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No. _____

Supreme Court, U.S.
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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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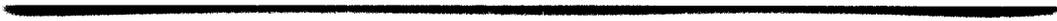
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QUESTIONS PRESENTED

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 owner-

ship of a copyrightable work, including “work for hire,” vests at inception.



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

JA(VI) 1484:13-1485:5, 1486:11-1487:4; JA(VII) 1690-1691, 1713-1722; JA(VII) 1692-1703; JA(VII) 1704-12.

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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