

No. _____

In the Supreme Court of the United States

LISA R. KIRBY, NEAL L. KIRBY, SUSAN N. KIRBY,
BARBARA J. KIRBY,

Petitioners,

v.

MARVEL CHARACTERS, INCORPORATED,
MARVEL WORLDWIDE, INCORPORATED,
MVL RIGHTS, LLC, WALT DISNEY COMPANY,
MARVEL ENTERTAINMENT, INCORPORATED,

Respondents.

*On Petition for Writ of Certiorari to the
United States Court of Appeals for the Second Circuit*

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

The Copyright Act grants the children of a deceased author the right to recover the author's copyrights by statutorily terminating prior copyright transfers. 17 U.S.C. §§ 304(c), (d). "Works for hire" are the sole exclusion. *Id.* Petitioners, the children of the acclaimed comic-book artist/creator Jack Kirby (*The Fantastic Four, X-Men, The Mighty Thor, The Incredible Hulk, etc.*), served statutory notices of termination on the Marvel respondents regarding the key works Kirby authored as an independent contractor in 1958-63.

Section 26, the "work for hire" provision of the 1909 Copyright Act, applicable to pre-1978 works, states simply: "The word author shall include an employer in the case of works made for hire." For six decades, including in 1958-63, "employer" was duly given its common law meaning, and "work for hire" applied solely to conventional employment, not to independent contractors like Kirby. It follows then, in 1958-63 Kirby was the original owner of the copyrights to the works he authored and subsequently assigned to Marvel, and his children have the right to recapture his copyrights by termination of such assignments under 17 U.S.C. §304(c).

In 1972, the Second Circuit expanded section 26's straightforward "work for hire" definition to encompass independent contractors via a presumptive "instance and expense" test. This test has been roundly criticized as overbroad and inequitable by the leading copyright commentators. In 2003, the circuit acknowledged that the judicial expansion of section 26 was based on its

mistaken construal of implied assignment cases as “work for hire” cases, but nonetheless continued to convert freelance work into “work for hire” long after its creation.

In this case, the court of appeals held it undisputed that Kirby worked purely as an independent contractor and paid all expenses of creating his works, that Marvel was not obligated to pay, nor paid, for Kirby submissions it did not wish to publish, and that Kirby executed contemporaneous copyright assignments to Marvel. The court nonetheless affirmed summary judgment against petitioners Susan and Barbara Kirby, ruling that all of Kirby’s creations, published in 1958-63 by Marvel, were presumptively its “works for hire” under the “instance and expense” test, eliminating these petitioners’ statutory termination rights.

The first question presented is whether a court can constitutionally take copyrights to works originally owned and authored by an independent contractor and hand them to a private party by judicially re-designating them “works for hire.”

The second and related question is whether “employer” under the 1909 Act can be judicially extended beyond conventional employment to independent contractors, when this contradicts its common law meaning, binding Supreme Court precedent and longstanding canons of statutory construction.

The third question is whether “work for hire” can be determined based on post-creation contingencies, like

discretionary payment, when authorship and ownership of a copyrightable work, including “work for hire,” vests at inception.

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PARTIES TO THE PROCEEDING

Petitioners are Lisa R. Kirby, Neal L. Kirby, Susan N. Kirby, and Barbara J. Kirby, the defendants–counter-claimants–appellants below. Respondents are Marvel Characters, Incorporated, Marvel Worldwide, Incorporated, MVL Rights, LLC, the plaintiffs–counter-defendants–appellees below, and Walt Disney Company and Marvel Entertainment, Incorporated, the counter–defendants–appellees, below.

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PETITION FOR A WRIT OF CERTIORARI

Lisa R. Kirby, Neal L. Kirby, Susan N. Kirby and Barbara J. Kirby respectfully petition for a writ of certiorari to review the judgment of the U.S. Court of Appeals for the Second Circuit.

OPINIONS BELOW

The Second Circuit's opinion is reported at 726 F.3d 119 and reprinted at App.1-48. The opinion of the U.S. District Court for the Southern District of New York is reported at 777 F.Supp.2d 720 and reprinted at App.49-112. The Second Circuit's order denying rehearing and rehearing en banc is unreported but reprinted at App.113-14.

JURISDICTIONAL STATEMENT

The Second Circuit filed its opinion on August 8, 2013, and denied rehearing and rehearing en banc on October 22, 2013. Justice Ginsburg extended the time for filing a petition for writ of certiorari to March 21, 2014. App.123-24. This Court has jurisdiction under 28 U.S.C. § 1254(1).

**CONSTITUTIONAL AND STATUTORY
PROVISIONS INVOLVED**

The U.S. Constitution's Copyright and Patent Clause, art. I, § 8, cl. 8, provides, in relevant part:

The Congress shall have 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;

....

The U.S. Constitution's art. I, § 1, provides:

All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

....

The Fifth Amendment of the U.S. Constitution provides, in relevant part:

No person shall be . . . deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

....

Section 26 of the 1909 Copyright Act, 17 U.S.C. § 26 (1976 Ed.) provides in relevant part: "The word author shall include an employer in the case of works made for hire."

....

The pertinent provisions of 17 U.S.C. §§ 304(c), (d) are set forth in the appendix to this petition (App.115-22).

STATEMENT OF THE CASE

The 1976 Copyright Act provides authors and their heirs with a vital right to recover copyrights for the extended renewal term by statutorily terminating prior copyright assignments. 17 U.S.C. §§203(a), 304(c), (d). Congress' objective in enacting the termination provisions was to remedy authors' unequal bargaining positions, and to benefit authors and their families once the true value of a work is established. The sole exemption are "works for hire" as to which the employer is deemed the "author" and owner of the work at inception. *Id.*

Jack Kirby, who died in 1994, was one of the most influential comic book artists and creators of all time. App.3. In 2009, the petitioners, Kirby's four children, served Marvel with notices of termination under section 304(c), regarding the characters Kirby had created or co-created as an independent contractor in 1958-63, including *The Fantastic Four*, *X-Men*, *The Mighty Thor*, *The Incredible Hulk* and *The Silver Surfer*. App.52.

Marvel filed suit for a declaratory judgment that petitioners' statutory termination was void. App.10. Marvel claimed that Kirby's freelance creations were all "works for hire" under section 26 of the 1909 Copyright Act ("The word author shall include an employer in the case of works made for hire."). *Id.*

For the first six decades of the 1909 Act, including 1958-63 when Kirby created his works, section 26 applied solely to conventional employment, not to independent contractors. App.34-35. Four years

before the enactment of the 1976 Act, *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213 (2d Cir. 1972) expanded section 26 to encompass independent contractors, via the so-called “instance and expense” test, misinterpreting implied *assignment* cases as “work for hire” cases. App.36.

Here, although most of the parties resided in California, Marvel raced to New York to take advantage of the Second Circuit’s presumptive “instance and expense” test, which invariably finds that the pre-1978 work of an independent contractor is “work for hire” under the 1909 Act. App.10, 36, Joint Appendix (filed in Second Circuit Case No. CV-11-3333, “JA”)(I) 21, 68, 72, 76. The “instance” prong turns on whether the publisher was “the motivating factor” which induced the work’s creation. App.84. The “expense” prong turns on whether the publisher paid “a sum certain” for the freelance work. App.92. Satisfaction of this easily satisfied test creates an almost irrebuttable presumption that the parties intended that the work be “for hire.” App.84.

The district court granted Marvel summary judgment, holding the “test” satisfied, depriving Kirby of his original copyrights under the 1909 Act, “as a matter of law,” and his children of their valuable termination interests under the 1976 Act. App.49-112.

The court of appeals affirmed. App.1-48. It found undisputed, however, that in 1958-63: (1) Kirby worked solely as an independent contractor from his home, and shouldered all costs of creation (App.7); (2) that “Marvel paid Kirby...for [only] those pages it accepted...[and] was free to reject Kirby’s pages and

pay him nothing for them.” (App.44); and (3) the only contemporaneous agreement between the parties consisted of legends on the backs of Marvel’s checks, assigning Kirby’s copyrights in that work Marvel chose to buy. App.47.

It is a cardinal rule of statutory construction that where words in a statute have a well-known meaning at common law they are presumed to have been used in that sense unless the statute indicates otherwise. This Court has thus construed “employer” and “employee” in numerous statutes under the common law of agency, differentiating “independent contractors.” The 1909 Act’s reference to “employer” is no different.

As to the 1976 Act, *Community for Creative Non-Violence v. Reid*, 490 U.S. 730 (1989) criticized and rejected the overbroad “instance and expense” test, and per the same canon of statutory construction, determined “work for hire” employment based on the common law of agency. Though leading commentators view *CCNV* as effectively overruling the “instance and expense” test, the Second Circuit both in *Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc.*, 342 F.3d 149, 163 (2d Cir. 2003) and this case dismissed *CCNV*’s fundamental analysis as mere “dicta” with regard to the 1909 Act. App.37, n.8.

The courts below confirmed that “work for hire” turns on the mutual intent of the parties, and that “instance and expense” establishes presumptive intent. App.33-46, 83-95. But neither court would address how the parties could have intended Kirby’s work to be “for hire” when in 1958-63 this applied solely to traditional employment. App.35, 1-112. Nor could they address

the contradiction between a test held satisfied by post-creation contingencies, like Marvel's discretionary payment for only those works it chose to accept, and the fundamental copyright principle that authorship/ownership of a work vests upon its creation. *Id.*

It is beyond dispute that in 1958-63, when Kirby authored his works as an independent contractor, he owned the original copyrights under section 26 of the 1909 Act, both as written and construed in binding precedent. App.7, 35. The court of appeals' wholesale transfer of Kirby's original copyrights to Marvel, by expanding section 26, contrary to the canons of statutory construction and Supreme Court precedent, violated the Fifth Amendment. *See Stop the Beach Renourishment, Inc. v. Florida Department of Environmental Protection*, 560 U.S. 702, 715 (2010).

This is the first case to use the controversial "instance and expense" test for "work for hire" under the 1909 Act to eviscerate the 1976 Act's inalienable termination right, and it did so with respect to a major independent artist and numerous invaluable works. App.3, 7. Kirby, the creative genius who redefined an industry from a small drafting board in his basement, without financial security or any participation in the success of his creations, epitomizes the very author/publisher imbalance Congress sought to remedy in enacting the termination provisions. App.7. If this unsupported, overbroad "test" is left unchecked, the "work for hire" exception will swallow the rule, and gut, as it did here, the vital termination interests of numerous authors and heirs as to a vast number of works.

This case presents a clean vehicle where the presumptive “instance and expense” test was held dispositive, and it demonstrates its worst features. The judicial re-drafting of the 1909 Act, permitting easy circumvention of the 1976 Act, requires this Court’s intervention. Only this Court can realign “employment” under the 1909 Act with the common law of agency, as mandated by its precedent, bring uniformity and predictability to this important area of federal copyright law, and salvage the concerted congressional objective of the 1976 Act’s termination provisions.

A. Statutory Background

1. “The economic philosophy behind the [Copyright] clause ... is the conviction that encouragement of individual effort by personal gain is the best way to advance the public welfare through the talents of authors [] in [] useful Arts.” *Mazer v. Stein*, 347 U.S. 201, 219 (1954). Under the Constitution, “it is Congress that has been assigned the task of defining the scope of the limited monopoly that should be granted to authors.” *Sony Corp. v. Universal Studios*, 464 U.S. 417, 429 (1984). Commencing with the Copyright Act of 1831, Congress has used this power to provide authors and their families with the right to recover transferred copyright interests and has strengthened those rights over time. *See Stewart v. Abend*, 495 U.S. 207, 217-20 (1990).

2. Under the Copyright Act of 1909, copyright protection was divided into two separate 28-year terms: the “initial” and “renewal” terms. 17 U.S.C. §24 (1976 Ed.). Congress intended the renewal copyright to benefit authors and their families. *See Stewart*, 495

U.S. at 219. Effective January 1, 1978, the Copyright Act of 1976 significantly enhanced authors' rights. 17 U.S.C. §101 *et seq.* It extended the renewal term under the 1909 Act from 28 to 47 years. 17 U.S.C. §304(a). Congress intended to give the benefit of these additional years to authors rather than to grantees for whom the automatic grant of the extension would be a windfall. *See* H.R. Rep. No. 94-1476 at 140 (1976). It therefore coupled the extension with a new right of authors and their families to recapture their copyrights by terminating decades-old copyright transfers "notwithstanding any agreement to the contrary." 17 U.S.C. §304(c)(5).

"The principal purpose...was to provide added benefits to authors...More particularly, the termination right was expressly intended to relieve authors of the consequences of ill-advised and unremunerative grants...". *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 172-73 (1985). Congress recognized that publishers held far greater bargaining power and that consequently, authors commonly agreed to one-sided grants which precluded them from sharing in the success of their works. *Id.* The results were often supremely unfair, as when a work proved to have enduring commercial value, but enriched only the grantee. Congress created termination rights to "safeguard[] authors against unremunerative transfers" made before their works were commercially exploited, and to give authors and their families a second chance to obtain a more equitable portion of a copyright's value when it is no longer conjectural. H.R. Rep. No. 94-1476, at 124 (1976); *see N.Y. Times v. Tasini*, 533 U.S. 483, 496 n.1 (2001) (recognizing Congress' intent to re-adjust "the author/publisher

balance” by providing an “inalienable authorial right to revoke a copyright transfer”).

Termination is carried out by serving advance notice of termination on the original grantee or its successor. 17 U.S.C. §304(c)(4)(A). Authors and their heirs may terminate pre-1978 grants during a five-year window beginning fifty-six years after copyright was secured by publication. 17 U.S.C. §304(c)(3). The termination provisions reflect a deliberate balance of competing interests determined by Congress.¹ For instance, it is no coincidence that the 1909 Act provided fifty-six years of copyright protection, and that the 1976 Act provided for termination of pre-1978 transfers after fifty-six years. That symmetry ensured that transferees were not deprived of any benefits for which they bargained under the 1909 Act.

In the Copyright Term Extension Act, Pub. L. 105-298 (1998), Congress reaffirmed its objectives with respect to the 1976 Act’s termination provisions by

¹ For instance, the 1976 Act gives a terminated grantee a competitive advantage in reacquiring copyrights recaptured under its termination provisions. *See* 17 U.S.C. §304(c)(6)(D); 3 Melville Nimmer and David Nimmer, *Nimmer on Copyright* (“Nimmer”) §11.08[A], n.6. As the Act has no extraterritorial application, termination applies only to the U.S. copyright, *id.* §11.02[B][2] at 11-19, and in the case of joint works, like comic books, only to the terminating co-author’s pro-rata share thereof. Both make exploitation independent of a terminated grantee practically impossible. A terminated grantee can continue to distribute pre-termination derivative works, 17 U.S.C. §304(c)(6)(A); and new derivative works, when termination is by the co-author of a joint work, subject to a duty to account to the co-author. *See* 1 *Nimmer* §6.12[A].

coupling a further renewal term extension with a second termination right in 17 U.S.C. §304(d). *See* H.R. Rep. No. 105-452, 105th Congress, 2d Sess., at 8 (1998) (the intention is for “original authors of works and their beneficiaries to benefit from the extended copyright protection”).

3. “Works for hire” are the sole exemption from termination under 17 U.S.C. §304(c) and (d), which apply only to pre-1978 works of authorship. The 1909 Act governs whether a work published before 1978 is a “work for hire.” 17 U.S.C. §62 (renumbered to §26 in 1947, text unchanged, repealed 1978).

B. Factual and Procedural History

1. Jack Kirby was a prolific comic book creator and illustrator who revolutionized the industry, and created or co-created Marvel’s most enduring and profitable superheroes including *Captain America*, *The Fantastic Four*, *The Mighty Thor*, *The Incredible Hulk*, and *The X-Men*. App.6, 51.

Jack Kirby began his career in the Depression. App.5. With Joe Simon, he created *Captain America* and many other characters that they sold to publishers, including Marvel. App.5-6. They disbanded in 1956. This case concerns the works created by Kirby and published by Marvel in 1958-1963. App.7.

The following facts were held undisputed and supported by the record. In 1958-63, Kirby worked solely as an independent contractor, out of the basement of his home, set his own hours, paid his own overhead and all expenses of creating and selling his

work, which Marvel did not reimburse. App.7. Like other freelancers, Kirby was paid neither a fixed wage nor for his services, but was paid only for that work Marvel chose to purchase. *Id.* If work was rejected, Kirby was not compensated, and personally took the loss. App.44. Marvel did not withhold any taxes, or provide Kirby with any benefits. App.91. Kirby was free to sell and sold work to other publishers while selling to Marvel. App.8. Kirby was also free to use rejected work he had created for a Marvel project in work that he sold to other publishers. JA(IV) 1084-86 ¶¶17-20; JA(V) 1123-1131.

Marvel asserted economic power in lean times, but as to creative matters Kirby largely had a “free hand.” App.9 (“It is beyond dispute, moreover, that Kirby made many of the creative contributions, often thinking up and drawing characters on his own, influencing plotting, or pitching fresh ideas.”).

In 1958-1963, and until the mid-seventies, Marvel avoided any written engagement agreement or legal obligations to Kirby. App.7; 103; 44 (“Marvel paid Kirby a flat rate for those pages it accepted...[and] was free to reject Kirby’s pages and pay him nothing for them.”). Conversely, Kirby had no legal obligations to Marvel. Everything pointed to the simple purchase and assignment in 1958-63 of those Kirby works Marvel accepted for publication – the converse of “work for hire.”

Thus the only contemporaneous agreements between Marvel and Kirby consisted of legends on the back of Marvel’s checks to Kirby expressly assigning his copyrights in the work Marvel purchased. App.105.

The first formal contract, dated June 5, 1972, was entitled “Assignment,” and detailed Kirby’s assignment to Marvel of all his work that Marvel had published.² App.51.

2. In late 2009, petitioners served Marvel with notices under 17 U.S.C. §304(c) to recover their father’s copyright interests by statutory termination of his assignments to Marvel, including the 1972 “Assignment.” App.52.

3. On January 8, 2010, Marvel sued the Kirby children in New York, though two of three Marvel plaintiffs, their owner Disney, and two of the four Kirbys resided in California. App.10. Marvel contested the Kirbys’ notice of termination, claiming “work for hire” (17 U.S.C. §304(c)’s sole exclusion) under the Second Circuit’s “instance and expense” test. *Id.*

The district court granted Marvel summary judgment. App.49-112. It held that “instance” is satisfied if Marvel was a “motivating factor” in the works’ creation and had “the power” to accept or reject Kirby’s work, and that “in this Circuit, the ‘expense’ requirement is satisfied ‘where a hiring party simply pays an independent contractor a sum certain for his or her work.’” App.92 (citation omitted). As this applies

² Consistent with the assignment agreement on Marvel’s checks, its March 24, 1975 agreement with Kirby specifies Marvel’s ownership with copyright assignment language. App.103. As late as 1976-1977, Marvel still couched its freelancer relationships in terms of the purchase and assignment of their material, not “work-for-hire.” JA(VII) 1885 ¶7, 1894 ¶7; Confidential Appendix (filed in Second Circuit Case No. CV-11-3333)(I) 87 ¶7, 96 ¶7, 105 ¶7.

to nearly all published works, the court found the “test” easily satisfied, and held that “Marvel is presumed to be the[] ‘author’ [of all Kirby works published by it in 1958-63], and the holder of the statutory copyright as a matter of law.” App.84. This “almost irrebutable” presumption could only be overcome by a specific agreement that Kirbys’ works were not “for hire,” and it found none. App.84, 111. On this basis, the court held petitioners’ statutory notices of termination void. *Id.*

4. The court of appeals affirmed as to Susan and Barbara Kirby, and vacated the judgment as to Lisa and Neal Kirby for lack of personal jurisdiction. App.1-48. It concluded, under the “instance and expense” test, that all Kirby creations published by Marvel in 1958-63 were presumptively authored and owned by Marvel at inception as “work for hire.” App.46-47. The panel found “instance” satisfied because “Kirby’s ongoing partnership with Marvel, however unbalanced ...induced Kirby’s creation[s].” App.42. It found “expense” satisfied by “Marvel’s payment” for that work it accepted for publication, in its sole discretion. App.46. The panel concluded that “a presumption arises that the works” were “‘for hire’ under section 304(c) [the 1976 Act’s termination provision]” and that this “can be overcome only by evidence of a [contemporaneous] agreement to the contrary.” App.47. It then disregarded the only contemporaneous agreements – Kirby’s express copyright assignments on the back of Marvel’s checks. App.47-48. Based on the above, the panel held that Barbara and Susan Kirby have no termination interests under 17 U.S.C. §304(c). App.48.

5. The Second Circuit denied a timely petition for rehearing en banc. App.113-14. This petition follows.

REASONS FOR GRANTING THE WRIT

I. THE DECISION BELOW IS CONTRARY TO THE 1909 ACT AND BINDING SUPREME COURT PRECEDENT

The judicial expansion, in the last decade of the 1909 Act, of “work for hire” to independent contractors via the so-called “instance and expense” test contradicted the common law definition of “employer” in section 26 and is unsupported by the statute.

A. The Plain Language of the Statute Controls

Section 26 of the 1909 Copyright Act stated concisely: “The word author shall include an employer in the case of works made for hire.” 17 U.S.C. §26 (1976 ed.)(repealed). It is a well-established canon that “where words are employed in a statute which had at the time a well-known meaning at common law or in the law of this country they are presumed to have been used in that sense unless the context compels to the contrary.” *Standard Oil Co. v. United States*, 221 U.S. 1, 59 (1911). This remains a “cardinal rule of statutory construction.” *Molzof v. United States*, 502 U.S. 301, 307 (1992). *See e.g., Park ‘N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 194 (1985) (construing the Lanham Act; “[s]tatutory construction must begin with the language employed by Congress and the assumption that the ordinary meaning of that language accurately expresses the legislative purpose.”).

Congress did not define the term “employer” in section 26 as its meaning was (and still is) commonly understood. The common law meaning of “employer” to connote traditional employment is consistent with its legal definition not only when the 1909 Act was passed, but in 1958-1963 as well.³ Nothing in the text of the 1909 Act’s “work for hire” provision indicates that Congress used the word “employer” to describe anything less than a conventional employment relationship, or supports its judicial extension to freelancers like Kirby.

The conventional master-servant relationship clearly distinguishes independent contractors like Kirby. *See Clackamas Gastroenterology Assocs., P.C. v. Wells*, 538 U.S. 440, 444-45, n.5 (2003) (common law agency doctrine “determin[es] whether a hired party is an employee,” and “draw[s] a line between independent contractors and employees”); *Nationwide Mut. Ins. Co. v. Darden*, 503 U.S. 318, 323, 325 (1992) (differentiating independent contractors from employees under ERISA, “Congress means an agency law definition for ‘employee’ unless it clearly indicates otherwise.”); *NLRB v. United Ins. Co. of America*, 390 U.S. 254, 256 (1968)(same; NLRA).

³ *See, e.g.*, Black’s Law Dictionary, 2d Ed. (1910) at 421 (defining “employer” as “one who employs the services of others;... who pays their wages” and “employee” “mean[s] some permanent employment”); *id.*, 4th Ed. (1951) at 617-18 (defining “employer” the same way; “the correlative of employee,” and “employee” as “[o]ne who works for an employer; a person working for salary;... ‘employee’ must be distinguished from ‘independent contractor’...” (emphasis added)).

B. The Legislative History Reinforces this Plain Reading

1. The 1909 Act's "work for hire" provision was intended to apply rather narrowly. Discussions at a 1906 revision conference held by the Library of Congress prior to the provision's enactment indicate that it was included in the draft bills at the request of publishers of encyclopedias and directories. *See* Barbara A. Ringer, Copyright Law Revision Study No. 31 "Renewal of Copyright" at 138-39, prepared for the Senate Subcommittee on Patents, Trademarks and Copyrights of the Committee on the Judiciary (June 1960). These publishers wanted to secure copyrights in material prepared by their staffs without having to repeatedly obtain their employees' assignments. "The committee reports on th[e] [final] bill indicate a likelihood that the legislators regarded a 'work made for hire' as a species of 'composite or cyclopedic work.'" *Id.* at 139.

The legislative history further indicates an intent to distinguish between employees and independent contractors. *See* Stenographic Report of the Proceedings of the Librarian's Conf. on Copyright, 2d Sess. 188 (Nov 1-4, 1905) (statement by Lithographer's Association), *reprinted in* 2 Legislative History of the 1909 Copyright Act at 188 (1976) ("the right belonging to that artist who is employed for the purpose of making a work of art so many hours a day...should be very different from the right that is held by the independent artist").

2. A key study commissioned by Congress in revising the 1909 Act, determined: "it may be

concluded that section 26 [of the 1909 Act] refers only to works made by salaried employees in the regular course of their employment.” B. Varmer, Copyright Law Revision Study No. 13, “Works Made for Hire and on Commission,” Studies Prepared for the Copyright Office, Reprinted by the Senate Subcommittee on Patents, Trademarks and Copyrights of the Committee on the Judiciary, 86th Cong., 2d Sess. 127, 130 (1960). The Varmer study based its findings, in part, on the 1909 Act’s legislative history, noting that in the draft bill of the 1909 Act, dated March 2, 1906, a “work made for hire” was “defined in terms of salaried employment.” *Id.* at 128.

C. *CCNV* Effectively Overruled the “Instance and Expense” Test

1. In *Community for Creative Non-Violence v. Reid* (“*CCNV*”), 490 U.S. 730, 738-739 (1989), this Court specifically addressed the “instance and expense” test as the Second Circuit had begun using it to construe the term “employee” in the 1976 Act’s “work for hire” provision. *CCNV* criticized this overbroad test as encompassing virtually all contributions to books or movies because such are “usually prepared at the instance, direction, and risk of a publisher or producer.” *Id.* at 741. It rejected the test as inconsistent with the basic language of the Copyright Act, holding:

Although the Act nowhere defines “employee,” “employment,” or related terms, it must be inferred that Congress meant them in their settled, common-law sense, since nothing in the text of the work for hire provisions indicates

that those terms are used to describe anything other than the conventional relation of employer and employee.

Id. at 731. The same holds true for “employer” in section 26 of the 1909 Act. “Ordinarily, ‘Congress’ silence is just that—silence.” *Id.* at 749 (citation omitted). *See also id.* at 739 (“It is [] well established that ‘[w]here Congress uses terms that have accumulated settled meaning...a court must infer, unless the statute otherwise dictates, that Congress means to incorporate the established meaning of these terms’” (citations omitted)).

CCNV drew a clear distinction between “employee” and “independent contractor,” stating that “when Congress has used the term ‘employee’ without defining it, we have concluded that Congress intended to describe the conventional master-servant relationship as understood by common-law agency doctrine.”⁴ *Id.* at 739-40 (citing *Kelley v. Southern Pacific Co.*, 419 U.S. 318, 322–323 (1974) and *Robinson v. Baltimore & Ohio R. Co.*, 237 U.S. 84, 94 (1915)). *See id.* at 740 (noting that “[i]n past cases of statutory interpretation” the same applied to “employer”).

⁴ *CCNV* noted that relevant factors from “the general law of agency” include “the skill required; the source of instrumentalities and tools; the location of the work;...the extent of the hired party’s discretion over when and how long to work; the method of payment;...the provision of employee benefits and the tax treatment of the hired party.” 490 U.S. at 751-52.

CCNV concerned “work for hire” under the 1976 Act, but its guiding principles apply equally to Congress’ use of the term “employer” in the 1909 Act.

2. More pointedly, this Court unanimously rejected the judicial “instance and expense” test to determine who qualified as a “work for hire” employee because a “paramount goal” of our copyright law is to “enhanc[e] predictability and certainty of copyright ownership.” *Id.* at 749-50. It emphasized that under the test “parties would not know until late in the process, if not until the work is completed, whether” it was a work for hire “leav[ing] the door open for hiring parties, who have failed to get a full assignment of copyright rights from independent contractors...to unilaterally obtain work-made-for-hire rights years after the work has been completed as long as they directed or supervised the work, a standard that is hard not to meet when one is a hiring party.” *Id.* at 750 (internal citation omitted).

The same reasoning compels rejection of the “instance and expense” test as to the 1909 Act. The Court’s comment was prescient, only here Marvel’s revisionism was motivated not by the failure to get assignments but by the advent of the inalienable right to terminate Kirby’s assignments under the 1976 Act.

3. In reviewing “work for hire” under the 1909 Act, this Court noted:

[T]he work for hire doctrine codified in §62 [26] *referred only to works by employees in the regular course of their employment.* As for commissioned works, the courts generally

presumed that the commissioned party had impliedly agreed to convey the copyright, along with the work itself, to the hiring party.

Id. at 744 (emphasis added). Per the italicized language, only work of a traditional “employee[]” is “work for hire” under the 1909 Act. Commissioned work of an independent contractor is owned by the commissioning party via assignment, not as the initial author and proprietor.

4. Leading commentators read *CCNV* as overruling the “instance and expense” test under both the 1976 and 1909 Acts. *See* 3 *Nimmer* §9.03[D] at 9-32 to 9-34. The Second Circuit was “given pause [] by language in...*CCNV*” in *Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc.* (“*Hogarth*”), 342 F.3d 149, 161 (2d Cir. 2003), yet concluded, despite all of the above, that the “review in *CCNV*, if dictum at all, is dictum of a weak variety,” and declined to read *CCNV* as overruling the “instance and expense” test as to the 1909 Act. 342 F.3d at 163. In this case, the panel similarly acknowledged that the Second Circuit’s approach had been “called into question by language in *CCNV*” and criticized, but ignored *CCNV*’s compelling analysis. App.37, n.8.

The Second Circuit has still never reconciled its incongruous application of the “instance and expense” test with the 1909 Act’s limitation of “work for hire” to an “employer,” the common law definition of that term, and the cardinal rule of statutory construction emphasized by this Court in *CCNV* and many other cases.

II. THE “INSTANCE AND EXPENSE” TEST IS WRONG

A. Use of the “Test” to Turn Work Assigned by Independent Contractors into “Work For Hire” Is Based on an Admitted Misreading of Implied Assignment Cases

1. For the first six decades of the 1909 Act, courts naturally applied section 26 (“The word ‘author’ shall include an employer in the case of works made for hire.”) to traditional hierarchical employment. *See Hogarth*, 342 F.3d at 161 n.15 (“federal courts applied the work-for-hire doctrine only to cases in which a traditional employer/employee relationship existed”) (citations omitted). Commissioned works were owned by the hiring party by implied assignment. *See Yardley v. Houghton Mifflin Co.*, 108 F.2d 28, 30 (2d Cir. 1939).

Brattleboro Publishing Co., v. Winmill Publishing Corp. (“*Brattleboro*”), 369 F.2d 565, 567-68 (2d Cir. 1966) used the “instance and expense” test to find an implied assignment of an independent author’s copyright to a publisher, stating that “there is a presumption in the absence of an express contractual reservation to the contrary, that the copyright shall be in the person at whose instance and expense the work is done.” *See Hogarth*, 342 F.3d at 160, n.14.

Then, four years before the 1976 Act was enacted, *Picture Music, Inc. v. Bourne, Inc.* (“*Picture Music*”), 457 F.2d 1213 (2d Cir. 1972) departed from decades of

precedent,⁵ and used the “instance and expense” test to extend the “work for hire” doctrine to independent contractors, based on erroneous interpretations of two implied assignment cases.

As later acknowledged in *Hogarth*: “[*Picture Music*] characterized *Brattleboro* as having ‘expressly applied the statutory work for hire doctrine to the case of an independent contractor’” when in fact “what *Brattleboro* had done was [to] apply the ‘instance and expense’ test to determine that a party commissioned to create a work should be deemed to have assigned its copyright...to the commissioning party. *Brattleboro* never classified the work as a work for hire.” 342 F.3d at 160, n.14. *Picture Music* similarly “stated that *Yardley* [] ‘held that one who commissions an artist to paint a mural owns all rights to its reproduction,’” when in fact “*Yardley* had recognized that the executor of the deceased artist, not the commissioning party, held the renewal right,” as the original copyright proprietor. *Id.*

In turn, *Playboy Enterprises, Inc. v. Dumas* (“*Playboy*”), 53 F.3d 549, 563 (2d Cir. 1995) relied on *Picture Music* to erroneously hold that that “an independent contractor is an ‘employee’ and a hiring party an ‘employer’ for purposes of the [1909 Act] if the

⁵ See *Welch v. Texas Dep’t of Highways & Public Transportation*, 483 U.S. 468, 494 (1987)(respecting precedent is “of fundamental importance to the rule of law.”); *Hilton v. S.C. Pub. Rys. Commission*, 502 U.S. 197, 202 (1991)(admonishing that a court should “not depart from the doctrine of *stare decisis* without some compelling justification”).

work is made at the hiring party's 'instance and expense.'" *Id.* at 554.

The Second Circuit in *Hogarth*, after conceding *Picture Music's* (and by extension, *Playboy's*) misconstruction of its own precedent, and acknowledging, as to *CCNV*, that "the content of a Supreme Court opinion...permits us to reject a precedent of this Court without the need for in banc reconsideration," needlessly followed *Picture Music* and *Playboy*, knowing their holdings were falsely premised. 342 F.3d at 162.

2. This unsupported judicial expansion of the 1909 Act's "work for hire" provision to include independent contractors has been roundly criticized. *See* 3 *Nimmer* §9.03[D] at 9-28.2 to 9-28.3 (the decisions applying "work for hire" doctrine to independent contractors are "wrong both on principle and under the rule of the early cases"); 2 W. Patry, *Patry on Copyright* ("Patry") §5:45 (criticizing this judicial extension and the "worst features of [the] presumptive 'instance and expense' approach").

3. Here, the Second Circuit followed *Hogarth*, and still continued to rely on *Brattleboro*. App.34-38. Prior to this case, however, it had never applied the "instance and expense" test to invalidate termination rights under the 1976 Act. The issue in the early "instance and expense" cases was copyright ownership, the line between ownership by implied assignment or as "work for hire" was less important and often blurred. With respect to statutory termination, the distinction makes all the difference. Under 17 U.S.C. §304(c), ownership

is presumed, “works for hire” are exempt, and recovery of assigned works is the objective.

B. This Case Demonstrates that the “Test” Is Vague, Subjective and Overbroad

1. “Instance.” The Second Circuit has ruled that “instance” means that the “motivating factor in producing the work was the employer who induced the creation.” *Siegel v. National Periodical Publications, Inc.*, 508 F.2d 909, 914 (2d Cir. 1974) (citation omitted). Thereafter, it held that “instance” means the hiring party “had the right...‘to direct and supervise” the artist’s work, *Playboy*, 53 F.3d at 554 (citations omitted); and still later that “[t]he *right* to direct and supervise...need never be exercised.” *Martha Graham School & Dance Found., Inc. v. Martha Graham Center of Contemporary Dance, Inc.* (“*Martha Graham*”), 380 F.3d 624, 635 (2d Cir. 2004). Here, it held that “[i]nstance’ refers to the extent to which the hiring party provided the impetus for, participated in, *or* had *the power* to supervise the creation of the work.” App.37 (emphasis added).

As noted in *CCNV*, 490 U.S. at 741, this standard is so overbroad as to apply to most published works. Publication is usually the “motivating factor” and, as in this case, a publisher exercises control by virtue of its economic power.

Here, Marvel and Kirby were not legally obligated to one another. App.7, 44. Kirby had no engagement agreement, and Marvel had no legal “*right* to direct or supervise the manner in which [Kirby’s] work [wa]s created.” *Martha Graham*, 380 F.3d at 635. All it had

was buying power. The panel still found “instance” because Marvel published the “majority of Kirby’s work in this period,” and “Kirby created the relevant works pursuant to Marvel’s assignment or with Marvel specifically in mind.” App.42-43. That Marvel was Kirby’s steady client rendered his work “for hire.” The panel found it irrelevant that Marvel’s most enduring characters were the product of Kirby’s creative genius because it was only natural that “a hired artist indeed put his exceptional gifts to work for the party that contracted for their benefit.” App.44. But Marvel never hired Kirby nor “contracted for their benefit,” preferring instead to keep its options open. App.7, 44.

2. “Expense.” The panel stated that “[t]he ‘expense’ component refers to the resources the hiring party invests in the creation of the work.” App.39. It held “that the hiring party’s provision of tools, resources, or overhead may be controlling,” citing *Martha Graham*, 380 F.3d at 638, while noting that under *Playboy*, 53 F.3d at 555, “factors relevant...under the 1976 Act, like setting hours or providing tools, have ‘no bearing on whether the work was made at the hiring party’s expense.” App.39. It further noted that “[i]n other cases, [] we...focused mostly on the nature of payment...a “sum certain” suggests a work-for-hire...but ‘where the creator of a work receives royalties...[that] weighs against []work-for-hire.” *Id.* (citations omitted). But in *Picture Music*, 457 F.2d at 1216, a freelance composer’s song, for which she was paid only a royalty, was “work for hire,” because “the absence of a fixed salary [] is never conclusive,” and “[t]he purpose of [the 1909 Act] is not to be frustrated by conceptualistic formulations.” *Id.*

Suffice it to say, as the panel did here, “[o]ur case law is [] not so tidy.” App.37. The panel “counsel[ed] against rigid application of these principles” deepening the problem: the lack of certainty inherent in a vague and pliable copyright “test.” App.40. *See Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 526-27 (1994) (“[I]t is peculiarly important that the boundaries of copyright law be demarcated as clearly as possible.”).

Here, “the facts underlying the expense component [we]re not in dispute. Marvel paid Kirby a flat rate for those pages it accepted...It did not pay for Kirby’s supplies or provide him with office space. It was free to reject Kirby’s pages and pay him nothing for them.” App.44. The panel found “expense” satisfied anyway. App.46. This did not reconcile with its earlier description as “the resources the hiring party invests in the creation of the work” (App.39), as Kirby shouldered all expenses of creating his work with no guarantee of payment. *Id.* The court nonetheless credited “Marvel’s expenditures over and above [what] it paid Kirby for his drawings” (the works at issue) and Marvel’s risk that its comic books might not be “successful.” App.46. But “[p]lainly, it is the expense of creation, rather than publication that is relevant.” 1 *Nimmer* §5.03[B][2][d] at 5-56.8, n.171c. (“[I]f funding publication could convert a manuscript into a work for hire, then the category would soon subsume all published material.”).

The so-called “test” ceased to differentiate “work for hire” from non-work for hire, as it applied equally to both.

3. Presumptive Intent. “If the hiring party... satisf[ies] the instance and expense test, it ‘is presumed

to be the author of the work,' and the independent contractor can overcome the presumption only 'by evidence of an agreement to the contrary.'" App.40 (citation omitted). Here, the only contemporaneous agreements were contractual legends on the back of Marvel's checks, assigning Kirby's copyrights in the artwork Marvel elected to purchase. App.105, 44. Kirby's express copyright assignments comported with the law in 1958-63 and conflicted with Marvel's revisionist "work for hire" theory. Years later when Marvel intended work to be "for hire" its check legends said so.⁶

The panel nonetheless held that there was no evidence of a "contrary agreement;" dismissing the "assignment agreements" with speculation against the non-movants. App.47-48 ("It is all too likely that...Kirby's assignments at the time he was paid...were redundancies insisted upon by Marvel to protect its rights; we decline to infer from Marvel's suspenders that it had agreed to give Kirby its belt.").

In an in-depth review of the Second Circuit's "work for hire" case law under the 1909 Act, *Easter Seal Society for Crippled Children & Adults of Louisiana, Inc. v. Playboy Enterprises*, 815 F.2d 323, 327 (5th Cir. 1987) aptly noted:

⁶ Compare App.105 ("By endorsement...payee, acknowledges full payment...for my assignment to [Marvel] of any copyright... including my assignment of ...renewal copyright.") with App.106 ("[By] endorsement...payee acknowledges ... all payee's works are...works for hire, the property of [Marvel]").

[T]he simple rule of *Yardley* for allocating the risk of uncertainty about whether the copyrights were assigned to the buyer had developed into an almost irrebutable presumption that any person who paid another to create a copyrightable work was the statutory “author” under the “work for hire” doctrine...the buyer was thought to maintain the ‘right’ to control simply by paying for the work and having the power to refuse to accept it.

Id. at 327; *see also Hogarth*, 342 F.3d at 158. Here, Kirby was not even “paid...to create a copyrightable work,” he was paid for only that completed work Marvel chose to buy; which Kirby then assigned. App.44, 105.

C. The Test, as Applied to Kirby, Conflicts with the Fundamental Principle that Authorship Vests at Creation

1. The court of appeals found that the following was undisputed and supported by the record: (i) Marvel had no written agreement engaging Kirby’s services (App.7); (ii) “[Marvel] was free to reject Kirbys’ pages and pay him nothing for [it]” (App.44); and (iii) Marvel paid Kirby for that material it accepted in its sole discretion. *Id.*

2. This is wholly incompatible with “work for hire” under fundamental copyright principles. It is central to our copyright law that copyright “vest[s] in the author of an original work from the time of its creation.” *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 547 (1984). Under section

26 of the 1909 Act, the “author” of a “work for hire” is the “employer.” “With a true work for hire, copyright ownership...[is] with the employer automatically upon the employee’s creation of the work,” and the employer is the “author” at inception. *Hogarth*, 342 F.3d at 163. “Work-for-hire doctrine thus serve[s] to identify which party...was the statutory “author,” and hence owned the copyright in the work from the time of creation.” App.34.

Accordingly, authorship cannot be based on contingent post-creation events like Marvel’s discretionary payment for that material it wished to publish –authorship is fixed at creation. If Marvel was not legally obligated to pay Kirby for conforming services, and did not own Kirby’s material until it chose to pay for it, how could it have authored and owned such material at inception? Whether Marvel purchased Kirby’s work more often than not (App.46) is immaterial to the parties’ legal relationship or its legal implications. The Kirbys emphasized this dispositive point but neither court below would address it.

3. Marvel’s revisionist “work-for-hire” defense, adopted below, leads to absurd contradictions. It means that Marvel authored those Kirby works it chose after completion to buy, and Kirby authored those works Marvel ultimately rejected. This stands fundamental principles of authorship and “work for hire” on their head.⁷ The decision below is particularly

⁷ Even Marvel did not suggest that it owned Kirby work it rejected, and the record shows it did not. See JA(V) 1145-46, 1162-1228;

problematic as the natural alternative – Kirby’s *assignment* of that material Marvel chose to purchase – is consistent with the law in 1958-63 and the record, and leads to no contradictions.

III. THE COURT’S RE-DESIGNATION OF KIRBY’S ORIGINAL COPYRIGHTS AS “WORK FOR HIRE,” DECADES AFTER CREATION, IS UNCONSTITUTIONAL

A. The Judicial Transfer to Marvel of Kirby’s Underlying Copyrights and of His Family’s Copyright Termination Interest Violates the Takings Clause

1. Kirby originally owned the copyrights to his creations in 1958-63. App.35. Until 1966, “the work for hire doctrine under the 1909 Act exclusively [applied] to traditional employees.” *CCNV*, 490 U.S. at 749; *see Hogarth*, 342 F.3d at 161, n.15. As Kirby worked purely as an independent contractor in 1958-63, App.7, his work was not “for hire” at the time of its creation.

Furthermore, whether material is “work for hire” under the 1909 Act “always turn[s] on the intention of the parties.” 1 *Nimmer* §5.03[B][2][c] at 5-56.1; *Playboy*, 53 F.3d at 556-57 (“work for hire” is a question of “the intent of the parties”). The “instance and expense” test, itself, raises a “presumption...[of] the mutual intent of the parties.” *Id.* at 554 (citation

omitted). Here, the courts below used the “instance and expense” test to retroactively impute an intent the parties could not have had in 1956-1963.

According to the 1963 first edition of Melville B. Nimmer’s copyright treatise: “Sec[ti]on] 26 expressly renders an employer for hire an ‘author’ but makes no comparable provision with respect to commissioned works.” M. Nimmer, *Nimmer on Copyright* §63 at 245 n.80 (1963). As to “an independent contractor,” ownership is “by virtue of an assignment.” *Id.*, §62.4 at 242.

In short, even if Kirby had retained sophisticated counsel in 1958-63, he would have been advised that his work as an independent contractor was not “for hire” under the 1909 Act. As the doctrine applied only to traditional employees, Kirby owned at inception the work he created as a freelancer.

2. The Second Circuit’s wholesale transfer to Marvel of Kirby’s numerous original copyrights (and with them, his children’s valuable termination interests) by declaring his works presumptively “for hire” under the 1909 Act violated the Takings Clause. See *Stop the Beach Renourishment, Inc. v. Florida Department of Environmental Protection* (“*Stop The Beach*”), 560 U.S. 702, 713-725 (2010).

In *Stop The Beach* a plurality of four justices within a unanimous opinion⁸ concluded that where, as here, a

⁸ The concurring opinion by Justice Kennedy, joined by Justice Sotomayor, would use due process to come to the same result as a judicial taking. *Id.* at 737. Both opinions agree that the

judicial decision “that purports to merely clarify property rights,” in fact “declares that what was once an established right of private property no longer exists, it has taken that property, no less than if the State had physically appropriated it or destroyed its value by regulation.” 560 U.S. at 715.

Here the court of appeals was clear as to what it was doing. It acknowledged that in 1958-63, when Kirby created his characters as an independent contractor, Marvel held Kirby’s copyrights, not as “work for hire,” but by assignment, per the 1909 Act and Second Circuit precedent construing it. App.35-36. Kirby’s children would therefore have the right to recapture their father’s copyright interests by terminating such assignments under 17 U.S.C. §304(c). App.32. Subsequently, the Second Circuit declared, via the presumptive “instance and expense” test and *Picture Music’s* misreading of implied assignment cases, that the copyrights once authored and owned by independent contractors were “works for hire,” authored and owned at inception by the works’ publishers. App.36-37; see *Hogarth*, 342 F.3d at 160, n.14.

Constitution constrains judicial elimination of private property rights. *Id.* at 735. The thrust of the decision can therefore be considered controlling under the standard in *Marks v. United States*. 430 U.S. 188, 193 (1977) (“When a fragmented Court decides a case and no single rationale explaining the result enjoys the assent of five Justices, ‘the holding of the Court may be viewed as that position taken by those Members who concurred in the judgments on the narrowest grounds.’” (quoting *Gregg v. Georgia*, 428 U.S.153, 169 n.15 (1976))).

By judicial presumption, then, the court of appeals unconstitutionally appropriated Kirby's valuable copyrights and gave them outright to Marvel, effecting a transfer of wealth on a massive scale. The court of appeals is rather clear that its foisting of "work for hire" on independent contractors like Kirby was not a clarification of the law which applied for six decades of the 1909 Act, but a stark about-face. App.36-37.

As Justice Scalia reasoned, "the particular state *actor* is irrelevant. If a legislature *or a court* declares that what was once an established right of private property no longer exists, it has taken that property." *Stop the Beach*, 560 U.S. at 715 (emphasis in original).

The Takings Clause...is not addressed to the action of a specific branch or branches. It is concerned simply with the act, and not with the governmental actor...There is no textual justification for saying that...a State's power to expropriate private property...varies according to the branch of government effecting the expropriation. Nor does common sense recommend such a principle. It would be absurd to allow a State to do by judicial decree what the Takings Clause forbids it to do by legislative fiat.

Id. at 713-714.

3. For governmental action to constitute an impermissible taking, (1) there must be a legally cognizable property interest; (2) the government takes the property or renders it substantially valueless, and (3) either the property is taken not for public use or for

public use without just compensation. *See Lingle v. Chevron U.S.A. Inc.*, 544 U.S. 528, 536-537 (2005); *Stop the Beach*, 560 U.S. at 715.

It is long-established that copyrights are a property right. *See Sony Corp.*, 464 U.S. at 431 (describing copyright interests as “property.”). Intellectual property is protected by the Takings Clause, just as real property. *See Ruckelshaus v Monsanto*, 467 US 986, 1002-03 (1984) (describing trade secrets as falling under the Takings Clause). *See* 1 *Nimmer* §1.11 (A copyright interest is a property right protected by the Takings and Due Process Clauses of the Constitution.).

The second and third factors are also readily satisfied. The court took from Kirby, and thus from his children, copyrights to works originally authored and owned by Kirby under the 1909 Act and handed them to Marvel. *See Lingle*, 544 U.S. at 537-38. A taking is permissible only for “public use” and just compensation. *See Kelo v. New London*, 545 U.S. 469, 483, 489-90 (2005). Here, the judicial redistribution of property from one private party to another, serving no “public use,” directly violated the Takings Clause. *See Hawaii Hous. Auth. v. Midkiff*, 467 U.S. 229, 245 (1984) (“A purely private taking could not withstand the scrutiny of the public use requirement; it would serve no legitimate purpose of government and would thus be void.”).

“Since these so-called ‘private-purpose’ takings are void to begin with, the proper remedy is not compensation but invalidation of the governmental action in question, at least as applied to individuals previously holding vested property rights, under either the Takings Clause or the Due Process Clause.” Josh

Patashnik, *Bringing a Judicial Takings Claim*, 64 Stan. L. Rev. 255, 266 (2012). Finally, though compensation is no substitute for the “public use” requirement, the panel granted no compensation of any kind to the Kirby family.

B. Judicial Elimination of Established Rights Based on this Arbitrary and Subjective Standard Violates Due Process

The judicial deprivation of the copyrights Kirby owned under established law in 1958-63, and of his children’s termination interests today, by retroactive application of an elusive test also constitutes a dispossession of property without due process. A judicial decree “cannot be permitted to defeat the constitutional prohibition against taking property without due process of law by the simple device of asserting retroactively that the property it has taken never existed at all.” *Hughes v. State of Wash.*, 389 U.S. 290, 296-97 (1967) (Stewart, J., concurring). See *Stop the Beach*, 560 U.S. at 735 (Kennedy, J., concurring) (“If a judicial decision, as opposed to an act of the executive or the legislature, eliminates an established property right, the judgment could be set aside as a deprivation of property without due process of law.”). As applied, the unsupported “instance and expense” test is so overbroad, “arbitrary and irrational” as to violate due process. *Lingle*, 544 U.S. at 543-544.

C. Judicial Expansion of Section 26 of the 1909 Act to Include Independent Contractors Violates the Separation of Powers and Undermines Both the 1909 and 1976 Copyright Acts

Congress, not the courts, is responsible for weighing competing interests and policies in defining “work for hire” under the Copyright Act. After deliberation, Congress specified in section 26 of the 1909 Act that only an “employer” may be the “author” of a “work made for hire.”

1. The separation of powers bars courts from undermining that legislative decision with their own views as to what should be “work for hire.” “[I]n our constitutional system the commitment to the separation of powers is too fundamental for [courts] to pre-empt congressional action by judicially decreeing what accords with ‘common sense and the public weal.’” *Tennessee Valley Auth. v. Hill*, 437 U.S. 153, 195 (1978).

2. This deference applies with equal force to copyright law. “[L]ong before the enactment of the Copyright Act of 1909, it was settled that the protection given to copyrights is wholly statutory.” *Sony Corp.*, 464 U.S. at 431. “[I]t is generally for Congress, not the courts, to decide how best to pursue the Copyright Clause’s objectives...[I]t is not our role to alter the delicate balance Congress has labored to achieve.” *Eldred v. Ashcroft*, 537 U.S. 186, 212-13 (2003) (quoting *Stewart*, 495 U.S. at 230). Once Congress determined the class eligible for “work for hire” under the 1909 Act, it was not the judiciary’s place to inflate it.

3. The need to defer to Congress is acute in the case of the 1909 Act's "work for hire" provision because, as to pre-1978 works, this governs the 1976 Act's termination rights as well. The Second Circuit substantially deviated from precedent by misapplying a test from implied assignment cases, *see Hogarth*, 342 F.3d at 160, n.14, upsetting the proper balance of interests determined by Congress. This clouds both the 1909 Act's uniform "work for hire" rule, which predictably applied to conventional employment, and the 1976 Act's termination provisions, by retroactively requiring an untethered "instance and expense" test. *See CCNV* 490 U.S. at 749 (finding that the overbroad "instance and expense" test impedes "Congress' paramount goal...of enhancing predictability and certainty of copyright ownership.").

IV. THIS CASE IS A CLEAN VEHICLE

1. This case is a clean vehicle for resolving the questions presented. The presumptive "instance and expense" test for determining "work for hire" under the 1909 Act was dispositive in both the district court and the court of appeals. App.33-48, 83-111.

2. Based on this case there also can be no doubt that the Achilles' heel of the 1976 Act's termination provisions is "work for hire" under the 1909 Act. The concerted legislative objective of statutory termination to enhance "the rewards for the creativity of authors"; protect authors from their unequal bargaining positions, *Mills Music*, 469 U.S. at 172-173, and "readjust the author/publisher balance," *Tasini*, 533 U.S. at 496, n.1, calls out for the long overdue reversal of the "instance and expense" test. Ironically, the

economic imbalance the termination right was designed to remedy serves to gut it in the name of “instance and expense.” If the test is left standing, it will effectively destroy, as it so easily did here, the “inalienable authorial right to revoke a copyright transfer.” *Id.* This case is therefore of significant importance not just to the petitioners, but to a substantial portion of the nation’s intellectual and artistic community. Review is also warranted given the overwhelming percentage of the nation’s copyright cases decided by the Second Circuit.

It provides an ideal vehicle for this Court to finally address this controversial standard and to reconcile its holding in *CCNV* (and other precedent construing “employment”) with “work for hire” under the 1909 Act, while leaving true “work for hire” intact. Purchasers will still largely own the copyrights assigned by freelance authors and artists, while creators and their families will be able to enjoy the intended benefits of the 1976 Act’s termination provisions within the parameters set by Congress. Even this will usually result in a new license to the original publisher, but on terms more reflective of a work’s proven value – all as envisaged by Congress. *See* fn.1, *supra*; H.R. Rep. No. 94-1476, at 124 (1976).

CONCLUSION

For the foregoing reasons, this Court should grant the petition for a writ of certiorari.

Respectfully submitted,

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APPENDIX

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APPENDIX A

**UNITED STATES COURT OF APPEALS FOR
THE SECOND CIRCUIT**

August Term, 2012
(Argued: October 24, 2012
Decided: August 8, 2013)

Docket No. 11-333-cv

MARVEL CHARACTERS, INCORPORATED,
MARVEL WORLDWIDE, INCORPORATED, MVL
RIGHTS, LLC,

Plaintiffs-Counter-Defendants-Appellees,

WALT DISNEY COMPANY,
MARVEL ENTERTAINMENT, INCORPORATED,

Counter-Defendants-Appellees,

-v-

LISA R. KIRBY, NEAL L. KIRBY, SUSAN N.
KIRBY, BARBARA J. KIRBY

Defendants-Counter-Claimants-Appellants.

Before: CABRANES, SACK, and CARNEY, Circuit Judges.

Appeal by the defendants-counter-claimants from a judgment of the United States District Court for the Southern District of New York (Colleen McMahon, Judge) granting summary judgment in favor of the plaintiffs-counter-defendants on their claim for declaratory relief and denying the defendants-counter-claimants' cross-motion for summary judgment. Plaintiffs-counter-defendants commenced this lawsuit in response to notices sent by the defendants-counter-claimants, the children of comic book artist Jack Kirby, purporting to terminate alleged assignments in certain of their father's works pursuant to section 304(c)(2) of the Copyright Act of 1976. We conclude that: (1) the district court incorrectly determined that it had personal jurisdiction over Lisa and Neal Kirby; (2) Lisa and Neal Kirby were not indispensable parties to the action under Rule 19(b) of the Federal Rules of Civil Procedure; and (3) the district court correctly determined that the works at issue were "made for hire" under section 304(c), and that Marvel was therefore entitled to summary judgment.

Affirmed in part; vacated in part.

R. BRUCE RUCH (James W. Quinn, Randi W. Singer, Gregory Silbert, *on the brief*), Weil, Gotshal & Manges LLP, New York, New York; David Fleischer, Haynes and Boone, LLP, New York, New York *for Plaintiffs-Counter-Defendants-Appellees and Counter-Defendants-Appellees*.

MARC TOBEROFF, Toberoff & Associates, P.C., Malibu, California, *for Defendants-Counter-Claimants-Appellants*.

SACK, *Circuit Judge*:

This appeal requires us to revisit our case law applying the work-for-hire doctrine in the context of section 304 of the Copyright Act of 1976 (or, the "1976 Act"), 17 U.S.C. § 304. Defendants-counter-claimants-appellants Lisa, Neal, Susan, and Barbara Kirby (collectively, the "Kirbys") are the children of the late Jack Kirby. Kirby is considered one of the most influential comic book artists of all time. At various times throughout his career, he produced drawings for Marvel Comics, a comic book publisher that has since grown into the multifaceted enterprise reflected in the case caption: Marvel Characters, Inc., Marvel Worldwide, Inc., MVL Rights, LLC, and Marvel Entertainment, Inc. (collectively, "Marvel"). At issue here are the rights to drawings Kirby allegedly created between 1958 and 1963.

The Kirbys appeal from the district court's grant of summary judgment to Marvel, which was based on the conclusion that all of the works at issue are "works made for hire" within the meaning of section 304(c), and that the Kirbys therefore have no rights to the works. Two of the Kirbys, Lisa and Neal, also challenge the district court's conclusion that it had personal jurisdiction over them under New York's long-arm statute. They further argue that they are indispensable parties under Rule 19(b) of the Federal Rules of Civil Procedure, such that their absence from this lawsuit (by virtue of the district court's lack of personal jurisdiction over them) requires that the suit be dismissed in its entirety.

We conclude that the district court was without personal jurisdiction over Lisa and Neal. We therefore vacate the judgment as against them. We also find, however, that Lisa and Neal are not indispensable parties to this lawsuit, and that the district court was correct in concluding that the works at issue are "works made for hire" under section 304(c). We therefore affirm the judgment as to defendants Barbara and Susan.

BACKGROUND

In this appeal from the grant of summary judgment, we view the evidence in the light most favorable to the nonmovants, the Kirbys for present purposes, and draw all reasonable inferences in their favor. *See, e.g., Singer v. Ferro*, 711 F.3d 334, 339 (2d Cir. 2013).

Jack Kirby

Jack Kirby, born Jacob Kurtzberg in New York City's Lower East Side in 1917, began his career in the comic book business in the late 1930s. In the summer of 1940, a young woman named Rosalind moved into the apartment above his with her family. The day they met, Kirby asked Rosalind if she "[w]ould like to see [his] etchings[.]" She thought he wanted "to fool around"; he only wanted to show her his drawings for a new comic book series called *Captain America*. John Morrow, "*Would You Like to See My Etchings?*": *Rosalind Kirby Interviewed* (conducted Dec. 12, 1995), *THE JACK KIRBY COLLECTOR*, April 1996, at 6. Kirby and "Roz" were married in 1942. After Kirby's military service in World War II, the couple had four children: Susan, Neal, Barbara, and Lisa.

Kirby's career in comic book illustration spanned more than half a century. His influence was substantial. An obituary marking his death in 1994 quoted Joe Simon, Kirby's creative partner for fifteen years: "He brought the action drawing to a new level. His style was imitated all over and still is today to a certain extent." *Jack Kirby, 76; Created Comic Book Superheroes*, N.Y. TIMES, Feb. 8, 1994, at D22. Kirby was prolific, too. In 1951 alone, 308 pages of Kirby's work appeared in published comic books. This output was typical for him in the years between 1940 and 1978.

Marvel Comics and Stan Lee

Marvel was founded as Timely Comics in 1939 by

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one Martin Goodman. In 1940, Marvel purchased the first ten issues of *Captain America* from Kirby and Joe Simon. But Kirby and Simon would soon move on to a competitor, DC Comics. To replace them, Goodman hired one Stanley Lieber.

Lieber would come to be known by his pen name, Stan Lee. Lee is in his own right a towering figure in the comic book world, and a central one in this case. He in effect directed Marvel from the early 1940s until sometime in the 1970s, serving, in his words, as "Editor," "Art Director" and "a staff writer." Deposition of Stan Lee "Lee Dep."), May 13, 2010, at 17, Joint App'x at 2437. He continued to work for Marvel in one capacity or another at least to the day of his deposition testimony in this litigation.

But in the 1940s and 50s, Marvel, hobbled by poor business decisions, was hardly a success story.¹ In 1958, Kirby began producing drawings for Marvel once again. And by 1961, its fortunes began to change. That year, Marvel released the first issues of *The Fantastic Four*. On its heels were releases of the first issues of some of Marvel's most enduring and profitable titles, including *The Incredible Hulk*, *The*

¹ Certainly not helping matters was a mid-1950s investigation by the United States Senate into comics' alleged corrupting influence on America's youth. On April 21, 1954, a subcommittee of the Senate Judiciary Committee held a televised hearing on the topic. Louis Menand, *The Horror: Congress investigates the comics*, *THE NEW YORKER*, Mar. 31, 2008, at 124. The venue was the United States Courthouse at 40 Foley Square in New York City -- named in 2001 the "Thurgood Marshall United States Courthouse" -- in which this opinion was prepared. *Id.*

X-Men, and *Spider-Man*.

Kirby's Relationship with Marvel from 1958-1963

This litigation concerns the property rights in 262 works published by Marvel between 1958 and 1963. Who owns these rights depends upon the nature of Kirby's arrangement with Marvel during that period.

It is undisputed that Kirby was a freelancer, i.e., he was not a formal employee of Marvel, and not paid a fixed wage or salary. He did not receive benefits, and was not reimbursed for expenses or overhead in creating his drawings. He set his own hours and worked from his home.

Marvel, usually in the person of Stan Lee, was free to reject Kirby's drawings or ask him to redraft them. When Marvel accepted drawings, it would pay Kirby by check at a per-page rate.

Despite the absence of a formal employment agreement, however, the record suggests that Kirby and Marvel were closely affiliated during the relevant time period. Lee assigned Kirby, whom he considered his best artist, a steady stream of work during that period. *See* Lee Dep. at 36, Joint App'x at 2456 ("I wanted to use Jack for everything, but I couldn't because he was just one guy."); *id.* at 37, Joint App'x at 2457 ("So I said: All right, forget it, Jack. I will give [the Spider-Man strip] to somebody else. Jack didn't care. He had so much to do."); *id.* at 30, Joint App'x 2450 ("He got the highest [rate] because I considered him our best artist.").

And Kirby seems to have done most of his work with Marvel projects in mind. Although the Kirby children assert that their father could and did produce and sell his work to other publishers during those years, lists of Kirby's works cited by both parties establish that the vast majority of his published work in that time frame was published by Marvel (or Atlas Comics, as part of Marvel Comics Group).

The specifics of Kirby and Marvel's creative relationship during this period are less clear.

According to Lee, at the relevant time, artists worked using what the parties call the "Marvel Method." It was developed as a way to "keep a lot of artists busy" when Lee or another writer could not provide the artist with a completed script. Lee Dep. at 21, Joint App'x at 2441. The first step was for Lee to meet with an artist at a "plotting conference." *Id.* at 39-40, Joint App'x at 2459-60. Lee would provide the artist with a "brief outline" or "synopsis" of an issue; sometimes he would "just talk . . . with the artist" about ideas. *Id.* at 35, Joint App'x at 2455. The artist would then "draw it any way they wanted to." *Id.* at 21, Joint App'x at 2441. Then a writer, such as Lee, would "put in all the dialogue and the captions." *Id.* According to Lee, he "maintain[ed] the ability to edit and make changes or reject what the other writers or artists had created." *Id.* at 22, Joint App'x at 2442.

Lee testified that he worked this way with Kirby "for years":

And Jack Kirby and I would, let's say when we did the Fantastic Four, I first wrote a synopsis of what I thought the characters should be, what their personalities were. And I gave it to Jack, and then I told him what I thought the first story should be, how to open it, who the villain should be, and how we would end it. And that was all. Jack went home and drew the whole thing. I put the dialogue in.

Id. at 118, Joint App'x at 2538.

Other evidence in the record, including some of Lee's own deposition testimony, indicates, however, that Kirby had a freer hand within this framework than did comparable artists. For example, Lee explained that "instead of telling [Kirby] page by page" what to draw, Lee might simply tell him to "[d]evote five pages to this, five pages to that, and three pages to that." *Id.* at 70, Joint App'x at 2490. Sometimes during plotting sessions, Kirby might "contribute something or he might say, 'Stan, let's also do this or do that.'" *Id.* at 41, Joint App'x at 2461.

It is beyond dispute, moreover, that Kirby made many of the creative contributions, often thinking up and drawing characters on his own, influencing plotting, or pitching fresh ideas.

The Termination Notices

The dispute before us began in September 2009, when the Kirbys served various Marvel entities with

documents entitled "Notice of Termination of Transfer Covering Extended Renewal Term" (the "Termination Notices"). The Termination Notices purport to exercise statutory termination rights under section 304(c)(2) of the Copyright Act of 1976, 17 U.S.C. § 304, with respect to 262 works in all.

Each notice states an effective date sometime in the future, presumably between 2014 and 2019. The effective dates are calculated according to section 304(c)'s timing provision, which states in relevant part that "[t]ermination . . . may be effected at any time during a period of five years beginning at the end of fifty-six years from the date copyright was originally secured" 17 U.S.C. § 304(c)(3).

Procedural History

Marvel filed this lawsuit on January 8, 2010. It sought a declaration that the Kirbys have no termination rights under section 304(c)(2), and that the Termination Notices are therefore ineffective. Marvel's claim was premised on its contention that all of the works were "made for hire" by Jack Kirby for Marvel within the definition of section 304(c).

On March 9, 2010, the Kirbys filed a motion to dismiss the complaint. Lisa and Neal Kirby, residents of California, sought dismissal on the ground that they were not subject to personal jurisdiction in New York State. (The other Kirby siblings, Susan and Barbara, are residents of New York and do not contest personal jurisdiction.) The Kirbys also argued that Lisa and Neal are indispensable to the action under Fed. R. Civ. P. 19,

and that Marvel's entire suit must therefore be dismissed as against all parties.

The district court denied the motion on April 14, 2010. *Marvel Worldwide, Inc. v. Kirby*, No. 10 Civ. 141, 2010 WL 1655253, 2010 U.S. Dist. LEXIS 38701 (S.D.N.Y. Apr. 14, 2010). It concluded that it had personal jurisdiction over Lisa and Neal under New York's long-arm statute, and that the exercise of this jurisdiction was consistent with constitutional due process. *Id.* at *3-*9; 2010 U.S. Dist. LEXIS 38701, at *7-*25. It therefore did not reach the question of whether Lisa and Neal were indispensable parties.

The Kirbys answered Marvel's complaint and asserted several counterclaims of their own. Marvel moved to dismiss each of them. On November 22, 2010, the district court granted the motion as to all but the Kirbys' counterclaim seeking a declaration that the Termination Notices were valid. *Marvel Worldwide, Inc. v. Kirby*, 756 F. Supp. 2d 461 (S.D.N.Y. 2010).

In early 2011, after discovery was complete, the parties cross-moved for summary judgment. Marvel also moved to exclude some of the Kirbys' evidence, most notably the reports of the Kirbys' putative expert witnesses, John Morrow and Mark Evanier.

On July 28, 2011, the district court granted Marvel's motions to exclude Morrow and Evanier's testimony, and granted Marvel's motion for summary judgment. *Marvel Worldwide, Inc. v. Kirby*, 777 F. Supp. 2d 720 (S.D.N.Y. 2011). It relied upon case law in this Circuit applying the so-called "instance and

expense test" to determine whether a work is "made for hire" under section 304(c). *Id.* at 738-43. The court concluded that undisputed facts in the record establish as a matter of law that the works at issue were made at Marvel's instance and expense, and were therefore works made for hire. *Id.* This being so, the Kirbys had no termination rights, and their Termination Notices were ineffective. The district court entered judgment accordingly on August 8, 2011.

The Kirbys appeal.

DISCUSSION

I. Personal Jurisdiction over the Kirbys

We turn first to the issue of personal jurisdiction over Lisa and Neal Kirby. Lisa and Neal are California residents. They contend that the district court erred when it determined that New York State's long-arm statute provided a basis for jurisdiction over them in the Southern District of New York. We review a district court's legal conclusions concerning its exercise of personal jurisdiction *de novo*, and its underlying factual findings for clear error. *D.H. Blair & Co., Inc. v. Gottdiener*, 462 F.3d 95, 103 (2d Cir. 2006).

A district court must have a statutory basis for exercising personal jurisdiction. *See Grand River Enterprises Six Nations, Ltd. v. Pryor*, 425 F.3d 158, 165 (2d Cir. 2005). Because this is "a federal question case where a defendant resides outside the forum state, . . . [and the relevant] federal statute

does not specifically provide for national service of process," *PDK Labs, Inc. v. Friedlander*, 103 F.3d 1105, 1108 (2d Cir. 1997) (internal quotation marks omitted), we apply "the forum state's personal jurisdiction rules," *id.* We therefore look to New York State law.

We focus our attention on section 302(a)(1) of New York State's long-arm statute, N.Y. C.P.L.R. § 302(a)(1), upon which the district court rested its jurisdiction, and which Marvel invokes here. Section 302(a)(1) provides that "a court may exercise personal jurisdiction over any non-domiciliary . . . who in person or through an agent . . . transacts any business within the state" *Id.* We have recognized that for section 302(a)(1) to apply, "it is essential . . . that there be some act by which the defendant purposefully avails [herself] of the privilege of conducting activities within the forum State, thus invoking the benefits and protections of its laws." *Beacon Enterprises, Inc. v. Menzies*, 715 F.2d 757, 766 (2d Cir. 1983) (alteration in original) (quoting *George Reiner and Co. v. Schwartz*, 41 N.Y.2d 648, 650, 363 N.E.2d 551, 553, 394 N.Y.S.2d 844, 846 (1977)).

Under the facts of this case, the only acts that could potentially give rise to section 302(a)(1) jurisdiction over Lisa and Neal are the sending of the Termination Notices to Marvel in New York. We conclude that this is an insufficient basis for personal jurisdiction.

In *Beacon Enterprises, supra*, we applied section 302(a)(1) in a declaratory judgment suit very similar

to this one. The defendant there, Mary Menzies, thought that the plaintiff, Beacon, was infringing her trademarks and copyrights in a line of weight-loss garments designed to emulate the effects of a sauna. *Beacon Enterprises*, 715 F.2d at 760. Menzies sent a cease-and-desist letter to Beacon at its New York City headquarters, threatening litigation. *Id.* Upon receiving it, Beacon filed a suit in the United States District Court for the Southern District of New York, seeking a judgment declaring that its products did not infringe Menzies' intellectual property rights. *Id.*

We concluded that Menzies' mailing of the cease-and-desist letter into New York was insufficient to give rise to personal jurisdiction over her under section 302(a)(1). *Id.* at 762, 766. We pointed out that "New York courts have consistently refused to sustain section 302(a)(1) jurisdiction solely on the basis of defendant's communication from another locale with a party in New York." *Id.* at 766 (collecting cases). And we thought it "difficult to characterize Menzies' letter alleging infringement in an unspecified locale and threatening litigation in an unspecified forum as an activity invoking the 'benefits and protections' of New York law." *Id.*

In *Ehrenfeld v. Bin Mahfouz*, 9 N.Y.3d 501, 881 N.E.2d 830, 851 N.Y.S.2d 381 (2007), the New York Court of Appeals, responding to a certified question from us, confronted a somewhat analogous fact pattern. There, the defendant had obtained a default judgment against the plaintiff in English courts for the plaintiff's allegedly libelous statements. *Id.* at 505, 881 N.E.2d at 832, 851 N.Y.S.2d at 383. The plaintiff brought suit in federal court in the Southern

District of New York seeking a declaration that she could not be held liable for defamation under the circumstances of that case, and that the defendant's default judgment was therefore not enforceable against her in New York. She argued that the "defendant ha[d] transacted business in New York because he purposefully projected himself into the state to further a 'foreign litigation scheme'" -- the libel suit in England -- "designed to chill her speech." *Id.* at 508, 881 N.E.2d at 834, 851 N.Y.S.2d at 385.

When the case came before us on appeal, we certified to the New York Court of Appeals the question whether section 302(a)(1) conferred jurisdiction in the circumstances presented. *Id.* at 504, 881 N.E.2d at 831, 851 N.Y.S.2d at 382; see *Ehrenfeld v. Bin Mahfouz*, 489 F.3d 542, 551 (2d Cir. 2007). The Court of Appeals answered in the negative, reasoning:

Here, none of defendant's relevant New York contacts have invoked the privileges or protections of our State's laws. Quite to the contrary, his communications in this state were intended to further his assertion of rights under the laws of England. As defendant points out -- and plaintiff does not dispute -- his prefiling demand letter and his service of documents were required under English procedural rules governing the prosecution of defamation actions. And in none of his letters to plaintiff did defendant seek to consummate a New York transaction or to invoke our State's laws.

Ehrenfeld, 9 N.Y.3d at 509, 881 N.E.2d at 835, 851 N.Y.S.2d at 386.

Beacon Enterprises and *Ehrenfeld* point to the result of the jurisdictional inquiry here.

Like the defendants in those cases, Lisa and Neal were not "present" in New York -- whether physically or through some other continuous contact² -- in connection with the underlying dispute in this case. This factor is not alone dispositive, of course. *Cf. Deutsche Bank Sec., Inc. v. Montana Bd. of Invs.*, 7 N.Y.3d 65, 71, 850 N.E.2d 1140, 1142, 818 N.Y.S.2d 164, 166-67 (2006) ("[P]roof of one transaction in New York is sufficient to invoke jurisdiction, even though the defendant never enters New York." (internal quotation marks omitted)). It does, however, set this action apart from those the New York Court of Appeals has described as "the clearest sort of case[s] in which [New York] courts would have 302 jurisdiction," *George Reiner & Co., Inc. v. Schwartz*, 41 N.Y.2d 648, 652 (1977), a notion plainly grounded in constitutional principles of due process developed by the federal courts in and since *International Shoe Co. v. Washington*, 326 U.S. 310 (1945).

² The New York Court of Appeals has recognized that an individual, although not physically present in the state, may still be present in the relevant sense through some "direct and personal involvement" in "sustained and substantial transaction of business." *Parke-Bernet Galleries v. Franklyn*, 26 N.Y.2d 13, 18, 256 N.E.2d 506, 508, 308 N.Y.S.2d 337, 340 (1970). Participation in an auction by phone is one example. *Id.* Marvel does not allege such a connection in this case, and we do not perceive one in the record.

Neither were Lisa and Neal's communications part, or in contemplation, of a course of business dealings with Marvel. This distinguishes them from the sort of communications we found sufficient to confer section 302(a)(1) jurisdiction in *PDK Labs*, a case relied upon by the district court, but distinguished in *Ehrenfeld*, 9 N.Y.3d at 510, 881 N.E.2d at 836, 851 N.Y.S.2d at 387. In *PDK Labs*, we concluded that the defendant had "purposefully availed himself of the New York forum by using [his agent] in New York and apparently elsewhere for many years to advance his interest in his unique 'product' through soliciting funds and negotiating royalty agreements." *PDK Labs*, 103 F.3d at 1111; see also *Hoffritz for Cutlery, Inc. v. Amajac, Ltd.*, 763 F.2d 55, 57 (2d Cir. 1985) (concluding that contract negotiated in part in New York, signed in Georgia and New York, and containing a New York forum selection clause constituted "transaction of business" in New York under section 302(a)(1)). Here, by contrast, the Termination Notices bear no indication that the Kirbys were negotiating or cared to negotiate for or solicit Marvel's business.

Finally, and perhaps most importantly, the Termination Notices, like the letter in *Beacon Enterprises* and the communications in *Ehrenfeld*, asserted legal rights under a body of law other than New York's. What the Kirby siblings seek to vindicate are purported termination rights under section 304(c) of the federal copyright laws; they seek no privilege or benefit conferred by New York State law. Section 304(c)(4), moreover, states that termination rights "shall be effected by serving an advance notice in writing upon the grantee [of the

initial assignment] or the grantee's successor in title." The Termination Notices thus not only seek to vindicate rights under federal law, they also are a compulsory feature of that body of law.

We think these factors foreclose the exercise of section 302(a)(1) jurisdiction in the circumstances of this case. We conclude that a communication from out-of-state, required for the exercise of rights conferred under a federal statute, cannot alone constitute a purposeful availment of "the benefits and protections of [New York's] laws," at least where the only connection to New York is that the recipient's business headquarters has a New York address.

Marvel's principal argument to the contrary rests on the premise that the Termination Notices are self-executing, legally effective communications. They are therefore different from the cease-and-desist letter at issue in *Beacon Enterprises*, Marvel contends, because there the notice did no more than advise the recipient of alleged infringement and threaten future litigation.

To begin with, we doubt Marvel's is an entirely accurate characterization of the Termination Notices: They are necessary to the exercise of the termination rights, but only the additional act of filing the notices with the Copyright Office consummates the legal act of termination. *See* 17 U.S.C. § 304(c)(4)(A). In any event, Marvel does not explain why the notices' legal effect under federal copyright law renders the act of mailing them any more a "transaction of business" or a purposeful invocation of the benefits and

protections of New York law than would be other communications.

Marvel also points to the notices' effects on Marvel in New York, characterizing them as "target[ing] the center of gravity of Marvel's publishing business," and of having been "designed to disrupt and divert license fees from Marvel's New York-based business," leaving Marvel with "no option but to protect its rights and those of its licensees." Appellees' Br. at 47-48 & n.17. These statements may well be essentially true, if perhaps a bit hyperbolic. But the Court in *Ehrenfeld* rejected virtually identical arguments based on the alleged in-state effects of the English default judgment that the defendant had obtained in the defamation case against the plaintiff, and the in-state action that that judgment would compel. See *Ehrenfeld*, 9 N.Y.3d at 511, 881 N.E.2d 830, 837, 851 N.Y.S.2d 381, 388. Cf. *Whitaker v. Am. Telecasting, Inc.*, 261 F.3d 196, 209 (2d Cir. 2001) (finding that "financial consequences in New York due to the fortuitous location of plaintiffs" are insufficient to confer jurisdiction under section 302(a)(3)). We read *Ehrenfeld* strongly to suggest that we reject Marvel's arguments in this regard here.

Finally, we are unpersuaded by Marvel's attempts to connect Lisa and Neal with New York through their relationship with other family members. Appellees' Br. At 51; see also *Marvel Worldwide, Inc.*, 2010 WL 1655253, at *4-*5, 2010 U.S. Dist. LEXIS 38701, at *10-*12. The problem with these arguments -- whether they seek to endow Lisa and Neal with their father's jurisdictional status, or to

analyze their contacts with New York "collectively" with their other siblings -- is that they identify no legal mechanism by which Jack's, Barbara's, or Susan's actions become those of Lisa or Neal. Absent a bona fide agency relationship -- the existence of which no one has asserted -- there is no basis for imputing to Lisa and Neal actions by their father half a century ago, or coincident actions by their siblings who now live in New York and for that reason are subject to personal jurisdiction here. Doing so would stretch the text of section 302 beyond the breaking point, see N.Y. C.P.L.R. § 302(a) (referring to transaction of business "in person or through an agent").

We conclude that the district court lacked personal jurisdiction over Lisa and Neal Kirby. We therefore vacate the district court's judgment as against those two Kirbys.

II. Compulsory Joinder

The Kirbys next argue that the absence of personal jurisdiction over Lisa and Neal requires vacatur of the judgment as against Barbara and Susan too. They rely on Federal Rule of Civil Procedure 19: "Required Joinder of Parties."

A. Federal Rule of Civil Procedure 19

Rule 19 recognizes exceptional circumstances in which the plaintiff's choice of parties or forum must give way because of an absent party's interest in the outcome of the action or involvement in the underlying dispute. *See generally* 7 CHARLES ALAN

WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE § 1602 (3d ed. 2008). The Rule's principal provisions are divided into two subsections. Subsection (a) protects certain parties by deeming them "required"; a party who is "required" according to the factors enumerated in subsection (a) is one whose participation is so desirable or important that the party must be joined so long as she or he is "subject to service of process" and joinder "will not deprive the court of subject-matter jurisdiction." Fed. R. Civ. P. 19(a)(1).

Subsection (b) addresses situations in which a party otherwise "required" under subsection (a) cannot be joined for some reason, for example (as in this case), want of personal jurisdiction. In such circumstances, Rule 19(b) requires courts to consider whether, "in equity and good conscience," the party is one without whom the action between the remaining parties cannot proceed -- or, in the traditional terminology, whether the absent party is "indispensable." Fed. R. Civ. P. 19(b); *see also CP Solutions PTE, Ltd. v. General Electric Co.*, 553 F.3d 156, 159 n.2 (2d Cir. 2009) (per curiam).

We assume, for present purposes, that Lisa and Neal are "required" parties under Rule 19(a). They are also parties whose joinder is not feasible, inasmuch as we conclude that they are not amenable to personal jurisdiction in the Southern District of New York, and they are unwilling to consent to suit within the jurisdiction. The remainder of this discussion, then, centers on the effects of Rule 19(b) on these proceedings.

B. Indispensability

Because of the “flexible nature of Rule 19(b) analysis,” we review a district court's decision under that rule for abuse of discretion.³ *Universal Reinsurance Co., Ltd. v. St. Paul Fire & Marine Ins. Co.*, 312 F.3d 82, 87 (2d Cir. 2002). Here, however, the district court decided -- mistakenly, as we have explained -- that it had personal jurisdiction over Lisa and Neal. The court therefore had no occasion to apply Rule 19(b).

It is ordinarily appropriate for us to vacate the judgment of a district court and remand the cause to it when matters committed to that court's discretion arise for the first time on appeal. *See CP Solutions*, 553 F.3d at 161. But where a record is fully developed and it discloses that, in our judgment, only one possible resolution of such an issue would fall “within the permissible range of choices” -- in other words, where only one determination by the district court would be within its discretion -- there is no reason to remand. *Id.* If we did and the court decided to the contrary, we would be duty bound to

³ The standard of review applicable to Rule 19(b) is apparently the subject of a circuit split. *See National Union Fire Ins. Co. v. Rite Aid of South Carolina, Inc.*, 210 F.3d 246, 250 n.7 (4th Cir. 2000) (recognizing the split and collecting cases); compare *Universal Reinsurance Co.*, 312 F.3d at 87 (abuse of discretion), with *Keweenaw Bay Indian Community v. Michigan*, 11 F.3d 1341, 1346 (6th Cir. 1993) (abuse of discretion for Rule 19(a), but *de novo* for Rule 19(b)). In *Republic of Philippines v. Pimentel*, 553 U.S. 851 (2008), the Supreme Court passed on an opportunity to resolve the question, although it did suggest that the Rule's “in equity and good conscience” language “implies some degree of deference to the district court,” *id.* at 864.

reverse in any event on the grounds of abuse of discretion.

In this case, the parties have fully briefed the Rule 19(b) issue on appeal, and the facts are straightforward and undisputed. Only one result, we think, is permissible. We therefore resolve the issue in the first instance.⁴

⁴ There is some authority, albeit none from this Circuit, suggesting that a court of appeals may apply Rule 19 in the first instance when the issue arises for the first time on appeal. *See, e.g., Fidelity & Casualty Co. v. Reserve Ins. Co.*, 596 F.2d 914, 918 (9th Cir. 1979) (considering indispensability in the first instance on appeal in deciding applicability of Fed. R. Civ. P. 21, which permits courts to add or drop parties to avoid dismissing an action); *Anrig v. Ringsby United*, 591 F.2d 485, 489-92 (9th Cir. 1978) (faulting the district court for failing to consider the dispensability of parties prior to dismissing the entire case, and proceeding to address the question in the first instance); *see also Walsh v. Centeio*, 692 F.2d 1239, 1241-42 (9th Cir. 1982) (discussing case law in analysis of applicable standard of review of dismissals under Rule 19(b)); *Cloverleaf Standardbred Owners Ass'n, Inc. v. National Bank of Washington*, 699 F.2d 1274, 1277 n.5 (D.C. Cir. 1983) (suggesting, in dicta, that a court of appeals may apply Rule 19 itself in "cases in which Rule 19 does not figure in a district court's decision but becomes an issue on appeal in conjunction with a jurisdiction or venue challenge pursued by one or more of several defendants").

That we may (or ought to) do so is perhaps born of the notion that we have an independent equitable obligation to protect the interests of absentee parties. *See MasterCard Int'l Inc. v. Visa Int'l Service Ass'n, Inc.*, 471 F.3d 377, 382-83 (2d Cir. 2006). Inasmuch as we conclude that there is indeed only one permissible outcome here, however, we need not rest our decision on this basis.

Rule 19(b) sets forth four considerations that will ordinarily be among those relevant to the analysis of whether a party is "indispensable." We have restated them as: "(1) whether a judgment rendered in a person's absence might prejudice that person or parties to the action, (2) the extent to which any prejudice could be alleviated, (3) whether a judgment in the person's absence would be adequate, and (4) whether the plaintiff would have an adequate remedy if the court dismissed the suit." *CP Solutions*, 553 F.3d at 159.

Applying these factors requires an understanding of the legal interests at stake, here the Kirbys' termination rights under section 304(c). Central to the current discussion is paragraph (1) of section 304(c), and in particular the following provision: "In the case of a grant executed by one or more of the authors of the work, termination of the grant may be effected, . . . if such author is dead, by the person or persons who . . . own and are entitled to exercise a total of more than one-half of that author's termination interest." 17 U.S.C. § 304(c)(1) (emphasis added); *see also id.* § 304(c)(6)(C).

The parties interpret this to mean that at least three of the four Kirbys -- "more than one-half" -- must "effect" termination of their father's assignment in order for any of them to realize their termination rights. Appellants' Br. at 21; Appellees' Br. at 55. So, all seem to acknowledge, if Barbara and Susan Kirby are disabled by an adverse judgment in this suit from effecting termination, all four Kirbys lose.

Under this interpretation of section 304(c)(1), which we assume without deciding is correct, several of the possible Rule 19(b) considerations are irrelevant. Marvel cannot, and does not, complain that a judgment rendered in Lisa and Neal's absence prejudices it in any way, because it should be satisfied by a judgment against Barbara and Susan that forecloses Lisa and Neal's rights too. Nor can Barbara and Susan claim prejudice. Any judgment here stands to reflect the full and fair adjudication of their rights under section 304(c). And whatever the result, there is no risk that Barbara and Susan will somehow bear in full a legal obligation that is properly shared by their absent siblings. There is thus no prejudice to Marvel, Barbara, or Susan as "existing parties." Fed. R. Civ. P. 19(b)(1).

We also do not see how a judgment in this case could be crafted to alleviate any prejudice that may exist to absent parties Lisa and Neal. *See* Fed. R. Civ. P. 19(b)(2). The judgment here will declare the existence vel non of Barbara and Susan's termination rights, and whatever the practical effect of this declaration, it can do no more or less.

Finally, although we can hardly be confident that the absent parties in this case will accept a judgment as the last word in this dispute, we think that any judgment would be "adequate," Fed. R. Civ. P. 19(b)(3), in the sense of honoring the "public stake in settling disputes by wholes, whenever possible." *CP Solutions*, 553 F.3d at 160 (internal quotation marks omitted). If Marvel wins against Barbara and Susan, the parties' interpretation of section 304(c)(1) implies that the issue is resolved as to all Kirbys; if Barbara

and Susan prevail, principles of issue preclusion would likely bar Marvel from relitigating the issue against Lisa and Neal. See RESTATEMENT (SECOND) OF JUDGMENTS § 29 (1982).

This leaves us with two factors to consider. The first is potential prejudice to Lisa and Neal arising from their absence. Fed. R. Civ. P. 19(b)(1). They complain that by operation of section 304(c)(1)'s "more than one-half" requirement, they stand to have their legal rights finally determined in their absence. Appellants' Br. at 21-22. This argument appeals to our "deep-rooted historic tradition that everyone should have his own day in court." See *Richards v. Jefferson County*, 517 U.S. 793, 798 (1996) (quoting 18 CHARLES ALAN WRIGHT, ARTHUR R. MILLER, EDWARD H. COOPER, FEDERAL PRACTICE AND PROCEDURE § 4449 (3d ed. 2008)).

But the law in this context and elsewhere "recognize[s] an exception to the general rule when, in certain limited circumstances, a person, although not a party, has his interests adequately represented by someone with the same interests who is a party." *Id.* (quoting *Martin v. Wilks*, 490 U.S. 755, 762 n.2 (1989)). As we recognized in *CP Solutions*, the potential prejudice to an absent party under Rule 19(b) is mitigated where a remaining party "could champion [his or her] interest." 553 F.3d at 160. And prejudice to absent parties approaches the vanishing point when the remaining parties are represented by the same counsel, and when the absent and remaining parties' interests are aligned

in all respects. *Id.*; *Prescription Plan Serv. Corp. v. Franco*, 552 F.2d 493, 497 (2d Cir. 1977).

This lawsuit concerns a single legal issue in which Lisa's and Neal's interests are identical to Barbara's and Susan's. The Kirbys have the same lawyer -- who we are sure was "no less vigorous in [his] advocacy," *Prescription Plan Serv.*, 552 F.2d at 497, because he represented two Kirbys instead of four. And we have been given no reason whatever to think that the proofs advanced by Barbara and Susan are materially different from those Lisa and Neal would have proffered. We therefore see no practical prejudice to Lisa and Neal as a result of adjudicating this case in their absence.

The other remaining consideration is whether Marvel "would have an adequate remedy if the action were dismissed for non-joinder." Fed. R. Civ. P. 19(b)(4). As Marvel points out, because Lisa and Neal are not amenable to personal jurisdiction in New York, and because Barbara and Susan -- New York residents -- are, as far as the record reveals, not amenable to personal jurisdiction in California, the Kirbys might well be able to thwart a declaratory judgment suit brought by Marvel in a forum in either state. Appellees' Br. at 56-57. In light of the nearly non-existent showing of prejudice to any of the parties involved here, we see no reason to permit the Kirbys to withhold consent to any suit in which the forum or litigation posture are not to their liking. See *Provident Tradesmens Bank & Trust Co. v. Patterson*, 390 U.S. 102, 109 (1968) (recognizing a plaintiff's "interest in having a forum").

We conclude, therefore, that the only determination that falls within the range of permissible decisions in the circumstances of this case is that Lisa and Neal are not indispensable parties, and that it was appropriate for the action against Barbara and Susan to have proceeded on its merits.⁵

III. Summary Judgment

The remaining Kirbys -- Barbara and Susan -- challenge the district court's grant of summary judgment in favor of Marvel. "We review a district court's grant of summary judgment de novo. In reviewing a summary judgment decision, we apply the same standards applied by the district court. Under this standard, summary judgment may be

⁵ There is an abstract question lurking in the background: Should a court apply the Rule to present circumstances, or instead to the circumstances as they were at the time the party initially made its motion for dismissal under Rule 19(b)? Compare *Universal Reinsurance Co.*, 312 F.3d at 89 (noting, in a case in which Rule 19(b) issue did not arise until after first appeal and remand, that "[o]nce the district court has proceeded to final judgment, considerations of finality, efficiency, and economy become overwhelming, and federal courts are directed to salvage jurisdiction where possible" (internal quotation marks and citations omitted)), with *Young v. Powell*, 179 F.2d 147, 152 (5th Cir. 1950) (reviewing district court's Rule 19(b) analysis based on the "relief asked for" rather than the "relief granted" on the merits in order to prevent prejudice to the defendant). See generally 7 CHARLES ALAN WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE § 1609 (3d ed. 2008). We need not address it, though, because we conclude that under either approach, the result would be the same: Lisa and Neal are not indispensable parties.

granted only if 'there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.' [Fed. R. Civ. P. 56(a)]. In determining whether there is a genuine dispute as to a material fact, we must resolve all ambiguities and draw all inferences against the moving party." *Garcia v. Hartford Police Dep't*, 706 F.3d 120, 126-27 (2d Cir. 2013) (per curiam) (alteration, some citations, and internal quotation marks omitted).

A. Exclusion of Expert Testimony

We address first the admissibility of the reports and testimony of Barbara and Susan's putative experts, John Morrow and Mark Evanier, who purported to offer historical perspective concerning the relationship between Marvel and Jack Kirby. The district court ruled that the reports and testimony were inadmissible. *Marvel Worldwide, Inc.*, 777 F. Supp. 2d at 729-30. We review this decision for abuse of discretion. *Wills v. Amerada Hess Corp.*, 379 F.3d 32, 41 (2d Cir. 2004).

Federal Rule of Evidence 702 governs the admissibility of expert testimony. It requires for admissibility, among other things, that "the expert's scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue." Fed. R. Evid. 702(a). In other words, "[e]xpert testimony must be helpful to the [trier of fact] in comprehending and deciding issues beyond the understanding of a layperson." *DiBella v. Hopkins*, 403 F.3d 102, 121 (2d Cir. 2005).

We have no doubt that a historian's "specialized knowledge" could potentially aid a trier of fact in some cases. A historian could, for example, help to identify, gauge the reliability of, and interpret evidence that would otherwise elude, mislead, or remain opaque to a layperson. *See generally* Maxine D. Goodman, *Slipping Through the Gate*, 60 BAYLOR L. REV. 824, 857 (2008) (commenting that a historian's task is "to choose reliable sources, to read them reliably, and to put them together in ways that provide reliable narratives about the past" (quoting MARTHA C. HOWELL & WALTER PREVENIER, FROM RELIABLE SOURCES: AN INTRODUCTION TO HISTORICAL METHODS 2 (2001))). He or she might helpfully synthesize dense or voluminous historical texts. *Id.* Or such a witness might offer background knowledge or context that illuminates or places in perspective past events. *See, e.g., Int'l Soc. for Krishna Consciousness, Inc. v. Barber*, 650 F.2d 430, 440 (2d Cir. 1981) ("In fact, one religious expert at trial remarked that the American movement is 'one of the most unusual examples of transfer of a cultural tradition across broad national and cultural barriers.' This evidence of historical longevity and theological consistency should not be ignored.").

But Morrow and Evanier do not bring their expertise to bear in any such way. As the district court recognized, their reports are by and large undergirded by hearsay statements, made by freelance artists in both formal and informal settings, concerning Marvel's general practices towards its artists during the relevant time period. *See, e.g., Deposition of Mark Evanier*, Dec. 6, 2010, at 18-21, Joint App'x at 957-59. Drawing from these

statements, they then speculate as to the motivations and intentions of certain parties, *see, e.g.*, Expert Report of John Morrow at 9, Joint App'x at 1152 ("I do not believe that Goodman, Lee, Marvel or the freelance artists, like Jack Kirby, . . . thought that the material they created was 'work made for hire'"), or opine on the credibility of other witnesses' accounts, *see, e.g.*, Expert Report of Mark Evanier at 14, Joint App'x at 1105 ("I have great respect and personal affection for Stan Lee, but I disagree with the accounts he has sometimes given").

Although the Rules permit experts some leeway with respect to hearsay evidence, Fed. R. Evid. 703, "a party cannot call an expert simply as a conduit for introducing hearsay under the guise that the testifying expert used the hearsay as the basis of his testimony." *Malletier v. Dooney & Bourke, Inc.*, 525 F. Supp. 2d 558, 666 (S.D.N.Y. 2007). The appropriate way to adduce factual details of specific past events is, where possible, through persons who witnessed those events. And the jobs of judging these witnesses' credibility and drawing inferences from their testimony belong to the factfinder. *See Nimely v. City of New York*, 414 F.3d 381, 397-98 (2d Cir. 2005). We therefore think the district court clearly did not abuse its discretion in declining to admit this evidence.

B. Termination Rights and Work Made for Hire

We thus, at last, arrive at the merits of Marvel's summary judgment motion. At issue is section 304(c)

of the Copyright Act of 1976, which, insofar as bears on this litigation, provides:

Termination of Transfers and Licenses Covering Extended Renewal Term. – 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 nonexclusive grant of a transfer of license of the renewal copyright or any right under it, executed before January 1, 1978 . . . is subject to termination

17 U.S.C. § 304(c).⁶

If the author is no longer alive, section 304(c)(2) grants his or her termination rights to specified heirs. *See id.* § 304(c)(2)(B). The provision "protect[s] the property rights of widows and children in copyrights" by granting them the power to undo earlier transfers and to enjoy the remainder of the copyright term.⁷ *Larry Spier, Inc. v. Bourne Co.*, 953 F.2d 774, 778 (2d Cir. 1992).

⁶ The termination right in section 304(c) applies only to transfers executed by the author prior to January 1, 1978. Section 203 governs termination of transfers of the rights to works executed on or after January 1, 1978. *See* 17 U.S.C. § 203(a). We have cautioned that "Section 203 and Section 304 are different provisions involving different rights." *Larry Spier, Inc. v. Bourne Co.*, 953 F.2d 774, 779 (2d Cir. 1992).

⁷ Thirty-nine years, to be precise. Termination rights may be effected "during a period of five years beginning at the end of fifty-six years from the date copyright was originally secured, or beginning on January 1, 1978, whichever is later." 17 U.S.C. § 304(c)(3). Under section 304, as amended by the Sonny Bono

But section 304(c) provides that termination rights under that section do not exist with respect to "work[s] made for hire." 17 U.S.C. § 304(c). Where a work is "made for hire," copyright law deems the employer to be the "author" for purposes of copyright ownership. Copyright Act of 1909 § 62 (formerly codified at 17 U.S.C. § 26) ("[T]he word 'author' shall include an employer in the case of works made for hire."); *see also* Copyright Act of 1976 § 201(b), 17 U.S.C. § 201(b) ("In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title"). The hired party, although "the 'author' in the colloquial sense," *Shapiro, Bernstein & Co. v. Bryan*, 123 F.2d 697, 699 (2d Cir. 1941), therefore never owned the copyrights to assign. It stands to reason, then, that there are no rights the assignment of which his or her heirs may now terminate.

Marvel argues that all of the works at issue in this case fall into the category of "work made for hire."

1. The Instance and Expense Test

To determine whether a work is "work made for hire" within the meaning of section 304(c), we apply case law interpreting that term as used in the 1909 Act, the law in effect when the works were created.

Copyright Term Extension Act, the full copyright term of the works at issue -- consisting of a 28-year initial term plus a 67-year renewal term -- is 95 years. *See* 17 U.S.C. § 304(a), (b). At stake here, then, is the 39 years that will be remaining on each of the works' copyright terms at the time they turn 56.

See *Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc.*, 342 F.3d 149, 156-63 (2d Cir. 2003). This requires us to apply what is known as the “instance and expense test.”

a. Origins

The origins of the instance and expense test were described at some length by Judge Newman’s opinions in *Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc.*, *supra*, and *Martha Graham School and Dance Foundation, Inc. v. Martha Graham Center of Contemporary Dance, Inc.*, 380 F.3d 624, 633-36 (2d Cir. 2004).

The test was developed from two lines of cases. One was our court-made work-for-hire jurisprudence. “Because the 1909 Act did not define ‘employer’ or ‘works made for hire,’ the task of shaping these terms fell to the courts.” *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 744 (1989). Using *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 248 (1903) -- the Supreme Court’s first encounter with the work-for-hire phenomenon -- as a guidepost, our early cases focused principally on whether the work at issue was created within the scope of a traditional employment relationship. See, e.g., *Tobani v. Carl Fischer, Inc.*, 98 F.2d 57, 59 (2d Cir. 1938); *Shapiro, Bernstein & Co., Inc. v. Bryan*, 123 F.2d 697, 698-700 (2d Cir. 1941). Work-for-hire doctrine thus served to identify which party within the traditional employment relationship was the statutory “author,” and hence owned the copyright in the work from the time of creation.

The second doctrine developed to address what was initially considered a separate issue under the 1909 Act: rights in commissioned works created by independent contractors. The issue in this situation, at least in the early cases, was not who the statutory author was – the author was the independent contractor. The issue was whether the hiring party nevertheless owned copyrights by way of the author's implied assignment of those rights; and, if so, whether the assignment applied to only the "original" copyright term, or to both the "original" term and an "expectancy" in the so-called "renewal" term.

We addressed the first half of this issue in *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28 (2d Cir. 1939). There we concluded that if a party "is solicited by a patron to execute a commission for pay, the presumption should be indulged that the patron desires to control the publication of copies and that the artist consents that he may, unless by the terms of the contract, express or implicit, the artist has reserved the copyright to himself." *Id.* at 31. And in later cases, we seemed to answer the second half, limiting *Yardley's* presumption in favor of implied assignment to the original term. See *Estate of Burne Hogarth*, 342 F.3d at 159; *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F.2d 569, 570 (1955).

The two doctrines first converged in *Brattleboro Publishing Co. v. Winmill Publishing Corp.*, 369 F.2d 565, 567 (2d Cir. 1966). That case concerned rights in the original term in an independent contractor setting -- like in *Yardley* -- but we nevertheless began our analysis by discussing traditional work-for-hire doctrine. *Id.* at 567. We relied on Professor Melville

Nimmer's copyright treatise, which we described as recognizing "a presumption in the absence of an express contractual reservation to the contrary, that the copyright shall be in the person at whose instance and expense the work is done." *Id.* (emphasis added) (citing NIMMER ON COPYRIGHT 238 (1964)). And we could "see no sound reason why these same principles are not applicable when the parties bear the relationship of employer and independent contractor." *Id.* at 568.

This discussion does not appear to have been necessary to the result inasmuch as the Court went on to resolve the case on the grounds of *Yardley's* presumption. *Id.* Just as curious was the *Brattleboro* Court's attribution of the phrase "instance and expense" to Professor Nimmer. The phrase is apparently not to be found in the cited passage on work-for-hire doctrine. See MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 5.03 n.171b (Matthew Bender, Rev. Ed. 2013). It seems instead to be drawn from a Ninth Circuit opinion in an independent contractor case published the year before. See *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298, 300 (9th Cir. 1965); see generally *Martha Graham*, 380 F.3d at 634 n.17.

But we effectively adopted the union of these two approaches in *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213, 1216 (2d Cir. 1972), relying on both work-for-hire and implied assignment cases to conclude that an independent contractor's works were "made for hire," and therefore that the hiring party owned both the original and renewal term. *Id.* at 1216. And when we next confronted the issue, in *Playboy*

Enterprises, Inc. v. Dumas, 53 F.3d 549, 554 (2d Cir. 1995), we explained that "an independent contractor is an 'employee' and a hiring party an 'employer' for purposes of the [1909 Act] if the work is made at the hiring party's 'instance and expense.'"⁸

b. General Principles

We have stated as a general rule that "[a] work is made at the hiring party's 'instance and expense' when the employer induces the creation of the work and has the right to direct and supervise the manner in which the work is carried out." *Martha Graham*, 380 F.3d at 635. Our case law is, however, not so tidy. To the extent we can distill from our prior cases a set of principles applicable here, they are these:

"Instance" refers to the extent to which the hiring party provided the impetus for, participated in, or had the power to supervise the creation of the work. Actual creative contributions or direction strongly suggest that the work is made at the hiring party's instance. *See, e.g., Playboy Enterprises, Inc.*, 53 F.3d at 556 (evidence that independent contractor "was given specific instructions for his early submissions

⁸ Our approach has been criticized. *See* NIMMER ON COPYRIGHT § 9.03[D]. It was also called into question by language in *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 744 (1989), which discussed some of our cases as background to interpreting the 1976 Act's somewhat different "work made for hire" provisions, 17 U.S.C. § 101. We nonetheless reaffirmed our adherence to the instance and expense test in cases turning on the interpretation of the 1909 Act's work-for-hire provisions in *Estate of Burne Hogarth, supra*.

to Playboy" suggested work for hire); *Yardley*, 108 F.2d at 30-31 ("[W]here a photographer takes photographs of a person who goes or is sent to him in the usual course, and is paid for the photographs and for his services in taking them, the right of copyright is in the sitter or in the person sending the sitter to be photographed, and not in the photographer . . .").

The "right to direct and supervise the manner in which the work is carried out," *Martha Graham*, 380 F.3d at 635, moreover, even if not exercised, is in some circumstances enough to satisfy the "instance" requirement. It may be sufficient, for example, where the hiring party makes a particularly strong showing that the work was made at its expense, *Scherr v. Universal Match Corp.*, 417 F.2d 497, 501 (2d Cir. 1969) (noting "the overwhelming appropriation of [the hiring party's] funds, time and facilities to the project"), or where prior dealings between the parties on similar assignments, as part of an ongoing arrangement, have rendered fine-grained supervision unnecessary, *Playboy Enterprises, Inc.*, 53 F.3d at 556 ("right to control" and exercise of control with respect to "certain characteristics" sufficient in light of earlier "specific assignments").

But "inducement" or "control" alone can be incidental enough not to vest copyright ownership in the hiring party. For example, in *Siegel v. National Periodical Publications, Inc.*, 508 F.2d 909, 914 (2d Cir. 1974), we concluded that it was insufficient that the independent contractor "revise[d] and expand[ed] the Superman material at the request of the [hiring party]," because "Superman had been spawned by the [independent contractor] four years before the

relationship [with the hiring party] existed." Indeed, even in cases arising under traditional employment law, a work created "as a special job assignment" may not be a "work made for hire." *Shapiro, Bernstein & Co.*, 221 F.2d at 570.

The "expense" component refers to the resources the hiring party invests in the creation of the work. We have, at least in some cases, continued the tradition of treating the incidents of a traditional employment relationship as relevant to the analysis. See, e.g., *Martha Graham*, 380 F.3d at 637-41. We have, moreover, suggested that the hiring party's provision of tools, resources, or overhead may be controlling. *Id.* at 638 ("It may well be that the resources of the Center – notably, its rehearsal space and the dancers enrolled at the School – significantly aided Graham in her choreography, thereby arguably satisfying the 'expense' component"). *But cf. Playboy Enterprises, Inc.*, 53 F.3d at 555 (finding that factors relevant to work for hire analysis under the 1976 Act, like setting hours or providing tools, have "no bearing on whether the work was made at the hiring party's expense").

In other cases, however, we seem to have focused mostly on the nature of payment: payment of a "sum certain" suggests a work-for-hire arrangement; but "where the creator of a work receives royalties as payment, that method of payment generally weighs against finding a work-for-hire relationship." *Playboy Enterprises, Inc.*, 53 F.3d at 555. We note, though, that this distinction appears to be a rather inexact method of properly rewarding with ownership the party that bears the risk with respect

to the work's success. See *Twentieth Century Fox Film Corp. v. Entertainment Distributing*, 429 F.3d 869, 881 (9th Cir. 2005) (noting that publisher took on "all the financial risk of the book's success"); see also *Donaldson Publishing Co. v. Bregman, Vocco & Conn, Inc.*, 375 F.2d 639, 643 (2d Cir. 1967) (finding relevant employee's "freedom to engage in profitable outside activities without sharing the proceeds with [the hiring party]").

Our case law counsels against rigid application of these principles. Whether the instance and expense test is satisfied turns on the parties' creative and financial arrangement as revealed by the record in each case.

If the hiring party is able to satisfy the instance and expense test, it "is presumed to be the author of the work," and the independent contractor can overcome the presumption only "by evidence of an agreement to the contrary."⁹ *Playboy Enterprises, Inc.*, 53 F.3d at 556.

⁹ Marvel sees this as a formal "burden shifting framework." Under that framework, as Marvel conceives of it, the hiring party must "come forward with 'some credible evidence' that the Works were created at its instance and expense," from which showing "arises an 'almost irrebuttable presumption' that the Works were works made for hire." Appellees' Br. at 22 (citations omitted). Neither the "some credible evidence" statement -- a cherry-picked comment from a Ninth Circuit opinion, see *Twentieth Century*, 429 F.3d at 877 -- nor the "almost irrebuttable presumption" language -- a Fifth Circuit opinion's description of our approach, noted in our opinion in *Estate of Burne Hogarth*, 342 F.3d at 158 (quoting *Easter Seal Society for Crippled Children & Adults of Louisiana, Inc. v. Playboy*

2. Application of the Instance and Expense Test in the Present Case

Applying these principles to the facts in the record before us -- a challenging endeavor in some respects¹⁰ -- we conclude that the works were created at Marvel's instance and expense, and that Barbara and Susan have not adduced evidence of an agreement to the contrary contemporaneous with the creation of the works. We therefore conclude that the district court was correct to award summary judgment in favor of Marvel.

a. Instance

The evidence, construed in favor of the Kirbys, establishes beyond dispute that the works in question were made at Marvel's instance.

Although Jack Kirby was a freelancer, his working relationship with Marvel between the years of 1958 and 1963 was close and continuous. Stan Lee

Enterprises, 815 F.2d 323, 327 (5th Cir. 1987)) -- is an accurate statement of our case law.

¹⁰ The facts underlying this dispute took place decades ago, and Jack Kirby is, of course, no longer alive to provide an account of his working relationship with Marvel during the relevant time period. This leaves us to reconstruct the arrangement through (1) the deposition testimony of Stan Lee, whose credibility the Kirbys contest; (2) the depositions and declarations of other comic book artists who worked for Marvel at various times, but likely under different arrangements from Kirby's; (3) the depositions of the Kirby children, who have little direct knowledge; and (4) some documentary evidence concerning Kirby's contributions to or creation of some of the works.

considered Kirby to be Marvel's best artist, Lee Dep. at 30, Joint App'x at 2450, an assessment reinforced by the admiration of Kirby by his contemporaries, see Deposition of Lawrence Lieber ("L. Lieber Dep."), Jan. 7, 2011, at 104-05, Joint App'x at 1530-31; Deposition of John Romita ("Romita Dep."), Oct. 21, 2010, at 75-76, Joint App'x at 360-61. Lee "wanted to use Jack for everything," Lee Dep. at 36, Joint App'x at 2456, and Kirby appears to have been kept busy with assignments from Marvel, *id.* at 37, Joint App'x at 2457.

Marvel published the great majority of Kirby's work during these years -- 1958 through 1963. There are indications in the record that artists did customarily work with more than one publisher during the relevant time period, *see, e.g.*, L. Lieber Dep. at 74-75, Joint App'x at 1521-22, and a handful of Kirby's works between 1958 and 1963 were not published by Marvel, *see* Excerpt of JACK KIRBY CHECKLIST (Two Morrows Gold ed. 2008), Joint App'x at 1751-62. But it is beyond dispute that most of Kirby's work during this period was published by Marvel and for established Marvel titles. *Id.*

Understood as products of this overarching relationship, Kirby's works during this period were hardly self-directed projects in which he hoped Marvel, as one of several potential publishers, might have an interest; rather, he created the relevant works pursuant to Marvel's assignment or with Marvel specifically in mind. Kirby's ongoing partnership with Marvel, however unbalanced and under-remunerative to the artist, is therefore what induced Kirby's creation of the works.

Marvel also played at least some creative role with respect to the works. Kirby undoubtedly enjoyed more creative discretion than most artists did under the "Marvel Method," a fact Lee readily admits. Lee Dep. at 70, Joint App'x at 2490. But the only evidence on the issue indicates that he did not work on "spec" (speculation) -- that is, he worked within the scope of Marvel's assignments and titles. *Id.* at 48, Joint App'x at 2468; Deposition of Neal Kirby, June 30, 2010, at 167-68, Joint App'x at 1592-93. There is no disputing, moreover, that Marvel had the power to reject Kirby's pages and require him to redo them, or to alter them, a power it exercised from time to time. *Id.* at 234-35, Joint App'x at 1599-1600; Deposition of Susan Kirby, Oct. 25, 2010, at 37, Joint App'x at 1607. And there is evidence that Kirby collaborated with Lee with respect to many of the works. Lee Dep. at 118, Joint App'x at 2538.

Marvel's inducement, right to supervise, exercise of that right, and creative contribution with respect to Kirby's work during the relevant time period is more than enough to establish that the works were created at Marvel's instance.

The Kirbys' attempts to avoid this conclusion are unsuccessful. Their argument is that the "right to supervise" referred to in our case law requires a legal, presumably contractual, right. Appellants' Br. at 42-45. We find no hint of this requirement in our case law applying the instance and expense test. Nor do the Kirbys provide a principled reason why Marvel's active involvement in the creative process, coupled with its power to reject pages and request that they be redone, should not suffice.

The Kirbys also point to factual disputes over who actually created the characters, plots, and other concepts in Marvel's comic books during the relevant time period, mostly in an attempt to discredit Lee and find fault in the district court's reading of the record. Appellants' Br. at 33-35. Questions of who created the characters are mostly beside the point. That Marvel owes many of its triumphs to Kirby is beyond question. But the hired party's ingenuity and acumen are a substantial reason for the hiring party to have enlisted him. It makes little sense to foreclose a finding that work is made for hire because the hired artist indeed put his exceptional gifts to work for the party that contracted for their benefit.

b. Expense

Whether the Works were created at Marvel's expense presents a more difficult question. We ultimately find ourselves in agreement with the district court and in favor of Marvel here too.

The facts underlying the expense component are not in dispute. Marvel paid Kirby a flat rate per page for those pages it accepted, and no royalties. It did not pay for Kirby's supplies or provide him with office space. It was free to reject Kirby's pages and pay him nothing for them. The record contains anecdotal evidence that Marvel did in fact reject Kirby's work or require him to redo it on occasion, if less often than it did the work of other artists, but with what frequency is unclear.

Marvel argues that its payment of a flat rate for Kirby's pages is all that matters. It relies on our

suggestion in *Playboy Enterprises*, 53 F.3d at 555, that "the 'expense' requirement [is] met where a hiring party simply pays an independent contractor a sum certain for his or her work." Because, Marvel argues, it paid Kirby a sum certain when it accepted his pages -- irrespective of whether the pages required edits or additions, were ultimately published, or were part of a comic book that was a commercial success -- it took on the risk of financial loss.

The Kirbys urge us to focus not on the risk Marvel took at the time it purchased the pages, but on the risk Kirby took when he set out to create them. Until Marvel purchased Kirby's pages, they point out, Kirby had undertaken all of the costs of producing the drawings -- time, tools, overhead -- and shouldered the risk that Marvel would reject them, leaving him in the lurch. Marvel's purely contingent payment, they argue, thus acted more like a royalty than a sum certain. Appellants' Br. at 36-42.

This argument might give us pause if Kirby's relationship with Marvel comprised discrete engagements with materially uncertain prospects for payment, or, indeed, if he undertook to create the works independent of Marvel. But there is no evidence of which we are aware to either effect. The evidence suggests instead that Marvel and Kirby had a standing engagement whereby Kirby would produce drawings designed to fit within specific Marvel universes that his previously purchased pages had helped to define. When Kirby sat down to draw, then, it was not in the hope that Marvel or some other publisher might one day be interested enough

in them to buy, but with the expectation, established through their ongoing, mutually beneficial relationship, that Marvel would pay him. And the record makes clear that in the run of assignments, this expectation proved warranted.

Kirby's completed pencil drawings, moreover, were generally not free-standing creative works, marketable to any publisher as a finished or nearly finished product. They built on preexisting titles and themes that Marvel had expended resources to establish -- and in which Marvel held rights -- and they required both creative contributions and production work that Marvel supplied. That the works are now valuable is therefore in substantial part a function of Marvel's expenditures over and above the flat rate it paid Kirby for his drawings.

In the final analysis, then, the record suggests that both parties took on risks with respect to the works' success -- Kirby that he might occasionally not be paid for the labor and materials for certain pages, and Marvel that the pages it did pay for might not result in a successful comic book. But we think that Marvel's payment of a flat rate and its contribution of both creative and production value, in light of the parties' relationship as a whole, is enough to satisfy the expense requirement.

c. Agreement to the Contrary

Because Marvel has satisfied the instance and expense test, a presumption arises that the works in question were "works made for hire" under section 304(c). This presumption can be overcome only by

evidence of an agreement to the contrary contemporaneous with the creation of the works.

The Kirbys' showing in this regard consists mostly of negative or elliptical inferences concerning the parties' agreement at the time. For example, they point to a 1975 assignment executed by Jack Kirby that purported to transfer interests in certain works to Marvel (but also averred that all of his work was for hire), which they say suggests the parties' understanding that Marvel did not already own the rights. Appellants' Br. at 48. They also call to our attention evidence that indicates that Marvel paid Kirby during the relevant time periods with checks that contained a legend with assignment, instead of work-for-hire, language. *Id.* at 47.

This evidence is not enough to enable the Kirbys to survive the motion for summary judgment. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 252 (1986) ("The mere existence of a scintilla of evidence in support of the [non-movant's] position will be insufficient; there must be evidence on which the jury could reasonably find for the [non-movant]."); *Bickerstaff v. Vassar Coll.*, 196 F.3d 435, 448 (2d Cir. 1999) ("[A]n inference is not a suspicion or a guess." (internal quotation marks omitted)). It is all too likely that, if the parties thought about it at all, Kirby's assignments at the time he was paid or later were redundancies insisted upon by Marvel to protect its rights; we decline to infer from Marvel's suspenders that it had agreed to give Kirby its belt.

* * *

In sum, the district court made no error, in our view, in determining as a matter of law that the works were made at Marvel's instance and expense, and that the parties had no agreement to the contrary. The remaining Kirbys, Barbara and Susan, are therefore without termination rights under section 304(c), and the district court properly granted Marvel's motion for summary judgment as to them.

CONCLUSION

For the forgoing reasons, we vacate the district court's judgment as against Lisa and Neal Kirby and remand with instructions to the district court to dismiss the action against them for want of personal jurisdiction. We affirm the judgment in favor of Marvel as against Barbara and Susan Kirby. Each party shall bear his, her, or its own costs.

A True Copy

Catherine O'Hagan Wolfe, Clerk

United States Court of Appeals, Second Circuit


Catherine O'Hagan Wolfe



APPENDIX B

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

10 Civ. 141(CM) (KNF)

Date Filed: July 28, 2011

MARVEL WORLDWIDE, INC.,
MARVEL CHARACTERS, INC., and
MVL RIGHTS, LLC,

Plaintiffs,

-against-

LISA R. KIRBY, BARBARA J. KIRBY,
NEAL L. KIRBY and SUSAN M. KIRBY,

Defendants.

LISA R. KIRBY, BARBARA J. KIRBY,
NEAL L. KIRBY and SUSAN M. KIRBY,

Counterclaim-Plaintiffs,

-against-

MARVEL WORLDWIDE, INC.,
MARVEL CHARACTERS, INC.,
MVL RIGHTS, LLC,
MARVEL ENTERTAINMENT, Inc.,
THE WALT DISNEY COMPANY, and
DOES 1 through 10,

Counterclaim-Defendants

**MEMORANDUM OPINION AND ORDER
GRANTING PLAINTIFFS' MOTION FOR
SUMMARY JUDGMENT AND DENYING
DEFENDANTS' CROSS MOTION FOR
SUMMARY JUDGMENT**

McMAHON, District Judge.

Jack Kirby is a legend in the comic book industry. During his long association with Marvel Comics, Kirby, working as a freelance artist, played a key role in the creation of a number of iconic characters, including “The Fantastic Four,” “The Incredible Hulk,” and “The X-Men.”

Kirby died in 1994, survived by his wife, Rosalind, and their four children—Defendants Susan M. Kirby, Neal L. Kirby, Barbara J. Kirby, and Lisa R. Kirby (the “Kirby Heirs”). (Pls.’ Rule 56.1 Statement of Undisputed Material Facts (“Pls.’ 56.1”) ¶ 5).

In June 1972, Marvel had Kirby execute an assignment to Marvel Management Company of any and all right, title and interest (including specifically any copyrights, whether statutory and at common law) that Kirby “may have or control” in any of the works Kirby created for Marvel. (2/18/11 Declaration of Randi W. Singer (“Singer Decl.”) Ex. 17 at 1.A.(1).) The assignment did not state that Kirby actually owned any copyright in the works; on the contrary, the assignment contained an acknowledgement that Kirby had created the works “as an employee for hire” of the owners of Marvel, the Goodmans. (Singer Decl. Ex. 17 at 5.)

On September 16, 2009, the Kirby Heirs served Plaintiffs with 45 notices purporting to terminate Kirby's assignment of his federally-protected copyrights in a number of Marvel editions that were published between 1958 and 1963: *Amazing Adventures*, Vol. 1, Nos. 1–6; *Amazing Fantasy*, Vol. 1, No. 15; *The Amazing Spider-Man*, Vol. 1, Nos. 1–7; *The Avengers*, Vol. 1, Nos. 1–2; *The Fantastic Four*, Vol. 1, Nos. 1–21; *The Fantastic Four Annual*, No. 1; *Journey Into Mystery*, Vol. 1, Nos. 51–98; *The Incredible Hulk*, Vol. 1, Nos. 1–6; *The Rawhide Kid*, Vol. 1, Nos. 17–35; *Sgt. Fury and His Howling Commandos*, Vol. 1, Nos. 1–41; *Strange Tales*, Vol. 1, Nos. 67–115; *Tales of Suspense*, Vol. 1, Nos. 1, 3–48; *Tales to Astonish*, Vol. 1, 8 (collectively, the “Kirby Works”). (Pls.’ 56.1 ¶ 7; *see also* Defs.’ Rule 56.1 Statement of Disputed Material Facts (“Defs.’ 56.1”) ¶ 7.) The Termination Notices relied for their force on 17 U.S.C. § 304(c), which provides that

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 nonexclusive grant of a transfer or license of the renewal copyright or any right under it, executed before January 1, 1978, ... is subject to termination under the following conditions:.... In the case of a grant executed by one or more of the authors of the work, termination of the grant may be effected, to the extent of a particular author's share in the ownership of the renewal copyright, by the author who executed it or, if such author is dead, by the person or persons who, under clause (2) of this subsection, own

and are entitled to exercise a total of more than one-half of that author's termination interest.

See 17 U.S.C. § 304(c)(1) (emphasis added). After fruitless negotiations, Plaintiffs Marvel Worldwide, Inc., Marvel Characters, Inc. and MVL Rights, LLC commenced this action, seeking a declaration that the Termination Notices were a nullity, since Marvel, not Kirby (or his heirs), owned the copyrights in the works that were the subject of the Notices. The Kirby Heirs counterclaimed for a declaration that the Termination Notices were effective and that they now controlled the copyrights in these iconic works.

Presently before the Court are the parties' cross motions for summary judgment. Plaintiffs argue that there are no disputed issues of material fact and that the undisputed material facts establish that the Kirby Works were "works made for hire" within the meaning of the Copyright Act of 1909, which law conferred all federal copyright in a "work made for hire" in the employer. Defendants counter that there are disputed issues of material fact that bar summary judgment in Marvel's favor, but none that would prevent the court from concluding, as a matter of law, that the Kirby Works are not "works made for hire."

At the outset, it is important to state what this motion is not about. Contrary to recent press accounts and editorials, *see, e.g.*, Brent Staples, *Marvel Superheroes and the Fathers of Invention*, N.Y. Times, June 26, 2011, at SR11; Earl Wells, Letter to the Editor, *Giving Credit for Comics*, N.Y.

Times, July 3, 2011, at A18, this case is not about whether Jack Kirby or Stan Lee is the real “creator” of Marvel characters, or whether Kirby (and other freelance artists who created culturally iconic comic book characters for Marvel and other publishers) were treated “fairly” by companies that grew rich off the fruit of their labor. It is about whether Kirby’s work qualifies as work-for-hire under the Copyright Act of 1909, as interpreted by the courts, notably the United States Court of Appeals for the Second Circuit. If it does, then Marvel owns the copyright in the Kirby Works, whether that is “fair” or not. If it does not, then the Kirby Heirs have a statutory right to take back those copyrights, no matter the impact on a recent corporate acquisition or on earnings from blockbuster movies made and yet to be made.

I conclude that there are no genuine issues of material fact, and that the Kirby Works were indeed works for hire within the meaning of the Copyright Act of 1909. Therefore, the Section 304(c) Termination Notices did not operate to convey any federally-protected copyrights in the Kirby Works to the Kirby Heirs. Marvel’s motion for summary judgment is granted; the Kirby Heirs’ cross motion is denied.

THE MOTIONS TO STRIKE

Before the court can recite the facts, I must consider exactly what should and should not be part of the record on the parties’ cross motions for summary judgment. Marvel has made three procedural motions, in an effort to strike certain material from the motion record: to strike the

“expert” testimony of Mark Evanier and John Morrow, to strike the declarations of Joe Sinnott and James F. Steranko, and to strike certain documents attached as exhibits to the Declarations of Marc Toberoff and John Morrow. All of these documents were filed in support of the Kirby Heirs’ opposition to Marvel’s motion for summary judgment.

Marvel’s side of the story is told by the most percipient of witnesses: Stan Lee Marvel’s editor during the period 1958–1963—when the Kirby Works were created—and a legendary figure in his own right. Although 87 years old, Lee gave a two-day deposition in this matter: Marvel’s motion stands or falls on his testimony, although Marvel supplemented Lee’s testimony with testimony from Roy Thomas, Lawrence Lieber, and John Romita.

Thomas began as a staff writer at Marvel in July 1965 and continued to work at Marvel until 1980. (10/26/10 Deposition of Roy Thomas (“Thomas Dep.”) 8:9–14.)

Lieber was a writer for Marvel beginning in June 1958. (Deposition of Lawrence Lieber (“Lieber Dep.”) 9:14–20.)

Romita first worked for Timely Comics in 1949 as a “ghost penciller”—that is, Romita completed pencil artwork for comic book stories Stan Lee assigned to another artist, Lester Zakarin. (Deposition of John Romita (“Romita Dep.”) 7:16–8:21.) Following his one-year stint as a ghost penciller, Romita spent two years in the army. In 1951, while still in the army, Romita was hired by Lee to work as a freelance artist

for Timely Comics. (Romita Dep. 10:6–12:4.) In 1953, after leaving the army, Romita continued working for Timely Comics as a freelance artist until 1958. (*Id.* 12:5–13.) In 1965, Romita returned to Marvel, first as a freelance artist and in 1966, as a staff artist. (Romita Dep. 14:5–11.) Romita remained at Marvel until 1996. (*Id.*)

To counter Lee's first-hand testimony, the Kirby Heirs offer the testimony from three comic book artists who also worked as freelancers for Marvel between the 1950s and 1970s. James F. Steranko is a comic book artist and historian who worked for Marvel as a freelance artist between 1966 and 1973. (Declaration of James F. Steranko ("Steranko Decl.") ¶¶ 2, 5.) Joe Sinnott is a comic book artist who worked for Marvel as a freelance artist in the 1950s and 1960s. (Declaration of Joe Sinnott ("Sinnott Decl.") ¶ 3.) Sinnott also worked as a "freelance inker" and inked many issues of Kirby's "The Mighty Thor" and "The Avengers." (Sinnott Decl. ¶ 5.) Richard Ayers is a comic book artist who worked on a freelance basis for Marvel from 1959 until 1975. (Declaration of Richard Ayers ("Ayers Decl.") ¶¶ 2, 6–8.) Richard Ayers also inked various newspaper comic strips drawn by Kirby (but not for Marvel) between 1959 and 1961. (Ayers Decl. ¶ 5.)

The Kirby Heirs also offer their own reminiscences about their father and his work, but as they were children during the relevant time period, they do not claim to have first-hand knowledge about their father's business dealings with Marvel.

Finally, in an attempt to cast doubt on Lee's

testimony, the Kirby Heirs offer the “expert” testimony of Mark Evanier and John Morrow.

Marvel asks the Court to disregard most of the evidence the Kirby Heirs offer.

The Steranko & Sinnott Declarations: Marvel asks the court to strike the declarations of Steranko and Sinnott because the Kirby Heirs did not disclose, pursuant to Federal Rule of Civil Procedure 26, their intent to rely on either witness’s testimony until two months after discovery was completed and shortly before the parties filed their motions for summary judgment. (See ECF Dkt. No. 111.) Marvel’s motion to strike Steranko’s and Sinnott’s declarations is denied.

Federal Rule of Civil Procedure 26 requires a party to supplement or correct a disclosure made in an interrogatory, production request, or request for admission, “in a timely manner if the party learns that in some material respect the disclosure or response is incomplete or incorrect, and if the additional or corrective information has not otherwise been made known to the other parties during the discovery process or in writing.” Fed. R. Civ. P. 26(e)(1)(A). “If a party fails to provide information or identify a witness as required by Rule 26(a) or (e), the party is not allowed to use that information or witness to supply evidence . . . at a trial, unless the failure was substantially justified or is harmless.” Fed. R. Civ. P. 37(c)(1).

The Kirby Heirs did not have a duty to supplement their Rule 26 initial disclosures to add

Steranko and Sinnott as potential witnesses, because the existence of both witnesses became known to Marvel during discovery. In his deposition, Mark Evanier told Marvel's counsel that Sinnott was a freelance artist who worked for Marvel during the relevant time period and that he had spoken with Sinnott about "Marvel history." (4/22/11 Declaration of Marc Toberoff ("4/22/11 Toberoff Decl.") Ex. C.) Steranko was disclosed to Marvel during John Morrow's deposition, when Morrow was questioned about an article he wrote that discussed Steranko. (4/22/11 Toberoff Decl. Ex. A.) Marvel's counsel questioned Morrow about Kirby's role in creating a comic book for which Steranko was originally asked to complete the artwork. (*Id.*)

The duty to supplement a Rule 26 disclosure is "only necessary when the omitted or after-acquired information 'has not otherwise been made known to the other parties during the discovery process.'" *See* 8A Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure* § 2049.1 (3d ed. 2010). The purpose of Rule 37(c) "is to prevent the practice of 'sandbagging' an opposing party with new evidence." *Ebewo v. Martinez*, 309 F.Supp.2d 600, 606–07 (S.D.N.Y. 2004). Because Marvel became aware of Steranko and Sinnott at Morrow's and Evanier's depositions, the Kirby Heirs did not have a duty to supplement their Rule 26 initial disclosures. *See, e.g., Sealy v. Gruntal & Co.*, 1998 WL 698257, at *2 (S.D.N.Y. 1998).

Documentary Exhibits: Marvel also moves to strike certain documents attached to declarations filed by the Kirby Heirs in support of their opposition

to Marvel's motion for summary judgment. (*See* ECF Dkt. No. 111.) Specifically, Marvel seeks to strike eight documents they argue were not disclosed by the Kirby Heirs during discovery: (1) the Declaration of Joe Sinnott; (2) the Declaration of James Steranko, and (3) Exhibits Y, GG, JJ, OO, FFF, JJJ, and LLL to the Declaration of Marc Toberoff. That motion is denied as well.

Exhibits Y, GG, JJ, and OO to the Toberoff Declaration are excerpts from "The Collected Jack Kirby Collector" Volumes 5 and 6—a book that was edited and published by Morrow. Marvel's motion to strike these exhibits is denied, as the book was disclosed to Marvel in December 2010. (*See* 4/22/11 Toberoff Decl. Ex. J.)

Exhibit LLL—a comic book drawn by Kirby entitled "Challengers of the Unknown, No. 1"—was disclosed in the expert reports of Morrow and Evanier, and both were questioned about the comic book during their depositions. (4/22/11 Toberoff Decl. Ex. A at 184:14–186:2, Ex. C at 228:16–231:9.) The Kirby Heirs did not have a duty to supplement their Rule 26 disclosures because the information became known to Marvel during discovery.

Exhibit JJJ is a true and correct copy of excerpts from the 1963 treatise "Nimmer on Copyright." The Kirby Heirs cite to the treatise in their brief. There is no requirement that legal authority be disclosed in a Rule 26 disclosure. Marvel's motion to strike Exhibit JJJ is denied. It is not, however, evidence of anything, and cannot be relied on to raise any genuine issue of fact.

Exhibit FFF is an article entitled “Jack Kirby: A By-the-Month Chronology” for the periods 1950–1959 and 1960–1964. The article simply lists the comic books that Kirby worked on during those years. Even if the article were not disclosed to Marvel, Marvel’s motion to strike Exhibit FFF is denied, because Marvel is not prejudiced if the Kirby Heirs are allowed to rely on that chronology now.

The “Expert” Declarations: Marvel also filed two motions, seeking to exclude the expert testimony and reports of John Morrow and Mark Evanier. (See ECF Dkt. No. 67 & 70.) Marvel also filed a motion to strike Exhibit B to John Morrow’s Declaration—a comic book entitled “The Fantastic Four: The Lost Adventure.” (ECF Dkt. No. 111.) The motions are granted.

John Morrow is a writer, archivist, and publisher in the comic book industry. Morrow states that Kirby’s death in 1994 prompted him to produce a newsletter about Kirby’s life and achievements. (Decl. of John Morrow (“Morrow Decl.”) ¶ 2.) He still publishes that newsletter today.

Morrow’s “expert” report for the Kirby Heirs relates to three issues: (1) Marvel’s history before, during, and after the 1958–1963 time period, (2) the business relationship between Kirby and Marvel during that period, and (3) Kirby’s creation or co-creation of certain comic book characters. (Morrow Decl. at Ex. A (Morrow’s Expert Report).)

Mark Evanier is a comic book writer, columnist, and historian. (Declaration of Mark Evanier

(“Evanier Decl.”) ¶¶ 1–2.) In 1969, Kirby hired Evanier as an assistant, to conduct research, co-author “letter pages” in Kirby comic books, and to assist Kirby with creating storylines. (Evanier Decl. ¶¶ 2.) Evanier helped Kirby with new comic book projects that Kirby was producing for DC Comics in 1969—six years after the relevant period. (*Id.*) Like Morrow, Evanier was asked to render an “expert opinion” about the manner in which Kirby created or co-created comic book characters published by Marvel from 1958–1963, and about Kirby’s relationship with Marvel during that time period. (*Id.* ¶ 14.) Evanier’s report purports to trace the background of the comic book industry, Marvel’s origin, and Marvel’s relationship with Kirby. (See Evanier Decl. Ex A. at 4–9.)

The reason for Evanier and Morrow evidence is clear: to try to rebut Lee’s testimony and create issues of fact about the creation of the Kirby Works between 1958 and 1963. Unfortunately for Defendants, Evanier and Morrow lack Lee’s “I was there” experience. Evanier admits that he was only six years old in 1958, when the relevant time period began; he did not meet Kirby until over a decade later, when Evanier was 17. (11/9/10 Deposition of Mark Evanier (“11/9/10 Evanier Dep.”) 17:11–13, 19:7–20:10.) Evanier also concedes that, “There’s a limit to how much [he] can know about what two men [i.e., Lee and Kirby] did behind closed doors years ago.” (12/6/10 Deposition of Mark Evanier (“12/6/10 Evanier Dep.”) 113:14–15.) Similarly, Morrow has no firsthand knowledge about Marvel’s practices during the relevant time period, or about the actual creation of the Kirby Works. Morrow testified that his

accounts of Marvel's history, its working relationship with Kirby, and the creation of certain characters were based on "what [he has] read throughout the years" and what others have told him. (*See, e.g.*, Declaration of David Fleischer ("Fleischer Decl.") Ex. B. at 53:20–55:10, 74:8–76:20, 91:5–12, 129:10–131:2.) Morrow admits that he learned everything he put in his report from interviews and other secondary sources, in other words, hearsay. (*See, e.g.*, Fleischer Decl. Ex. B. 37:21–23, 53:20–55:10, 64:9–17, 91:5–12.) Morrow also admits that his only "connection" to the comic book industry prior to 1994 was as a "comics fan." (*See* Fleischer Decl. Ex. B. at 40:7–16.)

A district court can admit expert testimony from a person "qualified as an expert by knowledge, skill, experience, training, or education," assuming that "scientific, technical, or other specialized knowledge will assist the trier of fact to understand the evidence or to determine a fact in issue." Fed. R. Evid. 702. Under *Daubert v. Merrell Dow Pharm., Inc.*, 509 U.S. 579 (1993), and Rule 702 of the Federal Rules of Evidence, the Court's role is to determine whether the "expert" is qualified to testify as an expert. The Court conducts a two-part inquiry: (1) whether the expert used a reliable methodology; and (2) whether the testimony will assist the trier of fact to understand the evidence or to determine a fact in issue. *Daubert*, 509 U.S. at 592–93. The district court should not admit testimony that is "directed solely to lay matters which a jury is capable of understanding and deciding without the expert's help." *United States v. Castillo*, 924 F.2d 1227, 1232 (2d Cir. 1991).

The Kirby Heirs must establish by a preponderance of the evidence that Evanier's and Morrow's expert testimony is admissible. *See, e.g., Bourjaily v. United States*, 483 U.S. 171, 175 (1987).

The "expert" reports will be stricken for multiple reasons, any one of which is sufficient.

First, Evanier's and Morrow's purported "expert" reports are merely factual narratives based on their review of secondary sources and interviews that attempt to reconstruct events about which neither has first-hand knowledge. Although Rule 703 of the Federal Rules of Evidence permits an expert to rely on hearsay in reaching his own opinion, "a party cannot call an expert simply as a conduit for introducing hearsay under the guise that the testifying expert used the hearsay as the basis of his testimony." *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 525 F.Supp.2d 558, 666 (S.D.N.Y. 2007).

Second, "Expert testimony must be helpful to the [trier of fact] in comprehending and deciding issues beyond the understanding of a layperson." *DiBella v. Hopkins*, 403 F.3d 102, 121 (2d Cir. 2005). Nothing either Evanier or Morrow says concerns technical or scientific matters that lay jurors need help to understand. Their proffered testimony therefore is inadmissible, because Evanier's and Morrow's reports address "lay matters which [the trier of fact] is capable of understanding and deciding without the expert's help." *Andrews v. Metro N. Commuter R.R. Co.*, 882 F.2d 705, 708 (2d Cir. 1989).

Third, Morrow and Evanier also offer their

“opinions” about the intent or motivations of Marvel and individuals that worked at Marvel. For example, Morrow opines that he “do[es] not believe that Goodman, Lee, Marvel or the freelance artists, like Jack Kirby . . . thought that the material they created was ‘work made for hire.’” (Morrow Decl. Ex. A at 9.) Evanier also opined that “it is extremely doubtful that either Marvel or freelance artists, such as Jack Kirby, . . . had any understanding or intent that their freelance material . . . was somehow work made for hire.” (Evanier Decl. Ex. A at 14.) “Inferences about the intent or motive of parties or others lie outside the bounds of expert testimony.” *In re Rezulin Prods. Liab. Litig.*, 309 F.Supp.2d 531, 547 (S.D.N.Y. 2004); *see also Highland Capital Mgmt. L.P. v. Schneider*, 551 F.Supp.2d 173, 182–83 (S.D.N.Y. 2008).

Evanier also opines on the credibility of Lee’s testimony and concludes that it is more logical to believe that certain comic book characters were conceived by Kirby rather than by Lee. Evanier states, “I have great respect and personal affection for Stan Lee, but I disagree with the accounts he has sometimes given of the creation of [T]he Fantastic Four in which he solely created the concept and characters and Kirby’s role was limited to simply drawing up Lee’s creation.” (Evanier Decl. Ex. A at 14.) Evanier developed this “opinion” even though he was not present during discussions or plotting conferences between Kirby and Lee and has no firsthand knowledge of how the Kirby Works were created. (12/6/10 Evanier Dep. at 231:10–12; 11/9/10 Evanier Dep. at 17:11–13, 19:7–20:10, 39:11–17, 40:21–25, 41:6–8, 41:24–25, 45:18–21, 46:15–20;

Evanier Decl. Ex. A. at 11, 12.) “An expert’s opinions that are without factual basis and are based on speculation or conjecture are . . . inappropriate material for consideration on a motion for summary judgment.” *See Major League Baseball Props., Inc. v. Salvino, Inc.*, 542 F.3d 290, 311 (2d Cir. 2008).

Finally, by purporting to opine on the credibility of Lee’s testimony, Evanier has improperly usurped the role of the jury. *Nimely v. City of New York*, 414 F.3d 381, 397–98 (2d Cir. 2005). Testimony that directs the trier of fact to believe one account of events over another “does not ‘assist the trier of fact,’ Fed. R. Evid. 702, but rather ‘undertakes to tell the jury what result to reach,’ and ‘attempts to substitute the expert’s judgment for the jury’s.’” *Id.* at 398 (quoting *United States v. Duncan*, 42 F.3d 97, 101 (2d Cir. 1994)). Evanier’s “opinion” about Lee’s credibility is inadmissible because “it would serve only to usurp the jury in its fact finding role.” *See Member Servs., Inc. v. Sec. Mut. Life Ins. Co. of N.Y.*, 2010 WL 3907489, at *26 (N.D.N.Y. Sept. 30, 2010).

Marvel’s motion to exclude the “expert” report of Evanier and Morrow is granted. It’s motion to strike Exhibit B to Morrow’s declaration—a comic book entitled “The Fantastic Four: The Lost Adventure”—is also granted.

STATEMENT OF UNDISPUTED FACTS

In opposing a motion for summary judgment, the non-movant may not rely on inadmissible evidence, such as hearsay, to create a disputed issue of fact. *See Burlington Coat Factory Warehouse Corp. v.*

Esprit De Corp., 769 F.2d 919, 924 (2d Cir.1985); see also *Hidden Brook Air, Inc. v. Thabet Aviation Int'l Inc.*, 241 F.Supp.2d 246, 270 (S.D.N.Y. 2002). The non-movant must “cite admissible evidence in support of [its] contention that there is admissible evidence creating a genuine issue for trial.” *Archie Comic Publ'n, Inc. v. DeCarlo*, 258 F.Supp.2d 315, 317–18 (S.D.N.Y. 2003). The Court bears this principle in mind as it considers whether particular assertions of fact are undisputed.

Based on the admissible evidence, the following facts are undisputed:

A. *Marvel Comics and the Key Players*

The following facts are undisputed.

In 1939 or 1940, Joe Simon and Jack Kirby were producing comics for a man named Martin Goodman at a company called Timely Comics. (Deposition of Stan Lee (“Lee Dep.”) 11:3–21, 11:7–21, 14:9–10: see also Pls.’ 56.1 ¶ 11.) Lee was hired as an “assistant,” tasked with sharpening pencils, erasing pages, and fetching lunch. (Lee Dep. 11:11–17.)

At some point in the 1940s, Kirby and Simon left the employ of Timely Comics. Goodman asked Lee to “function as the editor and art director and writer until [Goodman] hired someone, a grown up.” (*Id.* at 14:9–17.) As the whole world knows, Goodman never replaced Lee, who remained the editor at Marvel until the early 1970s. (Pls.’ 56.1 ¶ 44.) Lee was thus the Marvel editor between 1958 and 1963, when the Kirby Works were created.

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As art director and editor, Lee was responsible for the “creative editorial aspects” of the comic books published by Timely Comics—which eventually became Marvel (the name I will use from this point on). (Lee Dep. at 16:14:19; *see also* Pls.’ 56.1 ¶ 23.) As editor, Lee developed the ideas and stories for all of Marvel’s comic books. (Pls.’ 56.1 ¶ 22; *see also* Lieber Dep. 12:19–25, 13:22–14:4.) All of Marvel’s artists and writers reported to Lee. (Pls.’ 56.1 ¶¶ 23–24.) Lee assigned artists to work on comic books, edited or changed their work, set deadlines for the submission of work, and even gave artists direction and guidance about the stories they were assigned to draw. (Lee Dep. 16:5–17:4; *see also* Thomas Dep. 59:6–21; Lieber Dep. 14:5–8; Pls.’ 56.1 ¶¶ 25–26.)

During the period 1958–1963, when the Kirby Works were created, Lee supervised the creation and publication of Marvel’s comic books from beginning to end. (Pls.’ 56.1 ¶¶ 27–29.) Nothing was published without his approval. (*Id.* ¶¶ 30, 32.) Lee reviewed every artist’s work before publication. (Lee Dep. 16:20–17:4.) If artwork was “confusing,” if more “action” was needed, or if a script had too much or too little dialogue, Lee was responsible for “mak[ing] the stories as good as [they] could [be].” (*Id.*; *see also* Lieber Dep. 15:16–25.) It was not uncommon for Lee to make changes to artwork or a script without first consulting the artist or writer. (*See* Thomas Dep. 63:23–64:19; *see also* Lieber Dep. 15:16–25.)

Lee reported to Goodman. (Lee Dep. 16:17–19.) As the publisher and owner, Goodman “was the ultimate boss,” and had the final say over what comics Marvel published. (*See* 10/21/10 *Deposition of*

John v. Romita (“Romita Dep.”) 243:2–4; *see also* Lee Dep. 19:13–17.) If Goodman did not approve a comic book, it was not published. (Lee Dep. 97:10–11.) Occasionally, Goodman would request changes to artwork or a story (*id.* at 18:17–19:17); Lee was responsible for ensuring that the artist executed Goodman’s changes. (*Id.*)

B. *The Marvel Method*

During Lee’s early years as art director/editor, either he or another writer prepared detailed “scripts” for new issues of comic books. (Pls.’ 56.1 ¶ 36; *see also* Lieber Dep. 12:19–23, 13:2–5.) These scripts consisted of a panel-by-panel breakdown of the story for each page and explicit instructions about what action should be drawn for each panel and what dialogue would be inserted to accompany the art. Only after a script was prepared was an artist asked to start work on the comic. (Pls.’ 56.1 ¶ 36.) During this period, the freelance artists who drew for Marvel had to wait for Lee to write a story before they could draw it. (Lee Dep. 20:7–21:24; *see also* Pls.’ 56.1 ¶ 38.)

Predictably, Lee could not write enough stories to keep up with the artists, who wanted new stories to draw as soon as they finished an assignment. (Lee Dep. 20:7–21:24; *see also* Pls.’ 56.1 ¶ 38.) So to ensure that his artists always had an assignment, Lee invented what became known as the “Marvel Method.” (Lee Dep. 20:7–21:24.) He could not place the invention of the Marvel Method at any particular moment in time, other than to say that it evolved during the 1950s. (Lee Dep. 22:2–10.)

Under the Marvel Method, Lee would not write a detailed script for a story before assigning an artist to draw it. Instead, at a “plotting conference,” or in a “plot outline,” Lee gave the artist the general contours of the story he had in mind: an outline of the plot, a description of the hero, and suggestions for how the story should look. (*Id.* at 21:5–22; *see also* Pls.’ 56.1 ¶ 37; Lieber Dep. 19:11–14, 28:3–9, 47:20–48:8.) The artist would draw the story along the lines of Lee’s “main theme.” (Lee Dep. at 21:5–22.) After an artist completed the pencil drawings, Lee edited his work and added dialogue and captions. (*Id.*) Use of the Marvel Method allowed Lee to keep multiple artists working on assignments simultaneously. (*Id.* at 21:23–24; *see also* Pls.’ 56.1 ¶ 37.)

Obviously, the Marvel Method gave an artist greater opportunity for input into the process of creating the characters and the stories. However, even under the Marvel Method, artists did not work “on spec;” they only began to draw “pages” when they received an assignment and plot synopsis from Lee. (Pls.’ 56.1 ¶ 39; *see also* Thomas Dep. 56:12–15, 57:25–58:9; *see also* N. Kirby Dep. at 127:25–128:5; *see, e.g.,* Lieber Dep. 14:5–8, 23:18–21.) Furthermore, the artists were always constrained by Lee’s plot outlines (Pls.’ 56.1 ¶¶ 40–41), and Lee retained the right to edit or alter their work, or to reject the pages altogether and not publish them if he did not like them. (*Id.* ¶ 43.)

Lee used the Marvel Method from the time he created it until he became Marvel’s publisher in the early 1970s. (*Id.* ¶ 44.)

C. *How Marvel Paid its Freelance Artists*

Between 1958 and 1963, all of Marvel's freelance artists and writers, including Kirby, were paid flat per-page rates for artwork and scripts they produced. (Pls.' 56.1 ¶¶ 45, 61–62; *see also* Sinnott Decl. ¶ 11 (“I was paid at a page rate multiplied by the number of pages Marvel bought.”); Steranko Decl. ¶ 13 (“I was paid by Marvel . . . on a per-page basis for the pages Marvel purchased.”).) Kirby never received royalties for his work.

D. *The Kirby Works*

Between 1958 and 1963, Kirby worked on numerous comic book stories for Marvel. (Pls.' 56.1 ¶ 54.) Kirby received his assignments from Lee. (*Id.* ¶ 54). Kirby did not draw art for Marvel without first receiving an assignment from Lee. (*Id.* ¶ 55; *see also* N. Kirby Dep. at 127:25–128:5).

Like other artists who worked for Marvel at the time, Kirby created his artwork based on plot outlines or scripts provided by Lee. (Pls.' 56.1 ¶ 54.) At plotting conferences, Lee had the final say as to what was included in the comic book. (*Id.* ¶ 56.) Lee also had to approve Kirby's artwork before publication, and had the authority to require changes or edits to his work. (*Id.* ¶ 58.) Occasionally, Lee asked Kirby to make changes to his work. (*Id.* ¶ 59.) According to Lee, Kirby always complied with those requests. (*Id.*)

Kirby participated in the creation of the following comic book stories that are the subject of Defendants'

Termination Notices:

1. *The Fantastic Four*

In 1961, Goodman told Lee to create a new team of superheroes to compete with “The Justice League of America,” which was published by National Comics. (Pls.’ 56.1 ¶ 80.) Lee and Kirby co-created “The Fantastic Four.” (Lee Dep. 340:25–341:1.) At their first plotting conference, Lee and Kirby discussed ideas for the first issue. Kirby then produced the pencil drawings for that issue. (Pls.’ 56.1 ¶ 82.) “The Fantastic Four” was originally published in November 1961. (Pls.’ 56.1 ¶ 84; Defs.’ 56.1 ¶ 84.)

2. *The Incredible Hulk*

“The Incredible Hulk,” a sympathetic hero-monster, was co-created by Lee and Kirby in 1962. (Pls.’ 56.1 ¶ 85; Defs.’ 56.1 ¶ 85, Lee Dep. 340:25–341:1.) Kirby drew the first issue of “The Incredible Hulk,” which was published in May 1962. (*Id.* ¶¶ 85–86.)

In that first issue, The Hulk had gray skin. However, the printer could not produce a consistent shade of gray throughout the book. (Pls.’ 56.1 ¶ 87.) By the second issue The Hulk had acquired his now-recognizable green skin. (Lee Dep. 81:20–83:4.) Lee picked the color green because there was no other green hero at the time. (*Id.*)

3. *The Mighty Thor*

“The Mighty Thor” was first published in August 1962. The hero was based on the Norse god of thunder. (Pls.’ 56.1 ¶¶ 88–89.) Lawrence Lieber wrote the script for the first issue, based on a synopsis for the plot created by Lee. (*Id.*) Kirby drew the art for the series’ first issue. (*Id.*)

4. *Spider-Man*

In 1962, Lee developed the idea for a “nerdy” teenage hero with the power to stick to walls and ceilings like an insect. (*Id.* ¶ 90.) Lee assigned Kirby to create the artwork for the first Spider-Man story. (*Id.*) Lee did not like Kirby’s initial pencil renderings of Spider-Man—the character was too muscular and heroic-looking—so he reassigned the comic book to artist Steve Ditko. (*Id.*) After Ditko completed his work on the book, Kirby drew the cover. (*Id.* ¶ 91.)

Spider Man first appeared in “Amazing Fantasy” in September 1962. (*Id.* ¶ 92.) Spider-Man was so popular that Goodman gave the character its own comic book. (*Id.* ¶ 93.) “The Amazing Spider-Man” was first published in March 1963. (*Id.*)

5. *Iron Man*

Iron Man first appeared in “Tales of Suspense” in March 1963. (Pls.’ 56.1 ¶ 96.) The first Iron Man comic book was written by Lawrence Lieber, based on a plot from Lee; Don Heck drew the artwork. (*Id.* ¶¶ 94–95.) As with Spider Man, Kirby drew the cover for the comic book’s first issue. (*Id.*)

6. *The X-Men*

In 1963, due to the popularity of “The Fantastic Four,” Goodman asked Lee to create a new team of superheroes. (Pls.’ 56.1 ¶ 97.) Lee conceived of The X-Men as a team of mutants who were born with superpowers, or “extra powers;” he also created the character of Professor Xavier, who opened a “School for Gifted Youngsters” where young mutants could enroll and develop their mutant powers. (Lee Dep. 93:3–94:23.) Lee originally named his heroes “The Mutants,” but Goodman did not like the name, so the superheroes acquired their familiar moniker. (*Id.* at 94:12–20.)

The first issue of “The X-Men” was published in September 1963. (Pls.’ 56.1 ¶ 98.) Kirby drew the artwork for that issue. (*Id.* ¶ 97.)

7. *The Avengers*

Also in 1962, Lee and Kirby developed a new team of superheroes, “The Avengers.” (Pls.’ 56.1 ¶ 99.) “The Avengers” consisted of several existing Marvel superheroes fighting together as a unit rather than separately. (*Id.*) Lee conceived the initial plot for “The Avengers,” and Kirby drew the first issue, which was published in September 1963. (*Id.* ¶¶ 99–100.)

8. *Ant-Man*

“Ant-Man” was first published in January 1962. Lee had the idea of a miniature hero. (*Id.* ¶¶ 101–02.) Kirby drew the pencil artwork for the first issue

of “Ant–Man,” and the panel-by-panel script for the issue was written by Lieber. (*Id.* ¶ 101.)

9. Nick Fury

“Nick Fury” was based on a discontinued series from the World War II era entitled “Sgt. Fury and His Howling Commandos.” (*Id.* ¶ 103.) Lee brought fury back to life and oversaw the creation of the comic book using the “Marvel Method.” (*Id.*) Kirby was assigned to draw the artwork for the new series. (*Id.*) “Nick Fury” was first published in May 1963. (*Id.* ¶ 104.)

10. The Rawhide Kid

Lee developed “The Rawhide Kid” because Goodman loved westerns and liked titles that included the word “kid.” (*Id.* ¶ 105.) Lee also wrote the comic book’s first issue. (*Id.*) Kirby drew the pencil artwork. (*Id.*) Eventually, the writing and artwork for “The Rawhide Kid” was reassigned to Lieber. (*Id.*) The first issue of the comic book was published in August 1960. (*Id.* ¶ 106.)

E. The 1972 Assignment

There is no evidence of any contemporaneous written contract between Marvel and Kirby relating to any of the Kirby Works. From Lee’s testimony, it appears that Kirby was a freelancer who was retained to create comic book artwork at Lee’s instance and was paid an agreed-upon fee for doing so.

In the spring of 1972—well after the creation of the Kirby Works—Marvel and Kirby executed a written agreement. (Defs.’ 56.1 ¶ 147.) The agreement, which Kirby signed on May 30, 1972, assigns to Magazine Management Company (a Marvel predecessor) “any and all right, title and interest [Kirby] *may have or control*” in all the work that Kirby created for Marvel. (Singer Decl. Ex. 17 at 1.A.(1) (emphasis added).) Specifically, Kirby assigned to Magazine Management Company:

(1) Any and all MATERIALS, including any and all ideas, names, characters, symbols, designs, likenesses, visual representations, stories, episodes, literary property, etc., which have been in whole or in part acquired, published, merchandised, advertised and/or licensed in any form, field, or media by the Goodmans, their affiliates, and/or their predecessors or successors in interest. . . .

(2) Any and all RIGHTS, including any all copyrights, trademarks, statutory rights, common law rights, goodwill, and any other rights whatsoever relating to the Materials in any and all media and/or fields including any and all rights to renewal or extension of copyright, to recover for past infringement and to make application or institute suit therefor, and including by way of example and without limitation Kirby’s claim to renewal copyright in Volume 2, Nos. 1–10 of the work entitled “Captain America Comics,” these being evidenced by Registration Nos. R429502, R446534, R446535, R446536, R446537,

R446538, R446539, R446540, R446541, and R448324 in the United States Copyright Office.

(*Id.* at 1.A.(1) and 1.A.(2).)¹¹

As noted, Kirby assigned whatever right, title, and interest (including copyrights) he “may” have, but the agreement contained no representation that Kirby in fact had any right, title or interest to convey. To the contrary: the agreement contained explicit language that was obviously intended to negate any suggestion that Kirby actually owned any federally-protected copyright in his artwork:

Kirby acknowledges and agrees that all his work on the MATERIALS, and all his work which created or related to the RIGHTS, was done as an employee for hire of the Goodmans.

(*Id.* at 5.)

It is the assignment of any federal statutory copyright conveyed by this document that the Notices purport to terminate.

F. *Procedural Posture*

On September 16, 2009, the Kirby Heirs served

¹¹ The agreement states that the term “Materials” is defined in “Schedules 1, 2, and 3,” which are “attached” to the agreement. (Singer Decl. Ex. 17 at 1.A.) However, Schedules 1, 2, and 3 were not included in the declarations submitted to the Court by either party; the parties submitted only a copy of the agreement without any attachments.

Marvel with Termination Notices under 17 U.S.C. § 304(c). The Termination Notices purport to terminate any and all pre-January 1, 1978 grants of copyrights made by Kirby in the Kirby Works, as well as any implied grant of renewal rights under Federal Copyright law. (Defs.' Answer ¶ 25.)

On January 8, 2010, Marvel commenced this action. The Kirby Heirs answered and asserted five counterclaims against the Marvel Plaintiffs. The Court granted Marvel's motion to dismiss all counterclaims except the counterclaim seeking a declaration that the Termination Notices were valid on November 22, 2010. *Marvel Worldwide, Inc. v. Kirby*, 756 F.Supp.2d 461 (S.D.N.Y. 2010).

On February 25, 2011, following discovery, the parties filed the motions that are the subject of this opinion.

DISCUSSION

A. Standard on A Motion for Summary Judgment

Summary judgment is appropriate only “if the pleadings, the discovery and disclosure materials on file, and any affidavits show that there is no genuine issue as to any material fact and that the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(c); *see also O'Hara v. Weeks Marine, Inc.*, 294 F.3d 55, 61 (2d Cir. 2002); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242 (1986). In addressing a motion for summary judgment, the court must view the evidence in the light most favorable to the party

against whom summary judgment is sought and must draw all reasonable inferences in its favor. *L.B. Foster Co. v. Am. Piles, Inc.*, 138 F.3d 81, 87 (2d Cir. 1998) (citing *Matsushita Elec. Indus. Co. Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986)).

Whether a disputed issue of fact exists is for the court to determine. *Balderman v. United States Veterans Admin.*, 870 F.2d 57, 60 (2d Cir. 1989). The moving party has the initial burden of demonstrating the absence of a disputed issue of material fact. *Celotex v. Catrett*, 477 U.S. 317, 323 (1986). Once such a showing has been made, the non-moving party must present “specific facts showing that there is a genuine issue for trial.” Fed. R. Civ. P. 56(e). The party opposing summary judgment “may not rely merely on allegations or denials in its own pleading; rather, its response must . . . set out specific facts showing a genuine issue for trial.” Fed. R. Civ. P. 56(e).

Not every disputed factual issue is material. A fact is “material” within the meaning of Rule 56 when its resolution “might affect the outcome of the suit under the governing law.” *Anderson*, 477 U.S. at 248. An issue is “genuine” when “the evidence is such that a reasonable jury could return a verdict for the nonmoving party.” *Id.* In determining whether an issue is genuine, “[t]he inferences to be drawn from the underlying affidavits, exhibits, interrogatory answers, and depositions must be viewed in the light most favorable to the party opposing the motion.” *Cronin v. Aetna Life Ins. Co.*, 46 F.3d 196, 202 (2d Cir.1995) (citing *United States v. Diebold, Inc.*, 369 U.S. 654, 655 (1962) (per curiam));

Ramseur v. Chase Manhattan Bank, 865 F.2d 460, 465 (2d Cir.1989). Therefore, although a court “should review the record as a whole, it must disregard all evidence favorable to the moving party that the jury is not required to believe.” *Reeves v. Sanderson Plumbing Prods. Inc.*, 530 U.S. 133, 151 (2000). To withstand a summary judgment motion, sufficient evidence must exist upon which a reasonable jury could return a verdict for the non-moving party.

As discussed above, the court can consider only evidence that would be admissible at trial in support of a motion for summary judgment.

Finally, “Broad, conclusory attacks on the credibility of a witness will not, by themselves, present questions of material fact.” *Island Software & Computer Serv., Inc. v. Microsoft Corp.*, 413 F.3d 257, 261–62 (2d Cir. 2005) (citing *Crawford–El v. Britton*, 523 U.S. 574, 600 (1998)). Defendants challenge the credibility of Stan Lee, who (not surprisingly, given his significant role at Marvel during the relevant time period) is Marvel’s main witness. However, general attacks on Lee’s honesty or credibility, without more, are insufficient to raise a genuine issue of fact, *see, e.g., Crawford–El v. Britton*, 523 U.S. at 600; *McCullough v. Wyandanch Union Free Sch. Dist.*, 187 F.3d 272, 280 (2d Cir. 1999)—especially since many matters about which Lee testified are corroborated by testimony from other freelance artists and writers.

B. The Cross-Motions for Summary Judgment

The Copyright Act of 1976, effective January 1, 1978 (the “1976 Act”), gives an author or his heirs a nonwaivable right to terminate a prior assignment of copyright at any time during (1) a five-year period that begins on January 1, 1978, or (2) fifty-six years after the date the statutory copyright was originally secured, whichever is later. *See* 17 U.S.C. § 304(c). It is this right that the Kirby Heirs have purported to exercise by serving the Termination Notices applicable to the Kirby Works. The Kirby Heirs take the position that Marvel acquired the federal copyright in the Kirby Works via Kirby’s 1972 assignment. However, the fact of the assignment is not conclusive—especially where, as here, it is couched in language assigning whatever rights (including copyrights) Kirby “may” have, without making any definitive statement about what rights he actually “did” have. As noted above, the assignment also describes all of Kirby’s work for Marvel (which includes the Kirby Works) as work done by Kirby as “an employee for hire of the Goodmans,” the owners of Timely/Marvel—which, if that be true, means that Marvel, not Kirby, owned the federal copyright all along. In other words, the assignment speaks out of both sides of its mouth.

The question raised by the cross motions is whether, applying legal tests that have been settled in this Circuit for half a century, the Kirby Works were in fact “works made for hire.” If they were, then the Termination Notices were ineffective. The reason is simple: works made for hire are statutorily exempt from Section 304(c) termination, because the holder

of the copyright (the “employer”) is the statutory “author” of the work. *See* 17 U.S.C. § 304(c); *Penguin Grp. (USA) Inc. v. Steinbeck*, 537 F.3d 193, 203 (2d Cir. 2008).

The applicable rules of proof provide that the burden of raising the presumption that the Kirby Works were in fact “works made for hire” rests on Marvel. If Marvel raises the presumption, it will be deemed the author unless the Kirby Heirs rebut the presumption. They can only do so if they prove, by a preponderance of the evidence, that Kirby and Marvel had a “contrary agreement, either written or oral.” *Playboy Enters., Inc. v. Dumas*, 53 F.3d 549, 554–55 (2d Cir. 1995) (citing *Roth v. Pritikin*, 710 F.2d 934, 937 n. 3 (2d Cir. 1983)). Should they fail to raise a genuine issue of material fact on this score, Marvel is entitled to summary judgment.

C. Works for Hire under the 1909 Copyright Act

The Kirby Works were published between 1958 and 1963. The Copyright Act of 1909 applies to all works published prior to January 1, 1978, *Playboy*, 53 F.3d at 553, and so constitutes the controlling law for our purposes.¹²

¹² This is important, because the 1976 Act, which is far more artist-friendly than the 1909 Act as interpreted by the courts, substantially narrows the scope of works for hire when the work is commissioned from a person who is not an “employee” of the commissioning party. *See* 17 U.S.C. § 101 (enumerating the types of commissioned work that qualify as “work made for hire”).

The key word in that statute, for our purposes, is “author.” Under the 1909 Act, the term “author” includes “an employer in the case of works made for hire.” 17 U.S.C. § 26 (1909) (repealed); *Playboy*, 53 F.3d at 554. “Under this definition, an ‘employer’ who hires another to create a copyrightable work is the ‘author’ of the work for purposes of the statute, absent an agreement to the contrary.” *Id.*

The terms “employer” and “works made for hire” are not defined in the 1909 Act—that task was left to the courts.

By 1955 (which is when Congress began the two-decades-long process of overhauling the 1909 Act), “the rule that [had] developed was to accord copyright protection to employers for works made by their employees in the regular course of business.” See 1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 5.03(B)(1)(a)(i). “As for commissioned works, the courts generally presumed that the commissioned party had impliedly agreed to convey the copyright, along with the work itself, to the hiring party.” See *Cnty. for Creative Non-Violence v. Reid*, 490 U.S. 730, 744 (1989). The Ninth Circuit, in *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298, 300 (9th Cir. 1965), was the first court explicitly to extend the work-for-hire doctrine under the 1909 Act to works commissioned from independent contractors, rather than created by employees. At about the same time, courts expanded “the definition of ‘employer’ to include a hiring party who had the right to control or supervise the artist’s work.” Nimmer on Copyright § 5.03(B)(1)(a)(i).

In *Brattleboro Publishing Co. v. Winmill Publishing Corp.*, 369 F.2d 565, 567–68 (2d Cir. 1966), the Second Circuit first adopted the “instance and expense” test for deciding whether a work commissioned from an independent contractor qualified as a work-for-hire under the 1909 Act. That test remains in use today for answering the question posed by the cross motions for summary judgment.

D. *Were the Works Made for Hire: The “Instance and Expense” Test*

In this Circuit, courts apply a two-pronged test to determine if a “work is made for hire” under the 1909 Act. The test is referred to as the “instance and expense” test.

“The copyright belongs to the person at whose ‘instance and expense’ the work was created.” *Martha Graham Sch. and Dance Found., Inc. v. Martha Graham Ctr. of Contemporary Dance, Inc.*, 380 F.3d 624, 634–35 (2d Cir. 2004). An independent contractor is treated as an employee under the statute if the work is made at the hiring party’s “instance and expense.” *Playboy*, 53 F.3d at 554; see also *Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc.*, 342 F.3d 149, 159–60 (2d Cir. 2003).

“A work is made at the hiring party’s ‘instance and expense’ when the employer induces the creation of the work and has the right to direct and supervise the manner in which the work is carried out.” *Martha Graham*, 380 F.3d at 635; see also *Playboy*, 53 F.3d at 554. “The right to direct and supervise the manner in which work is created need never be

exercised.” *Martha Graham*, 380 F.3d at 635; see also *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213, 1216 (2d Cir. 1972). “[T]he hallmark of ‘an employment for hire’ is whether the employer *could* have exercised the requisite power to control or supervise the creator’s work.” *Playboy*, 53 F.3d at 554 (emphasis added).

The Second Circuit’s jurisprudence concerning the status of commissioned works under the 1909 Act creates “an almost irrebuttable presumption that any person who paid another to create a copyrightable work was the statutory ‘author’ under the ‘work for hire’ doctrine.” *Estate of Burne Hogarth*, 342 F.3d at 158 (citation omitted).

On the undisputed facts, the Kirby Works were created at the instance and expense of Marvel. Therefore, Marvel is presumed to be their “author,” and the holder of the statutory copyright as a matter of law.

1. Instance

“When the ‘motivating factor in producing the work was the employer who induced the creation,’ ” then the work is made at the hiring party’s “instance.” *Playboy*, 53 F.3d at 554 (quoting *Siegel v. Nat’l Periodical Publ’n, Inc.*, 508 F.2d 909, 914 (2d Cir. 1974)). “That the commissioning party be the motivating factor is not a ‘but for’ test—that is, but for the artist’s employment the work would not have been created—but instead is a more narrow inquiry focused on the nature and scope of the parties’ business relationship.” *Siegel v. Warner Bros. Entm’t*

Inc., 658 F.Supp.2d 1036, 1059 (C.D. Cal. 2009).

In analyzing that relationship, courts focus on the degree to which the hiring party had the right to control or supervise the artist's work, since "an essential element of the employer-employee relationship, is the right of the employer to direct and supervise the manner in which the [artist] performs his work." *Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc.*, 2002 WL 398696, at *18 (S.D.N.Y. 2002); *see also Siegel*, 658 F.Supp.2d at 1059–60. Whether the hiring party had the power to accept, reject, modify, or otherwise control the creation of the work is relevant to whether the work was created at the "instance" of the hiring party. *See Picture Music*, 457 F.2d at 1217; *see also Playboy*, 53 F.3d at 554. Complete control over the creator's work is not necessary. *See, e.g., Picture Music*, 457 F.2d at 1217; *see also Martha Graham Sch.*, 380 F.3d at 635. Instead, "the greater the degree of supervisory power and control a commissioning party has over an independent contractor, the more likely it is that the work was created at the commissioning party's instance." *Twentieth Century Fox Film Corp. v. Entertainment Distributing*, 429 F.3d 869, 880 (9th Cir. 2005).

The record on the cross motions admits of but one conclusion: Kirby did not create the artwork that is the subject of the Termination Notices until Lee assigned him to do so. (*See* Pls.' 56.1 ¶¶ 55, 64.) Lee so testified, of course, but he was not the only one. Kirby's son Neal, a Plaintiff in this case, testified that his father "didn't do work on spec[ulation], he was getting paid by the page." (*See* N. Kirby Dep. at

127:19–128:5.) Although Neal Kirby testified that there were instances where “his father did pitch ideas on spec to Marvel,” he also admitted that his father did not draw a comic book story until he had received approval for that story or was assigned to that story by Lee or Goodman. (N. Kirby Dep. 167:21–168:23.)

Kirby’s refusal to work “on spec,” as it was called, was consistent with how other Marvel freelance artists operated at the time. (See Pls.’ 56.1 ¶ 39.) Goodman and Lee were responsible for hiring artists to create work that Marvel could publish. (Thomas Dep. 56:16–18; Romita Dep. 18:15–19; Lieber Dep. 14:5–8.) Thomas testified that artists did not work on comic book “pages” before discussing the plot with Lee—meaning, before receiving an assignment. (Thomas Dep. 56:12–15.) Lieber also testified that assignments to write scripts came from Lee, and that Lee was responsible for deciding which writer was assigned to a particular script for a comic book. (Lieber Dep. 14:5–8, 23:18–21.) Lee also testified that Marvel did not purchase work from artists that was not part of an assignment from him—that is, it did not purchase work that was created “on spec.” (Lee Dep. 41:20–42:3; *see also* Thomas Dep. 58:14–23.)

The Kirby Heirs submitted declarations from three other freelance artists who were contemporaries of Kirby—James Steranko, Richard Ayers, and Joe Sinnott. But Sinnott’s and Steranko’s declarations do not create an issue of fact on the question of instance because all three stated that payment for their work was contingent on approval of

the work by Marvel's editor, (Steranko Decl. ¶ 14; Sinnott Decl. ¶ 11; Ayers Decl. ¶ 11), and neither artist stated that he worked on "spec." Additionally, although all three artists state that they were paid for work that Marvel accepted, none discusses whether their work was revised after submission but prior to publication. As such, their declarations do not create an issue of fact on the question of instance.¹³

In the work-for-hire context, "an essential element of the employer-employee relationship[] is the right of the employer to direct and supervise the manner in which the [artist] performs his work." *Id.* at 554 (quoting *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213, 1217 (2d Cir.1972)). If the hiring party "took the initiative in engaging [the artist]" and had "the power to accept, reject, or modify her work," then the work is a work for hire. *Picture Music*, 457 F.2d at 1217. It is undisputed that at all times between 1958 and 1963 Lee had complete editorial and stylistic

¹³ Even if the Court were to consider the "expert" testimony of Evanier and Morrow, the result would remain the same: neither Evanier's nor Morrow's testimony creates an issue of fact as to whether the Kirby Works were created at Marvel's instance and expense. As discussed, the fact that Marvel paid Kirby a fixed per-page rate for those works is by itself sufficient to satisfy the expense prong. Moreover, the testimony of witnesses with first-hand knowledge, such as the testimony of Lee and Lieber, establishes that the Marvel works were created at Marvel's instance. Evanier's and Morrow's testimony, based on hearsay and lacking in personal knowledge, is insufficient to create an issue of fact on the "instance" prong. Because neither "expert" points to "an agreement to the contrary," their testimony is also insufficient to rebut the presumption that the Kirby Works were works made for hire.

control over all work that Marvel published.

In the 1950s and 1960s, Lee supervised the creation of Marvel's comic books from conception to publication. (Pls.' 56.1 ¶¶ 23–27.) Lee assigned writers and artist to work on comic books and reviewed all work before it was published. (*Id.* ¶¶ 24, 30.) Lee also had the authority to ask artists to revise or edit their work before publication and frequently exercised that authority. (*Id.* ¶¶ 32, 33, 35.) Freelance artist John Romita, for instance, testified that in the 1950s, when he submitted artwork to Lee, Lee would note any corrections that needed to be made, and Romita made those corrections. (Romita Dep. 21:12–19, 23:4–13.) If, for instance, Lee wanted a character's frown changed to a smile to suit the story's dialogue, the artist made the change. (*Id.*) Lee did not always consult with the artist before making a change to their work. (Pls.' 56.1 ¶ 33; *see also* Thomas Dep. 63:23–64:2.)

If Lee did not approve of the artist's work, it was not published. (Pls.' 56.1 ¶ 30; *see also* Steranko Decl. ¶ ¶ 11, 13; Sinnott Decl. ¶ 11.) Kirby was no exception. Lee edited Kirby's work and reviewed and approved all of his work prior to publication. (Pls.' 56.1 ¶¶ 58–59.) Lee's testimony is consistent with the recollection of Kirby's daughter, Susan Kirby, who testified that Lee asked her father to “redo pages.” (10/25/10 Deposition of Susan Kirby (“S. Kirby Dep.”) 37:23–25.) Neal Kirby testified about one instance where Lee rejected a “cover” created by Kirby. (N. Kirby Dep. 58:8–18.)

Additionally, it was Lee who generated the plot or

synopsis from which an artist created the pencil drawing for each assignment. (Pls.' 56.1 ¶ 31; *see also* Lieber Dep. 13:2–5, 13:22–24.) Lee testified that he assigned an artist to draw a comic book after he had either described the premise in a plot outline or plotting conference, or provided the artist with a detailed script. (Pls.' 56.1 ¶¶ 36–37, 39, 54, 82, 85, 88, 94–95, 97, 99, 101.) Lee, who created the plot and dialogue for the characters after the pencil drawing was completed, often times ignored any “margin notes” submitted by the artist with suggestions as to the plot or dialogue in the story. (Romita Dep. 72:21–74:13.)

Lee's testimony is corroborated by both documentary evidence and testimony from other artists and writers who worked for Marvel during the 1950s and 1960s. (*See* Singer Decl. Ex. 30 (example of Marvel plot outline); *see also* Pls.' 56.1 ¶¶ 37, 39, 54, 88, 94–95, 101.) For instance, Thomas testified that Lee “would come up with the idea for the plots” and Lee would then give the plots to the artists to draw. (Thomas Dep. 218:14–219:10.) Romita also testified that he and Lee would “get together in a room” to discuss the plot, and then he “would have to do the nuts and bolts” in the pencil drawing. (Romita Dep. 39:18–40:18.) Further, Lieber similarly testified that it was Lee who “came up with the ideas for the characters that would be in the story” and it was Lee who developed the “plot” or “idea” for the comic book. (Lieber Dep. 12:19–23, 13:22–24.) Marvel also produced a plot outline for the first issue of “The Fantastic Four” comic book. (Singer Decl. Ex. 30 (plot outline).) The plot outline gave the artist a detailed narrative of the story to be drawn, including the

number of pages the artwork should consume. Kirby produced the pencil drawing for that issue.¹⁴

Defendants argue that Kirby did not have a contractual relationship with Marvel (by which they mean there was no written contract setting forth the terms of their arrangement), so therefore Marvel lacked the legal right to control Kirby's work. This argument is entirely unpersuasive.

First, the fact that there was no written contract does not, as a matter of law, mean there was no contractual relationship. "We agree that, if you draw a picture, I will pay you" creates a contract, whether the agreement is reduced to writing or not. The issue, however, is of no moment, since no written contract is needed to satisfy the "instance" prong of the instance and expense test.

Second, in deciding whether the "instance" prong is satisfied, courts focus on the "actual relationship between the parties," *see, e.g., Aldon Accessories Ltd. v. Spiegel, Inc.*, 738 F.2d 548, 552–53 (2d Cir. 1984), and whether the hiring party *could have* controlled or supervised the creator's work, *Playboy*, 53 F.3d at 554; *see also Martha Graham*, 380 F.3d at 635. A hiring party's ability to supervise and edit an artist's work does not need to be based on terms set out in a

¹⁴ The "expert" declarations of Morrow and Evanier stricken by the Court were submitted to try to raise an issue of fact about "instance." If they were still in the record, they would not raise such an issue, because neither "expert" was at Marvel between 1958 and 1963, and therefore neither has first-hand knowledge of how the Kirby Works were created.

written contract. As the undisputed facts here illustrate, Marvel, through Lee, gave artists assignments, reviewed their work, and made changes when necessary. Marvel *did* control and supervise all work that it published between 1958 and 1963.

Accordingly, there is no disputed issue of material fact: the undisputed evidence illustrates that the Kirby Works were created at Marvel's "instance."

2. Expense

To qualify as a work for hire under the 1909 Act, the Kirby Works must also have been created at the expense of the hiring party—in this case, Marvel. *Martha Graham*, 380 F.3d at 634.

The parties do not dispute that Kirby provided his own tools, worked his own hours, paid his own taxes and benefits, and used his own art supplies. (Defs.' 56.1 ¶¶ 149–51.) Indeed, the reason the Kirby Heirs submitted the Sinnott, Steranko, and Ayers declarations—in which all three artists state that as freelance artists they worked from home and paid for their own supplies (Sinnott Decl. ¶ 9; Steranko Decl. ¶ 10; Ayers Decl. ¶ 10)—was to try to raise an issue of fact about whether the Kirby Works were created at Marvel's "expense." But these factors "have no bearing on whether the work was made at the hiring party's expense;" they are relevant only to the issue of whether an artist worked as an employee and not an independent contractor. *Playboy*, 53 F.3d at 555; *see also Siegel*, 658 F.Supp.2d at 1058.

In this Circuit, the "expense" requirement is

satisfied “where a hiring party simply pays an independent contractor a sum certain for his or her work.” *Playboy*, 53 F.3d at 555 (citing Second Circuit precedent). In *Playboy*, the Second Circuit determined that “the simple fact that Playboy paid [the artist] a fixed sum for each of the works published in *Playboy* magazine is sufficient to meet the requirement that the works be made at Playboy’s expense.” *Id.* (italics in original). “In contrast, where the creator of a work receives royalties as payment, that method of payment generally weighs against finding a work-for-hire relationship.” *Id.* “[T]he focus is on who bore the risk of the work’s profitability.” *Siegel*, 658 F.Supp.2d at 1058 (emphasis added).

It is undisputed that Kirby was paid a fixed per-page fee for all work that Marvel published—including the Kirby Works. (Pls.’ 56.1 ¶¶ 61–62; Defs.’ 56.1 ¶¶ 61–62.) Therefore, there is no genuine issue of material fact: the works were created at Marvel’s expense.

The Kirby Heirs argue that Kirby bore the risk of his work’s profitability because Marvel was not legally obligated to purchase all the work that Kirby submitted, and on occasion rejected Kirby’s work, or asked him to revise it. They also assert that Kirby was not paid any “turn down fee” or any extra amount if he was required to revise a drawing, and contend that this, too, shows that he bore the risk that his work would not be acceptable to Marvel.

Plaintiffs retort that the relevant question is which party bore the risk of the profitability of entire

project—that is, the risk that the published comic book would not sell. According to Plaintiffs, Marvel bore that risk, because it hired the team of artists who were tasked with creating the comic book (*i.e.*, the writers, pencillers, inkers, letterers, colorists, etc.), bore the cost of printing the comic book, and paid the artists a flat fee, before publication and irrespective of whether the comic book made a profit.

The Kirby Heirs' argument has been made before, and it has been roundly rejected in favor of the position taken here by Marvel.

In *Playboy*, for instance, Playboy paid Patrick Nagel, the artist, “a fixed sum for each of the works published in *Playboy* magazine,”—exactly the same arrangement that Kirby had with Marvel. *Id.*, 53 F.3d at 555. For the Second Circuit this alone was “sufficient to meet the requirement that the works be made at Playboy’s expense.” *Id.*

The Kirby Heirs note that, on remand from this decision, the district court focused on Nagel’s receipt of a turn-down fee in making the final determination that his paintings were works for hire. They argue that Marvel’s failure to pay Kirby a similar fee for unpublished work means that he bore the risk, and so created the work at his own expense. Unfortunately, their argument rests on a misreading of the context in which the district court discussed the turn down fee. On remand, the district court considered the turn-down fee in the context of addressing the instance prong of the instance and expense test—not the expense prong. The Court accepted Playboy’s argument that it “at least

implicitly requested Nagel to submit at least one painting a month and that it [the turn-down fee] therefore was the motivating factor in the creation of those paintings.” *Playboy Enterprises, Inc. v. Dumas*, 960 F.Supp. 710, 713 (S.D.N.Y. 1997). In this case, the evidence that the works were created at Marvel’s instance is so overwhelming that its failure to pay Kirby a turn-down fee is effectively irrelevant.

In *Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc.*, 2002 WL 398696 (S.D.N.Y. Mar. 15, 2002), *aff’d*, 342 F.3d 149 (2d Cir.2003), the estate of artist Burne Hogarth claimed ownership of the copyrights in two illustrated Tarzan books. The fictional character, Tarzan, was created by Edgar Rice Burroughs, and the Defendant, Edgar Rice Burroughs, Inc. (“ERB”), was the corporate entity that owned the copyrights in Burroughs’ work. The court concluded that the two illustrated Tarzan books created by Hogarth were done at ERB’s instance and expense. Discussing the expense prong of the test, the court explained that “ERB’s non-refundable advance against royalties to Hogarth of \$5,000, the \$5,000 cap on its deduction from royalties for its expenses in addition to the Hogarth advance, the salaried work of its executive . . ., its obligation to procure domestic and foreign publishers and negotiate the terms of the publishing contracts (contracts executed by ERB and not Hogarth), and its *full assumption of the risk of loss on the project*” was evidence that the books were created at ERB’s expense. *Id.* at *20 (emphasis added). Even though Hogarth was eligible to receive royalties if the works sold well, the court nonetheless concluded that the books were made at ERB’s expense because, “Where,

as here, the creator receives both a fixed sum and royalties, the fact that the creator received a fixed sum is sufficient to meet the requirement that the works be made at the employer's expense." *Id.* at *20.

In this case, Kirby received only a fixed sum; he was not eligible to collect royalties. His heirs' argument that he bore the risk of the project is, therefore, even less persuasive than was Hogarth's losing argument in *Burroughs*.

Finally, in *Twentieth Century Fox Film Corp. v. Entertainment Distributing*, 429 F.3d 869 (9th Cir.2005), the issue was whether "Crusade in Europe," General Dwight D. Eisenhower's account of World War II, was a work for hire. The Ninth Circuit concluded that the book was created at the instance and expense of the publisher (Doubleday), and so was a work for hire. Focusing on the issue of expense, the court explained that Doubleday, by agreeing to pay General Eisenhower a "lump sum for writing the book, instead of negotiating a royalty deal" and by "shoulder[ing] the expense for the entire staff who assisted General Eisenhower in drafting the manuscript," had taken "on all the financial risk of the book's success." *Id.*

Like Eisenhower, Kirby took on none of the risks of the success of the many comic books he helped produce. His contribution to the enterprise was plainly critical, but Marvel, not he, bore the risk of its failure. Therefore, the expense factor favors Marvel's work-for-hire claim as well.

E. The Kirby Heirs Fail to Rebut The Work-For-Hire Presumption.

Because the Kirby Works were created at Marvel's instance and expense, there arises a presumption that the Kirby Works were works for hire within the meaning of the 1909 Act. This means that Marvel is presumed to be the "author" of the Kirby Works and the original owner of the copyright in those works. *See Playboy*, 53 F.3d at 554.

"That presumption can be overcome, however, by evidence of a contrary agreement, either written or oral." *Id.*, The Kirby Heirs bear the burden "to demonstrate by a preponderance of the evidence that such a contrary agreement was reached." *Id.* at 554–55, 556. Put otherwise, Marvel, having successfully raised the presumption, is entitled to summary judgment unless the Kirby Heirs adduce admissible evidence justifying a finding—or at least raising a genuine issue of fact—that Kirby and Marvel agreed that the Kirby Works would not be "works made for hire."

The Kirby Heirs claim that three documents constitute "evidence to the contrary" sufficient to justify the conclusion that Kirby and Marvel did not intend a work-for-hire relationship: (1) the 1972 assignment agreement between Kirby and Marvel, (2) checks issued between 1973 and 1974 by Marvel to freelance artists other than Kirby, and (3) a 1975 employment agreement between Kirby and Marvel. The Kirby Heirs argue that these documents demonstrate an understanding that Kirby, not Marvel, originally owned the federal statutory

copyright in the Kirby Works, and that Marvel acquired those copyrights via the (now revocable) assignment from Kirby.

In fact, the first of those documents—the 1972 assignment—is the antithesis of evidence showing the existence of an agreement that contradicts the work-for-hire presumption. The plain language of the 1972 assignment makes it clear that all of Kirby’s work for the publications owned by the Goodmans (Timely and Marvel) was work for hire. Other statements made by Kirby himself—including a 1986 affidavit in which Kirby admitted that the practice at the time the Kirby Works were created vested ownership of those works in the commissioning party—corroborate the plain language of the 1972 assignment. (Singer Decl. Ex. 47 at ¶ 1.) So not only are the documents on which the Kirby Heirs rely not “evidence to the contrary” of the presumption; they prove conclusively that the Kirby Works were works for hire.

1. The 1972 Agreement

It is undisputed that there was no written contract governing the relationship between Marvel and Kirby during the years 1958–1963, when the Kirby Works were created. (Pls.’ 56.1 ¶ 141; Defs.’ 56.1 ¶¶ 141, 146.) The first written agreement between Marvel and Kirby was executed on June 5, 1972—nine years after the last artwork at issue was created. (Pls.’ 56.1 ¶ 147; Defs.’ 56.1 ¶ 147.) This is the agreement discussed above, which contains the language assigning to Magazine Management Company (a predecessor of plaintiffs) “any and all

right, title and interest [Kirby] may have or control” in all the work Kirby created for Marvel. (Singer Decl. Ex. 17 at 1.A.(1).) It is also the document in which Kirby agreed that he had created the works as an “employee for hire” of the Goodmans, who owned Marvel. (*Id.* at 5.)

The Kirby Heirs assert that the 1972 assignment necessarily shows that Marvel knew Kirby owned the copyrights in his works; prior to the document’s execution, otherwise, they argue, it would be superfluous. Again, defendants make an argument that has been repeatedly rejected. The fact that the 1972 agreement assigns to Marvel whatever right, title and interest Kirby had at that time in the copyrights to the Kirby Works does not mean that the works were not created as “works for hire” within the meaning of the 1909 Act.

In *Twentieth Century Fox Film*, the defendant argued that General Eisenhower’s memoir was not a work for hire, because Eisenhower and the publisher, Doubleday, signed an agreement assigning all of Eisenhower’s rights in the book to Doubleday. 429 F.3d at 881. The defendant argued that if Doubleday held the copyright in the book under the work-for-hire doctrine, the assignment was unnecessary. *Id.*

The Ninth Circuit disagreed. It explained that the 1948 contract was “insufficient to rebut the presumption” that the book was a work for hire, because it was not “evidence that the parties did not intend to create a work-for-hire”—the only type of evidence that can rebut the presumption. *Id.* Relying on *Lin-Brook Builders Hardware v. Gertler*,

352 F.2d 298 (9th Cir.1965), the court explained that the assignment contract alone did not rebut the work-for-hire presumption, because the contract did not provide “evidence as to the *circumstances or intendment* of its execution.” *Twentieth Century Fox Film*, 429 F.3d at 881 (italics in original). Similarly, there is no evidence as to the circumstances under which the 1972 assignment by Kirby was executed.

This Court in *Hogarth* also rejected that an agreement conveying rights in the two books Hogarth created, signed after the work was created, meant that the independent contractor had originally reserved the copyright in his work, and so rebutted the presumption of work for hire by the instance and expense test. 2002 WL 398696, at *23. The works were published in 1972 and 1976. In 1970, Hogarth and ERB signed an agreement that conveyed to ERB “whatever rights we need to obtain the copyright in our name and to extend and renew that copyright wherever and whenever we can.” *Id.* The court in *Hogarth* concluded that the provision in paragraph eight of the agreement neither “proves [n]or disproves that the parties intended something other than a work-for-hire relationship.” *Id.* (quoting *Playboy*, 53 F.3d at 557). Citing *Playboy*, the Court noted that “the 1909 Act only governed works after they were published, and left their protection before publication to common law copyright” and therefore the assignment contract could have meant to “protect [] the rights of the hiring party before publication.” *Id.* at *23. Moreover, paragraph eight also provided that ERB “shall be the exclusive proprietor[]” of the copyrights in the Books. *Id.* The Court relied on this language to conclude that the “precise import of

paragraph 8 to the 1970 Agreement remains unclear, and an explanation for its language consistent with a work for hire arrangement is ‘at least plausible.’” *Id.* (quoting *Playboy*, 53 F.3d at 557). Further, the language of the agreement conveyed to ERB “whatever rights we need;” it did not constitute an acknowledgement that any rights actually needed to be conveyed.

In this case, as I have already noted, the language of the 1972 Agreement does not support the Kirby Heirs’ claim. The agreement only purports to assign whatever right, title and interest Kirby “may have” in the Kirby Works; it does not contain language acknowledging that Kirby actually had retained any federally protected copyright in those works at the time he created them. What the 1972 agreement does contain is Kirby’s admission that he created the works as an employee for hire of Marvel’s owners—definitive language that completely eviscerates the Kirby Heirs’ claim that the agreement constitutes evidence of an understanding that the Kirby Works were not works for hire.

The fact that the assignment was executed when it was—in 1972—actually suggests that the parties intended to memorialize an understanding that the Kirby Works were works for hire, rather than the contrary. 1972 was shortly before the 1909 Act was superseded by the 1976 Act. Drafts of the new copyright law (the first produced in 1963) threatened to alter the court-created presumption that works commissioned from independent contractors were likely works for hire. *See generally Cmty. for Creative Non-Violence v. Reid*, 490 U.S. 730, 744–45

(1989) (discussing history of enactment of the 1976 Copyright Act). The 1965 draft of the statute limited “works for hire” to “a work prepared by an employee within the scope of his employment” and four categories of works commissioned from non-employees “if the parties expressly so agreed in writing: works for use ‘as a contribution to a collective work, as a part of a motion picture, as a translation, or as a supplementary work.’” *Reid*, 490 U.S. at 746. In 1966, the House Judiciary Committee added four additional categories of commissioned works to the four mentioned in the 1965 draft: compilations, instructional texts, tests, and atlases. With one further addition (answer material for a test), that is the definition of works for hire in the 1976 statute. *Id.* at 747. With a definition of work for hire on the horizon that would severely restrict the ability of a party in Marvel’s position to claim copyright in works created by independent contractors, it is easy to see why the company and Kirby entered into the 1972 Agreement—even though the 1976 Act did not apply to works created before January 1, 1978.

The fact that the assignment addressed “all right, title, and interest” evinces a second purpose for the agreement. Prior to passage of the 1976 Act, common law copyrights existed in unpublished works. *See e.g., Playboy*, 53 F.3d at 557; *Hogarth*, 2002 WL 398696, at *23. To the extent that Kirby had common law copyrights in any unpublished work covered by the assignment (such as work rejected by Lee), he conveyed those rights to Marvel in 1972. The Termination Notices, which address only statutory copyright, have no effect on any such

assignment.

The *Hogarth* Court's conclusion that an assignment of rights was not evidence of an agreement contrary to the presumption was bolstered by the "profusion of evidence that Hogarth always considered ERB the sole and exclusive owner of all copyright interest in the Books, including in his original art published in the Books. . . ." 2002 WL 398696, at *23. In this case, as in *Hogarth*, there is ample additional evidence to corroborate Marvel's contention that Kirby's understanding was no different. For example, on July 12, 1966, Kirby signed an affidavit in which he averred that another character he helped create, Captain America (which is not one of the Kirby Works for which Termination Notices were sent), belonged to the company for which he created it; Kirby "felt that whatever [he] did for Timely belonged to Timely as was the practice in those days." (Singer Decl. Ex. 44 at Marvel0000354.) Kirby also signed a copyright registration application for Captain America in which he acknowledged that Marvel was the "proprietor of a copyright in a work made for hire." (Pls.' 56.1 ¶ 70.)

Finally, in an "Acknowledgement of Copyright Ownership" dated June 16, 1986, Kirby himself stated:

I have no copyright rights and no claim to copyright, or to the renewal or extension of copyright, or any other rights (except only for my ownership of the original physical artwork being returned to me by Marvel) in any artwork, characters, publications or other

material ... created or prepared by me for or on behalf of, or which was published by or under the authority of, Marvel Comics Group or any predecessor company.

(Singer Decl. Ex. 47 at ¶ 1.) None of these statements suggests that the 1972 agreement conveyed any federal copyright from Kirby to Marvel; all of them support Marvel's contention that no agreement exists that contradicts the work-for-hire presumption.

Thus, the 1972 assignment agreement is the antithesis of evidence of "an agreement to the contrary" and does not rebut the presumption that the Kirby Works are works made for hire.

2. The 1975 Employment Agreement

The first written employment agreement between Kirby and Marvel is dated March 24, 1975. (See Singer Decl. Ex. 46.) That agreement, which ran for a term of three years commencing on May 1, 1975, provides the following:

"Writer/Artist grants to Marvel the sole and exclusive right to all Material delivered to Marvel hereunder including, but not limited to, (a) the exclusive right to secure copyright(s) in the Material in the United States, Canada, and throughout the world, (b) the magazine rights therein of every kind, (c) all film and dramatic rights of every kind, (d) all anthology, advertising and promotion rights therein, and (e) all reprint rights.

(*Id.* at ¶ 7.) Based on this language, the Kirby Heirs argue that, as late as 1975, Marvel believed its relationship with its freelance artists was premised on the purchase of work and the assignment of copyright, and not on the work-for-hire doctrine. (Defs.’ Br. In Opp. To Pls.’ Mot. For Summ. J. at 18–19.)

Again, the argument is unpersuasive. The employment agreement—signed literally on the eve of passage of the new copyright law, under which Kirby’s future work would not have qualified as work for hire in the absence of such an agreement—is not evidence that Kirby and Marvel intended for Kirby to retain any federal copyright in his work at the time he created it. Furthermore, the 1975 Agreement cannot be an agreement “to the contrary” for our purposes because it relates to work that was going to be produced between May 1975 and May 1978—not to the Kirby Works, which were created between 1958 and 1963. It is only the 1972 Agreement that might have created an agreement “to the contrary” of the work-for-hire presumption—and as we have seen, it does not.

3. The 1973 and 1974 Checks

There is really no need to consider the other evidence presented by the Kirby Heirs, because the language of the 1972 “assignment” and Kirby’s own statements doom their position. However, the other documents on which the Kirby Heirs rely add nothing of substance to their contention.

Neither Plaintiffs nor Defendants have copies of any checks that Marvel issued to Kirby during the relevant period—nor does Marvel still have copies of checks used to pay other freelance artists who submitted work during those years. (Pls.’ 56.1 ¶ 156; Defs.’ 56.1 ¶ 156.) The earliest check uncovered by the Kirby Heirs is from 1973. It was issued by Marvel to Stephen Gerber, a freelance artist. (Defs.’ 56.1 ¶ 157.) The check bears the following “legend:”

By endorsement of this check: I, the payee, acknowledge full payment for my employment by Magazine Management, Co., and for my assignment to it of any copyright, trademark, and any other rights in or related to the material, and, including my assignment of any rights to renewal copyright.

(Pls.’ 56.1 ¶ 158.) Marvel located a second old check, issued in 1974 to Dick Ayers, another Marvel freelance artist; it bears the same legend. (Defs.’ 56.1 ¶ 158.)

The first check produced by Marvel bearing a legend that explicitly mentions “work for hire” is from 1986—long after passage of the 1976 Act, which, as noted above, substantially narrowed the scope of work for hire from independent contractors from that which pertained under the 1909 Act. (Defs.’ 56.1 ¶ 159.) The legend on this check (which was made payable to Kirby) states:

By acceptance and endorsement of this check, payee acknowledges, (a) full payment for payee’s employment by Marvel Entertainment

Group, Inc., (b) that all payee's work has been within the scope of that employment, and (c) that all payee's works are and shall be considered as works made for hire, the property of Marvel Comics Group, Inc.

(2/25/11 Toberoff Decl. Ex. BB.)

The Kirby Heirs argue that checks issued to Kirby between 1958 and 1963 must have borne a legend similar to the legend that appeared on the 1973 and 1974 checks. They also argue that placement of the legend suggests that Marvel believed that its artists owned the copyright in their works, and that Marvel required an assignment from the artists in order to acquire the copyright.

Of course, there is absolutely no evidence that checks issued to Jack Kirby between 1958 and 1963 bore a legend identical or similar to the one that appears on the checks from a decade later; one cannot infer what might have been written on a check issued in 1958 from what was written on an analogous check fifteen years later. For that reason alone, the 1973 and 1974 checks do not raise any genuine issue of fact that tends to contradict the work-for-hire presumption. The legend that appears on the 1986 check can be explained by the radical change in the law on work for hire that was worked by the 1976 Act (see discussion above), and so is evidence of nothing at all.

Further, the language in the legend, which assigns to Marvel the copyright in the work, is not dispositive of whether a work-for-hire relationship

exists under the 1909 Act. In *Fifty-Six Hope Road Music Ltd. v. UMG Recordings, Inc.*, 2010 WL 3564258, at *11 (S.D.N.Y. Sept. 10, 2010), the plaintiff argued that Jamaican reggae artist Bob Marley and Island Records (defendant's predecessor-in-interest) could not have intended that Marley's songs were works for hire because the recording agreements between Marley and Island Records contained language "that either 'assigns' or 'licenses' rights from Marley to Island for the distribution of" Marley's songs, and did not use "the exact phrase 'work made for hire.'" *Id.* The Court was not persuaded, explaining that "the use of the phrase 'work made for hire' in an agreement is not necessary in order to find the existence of a work-for-hire relationship under the 1909 Act." *Id.* (citing *Martha Graham*, 380 F.3d at 639–41; *Hogarth*, 342 F.3d at 151–53, 163).

In *Playboy*, the checks Playboy issued to Nagel bore a legend similar to the one found on the 1973 and 1974 checks: "By endorsement of this check, payee acknowledges payment in full for the assignment to Playboy Enterprises, Inc. of all right, title, and interest in and to the following items. . . ." 53 F.3d at 552. The district court originally concluded that the check legend confirmed that the parties did not intend a work-for-hire relationship. *Id.* at 556–57. The Second Circuit reversed, stating that it was "impossible to discern the intent of the parties from the language" in the legend. *Id.* at 557. The Court explained that Playboy's explanation—that the legend is not inconsistent with a work-for-hire agreement because the assignment discussed in the legend governed only common law rights in the

work prior to publication—was plausible, so the legend neither “proves or disproves that the parties intended something other than a work-for-hire relationship.” *Id.*

Of course, the language on Marvel’s checks (unlike the legend on Nagel’s checks) does explicitly state that the assignment is for the copyright in the work. But, as discussed, the checks were not issued to Kirby and are not from the relevant time period, so they are not admissible evidence of anything. The 1972 Assignment (which runs from Kirby to Marvel and relates to, *inter alia*, the Kirby Works) explicitly assigns whatever copyright Kirby has in the Kirby Works, but, I have already discussed why that does not negate the work-for-hire presumption—especially in view of the other language, in the same document, which states that Kirby’s works were “works made for hire.” If the 1972 Assignment does not rebut the presumption, or at least raise a genuine issue of fact, then checks issued to some other artist over a decade after the Kirby Works were created certainly does not do so.

One of my colleagues concluded, in a similar case, that legends on checks written during the wrong time period did not raise any issue of fact that would tend to rebut the presumption that a pre-1978 commissioned work was a work hire. In *Archie Comic Publications, Inc. v. DeCarlo*, 258 F. Supp. 2d 315, 330–31 (S.D.N.Y. 2003), *aff’d*, 88 F. App’x. 468 (2d Cir.2004), comic book artist Daniel DeCarlo claimed ownership of the copyright in “Sabrina the Teenage Witch,” a well-known story published by Archie Comic Publications, Inc. (“ACP”). After

concluding that the instance and expense test was satisfied, the court presumed that all pre-1978 “Sabrina the Teenage Witch” stories were “works made for hire,” in which ACP, not DeCarlo, owned the copyright. As evidence of an agreement to the contrary, DeCarlo relied on a handwritten copy of an endorsement on a check ACP issued to him in 1970. The endorsement stated that “ACP’s ‘check is accepted as full payment for all the undersigned’s right, title and interest in and to the strip, copy, art, continuity, characters, story or manuscript entitled or used in’ the story identified on the check.” *Id.* at 331. DeCarlo also submitted declarations from other freelance artists, who had been required by ACP to sign similar check endorsements as early as 1954. *Id.* at 323–24. DeCarlo himself testified that the handwritten copy of the check endorsement was “the contract on the back of the old checks” he received, and that the endorsement was used in 1970. *Id.* at 324. DeCarlo could not, however, say precisely what wording appeared on checks issued to him at other times during his relationship with ACP. *Id.*

The Court concluded that the evidence DeCarlo had submitted, if credited, would not permit a “trier of fact reasonably to conclude” that DeCarlo owned the copyrights in his pre-1978 contributions to “Sabrina the Teenage Witch,” in light of the “almost irrebuttable’ presumption that these were works for hire.” *Id.* at 330. There “is considerable uncertainty as to the language of the . . . check endorsements that were used in the 1960’s when *Sabrina* was created and at any other time prior to the effective date of the 1976 Act.” *Id.* at 330 (italics in original). “[A]ny determination by a trier of fact as to what the text

was during the relevant period . . . would be speculation.” *Id.* at 331.

If DeCarlo’s evidence was insufficient to rebut the presumption, the two checks on which the Kirby Heirs rely are certainly insufficient to do so. “The presumption may be rebutted only by evidence that the parties did not intend to create a work-for-hire.” *Twentieth Century Fox Film*, 429 F.3d at 881. Checks that were not issued to Kirby, and that postdate the creation of the Kirby Works by a decade and more, prove nothing about what Kirby and Marvel intended; even coupled with testimony from other freelance artists, who claim that their checks bore a similar legend, the trier of fact would have to speculate about what (if anything) appeared on checks issued to pay Kirby for the Kirby Works. *See, e.g., Archie Comic*, 258 F. Supp. 2d at 330–31.

Finally, even if the legend on the 1973 and 1974 checks had some probative value (which it does not), the language of the legend does not admit of an inference that Marvel and Kirby agreed that Kirby would retain the copyright in the Kirby Works. *See, e.g., Archie Comic*, 258 F. Supp. 2d at 331. In *Archie Comic*, the endorsement on DeCarlo’s check stated that “ACP’s ‘check is accepted as full payment for all the undersigned’s right, title and interest in and to the strip, copy, art, continuity, characters, story or manuscript entitled or used in’ the story identified on the check.” *Id.* The Court held that “the endorsement, far from suggesting that DeCarlo retained copyright in the contribution for which the endorsed check was issued, supports the view that ACP was the sole owner of all rights.” *Id.* Similarly,

the 1973 and 1974 legend assigning to Marvel all rights, including the copyright, in the work for which other artists were paid can be read as supporting the view that Marvel did not intend its independent-contractor artists to reserve the copyright in their work.

Thus, none of the evidence submitted by Defendants makes so much as a dent in the “almost irrefutable” presumption that the Kirby Works were works for hire. The Kirby Heirs are not entitled to summary judgment in their favor, and they have not raised any genuine issue of fact necessitating a trial. The Termination Notices were of no force and effect, because Marvel acquired the federal statutory copyright in the Kirby Works by virtue of its status as their “author” under the work-for-hire doctrine. Plaintiffs are entitled to a declaration to that effect.

CONCLUSION

For the reasons discussed, the Plaintiffs’ motion for summary judgment is granted. The Defendants’ cross motion for summary judgment is denied.

The Docket Clerk is instructed to remove docket entries 60 and 73 from the Court’s list of pending motions.

Further, the Plaintiffs’ motions to strike the expert reports of Mark Evanier and John Morrow are granted. The Docket Clerk is instructed to remove docket entries 67 and 70 from the Court’s list of pending motions.

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Plaintiffs' motion to strike the declarations of Sinnott and Steranko is denied. The Docket Clerk is instructed to remove docket entry 111 from the Court's list of pending motions.

The court will enter judgment in favor of Plaintiffs and close the case.

Dated: July 28, 2011



U.S.D.J.

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APPENDIX C

**UNITED STATES COURT OF APPEALS
FOR THE
SECOND CIRCUIT**

At a stated term of the United States Court of Appeals for the Second Circuit, held at the Thurgood Marshall United States Courthouse, 40 Foley Square, in the City of New York, on the 22nd day of October, two thousand thirteen,

ORDER

Docket No: 11-3333

Marvel Characters, Incorporated, Marvel
Worldwide, Incorporated, MVL Rights, LLC,

Plaintiffs-Counter-Defendants - Appellees,

Walt Disney Company, Marvel Entertainment,
Incorporated,

Counter-Defendants - Appellees,

v.

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Lisa R. Kirby, Neal L. Kirby, Susan N. Kirby,
Barbara J. Kirby,

Defendants-Counter-Claimants - Appellants.

Appellants Lisa R. Kirby, Neal L. Kirby, Susan N. Kirby, and Barbara J. Kirby, filed a petition for panel rehearing, or, in the alternative, for rehearing *en banc*. The panel that determined the appeal has considered the request for panel rehearing, and the active members of the Court have considered the request for rehearing *en banc*.

IT IS HEREBY ORDERED that the petition is denied.

FOR THE COURT:

Catherine O'Hagan Wolfe, Clerk



Catherine O'Hagan Wolfe

APPENDIX D

17 U.S.C. 304(c)

Duration of copyright: Subsisting copyrights

(c) TERMINATION OF TRANSFERS AND LICENSES COVERING EXTENDED RENEWAL TERM. — 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 nonexclusive 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 subsection (a)(1)(C) of this section, otherwise than by will, is subject to termination under the following conditions:

(1) In the case of a grant executed by a person or persons other than the author, termination of the grant may be effected by the surviving person or persons who executed it. In the case of a grant executed by one or more of the authors of the work, termination of the grant may be effected, to the extent of a particular author's share in the ownership of the renewal copyright, by the author who executed it or, if such author is dead, by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's termination interest.

(2) 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.

(3) Termination of the grant may be effected at any time during a period of five years beginning at the end of fifty-six years from the date

copyright was originally secured, or beginning on January 1, 1978, whichever is later.

(4) The termination shall be effected by serving an advance notice in writing upon the grantee or the grantee's successor in title. In the case of a grant executed by a person or persons other than the author, the notice shall be signed by all of those entitled to terminate the grant under clause (1) of this subsection, or by their duly authorized agents. In the case of a grant executed by one or more of the authors of the work, the notice as to any one author's share shall be signed by that author or his or her duly authorized agent or, if that author is dead, by the number and proportion of the owners of his or her termination interest required under clauses (1) and (2) of this subsection, or by their duly authorized agents.

(A) The notice shall state the effective date of the termination, which shall fall within the five-year period specified by clause (3) of this subsection, or, in the case of a termination under subsection (d), within the five-year period specified by subsection (d)(2), and the notice shall be served not less than two or more than ten years before that date. A copy of the notice shall be recorded in the Copyright Office before the effective date of termination, as a condition to its taking effect.

(B) The notice shall comply, in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation.

(5) Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.

(6) In the case of a grant executed by a person or persons other than the author, all rights under this title that were covered by the terminated grant revert, upon the effective date of termination, to all of those entitled to terminate the grant under clause (1) of this subsection. In the case of a grant executed by one or more of the authors of the work, all of a particular author's rights under this title that were covered by the terminated grant revert, upon the effective date of termination, to that author or, if that author is dead, to the persons owning his or her termination interest under clause (2) of this subsection, including those owners who did not join in signing the notice of termination under clause (4) of this subsection. In all cases the reversion of rights is subject to the following limitations:

(A) A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant.

(B) The future rights that will revert upon termination of the grant become vested on the

date the notice of termination has been served as provided by clause (4) of this subsection.

(C) Where the author's rights revert to two or more persons under clause (2) of this subsection, they shall vest in those persons in the proportionate shares provided by that clause. In such a case, and subject to the provisions of subclause (D) of this clause, a further grant, or agreement to make a further grant, of a particular author's share with respect to any right covered by a terminated grant is valid only if it is signed by the same number and proportion of the owners, in whom the right has vested under this clause, as are required to terminate the grant under clause (2) of this subsection. Such further grant or agreement is effective with respect to all of the persons in whom the right it covers has vested under this subclause, including those who did not join in signing it. If any person dies after rights under a terminated grant have vested in him or her, that person's legal representatives, legatees, or heirs at law represent him or her for purposes of this subclause.

(D) A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is made after the effective date of the termination. As an exception, however, an agreement for such a further grant may be made between the author or any of the persons provided by the first sentence of clause (6) of this subsection, or between the persons provided by subclause (C)

of this clause, and the original grantee or such grantee's successor in title, after the notice of termination has been served as provided by clause (4) of this subsection.

(E) Termination of a grant under this subsection affects only those rights covered by the grant that arise under this title, and in no way affects rights arising under any other Federal, State, or foreign laws.

(F) Unless and until termination is effected under this subsection, the grant, if it does not provide otherwise, continues in effect for the remainder of the extended renewal term.

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APPENDIX E

17 U.S.C. 304(d)

Duration of copyright: Subsisting copyrights

(d) TERMINATION RIGHTS PROVIDED IN SUBSECTION (C) WHICH HAVE EXPIRED ON OR BEFORE THE EFFECTIVE DATE OF THE SONNY BONO COPYRIGHT TERM EXTENSION ACT. — In the case of any copyright other than a work made for hire, subsisting in its renewal term on the effective date of the Sonny Bono Copyright Term Extension Act for which the termination right provided in subsection (c) has expired by such date, where the author or owner of the termination right has not previously exercised such termination right, the exclusive or nonexclusive 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 in subsection (a)(1)(C) of this section, other than by will, is subject to termination under the following conditions:

(1) The conditions specified in subsections (c) (1), (2), (4), (5), and (6) of this section apply to terminations of the last 20 years of copyright term as provided by the amendments made by the Sonny Bono Copyright Term Extension Act.

(2) Termination of the grant may be effected at any time during a period of 5 years beginning at

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the end of 75 years from the date copyright was originally secured.

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APPENDIX F

**Supreme Court of the United States
Office of the Clerk
Washington, DC 20543-0001**

Scott S. Harris
Clerk of the Court
(202) 479-3011

December 13, 2013

Mr. Marc Toberoff
Toberoff & Associates, P.C.
22337 Pacific Coast Hwy
#348
Malibu, CA 90265

Re: Lisa R. Kirby, et al.
v. Marvel Characters, Incorporated, et al.
Application No. 13A608

Dear Mr. Toberoff:

The application for an extension of time within which to file a petition for a writ of certiorari in the above-entitled case has been presented to Justice

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Ginsburg, who on December 13, 2013 extended the time to and including March 21, 2014.

This letter has been sent to those designated on the attached notification list.

Sincerely,

Scott S. Harris, Clerk

by

A handwritten signature in black ink, appearing to read "Andrew Downs".

Andrew Downs
Case Analyst

Deadline.com

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**Supreme Court of the United States
Office of the Clerk
Washington, DC 20543-0001**

Scott S. Harris
Clerk of the Court
(202) 479-3011

NOTIFICATION LIST

Mr. Marc Toberoff
Toberoff & Associates, P.C.
22337 Pacific Coast Hwy
#348
Malibu, CA 90265

Clerk
United States Court of Appeals for the Second Circuit
1702 US Courthouse, Foley Sq.
New York, NY 10007