

No. 21-711

IN THE
Supreme Court of the United States

MARKHAM CONCEPTS, INC., *et al.*,

Petitioners,

v.

HASBRO, INC., *et al.*,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

**BRIEF OF LARRY LIEBER AND THE ESTATES
OF ARTISTS STEVE DITKO, DON HECK, GENE
COLAN, AND DON RICO AS *AMICI CURIAE*
IN SUPPORT OF PETITIONERS**

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INTEREST OF *AMICI CURIAE*¹

Larry Lieber, Steve Ditko, Don Heck, Gene Colan, and Don Rico each created under the 1909 Copyright Act legendary comic book characters and stories as freelance artists and writers. Among other famous comic book characters, Mr. Lieber co-created *Iron Man*, *Thor*, and *Ant-Man*; Steve Ditko created *Spider-Man* and *Doctor Strange*; Don Heck co-created *Hawkeye*, *Iron Man* and *Black Widow*; Gene Colan co-created *Falcon*, *Captain Marvel*, *Guardians of the Galaxy* and *Blade*; and Don Rico co-created *Black Widow*. In the 1976 Copyright Act, Congress provided such creators (and their families) with an inalienable termination right, so they at long last may have some financial participation in the fruits of their creative efforts.

Mr. Lieber and the estates of Messrs. Ditko, Heck, Colan, and Rico recently availed themselves of this right, just as Congress intended, only to be met by five lawsuits.² In each case Disney's subsidiary, Marvel,

¹ Pursuant to this Court's Rule 37.6, *amici* state that this brief was not authored in whole or in part by counsel for any party, and that no person or entity other than *amici*, their members, or their counsel made a monetary contribution intended to fund the preparation or submission of this brief. Counsel of record for each of the parties received timely notice of the intent to file this brief. The parties have consented to the filing of this brief.

² *Marvel Characters, Inc. v. Lieber*, Case No.: 1:21-cv-07955-LAK (S.D.N.Y.); *Marvel Characters, Inc. v. Ditko*, Case No.: 1:21-cv-07957-LAK (S.D.N.Y.); *Marvel Characters, Inc. v. Dettwiler*, Case No.: 1:21-cv-07959-LAK (S.D.N.Y.); *Marvel*

asserted that the amici were ineligible for the termination because their freelance stories and illustrations were putative “work for hire” via the elusive “instance and expense” test, under circumstances that do not remotely resemble “work made for hire.”

The five lawsuits confronting these *amici* are emblematic of the wide-ranging application and dire ramifications of the issues before this Court. The *amici* have an obvious and strong interest that “work for hire” under the 1909 Copyright Act be interpreted, as written by Congress, to apply to traditional hierarchical employment, and that judicial re-drafting of the 1909 Act via the “instance and expense test” not be permitted to decimate the 1976 Act’s vital, remedial termination right of independent authors and artists everywhere. 17 U.S.C. § 304(c).

INTRODUCTION AND SUMMARY OF ARGUMENT

Amici urge this Court to grant the petitioners’ request to review the decision of the court of appeals, which denied petitioners their statutory right to recapture the copyright interests of Bill Markham (“Markham”) in a celebrated board game he designed as an independent contractor, notwithstanding that Markham *assigned* his copyright therein to Link Research Corporation (“LRC”) in 1959, and that 17 U.S.C. § 304(c) provides a creator with the inalienable right to recover his copyright interests via the

Characters, Inc. v. Solo et al., Case No.: 1:21-cv-05316-DG-TAM (E.D.N.Y.); *Marvel Characters, Inc. v. Michele Hart-Rico et al.*, Case No.: 2:21-cv-07624-DMG-KES (C.D. Cal.)

termination of such pre-1978 assignments within a delineated time window.

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

Under the Copyright Act of 1909, copyright protection was divided into two separate 28-year terms: the “initial” and “renewal” terms. 17 U.S.C. § 24 (1976 ed.). Congress intended the renewal copyright to benefit authors and their families. *See Stewart*, 495 U.S. at 219. Effective January 1, 1978, the Copyright Act of 1976 significantly enhanced authors’ rights. 17 U.S.C. § 101 *et seq.* It extended the renewal term under the 1909 Act from 28 to 47 years. 17 U.S.C. § 304(a). Congress intended to give the benefit of these additional years to authors rather than to grantees for whom the automatic grant of the extension was viewed as a windfall. *See H.R. Rep. No. 94-1476* at 140 (1976). It therefore coupled the extension with a new right of authors and their families to recapture their copyrights by statutorily

terminating decades-old copyright transfers “notwithstanding any agreement to the contrary.” 17 U.S.C. § 304(c)(5).

“The principal purpose . . . was to provide added benefits to authors. . . . More particularly, the termination right was expressly intended to relieve authors of the consequences of ill-advised and unremunerative grants” *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 172-73 (1985). Congress created termination rights to “safeguard[] authors against unremunerative transfers” made before their works were commercially exploited, and to give authors and their families a second chance to obtain a more equitable portion of a copyright’s value when it is no longer conjectural. H.R. Rep. No. 94-1476, at 124 (1976); see *N.Y. Times v. Tasini*, 533 U.S. 483, 496 n.1 (2001) (recognizing Congress’ intent to re-adjust “the author/publisher balance” by providing an “inalienable authorial right to revoke a copyright transfer”).

Termination is carried out by serving advance notice of termination on the original grantee or its successor. 17 U.S.C. § 304(c)(4)(A). Authors and their heirs may terminate pre-1978 grants during a five-year window beginning fifty-six years after copyright was secured by publication. 17 U.S.C. § 304(c)(3). The termination provisions reflect a deliberate balance of competing interests determined by Congress. For instance, it is no coincidence that the 1909 Act provided 56 years of copyright protection, and that the 1976 Act provided for termination of pre-1978 transfers after 56 years. That symmetry ensured that copyright transferees were not deprived of any benefits for which they bargained under the 1909 Act.

In the Copyright Term Extension Act, Pub. L. 105-298 (1998), Congress reaffirmed its objectives with respect to the 1976 Act's termination provisions by coupling a further renewal term extension with a second termination right in 17 U.S.C. § 304(d). *See* H.R. Rep. No. 105-452, 105th Congress, 2d Sess., at 8 (1998) (the intention is for "original authors of works and their beneficiaries to benefit from the extended copyright protection").

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

Here, the First Circuit applied the controversial "instance and expense" test to find that the board game Markham created as an independent contractor was "work for hire" under the 1909 Act, effectively gutting his heirs' termination rights under the curative 1976 Copyright Act. But Markham's creation in 1959 was by no means a "work made for hire" according to the interpretation of the 1909 Act by this Court, Congress, and under the common law. Per section 26 of that statute only a traditional "employer" is considered an "author . . . in the case of works made for hire." In drafting that provision, Congress clearly contemplated regular, salaried employment and Congress' exhaustive research leading up to the 1976 Act shows that certainly no one in 1959 construed "work for hire" to include the copyrighted material of pure freelancers like Markham. This Court's articulation in *Community for Creative Non-Violence*

et al. v. Reid, 490 U.S. 730 (1989), of well-established norms of statutory construction; “work for hire” doctrine under the 1909 Act, and the 20-year legislative history of the 1976 Act – all lead to the inescapable conclusion that Markham’s creation in 1959 was *not* LRC’s “work for hire,” and why LRC had Markham assign it the copyright in his game after creation.

Petitioners were thus clearly entitled to exercise the termination rights vested in them by the 1976 Act with respect to that 1959 assignment. Congress intended the remedial termination provisions to give authors and their heirs the opportunity to finally share in the proven value of their creative works. It is fair to say that the termination right is the second most important authorial right short of copyright itself. Yet, the First Circuit thwarted congressional intent, ignored the text and legislative history of the 1909 Act, and disregarded this Court’s teaching in *Reid* – all to deny creators, like Markham, their termination rights and to bestow on publishers an unjustified windfall.

ARGUMENT

The judicial expansion, in last decade before Congress enacted the 1976 Act, of “work for hire” to independent contractors via the so-called “instance and expense” test contradicted the common law definition of “employer” in section 26, contradicted consistent judicial precedent under the statute, and is unsupported by the statute.

Here, the First Circuit found Rueben Klammer (“Klammer”) contacted “Bill Markham, an experienced

game designer and the head of a California-based product development company,” to develop a modern board game. Pet. App. 2a-3a. Klamer engaged Markham’s company, and Markham and his employees began working on it in 1959, culminating in a prototype. Pet. App. 2a-4a. After Klamer sent the prototype to Milton Bradley, Klamer’s company LRC, entered into an agreement with Markham to *assign* his rights in the board game to LRC. *Id.* at 4a. No employer-employee relationship existed between Klamer and Markham, and such an assignment is antithetical to “work for hire,” owned at inception by a putative employer. Yet, the First Circuit used the controversial “instance and expense” test to extend the “work for hire” doctrine to independent contractors—found nowhere in section 26.

I. The Decision Below is Contrary to the 1909 Act and Binding Supreme Court Precedent

a. The Plain Language of the Statute Controls

Section 26 of the 1909 Copyright Act stated concisely: “The word author shall include an employer in the case of works made for hire.” 17 U.S.C. § 26 (1976 ed.) (repealed). It is a well-established canon that “where words are employed in a statute which had at the time a well-known meaning at common law or in the law of this country, they are presumed to have been used in that sense unless the context compels to the contrary.” *Standard Oil Co. v. United States*, 221 U.S. 1, 59 (1911). This remains a “cardinal rule of statutory construction.” *Molzof v. United*

States, 502 U.S. 301, 307 (1992). *See e.g., Park ‘N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 194 (1985) (construing the Lanham Act; “[s]tatutory construction must begin with the language employed by Congress and the assumption that the ordinary meaning of that language accurately expresses the legislative purpose.”).

Petitioners correctly identified that Congress did not define the term “employer” in section 26 as its meaning was (and still is) commonly understood. Pet. 18. The common law meaning of “employer” to connote traditional employment is consistent with its legal definition not only when the 1909 Act was passed, but in 1959 as well.³ Nothing in the text of the 1909 Act’s “work for hire” provision indicates that Congress used the word “employer” to describe anything less than a conventional employment relationship, or supports its judicial extension to freelancers like Markham.

The conventional master-servant relationship clearly distinguishes independent contractors from employees. *See Clackamas Gastroenterology Assocs., P.C. v. Wells*, 538 U.S. 440, 444-45, n.5 (2003) (common law agency doctrine “determin[es] whether a hired party is an employee,” and “draw[s] a line between independent contractors and employees”); *Nationwide*

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

Mut. Ins. Co. v. Darden, 503 U.S. 318, 323, 325 (1992) (differentiating independent contractors from employees under ERISA, “Congress means an agency law definition for ‘employee’ unless it clearly indicates otherwise.”); *NLRB v. United Ins. Co. of America*, 390 U.S. 254, 256 (1968) (same; NLRA).

b. The Legislative History of Section 26 Reinforces This Plain Reading

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

The 1909 Act’s legislative history establishes that “employer” in section 26 applied only to traditional employment. See Stenographic Report of the Proceedings of the Librarian’s Conf. on Copyright, 2d Sess. 188 (Nov 1-4, 1905) (statement by Lithographer’s Association), *reprinted in* 2 Legislative History of the 1909 Copyright Act at 188 (1976) (“[T]he right belonging to that artist who is *employed* for the

purpose of making a work of art *so many hours a day* . . . should be very different from the right that is held by the independent artist”) (emphasis added). *See also* Pet. at 20 (discussing Stenographic Report of the Proceedings of the Librarian’s Conf. on Copyright, 2d Sess. 188 (Nov 1-4, 1905).)

A key study commissioned by Congress in revising the 1909 Act determined: “[I]t may be concluded that section 26 [of the 1909 Act] refers only to works made by salaried employees in the regular course of their employment.” B. Varmer, Copyright Law Revision Study No. 13, “Works Made for Hire and on Commission,” Studies Prepared for the Copyright Office, Reprinted by the Senate Subcommittee on Patents, Trademarks and Copyrights of the Committee on the Judiciary, 86th Cong., 2d Sess. 127, 130 (1960). The Varmer study based its findings, in part, on the 1909 Act’s legislative history, noting that in the draft bill of the 1909 Act, dated March 2, 1906, a “work made for hire” was “defined in terms of salaried employment.” *Id.* at 128.

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

“[L]ong before the enactment of the Copyright Act of 1909, it was settled that the protection given to copyrights is wholly statutory.” *Sony Corp.*, 464 U.S. at 431. “[I]t is generally for Congress, not the courts, to decide how best to pursue the Copyright Clause’s

objectives . . . “[I]t is not our role to alter the delicate balance Congress has labored to achieve.” *Eldred v. Ashcroft*, 537 U.S. 186, 212-13 (2003) (quoting *Stewart*, 495 U.S. at 230).

II. *Reid* Effectively Overruled the “Instance and Expense” Test

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

Although the Act nowhere defines “employee,” “employment,” or related terms, it must be inferred that Congress meant them in their settled, common-law sense, since nothing in the text of the work for hire provisions indicates that those terms are used to describe anything other than the conventional relation of employer and employee.

Id. at 731. The same holds true for “employer” in section 26 of the 1909 Act. “Ordinarily, ‘Congress’ silence is just that—silence.” *Id.* at 749 (citation omitted). *See also id.* at 739 (“It is [] well established that [w]here Congress uses terms that have

accumulated settled meaning . . . a court must infer, unless the statute otherwise dictates, that Congress means to incorporate the established meaning of these terms” (citations omitted).

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

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

More pointedly, this Court unanimously rejected the judicial “instance and expense” test to determine who qualified as a “work for hire” employee because a “paramount goal” of our copyright law is to “enhanc[e] predictability and certainty of copyright ownership.” *Id.* at 749-50. It emphasized that under the test

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

“parties would not know until late in the process, if not until the work is completed, whether” it was a work for hire “leav[ing] the door open for hiring parties, who have failed to get a full assignment of copyright rights from independent contractors . . . to unilaterally obtain work-made-for-hire rights years after the work has been completed as long as they directed or supervised the work, a standard that is hard not to meet when one is a hiring party.” *Id.* at 750 (internal citation omitted).

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

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

[T]he work for hire doctrine codified in § 62 [26] *referred only to works by employees in the regular course of their employment. As for commissioned works, the courts generally presumed that the commissioned party had impliedly agreed to convey the copyright, along with the work itself, to the hiring party.*

Id. at 744 (emphasis added). Per the italicized language, only work of a traditional “employee[]” is “work for hire” under the 1909 Act. Commissioned work of an independent contractor is owned by the

commissioning party via *assignment*, not at inception as the putative author of a “work for hire.”

Leading commentators read *Reid* as overruling the “instance and expense” test under both the 1976 and 1909 Acts. See Melville Nimmer and David Nimmer, 3 *Nimmer on Copyright* (“Nimmer”) § 9.03[D] at 9-32 to 9-34. Yet, here, the First Circuit decided “[e]ven if we were disposed to appellants’ view [that *Reid* overruled the “instance and expense” test],” “it does not account for our own precedent” which “applied the instance and expense test to a work governed by the 1909 Act, noting that the test controlled whether a commissioned work qualified as a work for hire.” Pet. App. 11a-12a (citing *Forward v. Thorogood*, 985 F.2d 604, 606 (1st Cir. 1993)); *id.* at 13a (“*Forward* applied the instance and expense test to reach the outcome it did. Accordingly, the panel necessarily held that, post-*Reid*, the instance and expense test remained applicable to commissioned works under the 1909 Act. That holding is binding on us here.”).

The First Circuit failed to acknowledge that (1) the *Forward* court relied on *Murray v. Gelderman*, 566 F.2d 1307, 1310 (5th Cir. 1978), for justifying use of the “instance and expense test” and *Murray* was declared by the Eleventh Circuit in *M.G.B. Homes, Inc. v. Ameron Homes, Inc.*, 903 F.2d 1486 (11th Cir. 1990), as “no longer valid precedent,”⁵ *id.* at 1490-91 (holding that *Murray*’s rationale for applying the instance and expense test under the 1909 Act “was

⁵ The *Forward* court also relied on *Brattleboro Publishing Co. v. Winmill Publishing Corp.*, 369 F.2d 565, 567-68 (2d Cir. 1966), which is discussed *infra*.

rejected by” *Reid*); and (2) the *Forward* court neither considered nor cited any of this Court’s reasoning in *Reid* for rejecting the “instance and expense” test. *See* 490 U.S. at 749-50. Thus, the First Circuit neglected to review this Court’s compelling analysis by relying on its own prior opinion that also neglected to consider that same analysis.

The panel also mentioned it is “skeptical” that this Court’s analysis applies to the 1909 Act and “note[d] that the Second and Ninth Circuits have determined that *Reid* does not require abandonment of the 1909 Act’s instance and expense test.” Pet. App. 14a. Even though the Eleventh Circuit held otherwise in *M.G.B. Homes*, 903 F.2d at 1490-91 (holding that its own authority applying the “instance and expense” test under the 1909 Act “is no longer valid precedent because” “its rationale was rejected by” *Reid*.), the First Circuit viewed the Eleventh Circuit’s holding as “dicta.” Pet. App. 15a.

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

Until 1966, “the work for hire doctrine under the 1909 Act exclusively [applied] to traditional employees.” *Reid*, 490 U.S. at 749; *see Hogarth*, 342 F.3d at 161 n.15. As Markham worked purely as an independent contractor in the summer of 1959, Pet.

App. 2a-3a, his work was decidedly not “for hire” at the time of its creation.

Furthermore, whether material is “work for hire” under the 1909 Act “always turn[s] on the intention of the parties.” 1 *Nimmer* § 5.03[B][2][c] at 5-56.1; *Playboy Enterprises, Inc. v. Dumas* (“*Playboy*”), 53 F.3d 549, 556-57 (2d Cir. 1995) (“[W]ork for hire” is a question of “the intent of the parties”). The “instance and expense” test, itself, raises a “presumption . . . [of] the mutual intent of the parties.” *Playboy*, 53 F.3d at 554 (citation omitted). Here, the courts below used the “instance and expense” test to retroactively impute an intent the parties could *not* have had in 1959.

In short, even if Markham had retained sophisticated counsel in 1959,⁶ he would have been advised that the board game he created as an independent contractor was *not* “work for hire” under the 1909 Act. As the doctrine applied only to traditional employees, Markham was the original owner of the copyright to the work he created as a freelancer and thereafter assigned to LRC.

⁶ According to the 1963 first edition of Melville B. Nimmer’s copyright treatise: “Sec[ti]on] 26 expressly renders an employer for hire an ‘author’ but makes no comparable provision with respect to commissioned works.” M. Nimmer, *Nimmer on Copyright* § 63 at 245 n.80 (1963). As to “an independent contractor,” ownership is “by virtue of an assignment.” *Id.*, § 62.4 at 242.

III. Use of the “Instance and Expense Test” to Turn Work Assigned by an Independent Contractor into “Work For Hire” Is Based on an Admitted Misreading of Implied Assignment Cases

For the first six decades of the 1909 Act, courts properly applied section 26 (“The word ‘author’ shall include an employer in the case of works made for hire.” 17 U.S.C. § 26 (1976 ed.) (repealed)) to traditional hierarchical employment. *See Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc.* (“*Hogarth*”), 342 F.3d 149, 161 n.15 (2d Cir. 2003) (“[F]ederal courts applied the work-for-hire doctrine only to cases in which a traditional employer/employee relationship existed” (citations omitted)). Commissioned works were owned by the hiring party by implied assignment. *See Yardley v. Houghton Mifflin Co.*, 108 F.2d 28, 30 (2d Cir. 1939).

Brattleboro Publishing Co., v. Winmill Publishing Corp. (“*Brattleboro*”), 369 F.2d 565, 567-68 (2d Cir. 1966), a case cited by the First Circuit in its *Forward* opinion to support applying the “instance and expense” test, 985 F.2d at 606, used the “instance and expense” test to find an implied assignment of an independent author’s copyright to a publisher, stating that “there is a presumption in the absence of an express contractual reservation to the contrary, that the copyright shall be in the person at whose instance and expense the work is done.” *See Hogarth*, 342 F.3d at 160 n.14.

Then, just four years before the 1976 Act was enacted, *Picture Music, Inc. v. Bourne, Inc.* (“*Picture Music*”), 457 F.2d 1213 (2d Cir. 1972), departed from decades of precedent,⁷ and used the “instance and expense” test to extend the “work for hire” doctrine to independent contractors, based on erroneous interpretations of two implied assignment cases.

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

In turn, *Playboy* relied on *Picture Music* to erroneously hold that “an independent contractor is an ‘employee’ and a hiring party an ‘employer’ for purposes of the [1909 Act] if the work is made at the

⁷ See *Welch v. Texas Dep’t of Highways & Public Transportation*, 483 U.S. 468, 494 (1987) (respecting precedent is “of fundamental importance to the rule of law.”); *Hilton v. S.C. Pub. Rys. Commission*, 502 U.S. 197, 202 (1991) (admonishing that a court should “not depart from the doctrine of *stare decisis* without some compelling justification”).

hiring party’s ‘instance and expense.’” 53 F.3d at 554, 563.

The Second Circuit in *Hogarth*, after conceding *Picture Music*’s (and by extension, *Playboy*’s) misconstruction of its own precedent, and acknowledging, as to *Reid*, that “the content of a Supreme Court opinion . . . permits us to reject a precedent of this Court without the need for in [*sic*] banc reconsideration,” needlessly followed *Picture Music* and *Playboy*, knowing their holdings were falsely premised, contrary to over sixty years of consistent precedent and to the statute itself. 342 F.3d at 162.

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

This dilemma is by no means restricted to the Second Circuit. The Ninth Circuit, although the first mover on this position, *Pet.* at 7-9 (discussing *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298 (9th Cir. 1965)), has followed the Second Circuit in doubling down on the issue. *Twentieth Century Fox Film Corp. v. Entertainment Distrib.*, 429 F.3d 869, 878 (9th Cir. 2005), *abrogated on other grounds by Rimini St., Inc. v. Oracle USA, Inc.*, 139 S. Ct. 873

(2019). And because the Second and Ninth Circuits are the practical centers of copyright law due to the concentration of the publishing and entertainment industries within them, the effect of this misconstruction of the 1909 Act on our copyright law is as profound as it is unsupported. *See* Pet. at 26-27 (“[T]he Second and Ninth Circuits hear the bulk of the Nation’s copyright cases. . . . [G]iven their influence, other courts routinely adopt the Second and Ninth Circuits’ copyright precedents as their own, without further significant analysis.” (footnotes omitted)).

Here, the First Circuit relied on this house of cards when asserting “the Second and Ninth Circuits have determined that *Reid* does not require abandonment of the 1909 Act’s instance and expense test.” Pet. App. 14a. In support of that assertion, the First Circuit cited to *Twentieth Century*, and *Hogarth*. Pet. App. 14a. *Hogarth* suffers from the defects identified above, and *Twentieth Century* relied on *Hogarth*, *Playboy*, *Murray*, and *Forward*, each of which contain the serious flaws discussed above. The First Circuit was wrong to justify its application of the “instance and expense” test in this case by relying on cases that have admittedly faulty foundations.

The issue in the early “instance and expense” cases was copyright ownership, not authorship; the line between ownership by implied assignment or as “work for hire” was less important and often blurred. With respect to the vital statutory termination right, however, the distinction makes all the difference. Under 17 U.S.C. § 304(c), ownership of the copyrights subject to termination is presumed, and the recovery of assigned works via termination is the objective.

Because “work for hire” is the sole exemption, the careful determination of this issue is critical.

**IV. The Questions Presented by
Petitioners Are of Great
Importance To Our Copyright Law
With Far-Reaching Consequences
For Authors and Artists**

“Classifying a work as ‘made for hire’ under the ephemeral “instance and expense” test, untethered to the statute, determines not only the initial ownership of its copyright, but also the copyright’s duration, § 302(c), and the owner’s renewal rights, § 304(a), [and] termination rights.” *Reid*, 490 U.S. at 737 (citing *Nimmer* § 5.03[A]). “The contours of the work for hire doctrine therefore carry profound significance for freelance creators—including artists, writers, photographers, designers, composers, and computer programmers—and for the publishing, advertising, music, and other industries which commission their works.” *Id.*

The obvious importance of this is not relegated to the past. Because work for hire is the sole exception to statutory termination, the unsupported construction of section 26 of the 1909 Act guts the 1976 Act’s termination provisions as to most pre-1978 works, casting a pall over the present rights of innumerable authors and artists, including the *amici* here.

In recognition of Congress’ intent to “enhance the author’s position” by adjusting “the author/publisher [im]balance,” the Supreme Court has repeatedly endorsed the “inalienable authorial right to revoke a

copyright transfer.” *N.Y. Times*, 533 U.S. at 496 n.1; *Stewart*, 495 U.S. at 219, 230. If the overbroad “instance and expense” test is applied to retroactively transform the work of freelancers into “work for hire,” the exception will swallow the rule and effectively destroy the termination rights of numerous authors to a vast number of creative works.

Many of our most celebrated literary and musical works were created before 1978 and signed away to publishers in un-remunerative transactions. Termination rights were “needed because of the unequal bargaining position of authors.” H.R. Rep. No. 94-1476, at 124 (1976) .

It would be hard to find a better example of this than the *amici* who worked as freelancers from home, on their own steam, with no contract, no financial security, and no employment benefits, but without whom Marvel might not even be in business today. These prolific freelance writers and artists, who redefined the impecunious comic book business in the 1960’s are literal poster-children for the termination right, exemplifying the very imbalance Congress sought to rectify. One need only look at the billion-dollar franchises these freelancers were instrumental in creating—*Spider-Man*, *Thor*, *Iron Man*, *Dr. Strange*, *Falcon*, *Guardians of the Galaxy*, *Black Widow*, *Hawkeye*, *Blade*—but have zero financial benefits from, to understand the importance of resolving the issues presented, justifying this Court’s review.

The pervasive use of the “instance and expense” test to eradicate the termination rights of such

freelancers is not only unmoored from the 1909 Act, but it invites historical revisionism since the termination right does not vest until fifty-six years after publication. 17 U.S.C. § 304(c)(3). Corporate behemoths like Marvel, which were built on the success of such creations, but barely had one or two employees at the time it *purchased* such freelance material (for a pittance), now use their current stature to impose corporate authorship of “work for hire” under conditions that bore no resemblance to this, and an so-called “test” that enables them to do so. Inevitably, application of the malleable “instance and expense” test nearly always ends in a finding of “work for hire,” with results that are often counterintuitive and unfair. *See Marvel Worldwide, Inc. v. Kirby*, 777 F. Supp. 2d 720 (S.D.N.Y. 2011), *aff’d in relevant part*, 726 F.3d 119 (2d Cir. 2013).

This case is a clean vehicle for resolving an important question of federal law that is ripe, if not long overdue for this Court’s review. The simple facts are undisputed and straightforward. Both the district court and the court of appeals eliminated the federal termination right held by Markham’s heirs, contrary to the express text and clear intent of both the 1909 and 1976 Acts. The case is emblematic and reflects a non-evolving fundamental misinterpretation of copyright law, now deeply entrenched below, with no sign of self-correction.

“A copyright law that can work in practice only if unenforced is not a sound copyright law. It is a law that would create uncertainty, would bring about selective enforcement, and, if widely unenforced, would breed disrespect for copyright law itself.”

Kirtsaeng v. John Wiley & Sons, Inc., 133 S. Ct. 1351, 1366 (2013).

Given the concerted legislative objective of the 1976 Act’s termination right to benefit authors, use of the controversial “instance and expense” test in this fashion to retroactively strip freelance creators like Markham and the *amici* of their statutorily mandated rights, should finally be rectified in line with this Court’s clear teachings and admonitions in *Reid*.

CONCLUSION

Use of the unbridled “instance and expense” test for determining “work for hire” under the 1909 Act was dispositive in both the district court and the court of appeals. Pet. App. 15a-21a, 37a-44a. This case provides an ideal vehicle for this Court to finally address this controversial standard and to reconcile its holding in *Reid* (and other core precedent construing “employment” under multiple statutes), with “work for hire” under the 1909 Act, while leaving true “work for hire” intact.

The petition for certiorari should be granted.

Respectfully submitted,

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