

No. 13-1178

**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,
Respondent.

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

**BRIEF OF SCREEN ACTORS GUILD-AMERICAN
FEDERATION OF TELEVISION AND RADIO ARTISTS,
DIRECTORS GUILD OF AMERICA, INC., AND
WRITERS GUILD OF AMERICA, WEST, INC. AS AMICI
CURIAE IN SUPPORT OF PETITIONERS**

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INTEREST OF THE *AMICI CURIAE*¹

Amici (collectively, the “Guilds”) are labor unions representing creative artists, including recording artists, actors, directors, writers and other media professionals in the music, motion picture, television, commercial and new media industries

The Guilds have collective bargaining agreements with all of the major motion picture and television production companies, television networks, and commercial producers. Similarly, SAG-AFTRA has collective bargaining agreements with all of the major record labels and many independent labels. These collective bargaining agreements govern the wages, hours, and working conditions of the Guilds’ members.

Artists working under the Guilds’ collective bargaining agreements are employees and, subject to certain exceptions and reservations of rights, their work is considered “made for hire.” However, the Guilds’ members often have varied talents and may work in non-covered areas where the copyright status of their work is less clearly defined. Additionally, many have worked as independent contractors in the past, whether before becoming a member of one of the

¹ Pursuant to Rule 37.6, *Amici* state that no counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than amici curiae, their members, or their counsel made a monetary contribution to its preparation or submission. The parties have consented to the filing of this brief.

Guilds or prior to one of the Guilds having jurisdiction over a particular area of work.

For example, SAG-AFTRA represents recording artists under its National Code of Fair Practice for Sound Recordings (the “Sound Recordings Code”), which has been in existence since the early 1950s. The Sound Recordings Code covers vocal performances but does not cover the artist’s work writing, arranging or producing the song(s). Additionally, it did not cover songs or albums produced prior to the mid-1950s. Similarly, the Guilds’ collective bargaining agreements would not cover certain works written by Guild members, such as fictional novels or autobiographies. Many WGA members, for example, have also pursued careers as writers in fields not within the WGA’s jurisdiction — e.g., as novelists, playwrights or journalists—both in and outside of traditional employment relationships.

The Second Circuit’s holding in this case reaffirms a test that created an onerous, nearly insurmountable presumption that copyright ownership vests in a commissioning party as a work made for hire, rather than in the work’s creator. In doing so, it jeopardizes the statutory termination rights that many Guild members may possess in works they created. Accordingly, the Guilds and their members have a significant interest in the outcome of this critically important case.

SUMMARY OF ARGUMENT

Prior to the late-1960s, federal courts applied the work-for-hire doctrine only to traditional employer-employee relationships. It was generally understood for the first half-century of the 1909 Copyright Act, that creators retained their authorship in commissioned works. The text of the 1909 Act and case law interpreting it supported that conclusion, with early cases imputing an initial assignment in commissioned works to the purchaser while renewal rights remained with the creator. *See, Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F.2d 569 (2d. Cir. 1955), *modified on other grounds*, 223 F.2d 252 (2d. Cir. 1955); *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28 (2d Cir. 1939).

In the late-1960s, a series of cases upended these understandings, equating commissioned works to those created within an employment relationship. Although the 1909 Act referenced works created for an “employer” in the context of a work made for hire, it was silent as to commissioned works.² The courts reasoned that there should be no practical difference between works created by employees and those created by independent contractors. *See, Brattleboro Publishing Co v. Winmill Publishing Corp.*, 369 F.2d 565 (2d. Cir. 1966). Drawing from prior cases involving advertisements, the courts of appeal created the “instance-and-expense” test. This test provided that if the purchaser was the impetus for the work and has the ability to direct and control it,

² *See* Section I, *infra*.

and the purchaser has paid for it, then it is presumed a “work made for hire.” *Id.* at 567.

To rebut the test’s presumption, a creator must present contemporaneous evidence of the parties’ contrary understandings. *Marvel Characters, Inc. v. Kirby*, 726 F.3d 119 (2d Cir. 2013). The widely-held understanding prior to the late-1960s was that commissioned works were assigned to the purchaser, with authorship vesting in the creator. As the jurisprudence supported this understanding, even competent legal counsel was unlikely to advise otherwise. Accordingly, the test has evolved into a nearly impossible hurdle for a creator to overcome, resulting in a windfall to purchasers at the expense of the creative community.

The instance-and-expense test rewrote the copyright law, retroactively wresting from creators their rights, including renewal and termination rights, in countless works. This is an injustice that creators and their heirs should not be made to shoulder.

The Second Circuit’s holding in this case clearly illustrates the problems inherent in the interest-and-expense test. As many famous works approach their statutory renewal periods, the creators and their heirs will find that the statutory renewal or termination rights are not theirs to exercise. Even if they can afford the cost of litigation, they may find it impossible to overcome the barriers erected by the lower courts.

The Guilds therefore urge this Court to grant the Petition for a Writ of Certiorari.

ARGUMENT

I. **For Over a Half-Century, Federal Courts Found Works Made for Hire Only within Traditional Employment Relationships**

The premise that an independent contractor's work be treated as a "work made for hire," with the purchaser being deemed the author and owner at inception, originated with a series of judicial decisions in the late-1960s and early-1970s. For over a half-century, it was generally understood that, under the 1909 Copyright Act ("1909 Act"), only works created in the traditional employer-employee relationship fell within the limited statutory definition of "works made for hire." 17 U.S.C. §1 *et seq.* (1976) *reprinted* in 8 Melville B. Nimmer and David Nimmer, *Nimmer on Copyright* app. 6. ("Nimmer"). With limited exceptions, the copyright would vest in the creator. But a line of cases upset that long-held understanding, wresting authorship from creators and imputing it to the purchaser.

The only mentions of works "made for hire" in the 1909 Act referenced a traditional employer-employee relationship. In particular, Section 23 provided that

in the case of ... any work copyrighted by ... an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright...

17 U.S.C. §23 (1976 ed.) (reprinted in 8 *Nimmer* §24). Section 62 provides that “the word “author” shall include an employer in the case of works made for hire...” 17 U.S.C §26 (1976 ed.)(repealed) (reprinted in 8 *Nimmer* §26). There are no other appearances of the term “for hire” in the 1909 Act. Section 24 makes clear that, where a work is not created for hire, the renewal term vests in the author or certain enumerated heirs. 17 U.S.C. §23 (1976 ed.)(*reprinted in 8 Nimmer* §23) (“[I]n the case of any other copyrighted work... the author of such work, if still living, or the widow, widower, or children of the author... or ... the author's executors, or... his next of kin shall be entitled to a renewal and extension of the copyright in such work...”)

Whether the creator or purchaser is deemed the author of a commissioned work is a crucial distinction. Of particular import in this case is the impact of that distinction on statutory termination rights. The 1976 Act provides that “[i]n 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 author or his heirs or executor may terminate most transfers, subject to statutory formalities. 17 U.S.C. §304(c).

Because the terms “employer” and “work made for hire” were not expressly defined in the 1909 Act, “the task of shaping these terms fell to the courts.” *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 744 (1989) (“*CCNV*”). Those cases lead to the conclusion that “the work for hire doctrine codified in [section] 62 referred only to works made by employees in the regular course of their

employment.” *Id.* By contrast, decisions addressing commissioned works, had occasionally imputed an assignment to the purchaser. *Id.* See also, *Vogel Music*, 221 F.2d. at 570 (holding that a songwriter “had an author's rights in his” work but the “original copyright passed” to the purchaser); *Yardley*, 108 F.2d at 31 (holding that “the right to copyright should be held to have passed with the painting”). It was not until the late-1960s that courts began equating commissioned works to those created by employees and treating them as works-made-for-hire.

Nearly a decade earlier, Congress had undertaken what would prove to be a nearly two-decade effort to revise and reform copyright law. See *Mills Music, Inc. v. Snyder*, 469 U.S. 153 (1985) (“The massive work necessary for the general revision of the copyright law began in 1955...”). That effort included meetings with interest groups, multiple draft revision bills, hearings, and a series of thirty-four studies which became part of the legislative record. *Id.* at 159-61. “[T]he structure of the [1976 Act’s] work for hire provisions was fully developed in 1965, and the text was agreed upon in essentially final form by 1966.” *CCNV*, 490 U.S. at 749. The language reflected a “historic compromise,” between the applicable interest groups, which was “submitted to Congress and the Copyright Office, incorporated into the 1965 revision bill, and ultimately enacted in the same form and nearly the same terms 11 years later, as § 101 of the 1976 Act.”³ *CCNV*, 490 U.S. at

³ Under the 1976 Act, a “work made for hire” is “a work prepared by an employee within the scope of his or her employment” or “a work specially ordered or commissioned” in

746. Soon after this compromise was reached, a series of court decisions would fundamentally and retroactively altered the legal balance between creators and acquirers of creative works under the 1909 Act.

A. The Copyright Office’s Studies Illustrated that Works-Made-for-Hire Were a Product of Traditional Employment Relationships

Congress commissioned a series of 34 studies in connection with its efforts to amend the copyright law. *Mills Music*, 469 U.S. at 159. A study by Borge Varmer examined the status of works-made-for-hire in the traditional employment relationship and works made pursuant to a commission. B. Varmer, *Works for Hire and On Commission*, Copyright Office Study No. 13, 86th Cong., 2d Sess. 127 (Comm. Print 1960) (“Varmer, *Works for Hire*”). The study examined who “should be considered the author or first copyright owner (1) of a work made by an employee in the course of his employment by another person, and (2) of a work made by one person under a commission at a fixed fee for another person.” Varmer, *Works for Hire* at 127.

Varmer reviewed the legislative history of the 1909 Act, relevant court decisions, legislative proposals and corresponding foreign laws. *Id.* at 128. Based upon the case law, Varmer concluded that works-made-for-hire had been limited to those

one of nine expressly enumerated categories, “if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.” 17 U.S.C. §101.

situations involving a traditional employment relationship. In particular, according to the Varmer Study:

[t]he statutory concept of employment for hire is based on the specific contractual relationship between employer and employee. The courts have not given a definition of that relationship which will cover all situations... but all the cases have involved salaried employees who received either a fixed salary or a minimum salary plus commission... Hence, it may be concluded that section 26 refers only to works made by salaried employees in the regular course of their employment.

Varmer, *Works for Hire* at 130, citing Shapiro, Bernstein & Co., v. Jerry Vogel Music Co., Inc., 115 F. Supp. 754 (S.D.N.Y 1953).

The study next turned to a discussion of works made on commission. Importantly, Varmer noted that the 1909 Act makes no reference to works made on commission. Varmer, *Works for Hire*. at 142. He further observed that the applicable cases had generally dealt with portrait or group photographs, with one case extending the concept to a work of art, and found no reported decisions involving other types of works. *Id.* at 130, 142. Varmer notes dictum stating that only the artist's "executor could legally have obtained a renewal." *Id.* at 130, fn. 7 (discussing *Yardley*, 108 F.2d 28). He posited that this implied

the renewal right in commissioned works would revert to the creator. *Id.* This is consistent with the concept that commissioned works are assigned to the purchaser and not a work made for hire.

The copyright studies culminated in a 1961 report and recommendations submitted to Congress by the Register of Copyrights. Report of the Register of Copyrights on the General Revision of the Copyright Law, 87th Cong., 1st Sess. 1 (Comm. Print 1961). The Register noted that the phrase “works made for hire” had “been criticized as being inexact, because it might be thought to include works made on special commission.” *Id.* at 86. He clarified that, “[t]he courts... have not generally regarded commissioned works as ‘made for hire.’” *Id.* He further noted that prior revision bills had suggested defining works-made-for-hire as those “works created by an employee within the regular scope of his employment” and expressed the Copyright Office’s approval of that definition. *Id.* at 87.

The Register’s report made several pertinent recommendations with respect to works-made-for-hire and renewal rights. Most notably, the Register recommended that:

The statute should provide that copyright may be secured by the author or his representatives, successors, or assigns, except that--
(a) In the case of a work made for hire (defined as a work created for an employer by an employee within the regular scope of his employment), the

employer should have the right to secure copyright. (b) In the case of a periodical, encyclopedia, or other composite work containing the contributions of a number of authors, the publisher should have the right to secure copyright... in the composite work as a whole...but the publisher should be deemed to hold in trust for the author all rights in the author's contribution, except the right to publish it in a similar composite work and any other rights expressly assigned.

Id. at 155. The Register made no specific recommendation with respect to commissioned works.

These reports make clear that through the early-1960s, when Jack Kirby created the works in question, the prevailing understanding and, indeed, the prevailing jurisprudence supported the Petitioner's interpretation. Prior to the lower courts' use of the "instance and expense" test to retroactively label works "for hire," years after their creation, only works created within the traditional employment relationship were considered works-made-for-hire. Commissioned works that vested in the purchaser did so through an assignment, leaving the creator with the renewal rights and/or termination rights under the 1976 Act.

B. Evolution of the Instance and Expense Test

While Congress continued its comprehensive efforts to study and amend the copyright law, the lower courts began to chip away at creators' rights. The courts took cases that implied an assignment to a work's purchaser or publisher and gradually expanded that to equate commissioned works to works created by a traditional salaried employee. In doing so, the courts conjured a test – the “instance-and-expense test” – that upset the long-standing balance between a work's creator and its purchaser.

A Ninth Circuit case involving catalog artwork, *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298 (9th Cir. 1965), marked the first appearance of the phrase “instance and expense” in a reported opinion. *Martha Graham Sch. & Dance Found., Inc. v. Martha Graham Ctr. of Contemporary Dance, Inc.*, 380 F.3d 624, 635 (2d Cir. N.Y. 2004). Although the trial court had found that the independent contractor artist was the “copyright proprietor,” the Ninth Circuit disagreed, holding that:

when one person engages another, whether as employee or as an independent contractor, to produce a work of an artistic nature, that in the absence of an express contractual reservation of the copyright in the artist, the presumption arises that the mutual intent of the parties is that the title to the copyright shall be in the person at whose instance and expense the work is done.

Lin-Brook, 352 F.2d at 300.

The instance-and-expense test evolved from two distinct lines of case law – one addressing “court-made work-for-hire jurisprudence” and the other addressing “rights in commissioned works created by independent contractors.” *Kirby*, 726 F.3d at 137-38. The early cases only focused on whether the purchaser owned the copyrights through an implied assignment by the author. *Id.* at 138. For over a half-century, it was simply assumed that the creator was the author and original copyright owner of the work.

The instance-and-expense test provides that where “[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. The test is easily satisfied. “Instance” simply means “the extent to which the hiring party provided the impetus for, participated in, or had the power to supervise the creation of the work,” and may be satisfied even if the party does not exercise its right to direct or supervise the work. *Kirby*, 726 F.3d at 139. “Expense,” for purposes of the test “refers to the resources the [purchaser] invests in the creation of the work.” *Id.* This prong may be satisfied simply by payment to the creator, irrespective of whether, as here, the creator shouldered the entire expense of creating the work. Once the test is satisfied, the work is considered “for hire” and the purchaser is presumed the work’s author. *Playboy Enters. v. Dumas*, 53 F.3d 549, 554 (2d Cir. N.Y. 1995). The presumption can be overcome “by evidence of a contrary agreement,

either written or oral,” which the creator must demonstrate by a preponderance of the evidence. *Id.*

i. Implied Assignment Cases

The test had its genesis in a dispute over a commissioned mural in *Yardley*, in which an artist painted the mural pursuant to a written contract, which provided for payment of a fixed sum but was silent as to copyright ownership. 108 F.2d at 28-29. Upon completion, the artist affixed a copyright notice and registered the copyright. *Id.* at 29-30. Nearly three decades later, the artist’s sister, who had obtained his copyright, brought suit against a publisher, alleging infringement for its reproduction of pictures of the mural in textbooks. *Id.* at 30. Noting the paucity of relevant case law, the court held that “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.

The Second Circuit later noted that reference to the artist’s “consent,” without reference to the work being made for hire, indicates that there was an implied assignment and that renewal rights would have vested in the artist’s heirs or executor. *Estate of Hogarth v. Edgar Rice Burroughs, Inc.*, 342 F.3d 149, 158 (2d Cir. 2003). *See also, Easter Seal Society for Crippled Children and Adults of Louisiana, Inc. v. Playboy Enterprises*, 815 F.2d 323, 325 (5th Cir. 1987) (“These early cases presumed that the copyrights were *assigned* to the patron under the commission contract; there was nothing in them

about ‘work for hire.’”). Indeed, as the court further noted “*Yardley’s* use of an implied assignment rationale strongly indicates that the work was not regarded as a work for hire.” *Hogarth*, 342 F.3d at 158, fn. 11. The court’s “rejection of the sister’s renewal claim on the ground that ‘only [the artist’s] executor could legally obtain a renewal’” further compels this conclusion as a work made for hire would have vested originally in the purchaser as author. *Id.* at 159

This issue resurfaced in 1955 in connection with lyrics written by a company employee “as a special job assignment, outside the line of his regular duties” and for additional payment. *Vogel Music*, 221 F.2d at 570. The court held that the lyricist “had an author’s rights in his” work but that the “original copyright passed to [the employer] under his original contract.” *Id.* The conveyance was clearly in the form of an assignment as the lyricist retained his renewal rights in his work. *Id.*

ii. Commissioned Works become Works-Made-For Hire

A decade later, the Second Circuit “merged’ the *Yardley* presumption into the work-for-hire doctrine... thereby laying the foundation for the law as it now stands...” *Hogarth*, 342 F.3d 159 (internal citations omitted). In *Brattleboro*, the Second Circuit dismissed a newspaper’s infringement claim against a competitor for its use of ads created by the plaintiff company. 369 F.2d 565. Noting a line of cases in which the copyright vested in the employer for works created by employees, the court held that the same

concept should apply to independent contractors. *Id.* at 567-68 (“We see no sound reason why these same principles are not applicable when the parties bear the relationship of employer and independent contractor.”). While *Brattleboro* can be read as an implied assignment, particularly in light of its unique facts, subsequent courts have read it differently. For example, the Fifth Circuit noted, “the whole point of *Brattleboro Publishing* was to apply the presumption of *Yardley* to make an independent contractor – independent in both fact and law – into a copyright ‘employee’ so that the buyer was the ‘author.’” *Easter Seal*, 815 F.2d at 330, fn 13.

The Second Circuit expanded *Brattleboro*’s holding in a dispute between a songwriter and a music publisher. *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213 (2d Cir. 1972), cert. denied, 409 U.S. 997 (1972). The court reviewed the prior precedent, concluding that *Brattleboro* had “expressly applied the statutory work for hire doctrine to the case of an independent contractor.” *Id.* at 1216. It applied a variation of the instance-and-expense test, remarking that “the ‘motivating factors’ in the composition of the new song,” (1) were the employers who “controlled the original song,” engaged the songwriter, and “had the power to accept, reject, or modify her work” and (2) that she “accepted payment for it.” *Id.* at 1217.⁴

⁴ The Second Circuit has subsequently noted that the appellant’s presentation of the case may have impacted the outcome as her brief never cited the prior implied assignment cases. *Hogarth*, 342 F.3d at 149.

iii. Subsequent Developments

The 1976 Act was passed soon after *Picture Music*, with the compromise definition of works made for hire clarifying the treatment of commissioned works created thereunder. *See*, 17 U.S.C. §101. As to prior works, however, the Fifth Circuit noted that:

the simple rule of *Yardley* ... had developed into 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. This presumption could not be avoided even by showing that the buyer had no actual right to control the manner of the production of the work, because 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.

Easter Seal, 815 F.2d at 327.

In *CCNV*, this Court reviewed in detail the history of commissioned works, including the Second Circuit precedent. *CCNV* recognized that this line of cases began in the late-1960s when “a federal court for the first time applied the work for hire doctrine to commissioned works.” *CCNV*, 490 U.S. at 749. Citing *Yardley* and *Vogel Music*, this court noted, that “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. The Court noted that it “was not until after the

1965 compromise [discussed *supra*] was forged and adopted by Congress that a federal court for the first time applied the work for hire doctrine to commissioned works.” *Id.* at 749

The Second Circuit acknowledged that it “would normally be obliged to follow *Picture Music*,” in a dispute over rights in two Tarzan books, but it was “given pause... by language in” *CCNV. Hogarth*, 342 F.3d 161. Nonetheless, it expressly rejected the *CCNV* Court’s analysis of both the work for hire doctrine and the employee-independent contractor distinction. Adopting the *Easter Seal* court’s view “that any distinction in the case law under the 1909 Act between employees and independent contractors ‘was erased long before the 1976 Act's arrival,” the Second Circuit concluded “that the historical review in *CCNV*, if dictum at all, is dictum of a weak variety, and not grounds to relieve us from our obligation to follow *Picture Music* and *Playboy*.” *Id.* at 163 (internal citations omitted).

II. The Common Law “Instance and Expense” Test Has Real and Significant Effects Beyond the Litigants of This Case.

A. The Test Poses a Nearly Insurmountable Hurdle for Creators and Their Heirs

The Second Circuit has acknowledged that it has effectively created “an almost irrebuttable presumption that any person who paid another to create a copyrightable work [under the 1909 Act] was the statutory ‘author’ under the ‘work for hire’ doctrine.” *Hogarth*, 342 F.3d at 158 (citing *Easter*

Seal Society, 815 F.2d at 327). Once “a presumption arises that the works in question were ‘works-made-for-hire,’” it “can be overcome only by evidence of an agreement to the contrary contemporaneous with the creation of the works.” *Kirby*, 726 F.3d at 143.

During the years at issue, “work made for hire” was commonly understood to apply only to traditional employment relationships. Accordingly, freelance creators would not have thought to enter into such agreements, nor would their legal representatives, because there was no precedent equating commissioned work with work performed within traditional employment. Even where parties did enter into written agreements, they may have been lost through the passage of time, particularly where a deceased creator’s statutory heirs seek to recover copyrights pursuant to 17 U.S.C. §§304(c), (d).

As discussed *infra*, the limited precedent had merely implied an assignment to the purchaser while the renewal rights remained with the creator. The differences between an assignment and a work made for hire are considerable. The former permits a creator or his statutory heirs to recover the copyright via termination, as Congress intended, allowing him a chance to financially participate through new contractual arrangements or a renegotiation with the original purchaser once a work’s value is truly understood. *See, e.g. Stewart v. Abend*, 495 U.S. 207, 220 (U.S. 1990) (“[T]he renewal provisions were intended to give the author a second chance to obtain fair remuneration for his creative efforts and to provide the author's family a ‘new estate’ if the author died before the renewal period arrived.”) The

latter vests all rights in the purchaser at the time of creation, leaving no rights to the original creator.

B. Application of the Instance-and-Expense Test Creates a Windfall for Purchasers

By creating an impossible hurdle for creators to overcome, the instance-and-expense test hands purchasers a windfall gift, particularly in light of Congress' extensions of the copyright term in the 1976 Act and the 1998 Copyright Term Extension Act. The expectation of contracting parties, based upon the plain language of the 1909 Act and case precedent prior to *Brattleboro*, was that a commissioned work would originally vest in the author who thereafter expressly or impliedly licensed the work to the purchaser.

By retroactively deeming commissioned works as ones “made for hire,” the Second Circuit has given the purchaser all of the copyright benefits of the employment relationship, without any of the associated burdens or obligations. The “expense” prong of the test assumes that the acquiring party has borne the risk in a work’s ultimate success by paying value to acquire it and then to market and distribute it, thereby completely disregarding the risk borne by the freelance creator attendant a work’s *creation* in a relationship such as the one between Jack Kirby and Marvel.

Many creators, like Kirby, bear all the initial risk in their works – they invest time, resources and effort in creating a work requested or preferred by the purchaser, with no guarantee that the work will

be accepted or that they will be paid. While there may be logic in deeming a work “made for hire” where payment is guaranteed and thus the purchaser truly bears the risk, it makes little sense – and is, in fact, unjust – to make that leap where the parties bear their own risks. Until it has accepted and paid for the work, the purchaser bears no risk – it pays the creator nothing, it has no costs for the supplies or materials used in the work’s creation, and it shoulders none of the employee benefits or taxes associated with an employment relationship. To give purchasers the benefit of the employment relationship, without the concomitant burdens and expenses, results in an unjustified boon to the purchaser at the creator’s expense.

The inequity inherent in the interest-and-expense test has the potential to detrimentally impact countless individuals beyond the parties to this case. For example, a review of Rolling Stone magazine’s top-500 songs of all-time list reveals that nearly 75% were created prior to the effective date of the 1976 Act.⁵ Of these, nearly 200 were created and released before these changes in the law.⁶ While not all of these songs will be subject to these same issues

⁵ Rolling Stone, *500 Greatest Songs of All Time*, available at <http://www.rollingstone.com/music/lists/the-500-greatest-songs-of-all-time-20110407> (last visited Jun. 12, 2014).

⁶ *Id.* Additionally, nearly 60% of the top-500 albums were either created during that time or were compilations of songs that included works created under the 1976 Act. Rolling Stone, *500 Greatest Albums of All Time*, available at <http://www.rollingstone.com/music/lists/500-greatest-albums-of-all-time-20120531> (last visited Jun. 12, 2014).

– *e.g.* some may have been created within a traditional employment relationship – it is inevitable that many share characteristics of the relationship between Kirby and Marvel and thus will be subject to the same uncertainty or inequity as their statutory termination windows approach.

III. Review is Necessary to Clarify the State of the Law to Avoid Unnecessary Litigation

Due to the messy and uncertain state of commissioned works under the 1909 Act, there are countless scenarios where ownership may be disputed and rights that should clearly reside with the creator or his statutory heirs become dependent on factual inquiries decades after creation. A pair of hypotheticals may help to illustrate the point.

Hypothetical 1: A singer-songwriter was approached by a record label’s representative who mentioned that the label was looking to release some new albums with a particular type of sound. The representative explained the sound the label sought, including genre, comparable artists, the type of lyrics, and approximate song length, making no guarantee about payment. The parties, as in this case, do not enter into a written engagement agreement. The artist returned to his home studio where he and his band wrote and recorded several songs that met the criteria described by the label’s representative. The artist submitted a recording to the label. Sometime thereafter, the label representative suggested some changes to the lyrics and the sound. The artist returned to his home studio to make the revisions

and re-record the album, all at his own expense. The artist submitted the revised songs to the label.

Hypothetical 2: A publisher was seeking a historical fiction manuscripts in a particular genre into which it had been seeking to expand. It reached out to writers and provided general guidance as to content, including the type of characters and setting it felt would sell, the length, and whether it anticipated sequels. The publisher offered no up-front payment and would only pay for a manuscript that it accepted. A writer undertook the effort to write a manuscript that met the publisher's general criteria. He researched the topic using his own resources, handwrote the initial draft with materials he purchased, transcribed it using his own typewriter and paid for copies and delivery to the publisher. After reviewing the submitted work, having yet paid nothing for it, the publisher made certain suggestions that would make it more marketable. The writer returned home, made the requested changes at his own expense, and resubmitted it to the publisher.

Under the 1909 Act, applying the instance-and-expense test the authorship of these two works depends on one question – did the purchaser pay the creator after the work was submitted? It is beyond question that if the label or publisher did not pay for the submitted work, then the copyright remains with the works' creators. It is also beyond question that the "instance" prong is met in each situation – the label or publisher provided the initial impetus for the work's creation and provided a degree of supervision over the process. The moment the purchaser conveys payment, the "expense" prong is also met and the

rights retroactively vest in the purchaser as if it was the author. In all respects, the hypothetical transaction resembles a purchase, with the rights being assigned to the purchaser in exchange for payment. In no respect does the transaction resemble anything close to the traditional employment relationship under which a work would be “made for hire.” Nonetheless, the instance-and-expense test would be met and the work would retroactively be deemed “made for hire.”

In each hypothetical, the artist is wholly at the mercy of the purchaser and stands to lose either his investment of time and resources if his work is rejected or his original copyright if his work is accepted. The artist may have had an expectation that he would retain certain rights (such as screenplay rights in the manuscript) or that he could negotiate certain agreement terms. No written agreement exists in either scenario to codify the parties’ understandings with respect to the works. Yet a judicially created test can be used decades later to impute assumptions to the parties that contradict their contemporaneous understandings.

The practical consequence of the instance-and-expense test is that decades-old rights become subject to revisionist history and creators (and their families) are unjustly deprived of their property rights. Many situations will exist where a creator would reasonably assume he is the author of and has the renewal copyrights to the work he created. Yet, even if the creator or his heirs had the resources to engage in litigation to determine the ownership of those rights, he is likely to lose under this amorphous,

liberally-applied, nearly insurmountable “test.” Consequently, the work may retroactively be seen as one made for hire because a purchaser provided some input and guidance and then, at its sole discretion, accepted the work and issued payment. Where the scales of justice are tipped so heavily against the creator and the cost of litigation are so great, it all but eviscerates the authorial rights that Congress preserved to creators.

CONCLUSION

As famously noted in Marvel’s *Amazing Fantasy* #15 over a half-century ago, “with great power there must also come -- great responsibility.” 15 *Amazing Fantasy*, Aug. 1962 at 11. The 2nd Circuit’s instance-and-expense test upsets the carefully crafted balance of power and responsibility between a creator and purchaser of a commissioned work and has real-world consequence for innumerable creators and their heirs. The development of the instance-and-expense test effectively invalidated long-settled interpretations of the 1909 Act, wresting original copyright ownership, and the renewal and termination rights which flow from it, from countless individuals and their families who relied upon it. Consequently, it causes uncertainty that undermines “Congress’ paramount goal in revising the 1976 Act of enhancing predictability and certainty of copyright ownership.” *CCNV*, 490 U.S. at 749.

For the foregoing reasons, we respectfully urge the Court to grant the Petition for Certiorari.

Respectfully submitted,

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Appendix A – Identification of Amici

Screen Actors Guild-American Federation of Television and Radio Artists (“SAG-AFTRA”) is the nation’s largest labor union representing working media artists. SAG-AFTRA represents more than 165,000 actors, announcers, broadcasters, journalists, dancers, DJs, news writers, news editors, program hosts, puppeteers, recording artists, singers, stunt performers, voiceover artists and other media professionals. In 2012, SAG-AFTRA was formed through the historic merger of two labor unions: Screen Actors Guild (“SAG”) and the American Federation of Television and Radio Artists (“AFTRA”). SAG-AFTRA members are the faces and voices that entertain and inform America and the world. SAG-AFTRA exists to secure strong protections for media artists.

Directors Guild of America, Inc. (“DGA”) was founded in 1936 to protect the economic and creative rights of Directors. Over the years, its membership has expanded to include the entire directorial team, including Unit Production Managers, Assistant Directors, Associate Directors, Stage Managers, and Production Associates. DGA’s over 15,000 members live and work throughout the United States and abroad, and are vital contributors to the production of feature films, television programs, documentaries, news and sports programs, commercials, and content made for the Internet and other new media. DGA seeks to protect the legal, economic, and artistic rights of directorial teams, and advocates for their creative freedom.

Writers Guild of America, West, Inc. (“WGAW”) is a labor organization and the collective bargaining representative for approximately 11,000 professional writers in the motion picture, television and new media industries. The WGAW negotiates an industry-wide collective bargaining agreement with major motion picture studios, television production companies and television networks governing the wages, benefits and working conditions (including dependent benefits) of its members.