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THE CONSISTENTLY INCONSISTENT "INSTANCE AND EXPENSE" TEST: AN INJUSTICE TO COMIC BOOKS

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ABSTRACT

Joe Simon once said that “we always felt, we wuz robbed.” He is not alone. This article will discuss Jack Kirby’s estate’s case against Marvel and how the current state of the law robs creators of the rights to their own works. The evaluation of case law will show that the application of the ‘instance and expense’ test creates an injustice of inconsistent results in litigation, where creators attempt to regain control of their works. If the court continues to inconsistently apply the law to these work-for-hire cases, then the Supreme Court or Congress needs to address the intended purpose of this section of the Copyright Act. As this article will address, it is troubling to see a continuous strain of inconsistent decisions coming from our court system. This problem needs to be addressed and inevitably needs to be resolved.

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I. INTRODUCTION

Quoting boxing promoter, Joe Jacobs, legendary comic creator, Joe Simon, stated that “we always felt ‘we wuz robbed.’”¹ For years since its inception, the Copyright Act of 1976² gave rise to a new wave of litigation in the realm of comic books with suits brought by creators to regain their copyrights.³ One such example is a suit brought by the heirs of Jack Kirby⁴ to regain the renewal rights⁵ of various characters Kirby created.⁶ This case was recently petitioned for writ of certiorari, asking the Supreme Court to reverse the decision of the Second Circuit Court.⁷

This Comment will initially discuss, in Part I the evolution of the Copyright Act from the Constitution⁸ to the 1909 Act⁹ to the current legislation.¹⁰ Part II will go into an examination of case law discussing the work-for-hire¹¹ exception of the Copyright Act. Part III will examine and compare *Marvel Characters Inc. v. Kirby*¹² and the same court’s decision in *Marvel Characters, Inc. v. Simon*.¹³ Part IV will discuss the petition for writ of certiorari, in Kirby’s case and amicus curiae briefs in support of the petitioner. This article will conclude with a proposal that the Supreme Court needs to make a decision on this matter and if the Court fails to acknowledge this case, Congress

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¹ George Gene Gustines, *A Creator of Captain America, Fighting On*, N. Y. TIMES, Apr. 16, 2008, http://www.nytimes.com/2008/04/16/books/16gust.html?pagewanted=all&_r=0.

² 17 U.S.C. § 304 (2012).

³ See *Marvel Characters, Inc. v. Simon*, 310 F.3d 280 (2d Cir. 2002)(stating that artist and creator, Joe Simon sought to terminate the transfer of his copyright for Captain America); *Gary Friedrich Enters., LLC v. Marvel Characters, Inc.*, 716 F.3d 302 (2d Cir. 2013)(showing that Friedrich, the artist, attempted to regain renewal rights for his creation of Ghost Rider).

⁴ *Marvel Characters Inc. v. Kirby*, 726 F.3d 119 (2d Cir. 2013).

⁵ 17 U.S.C. § 304(c)(2012).

⁶ *Kirby*, 726 F.3d at 125 (reciting that Kirby’s estate alleged that Kirby created and owned the rights to characters such as Spider-Man, X-Men, the Fantastic Four, the Incredible Hulk and Thor).

⁷ Allissa Wickman, *High Court Urged To Review Marvel Copyright Row*, Apr. 2, 2014. See *Kirby*, 726 F.3d at 143 (stating that the court held that Kirby’s creation of comic books for Marvel were works-made-for-hire, because they “were made at Marvel’s instance and expense, and [Jack Kirby] had no agreement to the contrary”).

⁸ U.S. Const. art. I, § 8, cl. 8.

⁹ 17 U.S.C § 24 (1909 Act)

¹⁰ 17 U.S.C. § 304 (2012).

¹¹ 17 U.S.C. § 304(c)(2012).

¹² 726 F.3d 119 (2d Cir. 2013).

¹³ 310 F.3d 280 (2d Cir. 2002).

must enact new legislation to advance the true purpose of the Copyright Law, as it has in the past.

II. BACKGROUND

A. A Brief History of Copyright Law

The founders of this country acknowledged the necessity of regulating the arts and sciences by granting Congress the power to enact laws regarding copyright.¹⁴ In 1790, Congress enacted legislation giving an author copyright protection for an initial period and an option to renew that protection.¹⁵ To further protect creators, Congress, in 1909, extended the duration of the copyright.¹⁶ Further, Congress intended for this legislation to even the playing field, by increasing the bargaining rights of authors.¹⁷ However, this intent was thwarted by the Supreme Court's holding that an author can contract away his renewal rights during the first term of the copyright.¹⁸

Yet again, Congress went to the drawing board to create a law that would level the playing field for these authors.¹⁹ To "safeguard authors against unremunerative transfers,"²⁰ Congress created the termination of transfer provision, which could not

¹⁴ U.S. Const. art. I, § 8, cl. 8 (giving Congress the power "to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries").

¹⁵ *Steward v. Abend*, 495 U.S. 207, 217 (1990)(citing Copyright Act of 1790 § 1, which was explaining that the renewal term was initially meant to be an extension of the original copyright period that could be renewed by the creator's estate).

¹⁶ 17 U.S.C. § 24 (1909).

¹⁷ *See Steward*, 495 U.S. at 218 (quoting H.R. Rep. No. 60-2222 at 14 (1909) "it not infrequently happens that the author sells his copyright to a publisher for comparatively a small sum").

¹⁸ *Fred Fisher Music Co. v. M. Witmark Sons*, 318 U.S. 643 (1943). After the copyright to the song "When Irish Eyes are Smiling" was obtained, the authors assigned their rights to Witmark, including the renewal term. *Id.* at 645-46. One of the authors attempted to renew his rights and Witmark sued for an injunction. *Id.* at 646. The Court held that the renewal term was assignable during the initial term. *Id.* at 659.

¹⁹ H.R. Rep. No. 94-1476, at 124 (1976), reprinted in U.S.C.C.A.N. 5659, 5740. *See Mills Music v. Snyder*, 469 U.S. 153, 172 (1985)(defining that the termination of transfer provision was meant to give "added benefits to authors...intended to make the rewards for the creativity of authors more substantial); *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975) (stating that though copyright law aims at rewarding creators for their creativity, the ultimate goal is "to stimulate artistic creativity for the general public good"). 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 1.03 (2004)(explaining that "the fruits of an author's labor seem to be no less deserving of the privileges and status of 'property' than are the more tangible creative efforts of other laborers.").

²⁰ H.R. Rep. No. 94-1476, at 124. *See generally* 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 9.02 (2004)(showing the incapability of measuring potential success and the need for a second chance).

be contracted away.²¹ Congress added the language “notwithstanding an agreement to the contrary” to assure that these rights would not be contracted away.²² It is clear that Congressional intent in enacting the 1976 Act was to place these authors in a better position than they had been in the past.²³

Though Congress enacted legislation that gave power back to authors, if the work was created on a work-for-hire basis, there is no right to terminate transfers.²⁴ The 1909 Act defined “the term ‘author’... [as] an employer in the case of works made for hire.”²⁵ However, the 1909 Act did not define what “employer” or “works made for hire” were, leaving this determination to the courts.²⁶ This was meant to give employers’ copyright protection for work done by their employees.²⁷ However, the term “employer” was extended to encompass “works commissioned from independent contractors”²⁸ and, eventually, to encompass works that “the hiring party...had the right to control and supervise.”²⁹ These rationales gave birth to the presumptive “instance and expense test.”³⁰ The instance and expense test is satisfied when “the

²¹ 17 U.S.C. § 304(c). See *Marvel Characters, Inc. v. Kirby*, 726 F.3d 119, 136-37 (2d Cir. 2013) (quoting *Larry Spier, Inc. v. Bourne Co.*, 953 F.2d 774, 778 (2d Cir. 1992) (explaining that “the provision ‘protect[s] the property rights of widows and children in copyrights’ by granting them the power to undo earlier transfers and to enjoy the remainder of the copyright term”)); *Mills Music*, 469 U.S. at 172-73 (stating that “the termination right was expressly intended to relieve authors of the consequences of ill-advised and unremunerative grants that had been made before the author had a fair opportunity to appreciate the true value of his work product”); H.R. Rep. No. 94-1476, at 124 (reasoning that by not allowing the second term to be contracted away, Congress meant to benefit authors by allowing them to regain power through the extended period).

²² 17 U.S.C. § 304(c)(5). See *Marvel Characters v. Simon*, 310 F.3d 280, 290 (2d Cir. 2002)(providing that the purpose was to “prevent authors from waiving their termination right by contract”); *Steward*, 495 U.S. at 230 (holding that Congressional intent was to provide “an inalienable termination right”).

²³ *Mills Music*, 469 U.S. at 172-73.

²⁴ 17 U.S.C. § 304(c).

²⁵ *Epoch Producing Corp. v. Killiam Show, Inc.*, 522 F.2d 737, 741 (2d Cir. 1975)(quoting 17 U.S.C. § 26 (repealed 1976)).

²⁶ *Marvel Worldwide, Inc. v. Kirby*, 777 F. Supp. 2d 720, 737 (S.D.N.Y. 2011). See 17 U.S.C. §§ 101, 304(c)(defining the ‘work-for-hire’ relationship, to include independent contractors if they enter a contract as a ‘work-for-hire’).

²⁷ *Id.* (citing 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 5.03(B)(1)(a)(i)).

²⁸ *Id.* (citing *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298, 300 (9th Cir. 1965)).

²⁹ *Kirby*, 777 F. Supp. 2d at 737-38 (quoting 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 5.03(B)(1)(a)(i)).

³⁰ *Lin-Brook*, 352 F.2d at 300. “When one person engages another...to produce a work of an artistic nature...the presumption arises that the mutual intent of the parties is that the title to the copyright shall be in the person whose instance and expense the work is done.” See also *Brattleboro Pub. Co. v. Winmill Pub. Corp.*, 369 F.2d 565, 567 (2d Cir. 1966)(holding that the copyright vests “in the person at whose instance and expense the work is done”); *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213, 1216-17 (2d Cir. 1972)(concluding that the work was commissioned by the employer, employer had the right to direct and supervise, and the employer paid for the work, giving the employer the copyright).

motivating factor in producing the work was the”³¹ inducement by the employer and “the employer [has the right] to direct and supervise the manner in which the writer performs his work.”³²

B. Jack Kirby and Marvel

The ‘instance and expense test’ is the crux of the *Marvel Characters, Inc. v. Kirby* case, whether the works done by Kirby are works made for hire.³³ Jack Kirby created some of Marvel’s most profound and profitable characters, such as The X-Men, Thor, the Incredible Hulk and the Fantastic Four,³⁴ which revolutionized the industry.³⁵ There is no dispute that Kirby operated as an independent contractor during his time with Marvel,³⁶ “not [as] a formal employee.”³⁷ Further, “Stan Lee was free to reject Kirby’s drawing...[and for] accepted drawings, [Marvel] would pay...at a per page rate.”³⁸ Kirby even “worked...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.”³⁹ Stan Lee even stated “that Kirby had a freer hand...than did comparable artists.”⁴⁰ The Second Circuit recognized that “Kirby made many of the

³¹ *Picture Music*, 457 F.2d 1213, 1216 (2d Cir. 1972)(citing *Brattleboro Publishing Co. v. Winmill Publishing Corp.*, 369 F.2d 565, 567 (2d Cir. 1966).

³² *Picture Music*, 457 F.2d at 1216 (quoting *Donaldson Publishing Co. v. Bregman, Vocco & Conn, Inc.*, 375 F.2d 639, 643 (2d Cir. 1967), cert denied, 389 U.S. 1036 (1968). *See also* *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28, 31 (2d Cir. 1939)(stating that when a party “is solicited by a patron to execute a commission for pay, the presumption should be indulged that the patron desires to control publication of copies and that the artist consents that he may, unless by the terms of the contract...the artist has reserved the copyright to himself”); *Siegel v. Warner Bros. Ent. Inc.* 658 F. Supp. 2d 1036, 1057 (C.D. Cal. 2009)(looking at who prompted the work, whether the hiring party could control or direct the employer and at whose expense was it created); *Siegel v. National Periodical Publ’ns, Inc.*, 508 F.2d 909, 914 (2d Cir. 1974)(looking at what was the primary motivating factor of the work).

³³ *Marvel Characters, Inc. v. Kirby*, 726 F.3d 119, 137 (2d Cir. 2013).

³⁴ *Id.* at 125. *See* Petition for Writ of Certiorari, *Kirby v. Marvel Characters, Inc.* at 10 (filed Mar. 21, 2014).

³⁵ *Kirby*, 726 F.3d at 125.

³⁶ *See* Anandashankar Mazumdar, Works By Comic Book Artist Jack Kirby Were Works Made For Hire Under 1909 Act, 82 PAT. TRADEMARK & COPYRIGHT J. (BNA) 538. (Aug. 2011)(stating that Kirby started at Timely, Marvel’s predecessor, in the 1940’s and returned to Marvel from 1961-70 and again from 1976-78).

³⁷ *Id.* *See* Petition for Writ of Certiorari, *Kirby* at 10 (filed Mar. 21, 2014).

³⁸ *Id.*

³⁹ Petition for Writ of Certiorari, *Kirby* at 10-11 (filed Mar. 21, 2014). *See Kirby*, 126 F.3d at 125-26.

⁴⁰ *Id.* at 126. Brief for Mark Evanier, John Morrow, and Pen Center USA as Amicus Curiae at 10. The Marvel Method is quite different from the way other comic book companies produce and create comic books. *Id.* “Sometimes [Stan] Lee would come up with the basic idea, sometimes the artist would come up with the idea, and sometimes the idea would be collaborative.” *Id.* After these collaborative meetings, “the artist would return to his own studio...and draw out the entire comic in

creative contributions, often thinking up and drawing characters on his own, influencing plotting, or pitching fresh ideas.”⁴¹ The first time these parties entered into a formal agreement was on June 5, 1972.⁴² This agreement assigned “any and all right, title, and interest [that Kirby] may have or control” to Marvel.⁴³

In 2009, Kirby’s heirs filed a notice to terminate copyright transfers on 262 works,⁴⁴ created between 1958-63.⁴⁵ Following notice, Marvel sued for a declaratory judgment contesting that Kirby’s works were created as “works made for hire” and therefore had no termination rights.⁴⁶ Both the District Court and the Court of Appeals found that the works created by Kirby were works made for hire, under the “instance and expense” test.⁴⁷

This case paints an interesting picture because eleven years earlier, in *Marvel Characters, Inc. v. Simon*,⁴⁸ the same court did not apply the instance and expense test in a similar fact scenario. In this case, Joe Simon, the creator of Captain America, claimed to create this character as an independent contractor.⁴⁹ Further, there was no prior written agreement between Simon and Marvel, but he was paid a fixed page rate, plus profits.⁵⁰ There was, however a settlement agreement entered in 1969, where Simon acknowledged that Captain America “was done as an employee for hire.”⁵¹ However, as previously mentioned, the Second Circuit did not apply the ‘instance and expense test,’ but looked at “the legislative intent and purpose of § 304(c) of the 1976 Act.”⁵² As advanced by Marc Toberoff, the attorney for Kirby, the court stated that “when the terms of a statute are ambiguous...[the court] may seek guidance

pencil, deciding what the action should be in each panel and working out the actual storyline.” *Id.* However, this process was quite different with Kirby. *Id.* “With Kirby, Lee would frequently offer just a bare-bones concept, or the name of a character, and sometimes not even that.” *Id.* Most of the time, Kirby “would...invent new characters where needed, he would write extensive margin notes.” *Id.*

⁴¹ *Id.* at 126-27.

⁴² *Marvel Worldwide, Inv. v. Kirby*, 777 F. Supp. 2d 720, 724. *See* Petition for Writ of Certiorari, *Kirby* at 12 (filed Mar. 21, 2014).

⁴³ *Marvel Worldwide, Inv. v. Kirby*, 777 F. Supp. 2d 720, 724. *See* Petition for Writ of Certiorari, *Kirby* at 12 (filed Mar. 21, 2014).

⁴⁴ *Marvel Worldwide, Inv. v. Kirby*, 777 F. Supp. 2d 720, 724. *See* *Marvel Characters, Inc. v. Kirby*, 726 F.3d 119, 127 (2d Cir. 2013); 17 U.S.C. § 304(c)(2012).

⁴⁵ Allissa Wickman, *High Court Urged To Review Marvel Copyright Row*, Apr. 2, 2014. Law 360.

⁴⁶ *Marvel Characters, Inc. v. Kirby*, 726 F.3d 119, 127 (2d Cir. 2013).

⁴⁷ *Id.* *See Kirby*, 777 F. Supp. 2d at 741-43.

⁴⁸ 310 F.3d 280 (2d Cir. 2002).

⁴⁹ *Id.* at 282.

⁵⁰ *Id.*

⁵¹ *Id.* at 283. *See also The Comic Book Wars; Captain America Creator Fights to Regain Control of His Copyright*, CORPORATE LEGAL TIMES, Mar. 2003 (showing that “Simon acknowledge[d] and agree[d] that all his work on the Materials, and all his work which created or related to the Rights was done as an employee for hire”).

⁵² *Id.* at 289.

in legislative history and purpose of the statute.”⁵³ Further, the court stated that they “must construct an interpretation that comports with [the statute’s] primary purpose and does not lead to anomalous or unreasonable results.”⁵⁴ In examining the Copyright Act of 1976,⁵⁵ the court determined that “an agreement made after a work’s creation stipulating that the work was created as a work for hire constitutes an ‘agreement to the contrary’ which can be disavowed pursuant to the statute.”⁵⁶ In addition, another argument raised by Toberoff in front of the Second Circuit examined how agency law plays into the ‘work-for-hire’ doctrine.⁵⁷ In applying agency law, the court held that the designation of the relationship is not controlling, but instead it is how the parties act throughout their relationship that determines agency.⁵⁸

C. Argument In Favor of Petition

The final step, before analyzing the inconsistencies and faults in the ‘instance and expense test,’ is to look at the petition for writ of certiorari and amici curiae briefs. The first argument advanced is that the Second Circuit’s application of the ‘instance and expense test’ is inconsistent with the Supreme Court’s decision in *Community for Creative Non-Violence v. Reid*⁵⁹ (CCNV) and with the general purpose of the 1909 Act.⁶⁰ Much like the court in *Simon*, the Supreme Court started its analysis by looking at the language of the statute.⁶¹ In analyzing the definition of ‘employee’ and ‘scope of employment,’ the Court determined that where there is an established common law meaning to an undefined term, “Congress means to incorporate the established meaning to these terms.”⁶² Here, the common law meaning that has been used is that of the master-servant relationship.⁶³ There is nothing in the statute that suggests

⁵³ *Id.* (citing *Novak v. Kasaks*, 216 F.3d 300, 310 (2d Cir. 2000)). Brief for Bruce Lehman, Former Asst. Secretary of Commerce and Director of the U.S. Patent and Trademark Office; Ralph Oman, Former U.S. Register of Copyrights; the Artists Rights Society, The International Intellectual Property Institute as Amicus Curiae, at 11, 13. “Undefined terms in statutes must be read in accordance with their common law definition” and that federal legislation “are generally intended to have uniform nationwide application.” *Id.*

⁵⁴ *Id.* (quoting *Connecticut ex rel. Blumenthal v. United States DOI*, 228 F.3d 82, 89 (2d Cir. 2000)).

⁵⁵ See 17 U.S.C. § 304(c).

⁵⁶ *Marvel Characters, Inc. v. Simon*, 310 F.3d 280, 290 (2d Cir. 2002) (quoting 17 U.S.C. § 304(c)).

⁵⁷ *Id.* at 291. See Petition for Writ of Certiorari, *Kirby* at 18 (Mar. 21, 2014).

⁵⁸ *Id.* See also 3 Am. Jur. 2d Agency § 19 (2002)(stating that “the mere use of the work agent by parties in their contract does not make one an agent who, in fact, is not such).

⁵⁹ *Community for Creative Non-Violence v. Reid*, 490 U.S. 730 (1989).

⁶⁰ Petition for Writ of Certiorari, *Kirby* at 17 (filed Mar. 21, 2014).

⁶¹ *Community for Creative Non-Violence*, 490 U.S. at 739.

⁶² *Id.* (quoting *NLRB v. Amax Coal, Co.*, 453 U.S. 322, 329 (1981)).

⁶³ Petition for Writ of Certiorari, *Kirby* at 15 (filed Mar. 21, 2014). See *Community for Creative Non-Violence*, 490 U.S. at 740. See, e.g., *Robinson v. Baltimore & Ohio R. Co.*, 237 U.S. 84, 94 (1915)(holding that it was Congress’ intent that the word ‘employee’ and ‘employed’ take on their natural meaning, “to describe the conventional relation of employer and employee”). Black’s Law

Congress intended anything other than to mean the “conventional employment relationship.”⁶⁴ Therefore, the court concluded that the definition of employee will be defined by the “common law of agency.”⁶⁵

Further, the Petition contends that *CCNV* overruled the application of the ‘instance and expense test,’⁶⁶ because it “impede[s] Congress’...goal...of enhancing predictability and certainty of copyright ownership.”⁶⁷ Under the ‘instance and expense test’ “hiring parties...[can] 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.”⁶⁸ With hiring parties having this power, there would be no way to tell “until late in the process, if not until the work is completed”⁶⁹ to determine if the work was for hire under the statute.⁷⁰ Further, the way the current law is interpreted the artist bears all the risk and takes no reward.⁷¹ The Petition points out that *Nimmer on Copyright* views *CCNV* as having precedential value and thus overruled the ‘instance and expense test.’⁷²

Dictionary 1402 (9th ed. 2009)(defining common law employer-employee relationship as a “master-servant” relationship).

⁶⁴ Petition for Writ of Certiorari, *Kirby* at 15 (filed Mar. 21, 2014). *See also* *CCNV*, 490 U.S. at 740(stating that nothing indicates that Congress intended to mean “anything other than the conventional relation of employer and employee”); *Nationwide Mut. Ins. Co. v. Darde*, 503 U.S. 318, 323 (1992)(holding that unless Congress states otherwise, it is presumed that “Congress means an agency law definition for ‘employee’”).

⁶⁵ *CCNV*, 490 U.S. at 741.

⁶⁶ Petition for Writ of Certiorari, *Kirby v. Marvel Characters, Inc.* at 17 (filed Mar. 21, 2014). *See* *CCNV*, 490 U.S. at 750.

⁶⁷ *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 749 (1989).

⁶⁸ *Id.* at 750. *See* Petition for Writ of Certiorari, *Kirby v. Marvel Characters, Inc.* at 19 (filed Mar. 21, 2014).

⁶⁹ *Community for Creative Non-Violence*, 490 U.S. at 750. Brief for the Screen Actors Guild, Directors Guild and Writers Guild as Amicus Curiae at 20 (filed on June 13, 2014)(stating that the current test “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...[and] 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”).

⁷⁰ *Id.* *See* Petition for Writ of Certiorari, *Kirby v. Marvel Characters, Inc.* at 19 (filed Mar. 21, 2014).

⁷¹ Brief for the Screen Actors Guild at 9. “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.” *Id.*

⁷² Petition for Writ of Certiorari, *Kirby v. Marvel Characters, Inc.* at 20 (filed Mar. 21, 2014). *See* 3 NIMMER, *supra* note 20, at 4v(stating that “given the Supreme Court’s unambiguous direction that the same [agency] standards govern [the] terms...‘employee,’ ‘employer,’ and ‘scope of employment,’ it follows mathematically” that the application of these terms would be the same under the 1909 Act, as they are under the 1976 Act, which the court in *CCNV* stated).

The second argument addressed in the petition for writ of certiorari is that the 'instance and expense test' is wrong.⁷³ The case of *Picture Music, Inc. v. Bourne, Inc.*⁷⁴ incorrectly expands the 'work-for-hire' doctrine to include independent contractors.⁷⁵ Further, the petition posits that this test is vague and subjective.⁷⁶ The 'instance' prong of the test looks at "the extent to which the hiring party provided the impetus for, participated in, or had the power to supervise the creation of the work."⁷⁷ In another case, the Second Circuit stated that this prong was satisfied if the hiring party had "the right to direct and supervise" how the work was done and make "creative contributions."⁷⁸ However, the court also held that this right "need never be exercised"⁷⁹ to qualify, but then stated that this right may not be enough to qualify.⁸⁰ "It may be sufficient, for example, where the hiring party makes a particularly strong showing that the work was made at its expense."⁸¹ The Second Circuit's evaluation of this prong is continually inconsistent, thwarting Congressional intent to create consistent results.⁸²

The expense prong of this test is as unpredictable as the instance prong. This factor "refers to the resources the hiring party invests in the creation of the work,"⁸³

⁷³ Petition for Writ of Certiorari, *Kirby* at 21 (filed Mar. 21, 2014).

⁷⁴ *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213 (2d Cir. 1972).

⁷⁵ Petition for Writ of Certiorari, *Kirby* at 23 (filed Mar. 21, 2014). See 3 NIMMER, *supra* note 20, at 4 (explaining that based on earlier case law this decision was wrong, this case incorrectly relies on the decisions of *Brattleboro Publ'g Co. v. Winmill Publ'g Corp.*, 369 F.2d 565 (2d Cir. 1966) and *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28 (2d Cir. 1939) to hold that works of independent contractors are works-made-for-hire, when "they point to the contrary result). See also Brief for Screen Actors Guild at 12 (stating that "the courts conjured a test...that upset the long-standing balance between a work's creator and its purchaser"); Brief for Lehman at 5 (explaining that "the court of appeals retroactive re-characterization of Kirby's freelance work as 'work for hire' under the 1909 Act").

⁷⁶ Petition for Writ of Certiorari, *Kirby* at 24 (filed Mar. 21, 2014).

⁷⁷ *Marvel Characters, Inc. v. Kirby*, 726 F.3d 119, 139 (2d Cir. 2013). See *Siegel v. National Periodical Publications, Inc.*, 508 F.2d 909, 914 (2d Cir. 1974)(holdings that the motivating factor is whether the hiring party's impetus cause the creation).

⁷⁸ *Kirby*, 726 F.3d at 139. See also *Playboy Enterprise, Inc. v. Dumas*, 53 F.3d 549, 556 (2d Cir. 1995) (stating that evidence of an independent contractor receiving instructions for the work, shows that it was work for hire); *Aldon Accessories Ltd v. Spiegel, Inc.*, 738 F.2d 548, 553 (2d Cir. 1984)(rationalizing that though the hiring party did not give the artist the tools to create a statue, "he stood over the artists...at critical stages of the process telling them exactly what to do").

⁷⁹ Petition for Writ of Certiorari, *Kirby* at 24 (filed Mar. 21, 2014)(citing *Martha Graham School & Dance Found., Inc. v. Martha Graham Center of Contemporary Dance, Inc.*, 380 F.3d 624, 635 (2d Cir. 2004).

⁸⁰ *Kirby*, 726 F.3d at 139. See *Siegel v. National Periodical Publications, Inc.*, 508 F.2d 909, 914 (2d Cir. 1974)(concluding that were the contractor "revise[s] and expand[s] the...material at the request of the" hiring party was not enough, because the contractor created the work prior to the relationship.)

⁸¹ *Kirby*, 726 F.3d at 139. See *Scherr v. Universal Match Corp.*, 417 F.2d 497, 501 (2d Cir. 1969)(stating that the hiring party gave funds, time and their facility).

⁸² *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 749 (1989).

⁸³ *Kirby*, 726 F.3d at 139.

such as “tools, resources, or overhead may be controlling.”⁸⁴ Other cases focused on the payment method and who bears the risk.⁸⁵ If this test is satisfied, the presumption arises that the hiring party is the author.⁸⁶

III. ANALYSIS

As advanced in Kirby’s petition for writ and is apparent in the consistently inconsistent decisions of the Second Circuit, the instance and expense test is overbroad, vague and does not advance the policies behind the Copyright Act.⁸⁷ This section will discuss the various cases in which the ‘instance and expense’ test was applied and their varying verdicts.

A. ‘Instance and Expense’ and Case Law

*Lin-Brook Builders Hardware v. Gertler*⁸⁸ and *Brattleboro Pub. Co. v. Winmill Pub. Corp.*⁸⁹ are the two seminal cases establishing the ‘instance and expense test.’ The court in *Lin-Brook* held that without a contrary agreement, a presumption arises that the intention of the parties was for the copyright to vest in the party whose

⁸⁴ *Id.* See also *Martha Graham*, 380 F.3d at 638 (concluding that the resources of the hiring party significantly assisted the contractor in creating the work, “satisfying the ‘expense’ prong); 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 5.03(B)(2)(D), n.171c (2004)(stating the expense prong refers to “the expense of creation, rather than publication,” because if courts were to examine the cost of publication, “all published material” would be covered). *Contra Playboy Enterprises, Inc.*, 53 F.3d at 555 (holding that factors, such as setting hours and the use of tools, has “no bearing on whether the work was made at the hiring party’s expense”).

⁸⁵ *Kirby*, 726 F.3d at 140. See also *Playboy Enterprises, Inc.*, 53 F.3d at 555 (holding that the controlling factor was that the artist was “paid a fixed sum for each work...[was] sufficient to” satisfy the expense prong); *Marco v. Accent Pub. Co. Inc.*, 969 F.2d 1547, 1552 (3d Cir. 1992)(concluding that “an experienced photographer who uses his own equipment; who works at his own studio, on days and times of his choosing, without photography assistants hired by the publisher; and who receives payment without income tax withheld, without employee benefits,” is not in an employment relationship). *Contra Picture Music*, 457 F.2d at 1216 (opining that though relevant case law shows that the presence of a fixed salary is one of the factors in deciding this factor, the court determined that “the absence of a fixed salary...is never conclusive”).

⁸⁶ *Kirby*, 726 F.3d at 140 (citing *Playboy Enterprises, Inc.*, 53 F.3d at 556)(holding that this presumption can only be overcome with “evidence of an agreement to the contrary”).

⁸⁷ Petition for Writ of Certiorari, *Kirby v. Marvel Characters, Inc.* at 24 (filed Mar. 21, 2014). See *Community for Creative Non-Violence*, 490 U.S. at 749; Brief for Lehman at 5 (explaining that “Congress clearly contemplated regular, salaried employment and Congress’s exhaustive research leading up to the 1976 Act shows that certainly no one in 1958-63 construed work for hire to include the copyrighted material of freelancers like Kirby”).

⁸⁸ *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298 (9th Cir. 1965).

⁸⁹ *Brattleboro Pub. Co. v. Winmill Pub. Corp.*, 369 F.2d 565 (2d Cir. 1966).

instance and expense induced the work's creation.⁹⁰ In that case, the appellant published catalogs that contained advertisements and would copyright each catalog.⁹¹ The advertisements in these catalogs contained the artwork of H.L. Baxter.⁹² The appellee also published similar catalogs containing the same advertisements as the appellant's.⁹³ The appellant commenced the suit alleging copyright infringement on the advertisements.⁹⁴ The trial court held that the copyright vested in H.L. Baxter upon creation of the drawing and therefore, the appellant's copyright was invalid.⁹⁵ Further, there was an assignment from Baxter to Lin-Brook showing that Lin-Brook did not have title.⁹⁶ However, the Ninth Circuit found that the trial court's decision was erroneous and held that there is little distinction between an employee and independent contractor.⁹⁷ The Ninth Circuit went on to say that the assignment was not sufficient to show that Lin-Brook did not have title, there needed to be a contract to overcome the presumption.⁹⁸

The Second Circuit, in *Brattleboro*, held that if the intent of the parties cannot be determined, there is a presumption the copyright vests in the employer.⁹⁹ In that case, the appellant ("the Reformer") brought suit against the appellee ("the Town Crier") alleging copyright infringement, for using the same advertisements.¹⁰⁰ All of the advertisements were published at the request of the advertisers.¹⁰¹ The trial court held that the Reformer did not have the rights to the work under copyright law.¹⁰² The Second Circuit held that the fact that there was no contract raises the presumption that the copyright vested in the party whose 'instance and expense' the work was created.¹⁰³ In examining the expense prong, the Second Circuit determined that the advertisers paid a sum of money to the Reformer which included the costs of preparing

⁹⁰ *LinBrook*, 352 F.2d at 300. See *Yardley v. Houghton Mifflin, Co.*, 108 F.2d 28, 31 (2d Cir. 1939) (presuming that one, who induces the creation of a publication, wishes to own and control that thing, unless the parties contract otherwise); *Grant v. Kellogg Co.*, 58 F. Supp. 48, 51 (D.N.Y. 1944) (overcoming this presumption requires a contract to the contrary).

⁹¹ *Lin-Brook*, 352 F.2d at 299.

⁹² *Id.*

⁹³ *Id.*

⁹⁴ *Id.*

⁹⁵ *Id.* at 300.

⁹⁶ *Id.*

⁹⁷ *Id.* (stating that a "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").

⁹⁸ *Id.*

⁹⁹ *Brattleboro Pub. Co. v. Winmill Pub. Corp.*, 369 F.2d 565, 568 (2d Cir. 1966) (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").

¹⁰⁰ *Id.* at 567.

¹⁰¹ *Id.*

¹⁰² *Id.*

¹⁰³ *Id.* See *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 248 (1903) (holding that there is an inference that the copyright of certain works vest in the employer, because they were created employees and those employees were paid by the employer to create that work).

the advertisements “form, words and illustrations.”¹⁰⁴ Further, the court held that the advertisements were done at the instance of the Reformer to induce advertisers.¹⁰⁵ Though this court applied these factors, it did not stop after examining the ‘instance and expense test’. It also evaluated what the equitable result would be.¹⁰⁶ Due to the local businessmen’s naïve understanding of the law, it was likely that these local businessmen thought that the money they spent gave them the rights to have continual use of those advertisements.¹⁰⁷ The court held that to place this burden on the local businessmen would be unfair.¹⁰⁸ Further, it would be more equitable to have the Reformer bear the burden of making an express agreement stating that the Reformer would have the sole ownership of copyrights to the advertisement.¹⁰⁹

The Second Circuit continued their application of the ‘instance and expense test’ in *Picture Music, Inc. v. Bourne, Inc.*¹¹⁰ That case involved the ownership of rights to the song “Who’s Afraid of the Big Bad Wolf.”¹¹¹ The appellant, Ann Ronell’s successor in interest, argued that they owned one-half interest as joint author of the song.¹¹² Bourne argued that Ronell’s part was as a work for hire because the appellee approached Ronell to create a song for a cartoon.¹¹³ Where the motivating factor of the works created was the inducement by an employer, it is categorized as work-for-hire.¹¹⁴ The Second Circuit held the fact that Disney and Berlin, the appellee’s predecessor in interest, approached Ronell, that they held the right “to accept, reject, or modify” the work and that Ronell accepted payment without protest, made the song a work-for-hire.¹¹⁵

¹⁰⁴ *Brattelboro*, 369 F.2d at 568.

¹⁰⁵ *Id.* (stating that “the services of [the] Reformer’s advertising department were offered as an inducement to the local businessmen to use appellant’s paper as a medium” for exposure).

¹⁰⁶ *Id.* at 568.

¹⁰⁷ *Id.* (stating that “it seem[ed] likely [they] were naïve with respect to the complex provisions of the copyright law, and assumed...that the price they paid...entitled them to have the same advertisements published elsewhere”).

¹⁰⁸ *Id.* (explaining that due to the naïve understanding of the law, the local businessmen, should not be burdened with providing these contracts).

¹⁰⁹ *Id.* (concluding “it is far more equitable to require the Reformer to provide by express agreement with the advertisers that it shall own any copyright to the advertisements”).

¹¹⁰ 457 F.2d 1213 (2d Cir. 1972).

¹¹¹ *Id.* at 1214.

¹¹² *Id.*

¹¹³ *Id.* at 1215.

¹¹⁴ *Id.* at 1216. (citing *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28, 30 (2d Cir. 1939) (accepting a party’s commission to paint a picture, the accepting party not only sells the artwork, but also the rights of reproduction)).

¹¹⁵ *Id.* at 1217. The fact that there was no fixed salary and the ability to do work with other companies was not controlling in determining if a creation was a work made for hire. *Id.* at 1216. *Contra* *Donaldson Publishing Co. v. Bregman, Vocco & Conn, Inc.*, 375 F.2d 639, 643 (2d Cir. 1967). The Second Circuit held that factors such as lack of control over an independent contractor’s performance, the contractor’s ability to sell works to others without sharing profits, and that there was no fixed salary were controlling in determining whether a work was made for hire. *Id.*

In *Playboy Enters. V. Dumas*,¹¹⁶ the Second Circuit held that factors such as providing one's own materials, hiring their own personnel and paying their own taxes and benefits are not determinative in establishing a work was not for hire.¹¹⁷ The court held, in that case, that the fact that the independent contractor was paid a fixed amount for each work was enough to satisfy the expense requirement.¹¹⁸ With regard to the instance prong, the court stated that the art was done at the direction of Playboy and that the fact that, after some time, Playboy seized to direct and control just showed the evolution of the relationship.¹¹⁹ The Second Circuit held that the works would not be in existence, if it were not for Playboy's instance.¹²⁰

The last decision this section will analyze is the Supreme Court's decision in *Community for Creative Non-Violence v. Reid*.¹²¹ In that case, CCNV, a nonprofit organization approached James Earl Reid to sculpt a bronze statue.¹²² After the statue was on display, it was returned to Reid for some repairs and was not returned.¹²³ Reid then sought to copyright this statue and CCNV filed suit.¹²⁴ The District Court held that this statue was a work-for-hire, however was later reversed by the Court of Appeals for the District of Columbia.¹²⁵ The Court held that the control test, suggested by CCNV, would not advance the objectives of Congress in redrafting the copyright law.¹²⁶ In making their decision, the Court stated that the control test circumvents the Copyright Act by classifying anything as a work-for-hire, so long as it is any

¹¹⁶ *Playboy Enters. V. Dumas*, 53 F.3d 549 (2d Cir. 1995).

¹¹⁷ *Id.* at 555. *CCNV* "may be used to show that an artist worked as an independent contractor and not as a formal employee." *Id.* However, these factors do not "have [] bearing on whether the work was made at the hiring party's expense." *Id.* See *Petition for Writ of Certiorari, Kirby* at 20 (citing *Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc.* 342 F.3d 149, 161 (2d Cir. 2003) (stating that the Second Circuit looks at the "review in *CCNV*, if dictum at all, is dictum of a weak variety" and that *CCNV* is not dictum and is viewed "as overruling the 'instance and expense' test under both the 1976 and 1909 Acts"). *Contra* 3 NIMMER, *supra* note 20, at 4 (applying the agency definition of 'employee,' 'employer,' and 'scope of employment' to the 1909 Act logically follows the Supreme Court's "unambiguous direction," in *CCNV*).

¹¹⁸ *Id.* While citing *Brattleboro* and *Yardley*, to state that "the expense requirement [is] met when [the] artist was commissioned." *Id.* (quoting *Yardley*, 108 F.2d at 31). But, at the same time, stated that "the absence of a fixed salary...is never conclusive." *Id.* (quoting *Picture Music*, 457 F.2d at 1216).

¹¹⁹ *Id.* at 556.

¹²⁰ *Id.*

¹²¹ *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 735 (1989)(granting "certiorari to resolve a conflict among the Courts of Appeals over the proper construction of the 'work made for hire' provision[]"). See *Petition for Writ of Certiorari, Kirby* at 17 (filed Mar. 21, 2014)(stating that *CCNV* overruled the application of the 'instance and expense' test).

¹²² *Community for Creative Non-Violence*, 490 U.S. at 733.

¹²³ *Id.* at 735.

¹²⁴ *Id.*

¹²⁵ *Id.* at 73536.

¹²⁶ *Id.* at 750. (holding that under this test "parties would have to predict in advance whether the hiring party will sufficiently control a given work to make it the author)(citing H.R. Rep. No. 94-1476 at 124 (1976)(stating that the main objective of Congress was to enhance the "predictability and certainty of copyright ownership").

“specially ordered commissioned work that is subject to supervision and control of the hiring party.”¹²⁷ Further, abiding by these tests “would unravel the carefully worked out compromise aimed at balancing legitimate interests on both sides.”¹²⁸ As previously mentioned, the Court concluded that the control test, as practiced by the Second Circuit, will not allow parties to know who may hold the copyright until late in the process, when one can determine whether the hiring party “closely monitored the production process,”¹²⁹ therefore, inhibiting the Congressional goal of predictability.

B. Consistently Inconsistent Outcomes

As advanced in *CCNV*, the test created by the Ninth Circuit and adopted by the Second Circuit is vague and leads to unpredictability in litigation.¹³⁰ As discussed earlier, when applying the instance prong of this test, the Second Circuit looked at the extent to which the hiring party had control or supervision power.¹³¹ However, this power need not ever be exercised, because there could be a particular showing of the work being created at the expense of the hiring party.¹³²

Further, the expense prong is the most troubling and unpredictable.¹³³ As discussed by Nimmer, this prong should examine the cost of the creation, “rather than the cost of publication,” because this would make all published material work-for-hire.¹³⁴ However, as mentioned previously, the Second Circuit has been consistently inconsistent when deciding this factor.¹³⁵ Further, the Second Circuit stated that though the work may not have been at the expense of the hiring party, if the work was at their instance it would be considered a work for hire.¹³⁶ Without

¹²⁷ *Community for Creative Non-Violence*, 490 U.S. at 741.

¹²⁸ *Id.* at 748.

¹²⁹ *Id.* at 750.

¹³⁰ *Id.* See Petition for Writ of Certiorari, *Kirby* at 17 (quoting *Community for Creative Non-Violence*, 490 U.S. at 741 (“*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’”).

¹³¹ *Playboy*, 53 F.3d at 556.

¹³² *Kirby*, 726 F.3d at 139. See also *Scherr v. Universal Match Corp.*, 427 F.2d 497, 501 (2d Cir. 1969)(giving an independent contractor money, time and facility may be enough for a hiring party to have the rights).

¹³³ Petition for Writ of Certiorari, *Kirby* at 25. (filed Mar. 21, 2014).

¹³⁴ 1 NIMMER *supra* note 84, at 18. See Petition for Writ of Certiorari, *Kirby* at 25. (filed Mar. 21, 2014)(stating that “[t]he ‘expense’ component refers to the resources the hiring party invests in the creation of the work”).

¹³⁵ Petition for Writ of Certiorari, *Kirby* at 25. (filed Mar. 21, 2014)(citing *Martha Graham*, 380 F.3d at 638). The Second Circuit noted that there needs to be consideration of factors such as whether “tools, resources or overhead were contributed.” *Id.* However, the Second Circuit later stated that such factors should not be considered. *Id.*

¹³⁶ See *Playboy Enters. v. Dumas*, 53 F.3d at 555 (hiring one’s own personnel, paying own taxes and supplying their own materials did not control the decision, but whether it was performed at the hiring parties instance).

establishing hard set boundaries, in determining what constitutes as being at the hiring party's instance and expense, there will be no resolution in enhancing the predictability of copyright litigation.

Finally, in examining the facts of Kirby's case, it is clearly evident that the inconsistent decisions regarding the 'instance and expense test' need to be resolved. With regard to the instance prong, Justice Marshall's opinion shows that the factors applied by the Second Circuit are invalid because this prong would mandate that all or most published works be deemed work-for-hire.¹³⁷ The Second Circuit held that the fact that Kirby created characters and stories irrelevant because this creativity is what motivated Marvel to hire Kirby.¹³⁸ However, Justice Marshall stated that the common law rules of agency apply in such circumstances, therefore overruling prior Second Circuit application of the instance prong.¹³⁹ The common law principles of agency treat employees in the traditional course of employment.¹⁴⁰ The facts of the case show that there was no contractual agreement between Kirby and Marvel describing the 'scope of employment.'¹⁴¹ Therefore, the common law doctrine mandated that Marvel obtain the copyright through an agreement with Kirby.¹⁴²

In looking at the expense prong, this factor's inconsistent application raises questions on whether it was correctly applied in *Kirby*.¹⁴³ The Second Circuit has

¹³⁷ See *Community for Creative Non-Violence*, 490 U.S. at 741 (holding that the unifying feature of these works is that they are usually prepared at the instance, direction, and risk of a publisher or producer); Petition for Writ of Certiorari, *Kirby* at 24 (stating that "publication is usually the motivating factor and...a publisher exercises control by virtue of its economic power).

¹³⁸ See *Kirby*, 726 F.3d at 142 (holding Kirby's "ingenuity and acumen are [] substantial reason[s] for [Marvel] to have enlisted him"); Petition for Writ of Certiorari, *Kirby* at 25 (stating that the judges "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 hired them).

¹³⁹ *Community for Creative Non-Violence*, 490 U.S. at 740. There was nothing in the statute that demonstrates that 'employee' was meant "to describe anything other than the conventional relation of employer and employee. *Id.* at 740. The intent of encompassing the common law agency definition is further seen Congress' use of 'scope of employment,' which is "a widely used term of art in agency law." See *Nationwide Mut. Ins. Co. v. Darde*, 530 U.S. 318, 323 (1992)(presuming that, unless Congress states a separate definition, the definition of employee holds its meaning in agency law); 3 NIMMER *supra* note 20, at 4 (applying the agency definition of 'employee,' 'employer,' and 'scope of employment' to the 1909 Act logically follows the Supreme Court's "unambiguous direction"); Petition for Writ of Certiorari, *Kirby*, at 19 (filed Mar.1 21, 2014).

¹⁴⁰ See *Community for Creative Non-Violence*, 490 U.S. at 745 (defining "workforhire as a work prepared by an employee within the scope of the duties of his employment, but no including a work made on special order or commission").

¹⁴¹ *Kirby*, 726 F.3d at 14142 (stating that Kirby's estate's argument was that the right to supervise referred to in [] case law requires a legal, presumably contractual, right" and Marvel had no such right).

¹⁴² See Petition for Writ of Certiorari, *Kirby* at 20 (purporting that "commissioned work of an independent contractor is owned by the commissioning party via assignment, not as the initial author and proprietor").

¹⁴³ Petition for Writ of Certiorari, *Kirby* at 25.

applied various factors to this component and determined some were conclusive, at their convenience, and that those same factors were not determinative, at their convenience.¹⁴⁴ When applying this prong to *Kirby*, the Second Circuit gave weight to Marvel's argument stating that they bore the burden of losing money on the comic's publication.¹⁴⁵ However, this is directly contradictory to the understanding of this prong and the focus should not be the cost of publication, but the cost of creation instead.¹⁴⁶ The undisputed facts of the case lead to the conclusion that these works were done at Kirby's expense.¹⁴⁷ Kirby was a freelance writer that did not receive a fixed salary.¹⁴⁸ Kirby set his own hours, used his own materials and was not reimbursed for these expenses.¹⁴⁹ The cost of creation should be controlling in considering the expense prong.¹⁵⁰ This prong should have been decided in favor of Kirby and not Marvel.

Further, as addressed by the Second Circuit, in *Brattelboro*, the equitable result should favor those that can be considered naïve as to the law.¹⁵¹ It was rationalized that a business was in a better position to have a contract drawn up.¹⁵² The court also stated that to place this burden on the naïve party would be unjust and too burdensome.¹⁵³ Therefore, with Marvel being an established business, they should bear the burden of establishing a contract, as opposed to the small time artist, Jack Kirby.

Not only is this test vague, it leads to inconsistent results, thwarting the intended purpose of the Copyright Act, thus leaving issues that need to be resolved.¹⁵⁴

¹⁴⁴ See Petition for Writ of Certiorari, *Kirby* at 25 (stating in *Martha Graham* the Second Circuit decided that the fact that providing tools, a workspace and other resources was determinative, however, in *Playboy*, the Second Circuit held those same factors "had no bearing on whether the work was made at the hiring party's instance").

¹⁴⁵ *Kirby*, 726 F.3d at 142. Marvel contended that paying Kirby a flat rate is determinative. *Id.* at 142. Further, that sum was paid whether or not the comic published and therefore, bore the "risk of financial loss." *Id.* The court gave weight to this argument stating "both parties took on risks with respect to the work's success." *Id.* at 143. But, the payment of the flat fee and bearing the risk of monetary loss was enough for the projects to be deemed worksforhire. *Id.*

¹⁴⁶ 1 NIMMER, *supra* note 84, at 18 ("funding publication would convert a manuscript would...subsume all published materials"). See Petition for Writ of Certiorari, *Kirby* at 26. The court concluded that the financial risk that Marvel bore that the comic may not succeed was enough. *Id.* "But, [p]lainly it is the expense of creation rather than publication that is relevant" (quoting 1 NIMMER ON COPYRIGHT § 5.03(B)(2)(D), n.171c(2004)).

¹⁴⁷ Petition for Writ of Certiorari, *Kirby* at 26 ("Kirby shouldered all expenses of creating his work with no guarantee of repayment").

¹⁴⁸ *Kirby*, 726 F.3d at 125.

¹⁴⁹ *Id.* at 126.

¹⁵⁰ 1 NIMMER, *supra* note 24, at 18 (explaining that "the expense of creation, rather than publication" is the true focus of the expense prong).

¹⁵¹ *Brattelboro Pub. Co. v. Winmill Pub. Corp.*, 369 F.2d 565, 568 (2d Cir. 1966).

¹⁵² *Id.*

¹⁵³ *Id.*

¹⁵⁴ See Allissa Wickman, *High Court Urged To Review Marvel Copyright Row*, Apr. 2, 2014. Law 360. (stating that "if the test is left standing, it will effectively destroy...the 'inalienable authorial

IV. PROPOSAL

In evaluating the inconsistent decisions of the Second Circuit, there needs to be a consistent and concrete test developed to further the purpose of the Copyright Act. This section will further discuss the factors used by the Second Circuit to create a predictable test that the Supreme Court should adopt, if the writ of certiorari, for *Marvel Characters Inc. v. Kirby*, is granted. In the alternative, if the Supreme Court denies writ of certiorari, Congress should draft a new Copyright Act, as they did in 1976, to define and explain their intent.¹⁵⁵

A. *Setting a Standard for the Future*

As advanced in *Lin-Brook*, there should be a presumption that the parties' intention was for the copyright to vest in the party whose instance and expense induced the creation, unless there is an agreement to the contrary.¹⁵⁶ This makes sense because when a party invests in the creation of a work, that party should be granted the benefits of that work.¹⁵⁷ However, this presumption should not automatically vest in a party just because he solicits an artist to create a work.¹⁵⁸ This must pass a concrete and predictable 'instance and expense test.'

While the instance prong of this test may seem inherently obvious, the Supreme Court in *CCNV*, points out that this prong may be obsolete.¹⁵⁹ As the Court pointed out, by saying that a work is a work made for hire just because it was solicited and controlled, would make virtually everything a work made for hire and would not allow predictability.¹⁶⁰ Though this position is on point, this factor is important to determine the control of the soliciting party.

right to revoke copyright transfer' [and] this case is of significant importance not just to...a substantial portion of the nation's intellectual and artistic community").

¹⁵⁵ H.R. Rep. No. 94-1476, at 124. See *Mills Music v. Snyder*, 469 U.S. 153, 172 (1985)(redrafting the statute "added benefits to authors...intended to make the rewards for the creativity of authors more substantial); *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975) (stating the ultimate goal is "to stimulate artistic creativity for the general public good"). 1 NIMMER, *supra* note 19, at 4(explaining that "the fruits of an author's labor seem to be no less deserving of the privileges and status of "property" than are the more tangible creative efforts of other laborers.").

¹⁵⁶ *Lin-Brook Builders Hardware v. Gertler*, 352 F. 2d 298, 300 (9th Cir. 1965). See *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28, 31 (2d Cir. 1939)(presuming that one, who induces the creation of a publication, wishes to own and control that thing, unless the parties contract otherwise); *Grant v. Kellogg Co.*, 58 F. Supp. at 51 (overcoming this presumption requires a contract to the contrary).

¹⁵⁷ *Yardley*, 108 F.2d at 31. When a work is solicited and paid for, it should be presumed "the patron desires to control the publication of copies and that the artist consents that he may." *Id.*

¹⁵⁸ *Contra Brattelboro Pub. Co. v. Winmill Pub. Corp.*, 369 F.2d 565, 568 (2d Cir. 1966)(holding that the presumption of copyright vestment is in favor of the employer).

¹⁵⁹ *CCNV v. Reid*, 490 U.S. 730, 741 (1989)(holding that the instance test does not advance the objectives and intentions of Congress in creating the redrafted copyright law).

¹⁶⁰ *Id.* The Court stated that the 'instance and expense test' would make anything a work-for-hire, so long as it was a "specially ordered commissioned work that is subject to supervision and control

The ability of a party to accept, reject or modify a work should be persuasive, but not controlling in itself, in determining whether a work was one for hire.¹⁶¹ However, the lack of control over the creation of the work would weigh this factor in favor of the “hired” party.¹⁶²

As previously mentioned, the results of the expense prong are the most troubling, due to its continuous inconsistent application.¹⁶³ This factor should examine the cost of preparation and creation, not the cost of publication.¹⁶⁴ This aspect of the expense prong was once articulated as controlling, when done by the hiring party, but when the hired party uses their own resources it was determined to have no bearing on the result.¹⁶⁵ The courts should evaluate facts such as being paid a fixed salary, using one’s own money and materials, using one’s own time, and reimbursement of moneys spent.¹⁶⁶ When a party supplies materials, time and is not reimbursed, the expense prong should weigh in favor of that party.

For these reasons, the Supreme Court needs to grant writ of certiorari to solidify a balancing test that gives little leeway and creates predictable results. As stated in the Petition for Writ of Certiorari, the *Kirby* case “provides an ideal vehicle for [the

of the hiring party.” *Id.* See also Petition for Writ of Certiorari, *Kirby* at 17 (stating that *CCNV* overruled the inconsistent application of the ‘instance and expense test’).

¹⁶¹ *Picture Music, Inc. v. Bourne*, 457 F. 2d 1213, 1217 (2d Cir. 1972)(holding that the ability to control and paying a fixed salary was not controlling).

¹⁶² *Donaldson Publishing Co. v. Bregman, Vocco & Conn, Inc.*, 375 F.2d 639, 643 (2d Cir. 1967)(stating that lack of control over an independent contractor is controlling in making the determination).

¹⁶³ See *Marvel Characters Inc. v. Kirby*, 726 F.3d 119, 139 (2d Cir. 2013)(stating that the expense prong “refers to the resources the hiring party invests in the creation of the work”); *Martha Graham School Dance Found., Inc. v. Martha Graham Center of Contemporary Dance, Inc.*, 380 F.3d 624, 638 (2d Cir. 2004)(explaining that the expense prong looks at factors, such as “tools resources or overhead [and these factors] may be controlling”); *Marco v. Accent Pub. Co. Inc.*, 969 F.2d 1547, 1552 (3d Cir. 1992)(holding that when a hired party uses their own equipment, their own facilities and “who receives payment without income tax withheld [and] without employee benefits,” is not in an employment relationship); *Picture Music*, 457 F.2d at 1216(stating that a fixed salary is merely one fact, but the presence or “absence of a fixed salary...is never conclusive” in determining at whose expense the work was created). *Contra* *Playboy Enterprises, Inc. v. Dumas*, 53 F.3d 549, 555 (2d Cir. 1995)(concluding that factors such as setting hours, using own tools and facilities have “no bearing on whether the work was made at the hiring party’s expense” and the fact that one is “paid a fixed sum for each work...[was] sufficient to” satisfy the expense prong); *Donaldson*, 375 F.2d at 643(holding that the absence of a fixed salary was a controlling factor in determining the expense prong).

¹⁶⁴ 1 NIMMER, *supra* note 84, at 18. See Petition for Writ of Certiorari, *Kirby* at 25. (filed Mar. 21, 2014)(stating that “[t]he ‘expense’ component refers to the resources the hiring party invests in the creation of the work”). *Brattelboro*, 369 F.2d at 568. (stating that the party that paid for the costs of preparation was entitled to the copyright).

¹⁶⁵ *Martha Graham*, 380 F.3d at 638(stating that when a hiring party uses their own resources to aid the hired party it satisfies the expense prong); *Contra Playboy Enterprises, Inc.*, 53 F.3d at 555(holding that factors, such as setting hours and the use of tools, has “no bearing on whether the work was made at the hiring party’s expense”).

¹⁶⁶ *Kirby*, 726 F.3d at 125-126. See Petition for Writ of Certiorari, *Kirby* at 26.

Supreme Court] to finally address this controversial standard.”¹⁶⁷ This test should encompass the numerous factors that have been used in applying the ‘instance and expense test,’ but with consistent results. As mentioned above, the instance prong should still be applied, but by itself should not be controlling.¹⁶⁸ Courts should still evaluate if the work was solicited and if the solicitor had control over the creation of the work because direct supervision and control can show the amount of involvement the hiring party had in the creation. In creating a solidified expense prong that looks at the cost of creation, courts should look at what expenses were exhausted and who spent that money, rather than determining that the hiring party bore the risk of losing money after publication.¹⁶⁹

This test will further the intent of the Copyright Act by creating a predictable result. Where a hired party is reimbursed for his expenditures or where that party does not spend their own money, the expense prong would not be in their favor. Therefore, tipping the scale in favor of the hiring party.

B. Applying the New Standard to Kirby’s Case

As previously mentioned, *Marvel Characters, Inc. v. Kirby* is the perfect vehicle for the Supreme Court to address the inconsistent decisions of the Second Circuit and establish a test for the future. In this case, it appears that the Second Circuit applied whichever factors it felt in coming to their decision. In applying the facts and analyzing the test set out above, it will be clear that Kirby’s estate should have been the victors. Jack Kirby had a continuing relationship with Marvel while he was creating these characters and this should be a factor that courts evaluate in determining if these works were made for hire.¹⁷⁰ However, unlike the Second Circuit’s decision, the relationship should not itself be a controlling factor in determining that the works were made for hire.¹⁷¹ Further, although this was an ongoing relationship between Kirby and Marvel, after sometime the proverbial reigns were loosened and Kirby was not under direct and continuous supervision.¹⁷² In weighing the facts as they are, and not

¹⁶⁷ Petition for Writ of Certiorari, *Kirby* at 38.

¹⁶⁸ *Contra* Playboy, 53 F.3d at 555 (holding that using one’s own materials, paying their own taxes and hiring their own personnel is not controlling, if it was done at the instance of the hiring party).

¹⁶⁹ *Kirby*, 726 F.3d at 142 (stating “that both parties took on risks with respect to the works’ success” but the risk Marvel took in production outweighed that of Kirby’s expenses in creating the works). *Contra* 1 NIMMER, *supra* note 84, at 18 (stating that considering the expense of production is the incorrect factor, but the evaluation of the cost of creation).

¹⁷⁰ *Kirby*, 726 F.3d 119. These creations were products of Kirby’s ongoing “overarching relationship” with Marvel. *Id.* at 141. Further, these works were created “with Marvel specifically in mind” and there was an “ongoing partnership with Marvel, however unbalanced and under-remunerative..., is therefore what induced Kirby’s creation of the works.” *Id.*

¹⁷¹ *Id.* at 143.

¹⁷² *Id.* at 126 (stating that “Kirby had a freer hand within [the Marvel Method] than did comparable artists” and Kirby had an influence on the Method by changing and creating plots and pitches).

in the sense that the Second Circuit decided to see them, this prong of the test could go either way.

In analyzing the expense prong, as set out, this factor will weigh in favor of Kirby. The Second Circuit did not give credence to the facts that Kirby used his own money, materials and his own home when creating these characters.¹⁷³ If these facts are given the weight mandated in analyzing the cost of creation, this prong would be decided in favor of Kirby.¹⁷⁴

C. Congressional Action

If the Supreme Court fails to grant certiorari, Congress needs to adapt the Copyright Act to further the intention of creating reliable and predictable results, as done in the past.¹⁷⁵ After the Supreme Court decision in *Fischer v. Witmark*, which held that an author could contract away his right to renewal, Congress decided to rewrite the legislation to assure that these rights were not transferred away.¹⁷⁶

In creating or adapting the law, Congress should further exude their intent of encompassing the common law definitions of agency.¹⁷⁷ These definitions established by the common law of agency stated that the scope of employment, employee, and employer refer to the conventional employment relationship.¹⁷⁸ By Congress defining these terms in a new or adapted statute, it would clarify their intentions and prevent the confusion that the Second Circuit suffers from and would result in consistent and predictable decisions in future cases.¹⁷⁹

¹⁷³ *Id.* at 125126, 142. (stating that Kirby “was not a formal employee of Marvel...[and] was not reimbursed for expenses or overhead in creating his drawings”). *See also* Petition for Writ of Certiorari, *Kirby* at 1011, 26 (explaining that Kirby “was paid only for that work Marvel chose to purchase” and that Kirby bore the risk of selling his work Marvel).

¹⁷⁴ 1 NIMMER, *supra* note 24, at 18. *See also* Petition for Writ of Certiorari, *Kirby* at 26 (stating that the court “credited ‘Marvel’s expenditures over and above [what] it paid Kirby for his drawings’ and Marvel’s risk that its comic books might not be ‘successful’”).

¹⁷⁵ *Fred Fisher Music Co. v. M. Witmark Sons*, 318 U.S. 643, 659 (1943)(holding that the renewal term was assignable during the initial copyright term); H.R. Rep. No. 94-1476, at 124(explaining that authors needed protection against unremunerative transfers and creating the termination of transfer provision).

¹⁷⁶ *Fisher*, 318 U.S. at 659. *See also* H.R. Rep. No. 94-1476, at 124 (explaining that it was the intent of Congress to benefit authors by allowing them to regain power in the extended period).

¹⁷⁷ *CCNV*, 490 U.S. at 741 (explaining “that the term ‘employee’ should be understood in light of the general common law of agency”); *NLRB*, 453 U.S. at 329 (holding that “Congress means to incorporate the established meaning to these terms”).

¹⁷⁸ Petition for Writ of Certiorari, *Kirby* at 15 (filed Mar. 21, 2014). *See also CCNV*, 490 U.S. at 740(stating that nothing indicates that Congress intended to mean “anything other than the conventional relation of employer and employee”); *Nationwide Mut. Ins. Co. v. Darde*, 503 U.S. 318, 323 (1992)(holding that unless Congress states otherwise, it is presumed that “Congress means an agency law definition for ‘employee’”).

¹⁷⁹ *CCNV*, 490 U.S. at 740 (stating it is clear that where Congress does not define a term, it intends for a term or set of words to retain their common law definition).

V. CONCLUSION

As this article has discussed, it is troubling to see a continuous strain of inconsistent decisions in the appellate court system. But, this problem is not without resolution. *Marvel Characters, Inc. v. Kirby* was petitioned for writ of certiorari and it is now up to the Supreme Court to determine whether or not to hear the case. If the Supreme Court grants certiorari, the Court has the opportunity to make the equitable decision and rule in favor of Kirby's heirs.¹⁸⁰ However, if there is an inequitable result, Congress must adapt the Copyright Act to further the equitable needs of the writers, authors, and artists as is consistent with what Congress has on multiple occasions expressed to be their intent.¹⁸¹

Joe Simon once said that they "always felt [like] 'we wuz robbed'" and to correct this injustice there needs to be change.¹⁸²

¹⁸⁰ Brattelboro, 369 F.2d at 568 (holding that it is far more equitable to require an established business to contract with another with regard to copyright vestment).

¹⁸¹ *See generally* Brief for Lehman at 21. "If the court of appeals unsupportable decision is allowed to stand, Congress' twice expressed intent to give authors and their families the benefit of its copyright term extensions, will be nullified."

¹⁸² George Gene Gustines, *A Creator of Captain America, Fighting On*, N. Y. TIMES, Apr. 16, 2008, http://www.nytimes.com/2008/04/16/books/16gust.html?pagewanted=all&_r=0.