


In the  
Supreme Court of the United States



MARKHAM CONCEPTS, INC. ET AL.,

*Petitioners,*

v.

HASBRO, INC., ET AL.,

*Respondents.*

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On Petition for a Writ of Certiorari to the  
United States Court of Appeals for the First Circuit

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**BRIEF OF AMICUS CURIAE  
CALIFORNIA SOCIETY OF ENTERTAINMENT LAWYERS  
IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI**

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## INTEREST OF THE AMICUS CURIAE<sup>1</sup>

*Amicus curiae* the CALIFORNIA SOCIETY OF ENTERTAINMENT LAWYERS (CSEL) is a non-profit, non-partisan, professional organization made up of attorneys working to represent creative professionals such as authors, screenwriters, songwriters, and other creators of intellectual property in the entertainment industry. CSEL seeks to balance the influence of international conglomerates within the television, film, and music industries through education, public-policy advocacy, legislation, and litigation, seen here as *amicus curiae*.

Creators, especially those small and individual, face an uphill battle in the entertainment industry against corporations who have greater resources and better access to legal assistance when it comes to copyright protection. Thus, when creative professionals face these businesses in litigation in an attempt to protect or enforce creators' copyright protections, the limitations creators face often give court victories to the defendants.<sup>2</sup> CSEL's mission is to aid creators in

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<sup>1</sup> Pursuant to Supreme Court Rule 37.6, counsel for *amicus* certify that no counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than *amicus* made such a monetary contribution. The parties have been given at least ten days' notice of *amicus curiae's* intention to file this brief and all parties have consented to the filing of this *amicus* brief.

<sup>2</sup> See Steven T. Lowe, *Death of Copyright*, 2010 L.A. LAWYER 32, 34-35; see also Steven T. Lowe, *Death of Copyright 3: The Awakening*, 2018 L.A. LAWYER 28 (identifying numerous cases

such situations through informative counseling and advice to creator-litigants as to the best practices for protecting and enforcing their rights, as well as advocating their interests to those in a position to correct perceived deficiencies in their legal protections.

Termination rights under copyright has become an increasingly pressing area of copyright law as of late. *See e.g., Horror Inc. v. Miller*, 15 F.4th 232 (2d Cir. 2021). Such rights depend on the copyright ownership status of the creator and whether creators are precluded from establishing those rights under the federal work-for-hire doctrine. *Id.* at 242 (citing that termination is available for all works “executed by the author,” other than those “made for hire”). In their petition for certiorari, Petitioners have demonstrated the lack of validity of First Circuit precedent regarding the “instance and expense” test for materials deemed under the 1909 Copyright Act to be “work-for-hire” when compared to the legal standards set by this Court in connection with materials deemed “work-for-hire” under the 1976 Copyright Act. Petitioner also establishes the inconsistencies across the circuits that warrant intervention by this Court. CSEL agrees with Petitioner that the use of the “instance and expense” test to ensnare copyrightable works of independent contractors into the work-for-hire doctrine under the 1909 Copyright Act undermines the language of the statute and creates a clear, unresolved conflict in the application of a federal body of law; a conflict that has often been used to deprive independent contractor authors of their fundamental rights under copyright law to “terminate” their “transfer” (to the extent there was such

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decided between 1991 and 2018 in which the studio or network defendants prevailed with a 95% win-loss record).

a “transfer” at all). This case provides this Court a clear opportunity to resolve these tensions in the law and between the circuits, as the issue of whether the materials at issue are, in fact, works-for-hire under the 1909 Act.



## SUMMARY OF ARGUMENT

The First Circuit Court of Appeals in this case rendered a decision to uphold a singular case of circuit precedent, against a mountain of contradictory law from other circuits and this Court. Despite an essential decision of this Court and the plain language of the Copyright Act, the ambiguities and misapplication of the “instance and expense” test continue to be embedded in the decisions of some circuit courts. *See e.g., Playboy Enters., Inc. v. Dumas*, 53 F.3d 549, 559 (2d Cir. 1995); *Michael Found. v. Urantia Found.*, 61 F. App’x 538, 549 (10th Cir. 2003). This “test” comes at the expense of creators seeking to enforce their copyright rights, only to end up as casualties of a distortion of clear, unambiguous precedent to the contrary.

This Court should use the plain language and clear intent of Congress in its enactment of both the 1909 and 1976 Copyright Acts, as well as this Court’s own decisions regarding independent contractors and the work-for-hire doctrine, to create a well-reasoned legal standard applicable across all the circuits. Specifically, this Court should permanently retire the “instance and expense” test developed by the Ninth Circuit and adopted by a couple other circuits, in recog-



nizing that this test significantly constrains federal copyright law and prejudices those seeking its protections, including the fundamental non-waivable rights of authors to terminate their grants of copyrights. 17 U.S.C. § 203; 17 U.S.C. § 304(c); *Brumley v. Albert E. Brumley & Sons, Inc.*, 822 F.3d 926, 927 (6th Cir. 2016) (explaining the right of creators or their descendants to terminate their assignment of a copyright to another party in declining to apply the “instance and expense” test).



## ARGUMENT

### I. THE FIRST CIRCUIT HAS A SINGULAR CASE OF PRECEDENT APPLYING THE “INSTANCE AND EXPENSE” TEST WHICH IS NOT SUPPORTED BY THE TEXT OF THE COPYRIGHT ACT OR THE HOLDING OF THIS COURT.

Copyright protection for the product of a creator’s services is a fundamental constitutional right. U.S. Const. art. I, § 8, cl. 8 (Congress has 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”). Congress used such power in 1909 and 1976 to expand the rights of creators under the Copyright Acts of 1909 and 1976. *Stewart v. Abend*, 495 U.S. 207, 208 (1990) (citing provisions of the 1909 Copyright Act were meant to grant more rights to creators); *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 171 (1985) (“The principal purpose of the amendments in § 304 [of the 1976 Act] was to provide added benefits to

authors”). It is well established that “[w]here Congress uses terms that have accumulated settled meaning under . . . the common law, a court must infer, unless the statute otherwise dictates, that Congress means to incorporate the established meaning of these terms.” *NLRB v. Amax Coal Co.*, 453 U.S. 322, 329 (1981); *Perrin v. United States*, 444 U.S. 37, 42 (1979).

Section 26 of the 1909 Copyright Act, 17 U.S.C. § 26 (1976 ed.) (“Section 26”), laid out the work-for-hire provision, stating only that “the word ‘author’ shall include an employer in the case of works made for hire.” Neither ‘employer’ nor ‘works made for hire’ were defined in the 1909 Act. However, under common law, ‘employer’ is understood as “the conventional master-servant relationship understood by common-law agency doctrine.” *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 739-40 (1989) (“Nothing in the text of the work for hire provisions indicates that Congress used the words “employee” and “employment” to describe anything other than ‘the conventional relation of employer and employ[ee].’”); *Kelley v. Southern Pacific Co.*, 419 U.S. 318, 323 (1974); *Robinson v. Baltimore & Ohio R. Co.*, 237 U.S. 84, 94 (1915). Thus, until 1965, Section 26 was only interpreted by the courts to mean traditional employer-employee relationships.

However, in 1965 when addressing the issue of commissioned work, the Ninth Circuit adopted the “instance and expense” test to determine copyright ownership under the work-for-hire provision in the 1909 Act, later adopted by the Second Circuit. *See, e.g., Brattleboro Publishing Co. v. Winmill Publishing Corp.*, 369 F.2d 565 (2nd Cir. 1996); *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298 (9th Cir. 1965).

There is no question that the “instance and expense” test is a judicially created doctrine which runs afoul of black letter law regarding the interpretation of terms in the Copyright Act. The First Circuit has also adopted the “instance and expense” test to materials protected under the 1909 Copyright Act, based upon the case of *Forward v. Thorogood*, (“*Forward*”), 985 F.2d 604 (1st Cir. 1993). *Forward* addresses the claim of whether an individual who arranged and paid for a band to record in a studio was entitled to own the products of the band’s services, and the court applied the “instances and expense” test. *Id.* In that case, the court concluded that the “instance and expense” test did not apply, as the claim lacked the ‘uses and benefits to the commissioner’ for the test to apply. *Id.* at 606. Such application came four years after this Court’s decision in *Community for Creative Non-Violence* (“*CCNV*”), *supra*, in which this Court declined to include independent contractors into the work-for-hire doctrine, albeit under the 1976 Copyright Act. *CCNV*, *supra*, 490 U.S. at 730. While there are many factual distinctions between *Markham* and *Forward*, the Court nevertheless applied the “instance and expense” test in the present case. Pet.App.11a-12a.

*Stare decisis* may promote judicial predictability and consistency, but “[it] is not an inexorable command; ‘rather, it is a principle of policy and not a mechanical formula of adherence to the latest decision.’” *Payne v. Tennessee*, 501 U.S. 808, 828 (1991) (quoting *Helvering v. Hallock*, 309 U.S. 106, 119 (1940)). In its dedication to a singular case of precedent, the First Circuit puts form over substance and requires a favorable outcome for corporations, studios, and media conglomerates but does not correctly interpret the 1909 Act. A correct and

consistent interpretation requires this Court to apply the clear holding of *CCNV* to the 1909 Act; any other result leads to inexplicable inconsistencies in the law.

## II. THE FIRST CIRCUIT’S EMPLOYMENT OF THE “INSTANCE AND EXPENSE” TEST CREATES UNNECESSARY UNCERTAINTY IN COPYRIGHT LAW, CHILLING CREATORS’ RIGHTS.

The First Circuit’s adoption of law which conflates independent contractors with standard employer-employee relations is problematic in its practical application, but also in its underlying policy. Copyright law, particularly under the 1909 Copyright Act, is a complicated matter, and the “instance and expense” test not only unfairly penalizes independent contractors who typically receive little to no money for their work, but also creates ambiguity and conflict in the law.

In *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994), this Court noted that “it is peculiarly important that the boundaries of copyright law be demarcated as clearly as possible.” *Fogerty*, 510 U.S. at 526-27. The same is true of ensuring that the word “employer” is understood the same way from statute to statute in order to “enhanc[e] predictability and certainty of copyright ownership.” *CCNV*, 490 U.S. at 740, 749. Yet, in dismissing this Court’s approach in *CCNV*, the First Circuit chose to perpetuate fundamental uncertainty of ownership within the broader context of copyright law.

The prongs of the “instance and expense” test are vague and unpredictable themselves. See Thomas M. Deahl II, *The Consistently Inconsistent “Instance and Expense” Test: An Injustice to Comic Books*, 14 J.

MARSHALL REV. INTELL. PROP. L. 91, 104 (2014). This Court criticized the broad application of what it means for a work to be created at “the instance of another,” as contributions to most kinds of copyrightable material are “usually prepared at the ‘instance’ of another, direction, and risk of a publisher or producer.” *CCNV*, 490 U.S. at 741. With respect to the ‘expense’ prong, the focus is likewise unduly complex and unpredictable, evaluating “the resources of the hiring party” to the “nature of the payment,” all turning on the “creative and financial arrangement[s] as revealed by the record in each case.” *Marvel Characters, Inc. v. Kirby*, 726 F.3d 119, 140 (2d Cir. 2013).

For example, in this case, as a result of Markham’s active participation in all aspects of the “power of creation,” as well as the minimal expenses paid to Markham after the creation of the game, the First Circuit’s holding calls for an entirely different application of the “instance and expense” test than the Court used in *Forward*. This defeats the purpose of predictability of copyright ownership.

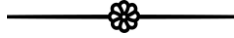
Moreover, there is not a consistent holding across the circuits. The Eleventh Circuit has adopted an approach similar to the holding of *CCNV*, while the First, Second, and Ninth Circuits continue to employ the “instance and expense” test which lumps independent contractors and actual employees into the same category for all intents and purposes.

Termination rights are granted through “the Copyright Act, giv[ing] to authors and certain enumerated family members the power to terminate prior copyright grants or transfers or licenses of copyright.” *Penguin Grp. (USA) Inc. v. Steinbeck*, 537 F.3d 193, 197 (2d Cir. 2008). The purpose was to grant creative professionals

these rights with the recognition that creators enter into long-term agreements with publishers, studios, or other conglomerates before their work has shown any prospect of success, and “discover increased leverage only when they later achieve commercial success.” *Id.* These rights cannot be waived or transferred to anyone other than the creator’s heirs. *Id.* The Copyright Act of 1976, “created for authors or their statutory heirs, with respect to transfers or licenses of copyright effected prior to 1978, an inalienable right to terminate the grant of a transfer or license.” *Id.* 17 U.S.C. § 304(c). Courts’ broad and unpredictable application of the “instance and expense” test effectively eviscerates the creator’s termination rights because creators oftentimes get paid something for their work, just nothing close to its actual value.

Litigation is expensive, especially for creators who will inevitably lack the wherewithal to pursue their claims; creators will hesitate to bring forth actions to enforce their rights if they fear they will end up with nothing from the lawsuit based upon basic flaws and ambiguities in the law. This chilling effect runs directly afoul of the intentions to provide protection for creators through the Copyright Act in the first place. It also means that independent contractor creators seeking enforcement of their rights under the 1909 Copyright Act may have less rights in jurisdictions employing the “instance and expense” test in comparison to jurisdictions who have adopted the test from *CCNV*. These critical problems necessitate review by this Court. This Court should expand its holding in *CCNV* with respect to work-for-hire clarifications under the 1976 Copyright Act and extend it to give protec-

tions for works protected under the 1909 Copyright Act as well.



## CONCLUSION

For the foregoing reasons, as well as for the reasons stated in the Cert Petition, the petition for writ of certiorari should be granted.

Respectfully submitted,

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