> Vin Sullivan, Liebowitz’s editor, liked it, and lined it up for publication as the very first feature story in *Action Comics*.<sup>94</sup> Before publication, Siegel and Shuster signed over the rights in Superman to DC, then known as Detective Comics, for one hundred and thirty dollars including the copyright to the character.<sup>95</sup>

The sale amounted to an assignment of the rights in the character, making DC the owner of Superman.<sup>96</sup> DC had the right to publish the existing character and publish new stories for the duration of the copyright term with or without Siegel and Shuster.<sup>97</sup> As this was governed by the 1909 Act, that term was twenty-eight years initially, followed by another twenty-eight years if renewed.<sup>98</sup> As the owner of the character, DC could create derivative stories from Siegel and Shuster’s original conception.<sup>99</sup>

Although the purpose behind the 1909 Act was to provide authors such as Siegel and Shuster with a second opportunity to benefit from their exploited works, the statute did not mention

---

<sup>92</sup> See *id.* In addition, Detective was given the right of first refusal for any of the comics that Siegel and Shuster might produce. See *id.*

<sup>93</sup> See DANIELS, *supra* note 9, at 26–30.

<sup>94</sup> *Id.* at 31.

<sup>95</sup> See *Siegel*, 508 F.2d 909, 911; DANIELS, *supra* note 9, at 41.

<sup>96</sup> See DANIELS, *supra* note 9, at 41.

<sup>97</sup> See *id.* at 41, 70–73.

<sup>98</sup> See *supra* note 64 (current version at 17 U.S.C. §§ 301–05 (2000)); see also Robert Vosper, *The Math Behind The Superman Copyright*, CORPORATE LEGAL TIMES, Feb. 2005, at 6, 6.

<sup>99</sup> See *supra* note 64 (current version at 17 U.S.C. § 7 (2000)). The Copyright Act stated: Compilations or abridgments, adaptations, arrangements, dramatizations, translations, or other versions of works in the public domain or of copyrighted works when produced with the consent of the proprietor of the copyright in such works, or works republished with new matter, shall be regarded as new works subject to copyright under the provisions of this title, but the publication of any such new works shall not affect the force or validity of any subsisting copyright upon the matter employed or any part thereof, or be construed to imply an exclusive right to such use of the original works, or to secure or extend copyright in such original works. See *supra*.

whether or not the second term could be assigned during the first term.<sup>100</sup> In *Fred Fischer Music Co. v. M. Witmark & Sons*,<sup>101</sup> the Supreme Court dealt a blow to authors. The Court held that an author's renewal term was assignable during the original copyright term if the author survived past the end of the initial term.<sup>102</sup> In other words, an author could assign his renewal right to another party and lose the commercial benefit of his creative work.

The Supreme Court's interpretation of the statutory copyright law gave publishers a distinct advantage over authors. When publishers realized that they had the ability to secure the rights in a work for the full term of fifty-six years, they did not need to bargain again at the twenty-eighth year after exploitation of the character had occurred.<sup>103</sup> Essentially, any Congressional intent to grant authors bargaining power was suddenly dismantled.

In sum, although the sale of Superman granted DC "ownership" in the character of Superman, the sale did not grant DC the "authorship" in the character. DC Comics was not financially able to hire full time employees, so in order to print publishable materials; it published contributions from independent creators.<sup>104</sup> The creations of these independent Golden Age writers and artists were able to see the light of day because publishers were not yet able to hire their own employees to create works.<sup>105</sup> Siegel and Shuster independently created Superman in 1933 and were not employees of DC; thus they did not have work for hire contracts at the time they created the character.<sup>106</sup> Without an employment or work-for-hire contract, Siegel and Shuster could still retain rights of author-

---

<sup>100</sup> See Bragg, *supra* note 16, at 773.

<sup>101</sup> 318 U.S. 643, 659 (1943); see *supra* note 68 and accompanying text.

<sup>102</sup> See *Fred Fischer Music Co.*, 318 U.S. at 659.

<sup>103</sup> See generally, Daniel A. Saunders, Comment, *Copyright Law's Broken Rear Window: An Appraisal of Damage and Estimate of Repair*, 80 CAL. L. REV. 179 (1992).

<sup>104</sup> See RON GOULART, GREAT HISTORY OF COMIC BOOKS 59 (Contemporary Books, Inc. 1986) (noting that DC Comics had a shaky financial situation and took contributions from outside writers).

<sup>105</sup> See DANIELS, *supra* note 9, at 17, 23, 41.

<sup>106</sup> See *Siegel v. Nat'l Periodical Publ'ns, Inc.*, 508 F.2d 909, 911 (2d Cir. 1974) (Siegel and Shuster signed their first of several contracts with Detective in 1937, although they had created the character in 1933, and would not submit the character to Detective until 1938). See also DANIELS, *supra* 9 and accompanying text.

ship in their works.<sup>107</sup> Superman was not officially created with DC's publication of Action Comics #1 in June of 1938. Instead, Siegel and Shuster had been tinkering with the character for several years and had shopped Superman around to several publishers.<sup>108</sup>

Siegel and Shuster submitted their 1933 Superman materials to the publisher and it was eventually used in a new magazine.<sup>109</sup> On March 1, 1938, prior to the publication of Action Comics #1, Detective obtained a further release from Siegel and Shuster, which sold and transferred to Detective all the rights to use the "characters and story, continuity and title," associated with the Superman strip.<sup>110</sup> Although there is a question as to whether or not Superman was fixed prior to DC's first publication, there was no doubt that with the publication of Action Comics #1, The Golden Age of comics was born and Siegel and Shuster launched a new era of publication.<sup>111</sup>

---

<sup>107</sup> See, e.g., *Scherr v. Universal Match Corp.*, 417 F.2d 497 (2d Cir. 1969), *cert. denied*, 397 U.S. 936 (1970) (finding that a creation made under the employ of another creates an authorship right in the owner).

<sup>108</sup> See *Siegel*, 508 F.2d at 911 (noting that Superman was created in 1933 and was of publishable quality). In the counterclaim against the Siegel family, Warner Brothers states that since Superman was of publishable quality in 1933, the window to terminate the copyright lapsed several years before the termination was filed, as the Siegel family was incorrectly relying on the 1938 publication date. See Matt Brady, *Inside the Siegel/DC Battle for Superman*, NEWSARAMA, Oct. 2002, <http://www.newsarama.com/DC/Superman/WBcounterclaim.htm>.

<sup>109</sup> See *Siegel*, 508 F.2d at 911.

<sup>110</sup> See *id.* Shortly after the publication of Action Comics #1, Siegel and Shuster signed another employment contract with DC Comics that increased their compensation. The agreement granted DC Comics the rights to all forms of reproduction of the comic strip. The agreement had the language:

That we, Detective Comics, Inc., are the sole and exclusive owners of the comic strip entitled, "SUPERMAN". . . and to all rights of reproduction of all said comic strips and the titles and characters contained therein, and the continuity thereof, including but not limited to the fields of magazine or other book publication, newspaper syndication. . . and all other forms of reproduction. We have all right of copyright and all rights to secure copyright registration in respect of all such forms of reproduction.

See *id.*

<sup>111</sup> See Gerard Jones, *It's A Bird. . . It's A Plane. . . It's the Fading Future of Comics*, L.A. TIMES, Feb. 15, 2005, at B15.

### C. *The Gilded Age*

Throughout the early 1940's, Siegel and Shuster, as well as other comic book creators, made a decent living,<sup>112</sup> but they did not believe that DC Comics paid them their fair share of profits generated by these characters.<sup>113</sup> Siegel and Shuster believed that DC Comics owed them much more from the exploitation of the character, including profits from merchandising, as well as those generated from characters such as Superboy and Starman, which had roots in the original Superman character.<sup>114</sup> Publishers in the era typically bargained for the entire bundle of rights to the characters they purchased, leaving creators with few profitable options.<sup>115</sup>

In 1947, Siegel and Shuster brought an action against National Publications attacking their previous agreement<sup>116</sup> as void for lack of mutuality and consideration. They, as many young creators at the time, found in hindsight that their initial compensation did not match the level of success that the publisher had achieved through the exploitation of their character. However, a referee to the case found that the 1938 agreement was valid and the authors had transferred all the rights to their character to National Publications.<sup>117</sup>

Siegel and Shuster also sued DC for issues relating to the character, Superboy.<sup>118</sup> While DC Comics managed to reap the benefits of merchandising and licensing of characters such as Superman and others, their creators were still governed by the terms of their

---

<sup>112</sup> See generally *Siegel*, 508 F.2d at 911 (noting that by 1947, Siegel and Shuster had been paid in excess of \$400,000 for their work at Detective Comics.). Cf. GOULART, *supra* note 104 at 92 (noting that Siegel and Shuster's income had dropped to \$46,000 a year). In their suit, Siegel and Shuster sought to recover \$5,000,000 that they claim Superman would have brought them. See *id.* (quoting the April 14, 1947 issue of Newsweek, which contained an article on the lawsuit).

<sup>113</sup> See Brady, *supra* note 85. *Business Week* had reported that by 1942, the comic book industry generated \$15,000,000 a year. See GOULART, *supra* note 104.

<sup>114</sup> See Brady, *supra* note 85.

<sup>115</sup> See, e.g., *Siegel*, 508 F.2d at 911. Their agreement contained the language: such sole and exclusive ownership includes, but is not limited to, the fields of book and magazine publications, [etc.] and all other forms of reproduction and presentation, whether now in existence or that may hereafter be created . . . . See *id.*

<sup>116</sup> See *supra* notes 109–112.

<sup>117</sup> *Siegel*, 508 F.2d at 912.

<sup>118</sup> See GOULART, *supra* note 104 at 92. In 1945, DC Comics debuted the character, Superboy, a young version of Clark Kent who was had the same powers as Superman. See *id.*

original contracts, which were drafted prior to the success of their characters.<sup>119</sup> The referee ruled in favor of DC, but assigned the rights of Superboy to Siegel and Shuster.<sup>120</sup> The judge found that the editorially created character of young Superman was an unfair infringement on their copyright.<sup>121</sup> The court found that DC's Superboy series was based on a letter that Siegel wrote in 1936 and that Superboy was a work distinct from Superman.<sup>122</sup> DC reportedly settled for \$120,000 a piece to regain the rights to Superboy, which amounted to less than two years salary for each creator.<sup>123</sup>

In their subsequent stipulation, Siegel and Shuster had to swear off any claim to the Superman character, or any other Superman-related character.<sup>124</sup> The stipulation, which was signed by both parties, also granted DC the exclusive right to the "conception, idea, continuity, pictorial representation and formula" of the Superman comic.<sup>125</sup>

As a result of the lawsuit, Siegel and Shuster were squeezed out of the comic book business.<sup>126</sup> For the next thirty years, Siegel and Shuster fought for a "created by" credit and an income.<sup>127</sup>

---

<sup>119</sup> See generally *Siegel*, 508 F.2d at 909.

<sup>120</sup> *Id.* at 912.

<sup>121</sup> See *id.*

<sup>122</sup> Matt Brady, *Battle for the Boy*, <http://www.newsarama.com/DC/Superman/SuperboyCompl.htm> (last visited Oct. 11, 2005).

<sup>123</sup> See Brady *supra* note 85; cf. GOULART, *supra* note 104 at 92 (insinuating that Siegel and Shuster were instead paid \$50,000 each and were subsequently fired).

<sup>124</sup> See *Siegel*, 508 F.2d at 912. The stipulation stated that:

Defendant, NATIONAL COMICS PUBLICATIONS, INC. is the sole and exclusive owner of and has the sole and exclusive right to the use of the title SUPERMAN and to the conception, idea, continuity, pictorial representation and formula of the cartoon feature SUPERMAN as heretofore portrayed and published. . . and such sole and exclusive ownership includes, but is not limited to, the fields of book and magazine publications, [etc.] and all other forms of reproduction and presentation, whether now in existence or that may hereafter be created, together with the absolute right to license, sell transfer or otherwise dispose of said rights.

*Id.*

<sup>125</sup> *Id.* As a result of the stipulation, Siegel and Shuster would be given a "created by" note for the Superman movies, cartoons and TV shows, but not in the comic books. DC removed Siegel and Shuster from the creators page after the stipulation was signed. See <http://www.geocities.com/Athens/8580/super.html> (last visited Oct. 12, 2005).

<sup>126</sup> Jones, *supra* note 111.

<sup>127</sup> *Id.*

They achieved little since the 1909 act had no provision for authors who assigned their works to get any remuneration because they no longer had any ownership interest in the character.<sup>128</sup> The authors had no legal rights to the character because there was no statutory provision protecting authors who fairly or unfairly sold the rights to their characters. Siegel and Shuster received no royalties for Superman, a character that quickly became one of America's most popular and recognizable icons.<sup>129</sup> During those years, both creators fell on hard times.<sup>130</sup>

Over the next few decades, Siegel and Shuster brought several suits against DC Comics to get their rights to their character back.<sup>131</sup> In 1974, the case went up to the Second Circuit in *Siegel v. National Periodical Publications*.<sup>132</sup> This was the first attempt by a creator of a comic book character to seek to regain rights that they had assigned in whole to a publisher. The authors brought an action against DC Comics, then known as National, for the right to the renewal of their copyright.<sup>133</sup> The court ruled that Siegel and Shuster were estopped from bringing a claim for the renewal right since the issue had already been litigated and an agreement was reached between the parties.<sup>134</sup>

---

<sup>128</sup> See 17 U.S.C. § 101 (2000).

<sup>129</sup> See Jones, *supra* note 111.

<sup>130</sup> See Bzdek, *supra* note 84. Shuster began to have vision problems and worked as a messenger in New York City. Siegel was given some work at DC in the 1950's, but was fired after he complained about his poor treatment. See Brady, *supra* note 85.

<sup>131</sup> See GOULART, *supra* note 104 at 92.

<sup>132</sup> 508 F.2d 909 (2d Cir. 1974).

<sup>133</sup> See *id.* at 912–13. The court determined that the 1948 stipulation granted Detective Comics all rights to Superman without limitation. See *id.*

<sup>134</sup> See *id.*; see also *supra* notes 113–123 and accompanying text. In 1975, Siegel learned that Warner Brothers was going to pay 3 million dollars for the rights to a Superman film and that he would not be receiving any royalties. See Brady, *supra* note 85. In 1975, Siegel sent out 400 press releases to major media outlets in order to get some media attention. See *id.* Siegel wanted to publicize the fact that he and Shuster were getting very little compensation from such a profitable franchise. See *id.* When the press got wind of the story, pressure against DC Comics built. Other comic book creators such as Neal Adams also began to put pressure on Warner Brothers in order to try and get some compensation for Siegel and Shuster. Eventually, Warner Brothers decided that it would be best to shy away from the bad publicity, which could affect the opening of their Superman film. See *The Siegels' Termination of Copyright Transfer—2004 Update*, <http://superman.ws/fos/copyright/2004comicon.php> (last visited Nov. 7, 2005). On December 19, 1975, Siegel and Shuster received a settlement for more than \$20,000 dollars

The court ruled that the sale of the Superman strip conveyed the rights in Superman to National Publications “to have and hold forever” and precluded the authors from using “the characters or [] story . . . at any time” after.<sup>135</sup> In the opinion, the court laid out the notion that creators who signed one-sided contracts were trapped by those terms. The court ominously stated that Siegel and Shuster would be precluded from “contesting *ever again* that all rights in Superman, including the renewal copyright, have passed *forever* to [the] defendants.”<sup>136</sup>

#### D. *The Copyright Age and the Copyright Act of 1976*

Just two years after the *Siegel* case, Congress passed a sweeping revision of the Copyright Act.<sup>137</sup> On September 30, 1976, both Houses of Congress passed revision bill S 22,<sup>138</sup> which was signed into law on October 19, 1976.<sup>139</sup> One of the major revisions that the Act provided was the notion that copyright protection would attach as soon as an original work of authorship was fixed in a tangible form.<sup>140</sup>

Another major difference between the 1909 and 1976 Act was the move from a two-term system, where there is an original copyright and a renewal period to a single term of life plus 50 years.<sup>141</sup> Works that were created prior to December 31, 1977, would still need to be renewed, but Congress increased the length of the renewal term to sixty-seven years.<sup>142</sup>

---

per year for life and were promised credit as creators of Superman on all printed matter, television, and movies in perpetuity. See Bzdek *supra* note 84.

<sup>135</sup> See *Siegel v. Nat'l Periodical Publ'ns, Inc.*, 508 F.2d. 909, at 914 (2d Cir. 1974).

<sup>136</sup> See *id.* (emphasis added).

<sup>137</sup> Pub. L. No. 94-553 (1976) (codified at 17 U.S.C. § 101); see also *Mills Music v. Snyder*, 469 U.S. 153, 159-62 (1985).

<sup>138</sup> See S. 22, 94th Cong., reported in 122 CONG REC. 31988 (1976).

<sup>139</sup> See *id.*

<sup>140</sup> See 17 U.S.C. § 102(a) (2000).

<sup>141</sup> See Copyright Act of 1976, 17 U.S.C. § 302(a), reprinted in MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT Vol. 7, app. 2 at 128 (Matthew Bender & Co. 2005).

<sup>142</sup> See Copyright Act of 1976, 17 U.S.C. § 304(a), reprinted in MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT Vol. 7, app. 2 at 130 (Matthew Bender & Co. 2005).

In 1998, the Copyright statute was further altered with the passage of the Sonny Bono Amendment. The Sonny Bono Amendment increased the protection of a new copyrighted work by twenty years, granting the creator a copyright for life plus seventy years.<sup>143</sup> For works that were in their renewal term, an extra twenty years was added on to the forty-seven year term.<sup>144</sup>

In replacing the two term copyright system, another method of termination had to be applied. The failure of the previous system to grant authors greater bargaining power<sup>145</sup> led Congress to create a completely alternate system of termination that could properly protect authors from unfair contracts.<sup>146</sup> This new system of termination enabled authors like Siegel and Shuster to reclaim the rights to their original works even if they had already contracted away their second term under the 1909 Act. This new form of termination will be further examined in the next section.

## II. TERMINATION OF TRANSFERS

Congress directly addressed the flaw in the previous system of terminations by wiping away the two-term form in 1976. In its stead, Congress instituted a termination system that allowed authors who had previously contracted away their rights to reclaim their copyrights at the end of the original statutory period. In order to ensure that this right could not be contracted away, Congress included the language, “notwithstanding an agreement to the contrary.”<sup>147</sup> The section was passed with the intent of granting authors greater bargaining powers at the end of an initial assignment.

The Supreme Court recognized that

the termination right was expressly intended to relieve [an] author[] of the consequences of ill-advised and unprofitable grants that had been made before the author had a fair op-

---

<sup>143</sup> See 17 U.S.C. § 302, amended by the Sonny Bono Copyright Term Extension Act (1998).

<sup>144</sup> See 17 U.S.C. § 304(a), amended by the Sonny Bono Copyright Term Extension Act (1998).

<sup>145</sup> See, e.g., *Siegel v. National Periodical Publications*, 508 F.2d 909 (2d Cir. 1974).

<sup>146</sup> See 17 U.S.C. § 203(a), 304(c) (2000).

<sup>147</sup> See 17 U.S.C. § 304 (c)(3), (5) (2000).

portunity to appreciate the true value of his work product. The general purpose is plainly defined in the legislative history and, is fairly inferable from the text of Section 304 itself.<sup>148</sup>

By enacting the 1976 Amendment, Congress gave authors an opportunity to regain their rights whether or not they had contracted poorly.

*A. Effect of the 1976 and 1998 Amendments*

For authors creating a work after December 31, 1977, Section 203 of the Act allowed an author or his statutory heirs to terminate a transfer thirty-five years from the date of the assignment.<sup>149</sup> If the grant included a right of publication, the termination could go into effect either thirty-five years from publication or forty years from the grant, whichever came sooner.<sup>150</sup> This provision granted protection to authors who did not realize the value of their work at the time of assignment.

While section 203 grants authors who created works after December 31, 1977 a right of reversion, that section does not address the rights of authors, like Siegel and Shuster, who assigned their

<sup>148</sup> *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 172–73 (1985) (footnotes omitted).

<sup>149</sup> See 17 U.S.C. § 203 (2000). Section (a)(2) describes who qualifies as a statutory heir:

Where an author is dead, his or her termination interest is owned, and may be exercised, as follows:

(A) The widow or widower owns the author's entire termination interest unless there are any surviving children or grandchildren of the author, in which case the widow or widower owns one-half of the author's interest.

(B) The author's surviving children, and the surviving children of any dead child of the author, own the author's entire termination interest unless there is a widow or widower, in which case the ownership of one-half of the author's interest is divided among them.

(C) The rights of the author's children and grandchildren are in all cases divided among them and exercised on a per stirpes basis according to the number of such author's children represented; the share of the children of a dead child in a termination interest can be exercised only by the action of a majority of them.

(D) In the event that the author's widow or widower, children, and grandchildren are not living, the author's executor, administrator, personal representative, or trustee shall own the author's entire termination interest.

17 U.S.C. § 203(a)(2) (2000).

<sup>150</sup> See 17 U.S.C. § 203 (2000).

works prior to that date. In order to fairly address the rights of those authors, in light of the reversionary right granted to new authors, Congress retroactively granted a termination right to authors under section 304(c).<sup>151</sup> The drafters believed that this would protect authors in an unequal bargaining position from having their works exploited and from receiving no monetary benefits.<sup>152</sup>

Section 304(c) grants authors or their statutory heirs a right to terminate a grant in a copyright fifty-six years after the original grant, “notwithstanding an agreement to the contrary.”<sup>153</sup> Congress wanted to ensure that authors would not contract away the rights to their works before the true value after exploitation was learned. The 1909 Act was seen as a failure because it did not grant authors remunerative rights after they had assigned the second term. Under Section 304(c), even if an author inadvertently signed over his renewal rights to a publisher, a court would be able to strike it down. The provision provides, in relevant part:

In the case of any copyright subsisting in either its first or renewal term on January 1, 1978, other than a copyright in a work made for hire, the exclusive or non exclusive grant of a transfer or license of the renewal copyright or any right under it, executed before January 1, 1978, by any of the persons designated [by statute], otherwise than by will, is subjected to termination . . . .<sup>154</sup>

Under section 304(c), authors could file for a termination of transfer “during a period of five years beginning at the end of fifty-six years from the date copyright was originally secured.”<sup>155</sup> For Golden Age creators, that time period falls between 1994 and 2017.<sup>156</sup> Just as Siegel and Shuster ushered in an era of superhe-

---

<sup>151</sup> See 17 U.S.C. § 304(c) (2000).

<sup>152</sup> See H.R. REP. NO. 94-1476, at 124 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5740. “A provision of this sort is needed because of the unequal bargaining position of authors, resulting in part from the impossibility of determining a work’s value until it has been exploited.” See *id.*

<sup>153</sup> See 17 U.S.C. § 304 (c)(3), (5) (2000).

<sup>154</sup> 17 U.S.C. § 304(c) (2000).

<sup>155</sup> 17 U.S.C. § 304(c)(3) (2000).

<sup>156</sup> See 17 U.S.C. § 304(c) (2000). An author has a five year window from the date of publication to file for transfer, but must give the publisher at least two years notice. See Vosper, *supra* note 98.

roes, their heirs may now usher in a wave of terminations where creators may seek to regain rights in their works.

### *B. The Math in Action*

It is difficult to conceptualize just how and when the terminations for pre-1978 works can come into effect. With three sets of numbers for 1909, 1976, and 1998, an example would best show how the termination works. The Superman copyright was registered on April 18, 1938 on the date that Action Comics, Vol. 1 No. 1 was published.<sup>157</sup> The governing copyright law was the Copyright Act of 1909. There was an initial term of twenty-eight years and a subsequent renewal term of twenty-eight years, after which the work would enter the public domain.<sup>158</sup> After the passage of the 1976 Act, nineteen years were added onto the renewal period.<sup>159</sup> The initial term of the Superman copyright ran from 1938 to 1966 and was renewed for another twenty-eight years under the 1909 Act.<sup>160</sup> The copyright under this statute would have expired in 1994 and fallen into the public domain if it had not been for the 1976 Act. If the 1976 statute controlled, the copyright would have fallen into the public domain in 2013.<sup>161</sup> Under the terms of the Sonny Bono Amendment, the copyright will fall into the public domain in 2033.<sup>162</sup>

Congress gave creators and their heirs a five-year window in which they could file for terminations.<sup>163</sup> This five-year window would begin at the end of the fifty-sixth year—the end of the original renewal period.<sup>164</sup> The Siegels had the opportunity to file the notice anytime between 1994, the fifty-sixth year, and 1999, the end of the five-year window, although a two year notice is necessary. The Siegels filed their termination in 1997, and it became effective on April 15, 1999.<sup>165</sup>

---

<sup>157</sup> See Vosper, *supra* note 98.

<sup>158</sup> See *supra* notes 64–68 and accompanying text; Vosper, *supra* note 98.

<sup>159</sup> See *supra* notes 140–142; Vosper, *supra* note 98.

<sup>160</sup> See Vosper, *supra* note 98.

<sup>161</sup> See *id.*

<sup>162</sup> See *id.*

<sup>163</sup> See 17 U.S.C. § 304(c); see also Vosper, *supra* note 98.

<sup>164</sup> See 17 U.S.C. § 304(c)(3); see also Vosper, *supra* note 98.

<sup>165</sup> See Vosper, *supra* note 98.

Since Joe Shuster left no heirs when he died, his estate could not exercise the termination option during that five-year window. When Congress passed the Sonny Bono Amendment, an additional twenty years was added to the renewal period and permission was granted to the executors of an estate to file for termination.<sup>166</sup> Shuster's executor filed for termination on October 26, 2003 under the auspices of the new amendment.<sup>167</sup> Since he missed the first renewal date, the Shuster termination does not go into effect until the end of the 1976 renewal date, 2013—1994 plus nineteen years.<sup>168</sup>

### C. Termination and the Work for Hire Exception

The termination of transfer provision on its face would appear to shift the balance of power away from publishers in favor of authors. If an author was capable of terminating his transfer of assignment, there was no guarantee that he would contract with the same publisher again. Instead he might take his work elsewhere and the publisher could do nothing to stop him. In order to ensure that there would be equitable bargaining, Congress included several provisions that attempted to balance the bargaining power of both sides.<sup>169</sup>

Even though authors could no longer contract away their renewal rights, Congress created a statutory loophole that allowed publishers to maintain ownership of the copyright of an assigned work during the initial term and maintain the rights to renewal.<sup>170</sup> Arguably, publishers would have little incentive to put out new works and exploit them if, at the end of the copyright term, they could stand to lose their investments in a character. To remedy this situation, Congress created an express statutory exception for

---

<sup>166</sup> See *supra* notes 143–144 and accompanying text.

<sup>167</sup> See Vosper, *supra* note 98.

<sup>168</sup> Since the suit began, the Siegels filed for a termination of the character of Superboy. The termination went into effect in November of 2004. See *The Battle for Superman Heats Up—Superboy Rights Claimed, Shuster Found*, August 4, 2004, <http://superman.ws/fos/copyright/2004update.php>.

<sup>169</sup> See *supra* notes 145–146 and accompanying text.

<sup>170</sup> See *supra* notes 100–103 and accompanying text.

terminations with works created under work for hire contracts.<sup>171</sup> For the publication to qualify for the work for hire protection, there must either be a written agreement between the author and the publisher or the author must be a statutory employee.<sup>172</sup> If an employee creates a work for an employer, that work shall be considered a work for hire and the employer will be the author.<sup>173</sup>

During the Golden Age, work made for hire agreements were not commonplace. Independent creators would work on and create their own characters then shop them around to different publishers.<sup>174</sup> Since the passage of the 1976 Act, publishers have amended their hiring qualifications and primarily use work created by their own statutory employees.<sup>175</sup> Marvel or DC statutorily authors any new character that will come out in the future.

Some of the most famous characters—and most problematic in light of the termination provision—were not originally authored by the publisher, but were likely to have been assigned. In an attempt to avoid having to deal with issues arising out of termination, some publishers have attempted to retroactively apply the work for hire doctrine, but courts have denied them the ability to gain authorship when the characters were not in fact created in their employ.<sup>176</sup> The *Siegel* court addressed the issue of whether or not Golden Age creators, who had created their works prior to signing with a pub-

---

<sup>171</sup> 17 U.S.C. § 304 (c). “In the case of any copyright subsisting in either its first or renewal term on January 1, 1978, other than a copyright in a work made for hire. . . .” *Id.* A work for hire is either:

- (1) a work created by an employee within the scope of his employment or
- (2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.

17 U.S.C. §101 (2000); *see also, e.g.*, *Gaiman v. McFarlane*, 360 F.3d 644, 650 (7th Cir. 2004).

<sup>172</sup> *See* 17 U.S.C. § 101.

<sup>173</sup> *See, e.g.*, 17 U.S.C. § 101.

<sup>174</sup> *See* GOULART, *supra* note 104 at 59 (noting that DC Comics began to take contributions from creators who were not on staff.)

<sup>175</sup> *See, e.g.*, DC COMICS, *Submissions/Talent Search*, <http://www.dccomics.com/about/submissions.html> (last visited Sept. 29, 2005) (DC Comics does not accept unsolicited artwork or writing submissions).

<sup>176</sup> *See, e.g.*, *Siegel v. National Periodical Publ'ns, Inc.*, 508 F.2d 909 (2d Cir. 1974).

lisher, were in fact governed by work for hire contracts.<sup>177</sup> Prior to publication of the first Superman comic, National Periodical had entered into a contract with Siegel and Shuster that stated that DC was the author and owner of the Superman strip.<sup>178</sup> The Second Circuit held that the work for hire doctrine is only applicable when “the employee’s work is produced at the instance and expense of the employer,”<sup>179</sup> or if the ““motivating factor in producing the work was the employer who induced the creation . . . .”<sup>180</sup> Since Superman had been created at least four years before the predecessors to DC Comics entered into an agreement with the authors, the court held that Superman was not created under the auspices of a work for hire or employment contract.<sup>181</sup>

While some publishers have attempted to retroactively apply this designation, others contend that a contract made subsequent to an initial assignment that categorizes the original contract as a work for hire is sufficient to avoid the termination conundrum.<sup>182</sup> In *Marvel Characters, Inc. v. Simon*, comic book writer, Joe Simon, claimed to have independently created the character, Captain America, before shopping it around and eventually assigning it to Marvel.<sup>183</sup> Simon contended that he assigned the character to Timely, Inc. (now Marvel) on a freelance basis.<sup>184</sup> In November of 1969, after two years of discovery, Simon acknowledged that he

---

<sup>177</sup> *See id.* at 914. The court found that the state court had not previously decided whether or not Siegel and Shuster’s contract was a work for hire contract as a matter of law as it was not litigated at that level. *Id.*

<sup>178</sup> *See id.* at 911. Siegel and Shuster agreed on December 4, 1937 that Superman “shall be and become the sole and exclusive property of the Employer, and the Employer shall be deemed the sole creator thereof . . . .” *Id.*

<sup>179</sup> *Id.* at 914 (citing *Brattleboro Publ’g Co. v. Winmill Publ’g Corp.*, 369 F.2d 565, 567 (2d Cir. 1966)).

<sup>180</sup> *Id.* (citing *Picture Music, Inc. v. Bourne, Inc.* 457 F.2d 1213, 1216 (2d Cir.), *cert. denied*, 409 U.S. 997 (1972)).

<sup>181</sup> *Id.* (comparing the Superman case to *Scherr v. Universal Match Corp.*, 417 F.2d 497 (2d Cir. 1969), *cert. denied*, 397 U.S. 936 (1970), where two servicemen were told by their superiors to sculpt a statue, but the copyright to the statue was held to be the property of the United States under the work for hire doctrine.). The court held “Superman and his miraculous powers were completely developed long before the employment relationship was instituted.” *Id.*

<sup>182</sup> *See Marvel Characters, Inc. v. Simon*, 310 F.3d 280 (2d Cir. 2002).

<sup>183</sup> *See id.* at 282.

<sup>184</sup> *Id.*

was an employee of the publisher and assigned any interest and title he had controlled in the work to the publishers.<sup>185</sup>

In December of 1999, Simon chose to exercise his termination option created by Section 304(c) and filed a notice with the Copyright Office to terminate his transfer to Marvel.<sup>186</sup> Judge McLaughlin examined the question of whether an agreement made subsequent to a work's creation that states that it is a work made for hire is contrary to Section 304(c)(5) which disallows "agreements to the contrary" to the statute.<sup>187</sup> The court found that the parties cannot deem a work as a for-hire contract retroactively in order to avoid the termination provision if a work for hire agreement does not exist.<sup>188</sup> In other words, the work for hire relationship must exist at the time of assignment.<sup>189</sup>

In an attempt to avoid the risk of bargaining for a well-developed character at current market values, publishers will go to great lengths to correct their original contracts with creators, but they cannot use subsequent agreements that label an original assignment of a character as a work for hire to protect their investments. In addition, copyright law requires memorialization of an assignment of copyright to ensure that the terms are indeed agreed upon.<sup>190</sup> A work for hire agreement is impossible for a publisher to retroactively apply to protect its interest in a character. Even without this retroactive contracting option, publishers can still attempt to regain bargaining power through trademark law and the derivative rights exception.

---

<sup>185</sup> *Id.* at 283–84.

<sup>186</sup> *Id.* at 284.

<sup>187</sup> *Id.* at 289.

<sup>188</sup> *Id.* at 292.

<sup>189</sup> *See id.* at 291 (quoting MELVILLE B. NIMMER & DAVID NIMMER, *NIMMER ON COPYRIGHTS* §11.02[A][2] (Matthew Bender & Co. 1993) (footnote omitted).

<sup>190</sup> *See* 17 U.S.C. § 204(a) (2000); *Gaiman v. McFarlane*, 360 F.3d 644, 650 (7th Cir. 2004); *see also* *Schiller & Schmidt v. Nordisco Corp.*, 969 F.2d 410, 413 (7th Cir. 1992).

### III. HOW PUBLISHERS CAN UNDERCUT THE PROTECTIVE VALUE OF THE TERMINATION OF TRANSFER PROVISION

Giving comic book creators an unfettered termination right would grant them a better bargaining position when renegotiating with publishers, but at the same time it would be inequitable. Publishers contracted with authors back in the 1930's and 1940's under the assumption that they would own the rights to a character for the duration of its copyright. If they had known that a termination provision would arise in the next thirty years, it is doubtful that any publisher would have expended its resources in promoting a character.

While the termination provision tips the balance of power towards the creators, trademark law and the derivative rights exception allow publishers to take some of the power back. Comic book characters are described both by their words in the text and by their appearance on the page. From month to month, readers follow their stories as the characters go through new adventures and change, not only in their appearance, but also in their demeanor. These changes in the character can possibly create new rights in the altered character that could be used by the publisher to retain a copyright even after a termination has occurred.

At the same time, the images that we associate with certain characters are also associated with certain publishers. Given that the same companies have published characters like Superman and Spiderman since their inception, the images have become not only associated with the stories contained in the monthly books, but have also become representative of the quality of books that the publishers put out. Trademark law grants a publisher protection over a graphic image when it has become intrinsically associated with the publisher.<sup>191</sup> This protection may prevent an author who has reclaimed her copyright from publishing a book with the same or even a similar image of the character.

The derivative rights exception and trademark law may not further the notion of a delicate balance in the war for bargaining rights between the publisher and the author. Instead, the derivative rights exception may grant too much power to the publisher, which

---

<sup>191</sup> See 15 U.S.C. §1125 (2000).

would, in effect, leave the original creator with only a nominal termination right.

*A. Does Trademark Protect Graphic Characters?*

Section 43(a) of the Lanham Act protects individuals and companies from having their distinctive marks used by others in commerce.<sup>192</sup> Unlike copyright law, which provides protection for the published work or character, trademark law does not protect an image itself, but the association that the image brings to mind. For example, when you see a graphic representation of Mickey Mouse, the mark does not protect the character of Mickey Mouse, but the good will of Disney. Copyright law would protect the graphic representation of Mickey Mouse.<sup>193</sup> This dual protection serves to ensure that parties who did not license the image cannot unjustly misappropriate either the mark or the character.

Comic book publishers trademark all the characters that appear in their books. This acts as an assurance that the images of the characters will be protected and will be associated with that publisher. While the powers and stories of a character are ideas that have weak, if any, protection under copyright,<sup>194</sup> trademark protection for characters can be near absolute. Well-known characters like Spiderman and Batman are perhaps better recognized associations for a publisher than a publisher's own logos.

Trademark protection could ensure that even if an author were to file a termination of transfer and regain the rights to his character, he would not be able to publish a book with that character's

---

<sup>192</sup> *Id.*, § 1125(a).

Any person who shall affix, apply, or annex, or use in connection with any goods or services . . . a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same and shall cause goods or services to enter into commerce . . . shall be liable to a civil action by . . . any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

<sup>193</sup> See *Walt Disney Productions v. Air Pirates*, 581 F.2d 751, 754 (9th Cir. 1978).

<sup>194</sup> The copyright doctrine of *scènes à faire* denies protection for "incidents, characters or settings which are as a practical matter indispensable, or at least standard, in the treatment of a given topic." See *Incredible Techs., Inc. v. Virtual Techs., Inc.*, 400 F.3d 1007, 1012 (7th Cir. 2005); See also *Stromback v. New Line Cinema*, 384 F.3d 283, 296 (6th Cir. 2004); *Murray Hill Publ'ns., Inc. v. Twentieth Century Fox Film Corp.*, 361 F.3d 312, 319 (6th Cir. 2004);

image. In the medium of comic books, graphic representation is very important to ascertaining the value of a character. Spiderman without his red and blue suit would not be Spiderman even if the character was still named Peter Parker and was able to climb up walls. The creator would be put in a position where the only way to get value from his work would be to assign the rights to the story elements back to the publisher on whatever terms the publisher decided. The purpose of the termination provision would be thwarted as the creator would not be put in a position of equal bargaining power.

When it comes to protection of graphic characters, a company could assert trademark protection over the graphic image and exclude a creator from using the image, thereby negating the remunerative value of the termination of transfer. This protection is necessary, but at the same time directly conflicts with the Congressional intent in passing Section 304(c).<sup>195</sup> For example, DC simultaneously holds a copyright and a trademark in the character of Superman. Both the image of Superman in his red and blue costume and his "S" shield appear on games, lunchboxes, toys and a myriad of other merchandise that Warner Brothers licenses.<sup>196</sup> Buyers are aware when they purchase anything with a Batman or Superman trademark that Warner Brothers approved of the product and they can rely on the quality of the goods.

In one scenario, if the termination goes into effect, the original authors could reclaim the copyrights to the image of the character they created. This image would effectively be worthless if the publisher asserts trademark protection. The author would not be able to publish a book with the character's appearance because it would trigger unfair competition laws. Currently, there are at least five monthly comic books that feature Superman.<sup>197</sup> DC would still be able to publish these titles although story elements would not necessarily be the same if the creators reclaimed the copyright. If a consumer saw another Superman title published by the original author under the auspices of his copyright, he or she might well be

---

<sup>195</sup> See BRAGG, *supra* note 16 *passim*.

<sup>196</sup> See DANIELS, *supra* note 9, inside cover.

<sup>197</sup> Superman is featured in the monthly titles: ACTION COMICS, ADVENTURES OF SUPERMAN, SUPERMAN, SUPERMAN/BATMAN and JUSTICE LEAGUE OF AMERICA.

confused as to the source of this new book. It would not be outside the realm of possibilities for DC to have put out a new Superman book so it may be assumed that this was simply a new addition to the DC line. The author would be barred from using the Superman image as this sort of confusion is barred under the terms of the Lanham Act.<sup>198</sup>

The image of a character is not completely controlled by trademark law. In fact, comic book characters have been found to have a much greater degree of protection under copyright law than do other non-graphic creations. In *Warner Brothers Pictures, Inc. v. Columbia Broadcasting System, Inc.*, the Ninth Circuit denied copyright protection to the literary character of Sam Spade on the grounds that the creator did not claim copyright protection in the character, but merely wanted to reuse the character although Warner Brothers claimed copyright.<sup>199</sup> Unlike that case, where a character's physical appearance may be verbally described and the author still leaves the details to the reader's imagination, a graphic representation leaves no room for doubt as to the appearance of a character.<sup>200</sup> When a character is "drawn and named and given speech he became sufficiently distinctive to be copyrightable."<sup>201</sup>

The physical appearance of a comic book character was protected under copyright in *Detective Comics v. Bruns Publication*, where the Second Circuit found that the character of Superman was protected under copyright law.<sup>202</sup> Bruns Publications created and published a character known as "Wonderman" whose appearance and powers were similar to those of Superman.<sup>203</sup> Both characters were portrayed as running towards the moon, stopping bullets and jumping over tall buildings; the only real difference in the characters was the color of their uniforms.<sup>204</sup> The court found that Superman, as portrayed in the comics, embodied "an original ar-

---

<sup>198</sup> See 15 U.S.C. §1125(a) (2000).

<sup>199</sup> 216 F.2d 945 (9th Cir. 1954).

<sup>200</sup> See *Gaiman v. McFarlane*, 360 F.3d 644, 661 (2004). "A reader of unillustrated fiction completes the work in his mind; the reader of a comic book or the viewer of a movie is passive." *Id.*

<sup>201</sup> *Id.*

<sup>202</sup> 111 F.2d 432 (2d Cir. 1940).

<sup>203</sup> *Id.* at 433.

<sup>204</sup> *Id.*

rangement of incidents and a pictorial and literary form” that prevented Bruns from copying the character.<sup>205</sup> The court noted that Detective (now DC Comics) is not entitled to a monopoly on a character that is a “Superman,” but is entitled to copyright protection in Superman’s strengths, costume, and powers.<sup>206</sup>

While comic book characters are protected by copyright, courts have also recognized that they are protected by trademark.<sup>207</sup> In *DC Comics, Inc. v. Unlimited Monkey Business, Inc.*, the district court for the Northern District of Georgia held that Superman and Wonder Woman were protectable marks.<sup>208</sup> Unlimited Monkey Business ran a singing telegram service that featured characters named “Super Stud” and “Wonder Wench” that maintained appearances similar to the corresponding DC characters.<sup>209</sup> The court noted that for more than forty years, up until 1984, DC Comics has used the character of Superman as a mark to designate origin.<sup>210</sup> The Superman mark has been used in television, books, radio, and movies including the name, the logo, design marks, and the “S” shield.<sup>211</sup> The licensing that the Superman mark had generated was a multi-million dollar business and DC was careful in deciding to whom they licensed the mark.<sup>212</sup> The phrases associated with Superman such as “It’s a bird! It’s a plane. . .” are suggestive marks even without a direct reference to the character.<sup>213</sup> Unlimited Monkey Business was found to have appropriated the five-sided Superman shield and unfairly traded on the goodwill of DC Comics.<sup>214</sup>

This dual edged protection for comic book characters may have some dangerous ramifications if creators begin to reclaim the rights to their work. As creators begin to assert their termination rights, they will begin to find that Section 304(c) does not in fact

---

<sup>205</sup> *Id.*

<sup>206</sup> *See id.* at 434 (suggesting amendments to clause 4(c)).

<sup>207</sup> *See DC Comics, Inc. v. Unlimited Monkey Business, Inc.*, 598 F. Supp 110 (N.D. Ga. 1984).

<sup>208</sup> *See id.*

<sup>209</sup> *See id.* at 112.

<sup>210</sup> *Id.* at 113.

<sup>211</sup> *See id.*; *see also* DANIELS, *supra* note 9, inside cover.

<sup>212</sup> *See id.*

<sup>213</sup> *Id.* at 114.

<sup>214</sup> *Id.* at 116.

put them in a greater position than they would have been prior to the 1976 Act. Trademark protection weakens the termination of transfer provision. The value that a character derives from its graphic representation would be completely negated in a bargaining situation, as trademark law will grant full control of this iconic image to the publisher. The images of these famous pre-1976 characters have become entwined with their companies' identities and have become representations of the publishers spend who millions each year protecting the marks and the association with the marks.<sup>215</sup>

If a creator were to decide not to license his newly reclaimed copyrighted character back to the original publisher, what would happen to the rights to the image? Setting the derivative rights exception aside, copyright law would dictate that the image should return to the original author and the author or his heirs would be able to publish a book using that image.<sup>216</sup> Any publication or subsequent licensing of the copyrighted image would be a violation of the Lanham Act.<sup>217</sup> The publication would result in a false designation of source as so many of these characters have become tied to their long time publishers. Without the image, the copyright in the character would be reduced to a mere literary copyright, which is deserving of less protection than a character with an associated graphic representation.<sup>218</sup>

Although no case has yet been decided on these grounds, there have been some cases in which an image is protected by trademark after it falls into the public domain. In *Frederick Warne & Co. v. Book Sales, Inc.*,<sup>219</sup> the publisher of the Peter Rabbit books claimed the exclusive trademark rights to the cover illustrations on seven of the books even though they had fallen into the public domain.<sup>220</sup>

---

<sup>215</sup> See, e.g., Eric Gwinn, *Anyone Can Battle Evil in 1-Year-Old 'Heroes.'* CHI. TRIB., Apr. 5, 2005, at 2. Marvel Comics has accused NCSOFT, the manufacturer of a computer game that allows users to create comic book characters, of trademark infringement. See *id.*

<sup>216</sup> See generally 17 U.S.C. § 304(c) (2000).

<sup>217</sup> See 15 U.S.C. § 1125 (2000)

<sup>218</sup> See, e.g., *Warner Bros. Pictures v. Columbia Broad. Sys.*, 216 F.2d 945, 950 (9th Cir. 1954).

<sup>219</sup> 481 F. Supp. 1191 (S.D.N.Y. 1979).

<sup>220</sup> See *id.* at 1193.

The images were drawn by the author of the books, Beatrix Potter, but did not appear in the text of the books.<sup>221</sup> Book Sales published a Peter Rabbit book that included the seven illustrations that were placed at the beginning of each of the corresponding stories.<sup>222</sup>

The defendant claimed that each of the images was a copyrightable work that had fallen into the public domain and thus, he was legally allowed to use them.<sup>223</sup> The court found contrary to this and held that even if a copyrightable character or design has fallen into the public domain, that does not preclude trademark protection as long as the image or character can be shown to have acquired independent trademark value.<sup>224</sup> The court found that trademark protection may protect a character beyond the term provided by copyright, but the court did not need to reach a decision as Warne did not seek trademark protection in the character of Peter Rabbit, but only the associated images.<sup>225</sup>

Under the holding of the *Frederick Warne* court, it would appear that images that have garnered secondary meaning, as so many of these comic book characters have, would be protected regardless of the copyright concerns that may be raised. Trademark law may act as a statutory bar to prevent an author from publishing his work with a different publishing house and would thus negate the stated purpose of Section 304(c). The author would be precluded from using his work with any other publisher and would thus have to take whatever the present publisher offers or risk losing the entire value in his work. The better bargaining position that the termination provision promised<sup>226</sup> would not manifest.

Although there has been no definitive decision on the subject, other courts have taken a view dissimilar to the *Frederick Warne* court. Some courts have found that trademark law is not as expansive as it would initially seem. In *In re DC Comics, Inc.*,<sup>227</sup> DC

---

<sup>221</sup> See *id.*

<sup>222</sup> See *id.* at 1194.

<sup>223</sup> See *id.* at 1196.

<sup>224</sup> See *id.*; see also *Universal City Studios v. Nintendo Co.*, 578 F. Supp. 911, 919 (S.D.N.Y. 1983), *aff'd*, 746 F.2d 112 (2d Cir. 1984).

<sup>225</sup> See *Frederick Warne*, 481 F. Supp. at 1197 n.3.

<sup>226</sup> See BRAGG, *supra* note 16.

<sup>227</sup> 689 F.2d 1042 (C.C.P.A. 1982).

Comics attempted to register drawings of the characters Superman, Batman and the Joker as trademarks for three dimensional toy versions of the characters.<sup>228</sup> Although that question was not decided by the court, the problem of using trademark as a side road to perpetual protection was discussed. Judge Neis stated his concurrence, “[I]f trademark rights are recognized in a picture of a product, the design itself may be perpetually protected, contrary to the limited term of protection afforded to some designs under the copyright or design patent statutes.”<sup>229</sup>

Judge Neis recognized the potential problems with the grant of trademark rights in an image of comic book character. Although the concurrence was more concerned with the loss of value in designs, Judge Neis anticipated a loss of value that can come from a perpetual protection from statutory law.<sup>230</sup>

While trademark law that protects graphic representations of characters serves its purpose in preventing confusion as to source, it severely limits the scope of the termination of transfer provision. Congress intended Section 304(c) to be a remedy that would allow authors to be on the same playing field as publishers when it comes to bargaining,<sup>231</sup> but trademark law may instead put comic book authors who decide to exercise their termination in the same position they would have been if Section 304(c) were never enacted.

*B. The Derivative Rights Exception—Is Superman Still Superman?*

Although trademark law has a broad deleterious effect on the value of copyright upon termination, its negative effect is minimal in comparison to the derivative rights exception. While trademark law operates solely in the province of graphic representation, the derivative rights exception can completely devalue a termination of transfer. Section 304(c) protects the copyrighted work that the author transferred from an unfavorable bargaining position, but the provision contains an exception that allows for the continued use of the derivative work by its owner after the termination of the

---

<sup>228</sup> See *id.* at 1043.

<sup>229</sup> *Id.* at 1052 (Neis, J., specially concurring).

<sup>230</sup> See *id.*

<sup>231</sup> See BRAGG, *supra* note 16.

transfer.<sup>232</sup> Although courts have yet to determine the extent of this right, it may be extremely broad and encompass not only the graphic representation of a character, but the written stories and character elements as well. This provision, if interpreted broadly, could limit the bargaining rights that Section 304(c) was meant to create.

A copyright owner is given the exclusive right “to prepare derivative works based upon the copyrighted work[.]”<sup>233</sup> A derivative work is a work that is based upon an already existing work.<sup>234</sup> An example of a derivative work is a book adapted into a movie.<sup>235</sup> For example, when Richard Donner created the first Superman movie, that film was a derivative work based on the comic book series. Like the original work, the derivative work is also copyrightable.<sup>236</sup> There is a separate copyright for each of the Superman films. Each film contained its own copyrightable aspects, but was based on the underlying series of comics. As a whole, the derivative work must be considered an “original work of authorship[.]”<sup>237</sup> It encompasses only the material contributed by the author that is different from the original work.<sup>238</sup> Determining what a derivative work actually encompasses and what remains in the underlying work is easy in theory, but has been haphazardly decided in practice.

DC Comics and Time Warner can limit the scope of Siegel and Shuster’s claims of copyright by using the derivative works exception. In their counterclaim, DC notes that it would retain the rights

---

<sup>232</sup> See 17 U.S.C. § 304(c)(6)(A) (2000).

<sup>233</sup> 17 U.S.C. § 106(2) (2000).

<sup>234</sup> 17 U.S.C. § 101 (2000).

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

*Id.*

<sup>235</sup> See, e.g., *Kalem Co. v. Harper Bros.*, 222 U.S. 55 (1911).

<sup>236</sup> See 17 U.S.C. § 103(a) (2000) (recalling the valid subject matter in § 102).

<sup>237</sup> See 17 U.S.C. § 101.

<sup>238</sup> See 17 U.S.C. § 103(b) (2000).

derived from Superman and Superboy, which were created prior to the termination of transfer notices.<sup>239</sup> All the works derived from Superman and Superboy after the publication of Action Comics #1 in 1938 to the date of the filing of the termination on April 16, 1999 would still belong to DC Comics.<sup>240</sup> That would mean that DC Comics would retain the rights to each and every publication that it put out as well as all the stories and adventures published after Action Comics #1. All the new heroes and villains that were not found in Siegel and Shuster's pre-Action #1 work, but later appeared in Superman comics would remain the copyrighted works of DC Comics and could be used by DC in future publications.<sup>241</sup> The heirs of a creator attempting to regain copyright would be barred under this statutory loophole from using any aspect of work in which the publisher still owns a copyright. They would be handed the character as initially created, but without any of the back stories or further copyrights the value of the character would be minimal.

A comic book publisher faced with the potential of losing their copyright in a character has several options that could allow them to maintain their control over a graphic character. For example, DC could possibly lose the copyright to Superman, but continue to publish the same character and series by arguing that the Superman that Siegel and Shuster created no longer exists. The Superman that appeared in Action Comics #1 was a very different character than the one that appears today. The Superman that Siegel and Shuster created was able to leap tall buildings in a single bound, but not fly.<sup>242</sup> He did not have heat or x-ray vision but later became equipped with those new powers.<sup>243</sup> The Superman that is published today may share only nominal ties to the creation of Siegel and Shuster and may thus have separate protection as a de-

---

<sup>239</sup> See Matt Brady, *Inside the Siegel/DC Battle for Superman: The Counterclaim*, NEWSARAMA, <http://www.newsarama.com/DC/Superman/WBcounterclaim.htm> (last visited Oct. 2, 2005).

<sup>240</sup> See *id.*

<sup>241</sup> See *id.*

<sup>242</sup> See *supra* note 86 and accompanying text.

<sup>243</sup> See ACTION COMICS 158 (July 1951); see also Superman Version II, <http://theages.superman.ws/History/VersionII.php> (last visited Jan. 10, 2006).

ivative work. The derivative author does not need to greatly alter the original work in order to achieve copyright protection.<sup>244</sup>

Before a publisher can claim a derivative work in a character that stands exempt of the termination of transfer provision, the publisher must establish that the character is indeed an original creation and independently copyrightable. If a copyright were granted in a derivative work that was essentially the same character, publishers could continually claim that same character is indeed a derivative in order to gain a perpetual copyright.

In order for a work to attain copyrightability, a work must be original.<sup>245</sup> Since originality stems from the creative work of an author, it is understood that the new work cannot be simply a copy.<sup>246</sup> Each subsequent writer beyond the original creator of a copyrighted work creates a new and original story with elements of creativity.<sup>247</sup> In *Alfred Bell & Co. v. Catalda Fine Arts, Inc.*,<sup>248</sup> the Second Circuit set the threshold for originality stating, “[a]ll that is needed . . . is that the ‘author’ contributed something more than a ‘merely trivial’ variation, something recognizably ‘his own.’”<sup>249</sup> Although the standard is not high, the court in *L. Batlin & Sons, Inc. v. Snyder* found that there must be some “substantial variation,” not merely a trivial variation for the derivative work to be protected.<sup>250</sup>

From these standards, it can be divined that publishers would need to make more than nominal changes to a character in order to obtain a copyright for the derivative work. It is easy for publishers to meet this standard though, as it is an intrinsic part of the comic book publishing business for characters to evolve from month to month. A publisher would not be able to sell books on a monthly

---

<sup>244</sup> See *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49, 54–55 (2d Cir. 1936) (finding that there is no novelty, creative or aesthetic requirement for copyright in a derivative work), *cert. denied*, 298 U.S. 669 (1936).

<sup>245</sup> 17 U.S.C. 103(a) (2000).

<sup>246</sup> See *Waldman Publ'g Corp. v. Landoll, Inc.*, 43 F.3d 775, 782 (2d Cir. 1994); see also *L. Batlin & Son v. Snyder*, 536 F.2d 486, 490 (2d Cir. 1976), *cert. denied*, 429 U.S. 857 (1976).

<sup>247</sup> See *Waldman*, 43 F.3d at 782; see also *L. Batlin & Son*, 536 F.3d at 490.

<sup>248</sup> 191 F.2d 99 (2d Cir. 1951).

<sup>249</sup> *Id.* at 102–03.

<sup>250</sup> 536 F.2d at 491.

basis if it continually regurgitated the same story over and over or made only changes that were trivial. It is necessary for publishers to find new talent to write creative stories that keep readers engaged month after month. Legally, this ensures that publishers will obtain derivative works rights in their new publications that qualify for the termination of transfer loophole.

While originality has been found to be a prerequisite for an author to register a copyright,<sup>251</sup> novelty is neither congressionally or judicially required.<sup>252</sup> A work can be similar to an existing work in content, but can still be granted copyright protection if sufficiently original.<sup>253</sup> For example, DC has copyrights in both Plastic Man and Elongated Man—both characters are able to stretch their appendages, but have significantly different stories.

In applying the derivative rights exception, some courts have found certain aspects of a work to be independently copyrightable while other aspects are not. The creator of a derivative work may not continue to exploit any of the original aspects of a work after the termination of transfer has occurred. In *G. Ricordi & Co. v. Paramount Pictures, Inc.*,<sup>254</sup> the court found that the copyright to a motion picture based on a play that was based on a novel was not owned by the writer of the novel.<sup>255</sup> John Luther Long wrote the novel, *Madame Butterfly*, in 1897 and granted one individual the rights to create a play and another individual the right to create an opera.<sup>256</sup> Paramount Pictures wanted to make a movie based on the play, but Long had failed to renew his rights in the play.<sup>257</sup> The writer of the opera sued, asserting that he became owner of the movie rights when they granted him the rights to make the opera.<sup>258</sup> The court found that Paramount could make a film based

---

<sup>251</sup> See *Feist Publ'n, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 345 (1991).

<sup>252</sup> See Steven S. Boyd, *Deriving Originality in Derivative Works: Considering the Quantum of Originality Needed To Attain Copyright Protection in a Derivative Work*, 40 SANTA CLARA L. REV 325, 332 (2000).

<sup>253</sup> See H.R. REP. No. 94-1476, at 51 (1976), *reprinted in* 1976 U.S.C.C.A.N. (90 Stat. 2541) 5659, 5664.

<sup>254</sup> 189 F.2d 469 (2d Cir. 1951), *cert. denied*, 342 U.S. 849 (1951).

<sup>255</sup> *Id.* at 471.

<sup>256</sup> *Id.* at 470.

<sup>257</sup> *Id.* at 471.

<sup>258</sup> *Id.* at 470.

on the novel, but could not use any of the elements that originally appeared in the opera.<sup>259</sup>

From the moment that Golden Age creators began to work for a publisher, each subsequent comic book issue contained aspects of a character based on the original underlying concept that could be considered derivative works. What might be included in the derivative works that DC has created based on the original Superman story could include reinterpretations of the city of Metropolis, new and different appearances of the characters as well as any new characters that may have evolved out of the Superman story. Essentially, all the elements that a creator put into his original story could be re-interpreted and copyrighted as a derivative work if the appearances are somewhat different. All subsequent additions or alterations to a character or story are derivative works that are subject to the termination of transfer exception.<sup>260</sup> These story elements are what give a character its notoriety. If a comic book author were to reclaim his copyright, he would be granted only the original concept that he had sold to the publisher. In the Superman case, this would be the Superman character and whichever supporting cast members appeared in the initial assignment. There is no value in these characters though, as value is derived from the exploitation of the character and that exploitation is the unraveling of the characters' stories, which are derivative works owned by the publisher.

Given that a derivative work can be protected by copyright, industrious comic book publishers may find ways to keep control of their works. Publishers will argue that the version of the character that currently exists today is not the same as the one that was originally created. "Death" in comic books is very common. The character, Jean Grey, from the X-Men has "died" no less than four times in the past thirty years and is likely set for more of the same.<sup>261</sup> Every time a character is "brought back," the new character can be considered a derivative work of the previous one and

---

<sup>259</sup> *Id.* at 472.

<sup>260</sup> *See, e.g.*, *Gaiman v. McFarlane*, 360 F.3d 644, 661 (2004).

<sup>261</sup> *See, e.g.*, Wikipedia, Jean Grey, [http://en.wikipedia.org/wiki/Jean\\_Grey](http://en.wikipedia.org/wiki/Jean_Grey) (noting the history of the character of Jean Grey); Greg Pak & Greg Land, X-MEN: PHOENIX—ENDSONG 1–4 (Vol. 1 2005).

wholly copyrightable. Publishers can come up with all new and all different ways to create a derivative work.<sup>262</sup> DC Comics may argue that the Superman that Siegel and Shuster created died in the Crisis of 1986<sup>263</sup> and that the Superman that exists today is, at best, a derivative work that was created by the copyright owner and can thus continue to be used by DC Comics. In 1986, DC Comics had a problem with what comic book fans call continuity. There existed multiple versions of well-established characters.<sup>264</sup> There were so many that DC decided to kill all its characters, erase their previous histories and start over.<sup>265</sup> By recreating every single character that it published, DC can claim that it authored every character it publishes and the original authors who may claim termination rights will have no recourse in attempting to gain copyrights to these characters.

#### 1. Judicial Approaches To Determining Whether a Work Is a Derivative or Not

Before the Section 304(c)(6)(A) exception for derivative works can be triggered, a work must first be classified as a derivative work. A derivative work is not a wholly original idea but instead contains original aspects, although it may be grounded on a work that already exists. As such, laying out an analytical framework by

---

<sup>262</sup> For example, in a recent story arc of X-Men, the character Wolverine was found to be an alien posing as Wolverine while the real one was elsewhere. See Alan Davis, Terry Kavanagh, Adam Kubert, Matt Banning & Tim Townsend, *UNCANNY X-MEN* 375 (Vol. 1, Dec. 1999). If done in the long term, the return of the old Wolverine might be separately copyrightable.

<sup>263</sup> See Vosper, *supra* note 13.

<sup>264</sup> See Brownfield, *supra* note 32. Throughout its history, DC Comics acquired the characters of several other comic book publishers such as Fawcett and Charlton comics. *Id.* In order to integrate those characters into DC stories, they were placed on alternate earths, that sometimes interacted with the earth that Superman was on. *Id.* Multiple versions of the same characters such as the Flash and Superman appeared on the various earths and over time began to interact with each other. *Id.*

<sup>265</sup> See Marv Wolfman, George Perez, & Jerry Ordway, *CRISIS ON INFINITE EARTHS* 12, (Vol.1 Mar. 1986), reprinted in *CRISIS ON INFINITE EARTHS HC* (Marv Wolfman ed., DC Comics 1998). At the end of that story, the "Golden Age" Superman that Siegel and Shuster had created stepped into a vortex and was erased from DC history. *Id.* Recently, the Golden Age Superman returned and was again used in a DC comic. Geoff Johns, Phil Jimenez, Andy Lanning, George Perez, Jim Lee & Sandra Hope, *INFINITE CRISIS* 1 (Vol. 1, Sept. 2005).

which to compare an underlying and new work is no easy task. The Second Circuit and the Seventh Circuit have both formulated tests to determine if a derivative right can be granted based on the underlying work.<sup>266</sup>

Both the tests, although solid on paper, prove to be unwieldy in practice. The Second Circuit established the *Durham* test, which first looks at the triviality of the original aspects of the derivative work and second, at whether the derivative work affects the underlying value of the original work.<sup>267</sup> The Seventh Circuit initially established that a derivative work must have a “gross difference” from its underlying work<sup>268</sup> and then backed off and established a “some incremental originality” test.<sup>269</sup> Neither test has been consistently applied and both suffer from tremendous shortfalls that would either unreasonably limit the statutory exception for derivative works or alternatively allow virtually any change to be considered a derivative work, which would undermine the termination of transfer clause.

a) The *Durham* Two-Step Analysis.

The Second Circuit approached the question of copyrightability of derivative works by establishing a two-tier test that looks first at the originality of the work and then at the economic effect that the work would have on the original. In *Durham Industries v. Tomy Corporation*, the court stated that derivative works are subject to two limitations. First, the original aspects of a derivative work must be more than trivial.<sup>270</sup> Second, the court found that the scope of protection for a derivative work must reflect the degree to which it relies on the previous work and cannot affect the scope of protection afforded the first work.<sup>271</sup>

This two-tier analysis appears to sufficiently address the two concerns that derivative works would bring up in a termination of

---

<sup>266</sup> *Durham Indus., Inc. v. Tomy Corp.*, 630 F.2d 905 (2d Cir. 1980); *Gracen v. Bradford Exch.*, 698 F.2d 300 (7th Cir. 1987).

<sup>267</sup> *Durham*, 630 F.2d at 909.

<sup>268</sup> *Gracen*, 698 F.2d at 305.

<sup>269</sup> *Saturday Evening Post v. Rumbleseat Press, Inc.*, 816 F.2d 1191, 1193 (7th Cir. 1987).

<sup>270</sup> *See id.* (citing 17 U.S.C. § 103)

<sup>271</sup> *Id.* (citing 17 U.S.C. § 103)

transfer context. First, is the derivative character created sufficiently different from the original to qualify for its own copyright or is it merely a carbon copy? If a court were to find that it was a copy, a publisher who wanted to continue to publish a character would be forced to bargain with an author who chose to exercise his termination option. The threshold for this prong is low when applied to the realm of graphic narratives. Each new story published on a month to month basis would add new, original creative elements to the story and the character, under this prong, would be considered completely original. Any finding to the contrary would undermine the originality analysis since so many new elements are infused into ongoing issues of comic books.

While the first prong proves to be easy for publishers to pass,<sup>272</sup> the second prong provides a much more difficult question. If any of the derivative characters created affect the original copyright, a court applying the *Durham* test would find for the original author. Whether or not the derivative work would affect the original copyright would be based on the intent of the publisher and whether the derivative character would undercut the value of the original.<sup>273</sup> If applied correctly, this test is beneficial to authors in a termination context. It would be impossible for a derivative work in the same genre featuring the same character not to have a negative financial impact on the copyright of a separately owned underlying work.

This second prong of the *Durham* test was further explored by the Ninth Circuit in *Entertainment Research Group, Inc. v. Genesis Creative Group Inc.*<sup>274</sup> The court considered whether giving copyright protection to a derivative work that was extremely similar to the underlying work would interfere with the rights of the owner of the underlying copyrighted work.<sup>275</sup> The court held that “Section 103(b) mandates that the copyright protection for derivative works not affect the scope of any copyright protection in the underlying work. Copyright protection for underlying works would be af-

---

<sup>272</sup> L. Batlin & Son v. Snyder, 536 F.2d 486, 490 (2d Cir. 1976) (finding that the originality required is “something more than a ‘merely trivial’ variation”).

<sup>273</sup> *Gracen*, 698 F.2d at 303–04.

<sup>274</sup> 122 F.3d 1211 (9th Cir. 1997). The case involved three dimensional inflatable costumes based on well know cartoon characters. *See id.*

<sup>275</sup> *See id.* at 1220, 1224.

fect—and, thus, 103(b) would be violated—if derivative works without adequate originality were given copyright protection.”<sup>276</sup> The court questioned whether a grant of an expansive copyright in a derivative work would give the derivative copyright holder a de facto monopoly and grant the holder of the derivative copyright the ability to interfere in other subsequent derivative works based on the same underlying work.<sup>277</sup>

The *Entertainment Group* analysis again focuses on whether derivative works have the requisite creativity and originality to be copyrighted.<sup>278</sup> The subsequent work cannot cause an underlying work to become devalued or be afforded less protection. Section 103(b) and by analogy, 304(c)(6)(A) appear to protect the creator who terminates his assignment. If a publisher were to continue to publish a comic book with a derivative character, then it would likely undercut the value of the original work. For example, if DC were to claim that the Superman it publishes was actually a derivative character, the value of Siegel and Shuster’s Superman would be diminished, because they would own an older version of the character. A separate publisher would not wish to publish Siegel and Shuster’s character if there is already another Superman on the market.

Although this test may provide protection for those authors who terminate their transfers, it can be argued that an overzealous court would afford too much protection to the authors under the second prong. Congress maintained the derivative rights exception in Section 304(c) of the termination clause in order to prevent authors from taking more than what they put in.<sup>279</sup> If a comic book creator were to terminate his transfer and subsequently bar a publisher from using the derivative work, that author would benefit from the investment that the publisher took in hiring talented writers and artists to further increase the value of the property. The *Durham* test, while applicable on paper, is too nebulous to be con-

---

<sup>276</sup> See *id.*; see also *Gracen*, 698 F.2d at 304–05; *Durham*, 630 F. 2d at 910–11; *Moore Publ’g, Inc. v. Big Sky Mktg.*, 756 F. Supp. 1371, 1374 (D. Idaho 1990).

<sup>277</sup> See *Entm’t Research Group, Inc.*, 122 F.3d at 1224.

<sup>278</sup> See *id.*

<sup>279</sup> See BRAGG, *supra* note 16.

sistently applied in practice to sufficiently protect both parties from a termination.

b) The *Gracen* “Grossly Different” test and its Illegitimate Progeny

While the Second Circuit formulated the two-prong analysis that marginally focused on both originality and economic value, the Seventh Circuit crafted a test that dealt solely with the originality of a derivative work in *Gracen v. Bradford Exchange*.<sup>280</sup> The case involved the commission of commemorative plates based on the Wizard of Oz.<sup>281</sup> Gracen won a competition to produce a painting of Dorothy from a movie still that had been provided by MGM.<sup>282</sup> Gracen refused to sign a contract so the plate company hired another painter to create a painting with the Gracen work as reference.<sup>283</sup> Gracen obtained a copyright registration for her painting and attempted to sue Bradford Exchange, MGM and the artist for copyright infringement.<sup>284</sup> In order to resolve whether or not the second plate was a derivative work, Judge Posner established his “gross difference” test.<sup>285</sup>

To achieve copyright protection in a derivative work, there must be “a sufficiently gross difference between the underlying work and the derivative work as to avoid entangling subsequent artists depicting the underlying work in copyright problems.”<sup>286</sup> In determining whether there was a sufficient difference between the original and derivative works, “the concept of originality in copyright law has as one would expect a legal rather than aesthetic function—to prevent overlapping claims.”<sup>287</sup>

---

<sup>280</sup> 698 F.2d 300 (7th Cir. 1983).

<sup>281</sup> *Id.* at 301.

<sup>282</sup> *Id.*

<sup>283</sup> *Id.*

<sup>284</sup> *Id.* at 302.

<sup>285</sup> *Id.* at 305.

<sup>286</sup> *Id.* (speaking only of the originality requirement for derivative works).

<sup>287</sup> *Id.* at 304 (citing *L. Batlin & Son, Inc. v. Snyder*, 536 F.2d 486, 491–92 (2d Cir. 1976)). In this case, Judge Posner laid out his famous, yet confusing analogy concerning derivative rights:

Suppose Artist A produces a reproduction of the Mona Lisa, a painting in the public domain, which differs slightly from the original. B also makes a reproduction of the Mona Lisa. A, who has copyrighted his derivative work, sues B

While this *Gracen* test at first appears to be rigid and would provide expansive protection to creators, it in fact would offer creators less protection than the *Durham* test. The style of writing in comic books during the Golden Age differs greatly from today's approach.<sup>288</sup> Stories were often told within one issue, if not within a few pages.<sup>289</sup> Today, with the growth in trades, comic book story arcs typically are told in about six issues, which roughly consists of one hundred and fifty pages in comparison to the fifteen pages that it took to tell a story in the Golden Age.<sup>290</sup> The added length allows a character to develop and become more nuanced in the hands of a capable writer. It would not be difficult for a publisher to prove a "gross difference" between a current derivative work and the underlying work by simply showing the summation of stories and changes that the character has undergone since its first incarnation. Without a prong, like the one in *Durham*, which requires a showing of devaluation to the underlying copyright, the publisher would not be precluded from creating new stories with the same derivative character.

Having perhaps found that this test was not practically applicable, Judge Posner later qualified his *Gracen* test in *Saturday Evening Post Co. v. Rumbleseat Press*.<sup>291</sup> He backed off from his "gross difference" standard to a standard where the derivative work will be found to be copyrightable if there is "some incremental originality."<sup>292</sup> This standard grants even less protection to authors seeking to terminate their transfers. Any mere showing of slight originality will grant rights in a derivative work, allowing

---

for infringement. B's defense is that he was copying the original, not A's reproduction. But if the difference between the original and A's reproduction is slight, the difference between A's and B's reproductions will also be slight, so that if B has access to A's reproductions the trier of fact will be hard-pressed to decide whether B was copying A or copying the Mona Lisa itself.

*Id.* at 301.

<sup>288</sup> See, e.g., GOULART, *supra* note 104 at 91 (noting that Siegel and Shuster's first Superman job consisted of thirteen pages).

<sup>290</sup> See Wikipedia, Trade Paperbacks (comics), [http://en.wikipedia.org/wiki/Trade\\_paperback\\_\(comics\)](http://en.wikipedia.org/wiki/Trade_paperback_(comics)) (noting that many fans wait to purchase trade paperbacks because they are cheaper and do not contain advertisements).

<sup>291</sup> 816 F.2d 1191 (7th Cir. 1987).

<sup>292</sup> See *id.* at 1193 (citing 17 U.S.C. §§ 101, 103(b) (2000); *Gracen*, 698 F.2d at 304-05; *Durham Indus., Inc. v. Tomy Corp.*, 630 F.2d 905, 909 (2d Cir. 1980)).

the publisher to bypass the legislative intent of 304(c).<sup>293</sup> Authors would not be able to negotiate with publishers for a better contract if the publisher can rely on a standard of “some incremental originality,”<sup>294</sup> which could simply be demonstrated by a showing of some minor change in the character from the publication of the underlying work. For example, Superman was first able to leap tall buildings and can now fly. This would be a showing of incremental originality as it is a significant change.

The Seventh Circuit had an opportunity to apply the “some incremental originality” standard to a situation that involved a derivative comic book character and demonstrated how poorly this test protects an underlying work.<sup>295</sup> In *Gaiman v. McFarlane*, the court examined whether or not a derivative character in a comic book could be granted copyright protection.<sup>296</sup> Todd McFarlane wrote and created the comic book, *Spawn*.<sup>297</sup> He hired another creator, Neil Gaiman, to write several issues of his book.<sup>298</sup> Gaiman created a character called *Medieval Spawn*, a version of *Spawn* set in medieval times that wore a knight’s costume with a shield bearing the *Spawn* logo.<sup>299</sup>

Judge Posner examined whether or not *Medieval Spawn* was a copyrightable character and “sufficiently distinct” from the original *Spawn*.<sup>300</sup> The court noted that a derivative work must be significantly different from the original in order “to avoid the confusion that would be created if two indistinguishable works were copyrighted [citation omitted] and to prevent a copyright owner from extending his copyright beyond the statutory period by making an identical work . . . calling it a derivative work, and copyrighting it.”<sup>301</sup> The court found that *Medieval Spawn* was suffi-

---

<sup>293</sup> See BRAGG, *supra* note 16 *passim*.

<sup>294</sup> See *id.*

<sup>295</sup> See *Gaiman v. McFarlane*, 360 F.3d 644 (7th Cir. 2004).

<sup>296</sup> See *id.*

<sup>297</sup> *Id.* at 649–50. *Spawn* was initially criticized for poor writing. Under notice that sales might drop due to the criticism, McFarlane hired one of the more renowned writers in the comic book business, Neil Gaiman. *Id.*

<sup>298</sup> *Id.* at 650.

<sup>299</sup> *Id.*

<sup>300</sup> *Id.* at 661.

<sup>301</sup> *Id.* (citing *Pickett v. Prince*, 207 F.3d 402, 405 (7th Cir. 2000); *Gracen v. Bradford Exchange*, 698 F.2d 300, 304 (7th Cir. 1983); *Entertainment Research Group, Inc. v.*

ciently different from the original due to the costume and the manner in which his dialogue was written.<sup>302</sup>

Judge Posner's holding essentially affords tremendous leeway to companies if they wish to create alternate versions of their characters and obtain copyrights in derivative works.<sup>303</sup> The Medieval Spawn character was essentially Spawn, but with minor adjustments to the uniform.<sup>304</sup> By way of the *Gaiman* holding, a company that wishes to maintain control of a comic book character even after a reversion in the copyright to its original author could simply alter the dress minimally and call it by a slightly altered name.<sup>305</sup>

The *Gracen* test and its progeny, if widely adopted, would prove even more disastrous for authors attempting to reclaim their rights under the termination of transfer provision. Minor changes to the underlying character would create a new copyright in the "new" character. A slight alteration to the character's speech or his dress would effectively negate a publisher from having to bargain with an author who has newly re-acquired his copyright through the termination provision. The publisher could simply continue to use the derivative character with little regard for the original and its creator.

---

Genesis Creative Group, Inc., 122 F.3d 1211, 1220 (9th Cir. 1997); *Lee v. A.R.T. Co.*, 125 F.3d 580, 581–82 (7th Cir. 1997)).

<sup>302</sup> *Gaiman*, 360 F.3d at 662.

<sup>303</sup> The issue of whether or not a derivative character could possibly extend the scope of copyright law beyond the statutory parameters is beyond the scope of this paper.

<sup>304</sup> Medieval Spawn wore armour, but bore the same colours as Spawn and possessed essentially the same powers. Compare Medieval Spawn Series I Action Figure, [http://www.spawn.com/toys/spawn/series1/medievalspawn/images/series1\\_medievalspawn\\_photo\\_01\\_dp.jpg](http://www.spawn.com/toys/spawn/series1/medievalspawn/images/series1_medievalspawn_photo_01_dp.jpg) with Spawn Series I Action Figure, [http://www.spawn.com/toys/spawn/series1/spawn1/images/series1\\_spawn1\\_photo\\_01\\_dp.jpg](http://www.spawn.com/toys/spawn/series1/spawn1/images/series1_spawn1_photo_01_dp.jpg).

<sup>305</sup> It would probably not be necessary to augment the name as a publisher in most cases, with a well developed character would own the trademark in the name. See discussion *supra* part III.A.

## IV. LIMITATION OF DERIVATIVE RIGHTS

Section 304(c) was intended to create a balance between publishers and authors which may be undermined by the strength of the derivative rights exception and trademark law.<sup>306</sup> While an author is unable to contract away his renewal term, these termination loopholes may not even require a publisher to renegotiate with an author. Just as Anakin Skywalker was supposed to restore balance to the “Force” in *Star Wars*, a judicial scheme must be instituted to enforce a balanced parity of bargaining between Golden Age authors whose works have been exploited and those publishers who have spent the past sixty years making these characters household names.

On its own, the termination of transfer provision would be far too beneficial to Golden Age creators. If DC Comics knew, in 1938, that eventually, the rights to their newly acquired characters would revert back to authors like Siegel and Shuster, it may have been unlikely to exploit and promote Superman to the level that it did, when instead, it could have exploited works created by employees of the publisher. Each consecutive issue of a comic book affects the underlying work by either increasing or decreasing its value. Publishers would have nothing to gain by increasing the value in characters if they knew that the monopoly on the rights to the character would revert back to the creators before falling into the public domain.

As the law currently stands, the termination provision is checked by the work for hire exception, trademark law and the derivative rights exception. Courts have readily prevented publishers from retroactively enforcing work for hire agreements on authors who independently created their works. The strict enforcement of this doctrine gives authors who actually put time and effort into an independent creation an opportunity to regain some of the value of their work without the fear that an aggressive publisher will attempt to contractually take away those rights by asserting itself as author.

Copyright laws must never underscore the role that the original Golden Age authors played in the creation of famous comic book

---

<sup>306</sup> See 17 U.S.C. § 304(c) (2000).

characters. It is the stories that they independently wrote which initially made the characters interesting. On the other hand, a publisher's intrepid marketing of the character is what made the Golden Age characters as well known as they are today. The images that appear on lunchboxes, bank ads and other products have more to do with the positive associations that the publisher has created than with essential plot points. For that reason, the implementation of a limited use of trademark law to allow a publisher to maintain control over a pictorial image is valid. Unfair competition provides a necessary balance to the author's termination rights. While the author may be able to recover the original stories that accompany a character, the publisher should not lose the associations that the public perceives between the character and the publisher. At the same time, the termination will allow the original author to gain a better bargaining position. Although the image of the character itself holds value, the publisher would not likely be willing to part with the stories that originally made that image so compelling, and would be willing to pay a premium to retain those rights.

In order to form a better balance between the trademark rights that the publishers will maintain and the copyright that can be garnered by the authors through reversion, the Pandora's Box that derivative rights have become must be closed. The derivative rights exception severely tests the balance between the publisher and the author in the comic book field. Neither of the current Circuit tests for granting copyright in a derivative work provides adequate protection to authors terminating their works with a publisher.<sup>307</sup>

At the heart of the Copyright clause of the Constitution is the need for new and imaginative works to be put forth for the public to enjoy. The derivative rights exception encourages stagnation by allowing publishers to continue to publish the same character by making minor tweaks to it.<sup>308</sup> Along these lines, it would appear as if an overhaul to the *Gracen* standard of "grossly different"<sup>309</sup> would best encourage creativity and, at the same time, would allow

<sup>307</sup> See discussion Part III.

<sup>308</sup> See, e.g., J. Michael Straczynski, Michael Deodato, Joe Pimentel, Cory Petit & Matt Milla, AMAZING SPIDER-MAN 527 (Dec. 2005). (Spider-man dies and is reborn again as Spider-man with the same physical appearance).

<sup>309</sup> *Gracen v. Bradford Exch.*, 698 F.2d 300 (7th Cir. 1987)

a publisher to continue to publish the same character while guaranteeing that authors who seek termination can enjoy the full value of their work with the same publisher or a competitor.

Under a modified *Gracen* standard, in order for a court to find that a derivative work in a character is indeed a derivative and not a carbon copy, a pictorial work would have to be grossly, but not completely visually different to a common bystander. Under this standard, a character would not be considered a new character if an older version was no longer used,<sup>310</sup> but only if a new creative step is taken to overhaul the design and in tandem, the story. In order for a character to be copyrightable as a derivative work, there would have to be a little visual similarity between the original and the current character that is being billed as a new or derivative work.

In the Superman example, a new Superman creation that existed outside of the regular Superman storylines, but maintained the same iconic copyrightable appearance would not be considered a derivative work.<sup>311</sup> A new version of Superman that bore similar trademark qualities, such as the “S,” shield, but was creatively distinct and recognizable as a separate character would be copyrightable under a modified grossly different test. An example of this is the “electric” Superman. In 1997, DC Comics unveiled a new version of Superman that still maintained the trademarked shield logo as well as the same story characteristics of the original Superman.<sup>312</sup> This Superman bore few physical similarities to the existing Superman, but instead of super-strength, this character had electrical powers.<sup>313</sup> Instead of the traditional red and blue costume, this Superman wore a modified white and blue costume.<sup>314</sup> Although the character appeared different, many of the aspects of

---

<sup>310</sup> See, e.g., Straczynski, *supra* note 308.

<sup>311</sup> See Grant Morrison, Frank Quitely, Jamie Grant & Phil Balsman, ALL STAR SUPERMAN 1 (Nov. 2005) (introducing a new version of the current Superman).

<sup>312</sup> See Dan Jurgens, Ron Frenz & Josef Rubenstein, SUPERMAN 123 (Mar. 1997) (introducing a new Superman with a blue and white costume and electric powers); see also Superman Homepage, Superman Blue (and Superman Red), [http://www.supermanhomepage.com/comics/comics.php?topic=comics-new\\_supers](http://www.supermanhomepage.com/comics/comics.php?topic=comics-new_supers) (last visited Jan. 17, 2006).

<sup>313</sup> See *id.*

<sup>314</sup> See *id.*

the character that readers have grown to know and love remained the same.

Under this scheme, if the creators of a Golden Age work or their heirs sought to reclaim their work, the publisher could create a distinct version of the character and continue to use some of the significant trademarked elements as well as the derivative stories that they created, but the value of the character to the creators would not be depleted as they would have use of what they originally created as well as the benefit of the years of exploitation that the publisher put into the work. The character and the original story would fall into a limited public domain that both the creators and the publisher could use as a well-spring of future ideas.

As for customer confusion, there could not be two titles coming out monthly with the same name on the cover from two separate publishers. In the case where the original creator who has regained the copyright came up with the name of the character, the name and the use should revert back to the creator. The publisher would still be able to use the name of the character, but not on the cover. This would not damage the sales or the character that the publisher puts out. For example, DC Comics publishes a character named Captain Marvel.<sup>315</sup> Whenever a comic book featuring that character is put out, it features the title, Shazam, rather than Captain Marvel.<sup>316</sup> Readers are aware of what character that they are going to be reading when they open up the cover. As in that situation, a publisher could use a closely associated name for the comic book title and continue to publish stories featuring the slightly modified character.

---

<sup>315</sup> See Wikipedia, Captain Marvel, <http://en.wikipedia.org/wiki/Shazam%21> (last visited Jan. 15, 2006).

<sup>316</sup> See, e.g., Judd Winick, Joshua Middleton & Nick Napolitano, SUPERMAN/SHAZAM: FIRST THUNDER 1 (Sept. 2005) (featuring a team up between Superman and Captain Marvel). See also Wikipedia, Captain Marvel, <http://en.wikipedia.org/wiki/Shazam%21> (explaining that DC Comics cannot use the name, Captain Marvel, in promoting their character because Marvel Entertainment has a trademark on the name).

## CONCLUSION

Congress crafted the termination of transfer provision to allow the author to be in the same bargaining position he would have been in if he had known the value of his work after exploitation when he assigned it.<sup>317</sup> The derivative rights exception to the termination of transfer clause effectively supplants this intent in favor of publishers if interpreted too broadly. A publisher would not need to bargain with the original creator if it already owns the copyright to the derivative character and the stories that accompany the character.

Limiting the scope of the derivative rights exception would present the best way to restore balance and impose a duty upon the author to bargain with the same publisher. In its current fluid form, it is uncertain as to whether or not a character like Superman, as it exists today, is indeed a derivative of the original Superman or is the same character. As far as the visual depiction goes, the two characters appear to be similar if not the same. A derivative rights exception that would allow DC Comics to retain the rights to all the derivative publications and the copyrights to all the characters that Siegel and Shuster did not create would not be unfair to the heirs of the authors.

DC should not, however, retain the rights to the actual character of Superman and any others that Siegel and Shuster created without having to re-contract for them. A modified “grossly different” standard should be instituted to make sure that the derivative rights exception does not go too far. If a reasonable person seeing the Superman of today and the Superman of 1938 thought that the two characters were the same, Superman would not be considered a derivative character. This would include any character derived from Superman such as Superboy, Supergirl, Bizarro, and General Zod. All are based on the original Superman character and a reasonable person could confuse them. There may be elements of originality infused through the subsequent stories, but

---

<sup>317</sup> See H.R. REP. NO. 94-1476, at 124 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5740. “A provision of this sort is needed because of the unequal bargaining position of authors, resulting in part from the impossibility of determining a work’s value until it has been exploited.” *Id.*

DC would already own those stories as they were the author under work-for-hire agreements.

This scheme, which separates the character from the subsequent stories, would put creators, who have terminated their transfer and the target publishers into a position where they will be forced to bargain on equal grounds. DC would not be able to put out any more Superman stories featuring the visually iconic Superman, as the heirs to Siegel and Shuster would own that copyrights. At the same time, the heirs would not be able to get a good value for their character from any publisher except DC Comics as they would only own the original characters in their 1938 form and would be prohibited from using the derivative stories that DC crafted with subsequent authors or the "S" shield in commerce. DC Comics and Time Warner would not be willing to part with those physical elements as they have built film and television franchises around those actual characters. The two sides would be forced to bargain and an equitable decision would likely be reached.

Under this proposed standard, just like the theoretical battle between Superman and Batman, a clear winner may not arise. It will be a constant tug of war between the two opposing sides using the ammunition that Congress provides. But, like that battle of the icons, here the ultimate winners would be the fans who would not be deprived of the characters they know.