Heroes-for-Hire: The Kryptonite to Termination Rights under the Copyright Act of 1976

*Patrick Murray**

INTRODUCTION 412
I. RENEWAL AND TERMINATION: THE AUTHOR'S ABILITY TO GAIN REMUNERATION FOR WORKS ASSIGNED TO ANOTHER PARTY 414
A. The True Purpose of Copyright Law 414
B. The 1790 Act through the 1909 Act 418
C. The 1976 Act's Termination Provisions 420
D. Reasons Behind the 1976 Act's Changes 422
II. WORK-FOR-HIRE DOCTRINE 424
A. Works-for-Hire under the Copyright Act of 1909 425
B. Works-for-Hire under the Copyright Act of 1976 427
III. BACKGROUND AND THE CASE: *MARVEL WORLDWIDE, INC. V. KIRBY* 429
A. History Behind the Case 429
B. The Decision of the Southern District of New York 432
CONCLUSION 435

* J.D. Candidate, Seton Hall University School of Law, 2013; B.A., Communications & Media Studies, Fordham University, 2010. I would like to thank my family for all of their wonderful love and support. I owe everything to them.

INTRODUCTION

The Amazing Spider-man. The X-Men. The Incredible Hulk. You would be hard-pressed to find someone who does not recognize these and a number of the other iconic characters that found their origins on the panel of a comic book. From their somewhat humble beginnings, comic book characters have grown into some of the most prevalent—and lucrative—icons in our popular culture. They have transcended the printed page and have spread into almost all forms of media. Publishing giants Marvel Worldwide, Inc. ("Marvel"), and DC Comics, Inc. ("DC Comics"), have likewise become household names through the popularity of their properties. However, one major group of people is not very satisfied with this state of affairs: a seemingly growing number of the original artists and writers—and their estates—who contributed to the creation of some of these beloved characters.

Members of this group claim that they have not received their due recognition and/or compensation, falling victim to the inadequate bargaining power sometimes inherent in the publisher-author relationship.[1] These creators have come to rely on the termination provisions of the Copyright Act of 1976 ("1976 Act")[2] in their attempts to rectify deals that have proven to be ill-advised. Congress drafted the termination provisions of the 1976 Act specifically to remedy situations in which an author suffered from his or her unequal bargaining position, resulting in part from the inability to determine a work's value until it has been exploited.[3] When termination is successfully exercised, the grantor reclaims the copyrights that he had conveyed, placing himself in a position where he may now obtain remuneration for the work. A key consideration in such cases will often be whether the work in question was made on a "for-hire" basis. Works-for-hire are explicitly exempt from termination under the 1976 Act, because the person or entity commissioning the work is deemed to be the statutory "author" and owns the copyright in

1. *See e.g.*, Marvel Characters, Inc. v. Simon, 310 F.3d 280 (2d Cir. 2002).
2. 17 U.S.C. § 304(c) (2012).
3. H.R. REP. NO. 94-1476, at 124 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5740.

the work, rather than the creator.[4] Thus, if it can be established that a work was in fact one created "for-hire," an attempted termination of copyright transfer will fail because the original creator technically never owned the copyright nor had the ability to transfer or assign the rights to the work.

In September of 2009, the heirs of legendary comic book artist Jack Kirby served Marvel and its licensees Sony (for Spider-man), Fox (for X-men), Universal, and others with termination notices for 45 works published by Marvel between 1958 and 1963.[5] Marvel sued in 2010, seeking declaratory judgment that the termination notices were a nullity since Marvel owned the copyrights to the works.[6] The Kirby heirs counterclaimed for a declaration that the notices were not a nullity and that they now held the copyrights.[7]

The Southern District of New York disagreed with the contentions of the Kirby estate, and in *Marvel Worldwide, Inc. v. Kirby*, decided July 28, 2011, Judge Colleen McMahon found that the materials in question were works-for-hire, preventing the Kirby heirs from reclaiming the copyright on his creations under the termination provisions of the 1976 Act.[8] Since the works were created prior to January 1, 1978, the date that the 1976 Act went into effect, the court had to conduct its work-for-hire analysis pursuant to its statutory predecessor, the Copyright Act of 1909 ("1909 Act").[9] In the end, the court found that none of the evidence submitted could make "so much as a dent in the 'almost irrebuttable' presumption that the Kirby works were works-for-hire."[10] The lawyer representing the Kirby estate, Marc Toberoff, has expressed his disagreement with the court's decision, citing what he called the "arcane and contradictory state of 'work for hire' caselaw under the 1909 Copyright Act."[11] He has indicated that he intends to appeal the decision to the Second

4. 17 U.S.C. §§ 101, 203, 304(c) (2006).

5. Marvel Worldwide, Inc. v. Kirby, 777 F. Supp. 2d 720, 725 (S.D.N.Y. 2011); Matthew Belloni, *Jack Kirby Estate Vows to Appeal Loss in Marvel Copyright Lawsuit*, THE HOLLYWOOD REPORTER (July 28, 2011), http://www.hollywoodreporter.com/thr-esq/jack-kirby-estate-vows-appeal-216642.

6. *Kirby*, 777 F. Supp. 2d at 725.

7. *Id*.

8. *Id*. at 750.

9. *Id*. at 737. For a discussion on how the two acts differ, *see infra* Part II.

10. *Kirby*, 777 F. Supp. 2d at 750.

11. Belloni, *supra* note 5.

Circuit Court of Appeals.[12]

This Note will examine the Southern District of New York's decision in *Kirby* and will ultimately conclude that the decision of the court is wholly consistent with the aims of copyright law and beneficial for the continued survival and prosperity of the comic book industry. To provide insight into the underlying principles behind the 1976 Act's termination provisions, Part I of this note will trace American copyright law from its goals and underlying rationale to its implementation through the various copyright acts. Particular attention will be given to rationale supporting the changes that have been made and Congress's desire to address opportunities afforded to an author to gain remuneration for a work that has been transferred to another. Part II will examine and compare the work-for-hire doctrine under both the1909 Act and the 1976 Act, specifically focusing on the analysis utilized by courts within the Second Circuit. Part III will outline the background of the *Kirby* case and the decision that the Southern District of New York rendered, focusing on how the court applied the work-for-hire analysis to the facts of the case and the reasoning that the court relied on in reaching its judgment.

I. RENEWAL AND TERMINATION: THE AUTHOR'S ABILITY TO GAIN REMUNERATION FOR WORKS ASSIGNED TO ANOTHER PARTY

A. The True Purpose of Copyright Law

Copyright finds it origins in what is widely known as the "Copyright Clause."[13] Under this provision, 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."[14] It is pursuant to this clause and the Necessary and Proper Clause[15] that Congress can enact copyright legislation.[16] Copyright can provide the holder with an

12. *Id*.
13. U.S. CONST. art. I, § 8, cl. 8.
14. *Id*.
15. U.S. CONST. art. I, § 8, cl. 18.
16. Scott T. Okamoto, *Musical Sound Recordings as Works Made for Hire: Money for Nothing*, 37 U.S.F. L. REV. 783, 785 (2003) (citing 1 MELVILLE B. NIMMER & DAVID

immensely valuable piece of intellectual property. Authors are conferred the right to reproduce their work, prepare derivative works based on the copyrighted work, distribute copies of their work, perform or display the work publicly, and, importantly, copyright owners can also assign the copyright in their works to another.[17]

Deconstructing the ideology behind American copyright law is an intriguing endeavor. It uncovers certain truths about American values, society, and business, yet it can be equally sobering as one reflects on what copyright *actually* seeks to protect. One may think that copyright exists for the benefit of the author or creator of a piece. However, in actuality "[t]he primary purpose of copyright is not to reward the author, but is rather to secure 'the general benefits derived by the public from the labors of authors.'"[18] Reward to the owner is merely a secondary consideration.[19] The prospect of reward serves the purpose of inducing the author to release to the public the "products of his creative genius."[20] As articulated by the Supreme Court, "encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors."[21] Thus, through copyright, authors are provided with limited monopoly in their works in order to encourage them to release those works to the public.[22]

This is not a universal view taken by all countries towards copyright. In fact, European copyright law significantly differs from American copyright law in its recognition of moral rights, stemming from a "fundamentally divergent view of the nature of media, whether art is seen as a cultural production or merely creative goods."[23] American copyright

NIMMER, NIMMER ON COPYRIGHT § 1.02 (2011)(1963) (hereinafter "NIMMER ON COPYRIGHT")).

17. 17 U.S.C. § 106 (2006).

18. 1 NIMMER ON COPYRIGHT § 1.03; *see* Fox Film Corp. v. Doyal, 286 U.S. 123, 127 (1932).

19. United States v. Paramount Pictures, Inc., 334 U.S. 131, 158 (1948).

20. *Id*.

21. Mazer v. Stein, 347 U.S. 201, 219 (1954).

22. Ashok Chandra, *Crisis of Indefinite Consequence: How the Derivative Works Exception and the Lanham Act Undercut the Remunerative Value of Termination of Transfers*,16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 241, 250 (2005) (citing *Paramount Pictures*, 334 U.S. at 158).

23. Sean McGilvray, *Judicial Kryptonite?: Superman and the Consideration of*

law has its roots in "consequentialist, economic, and incentive-based justifications while continental European copyright law is informed to a greater degree by natural rights and concern to protect the personality interests of the author."[24] The result is that European intellectual property regimes justify copyright, along with trademark and patent law, as protecting the creator and his work.[25] Nonetheless, some scholars have argued that American copyright does not necessarily reject natural law concepts completely.[26]

True, there is not a complete disconnect between American law and moral rights. The United States officially recognizes some traditional moral rights such as the "Right of Authorship"[27] and the "Right of Integrity,"[28] however these protections are limited to visual artists.[29] Authors have also utilized other aspects of American law for protection akin to those that would be afforded by moral rights.[30] For example, the American system's prohibition on specifically enforcing personal service contracts affords creators of works similar protection to the "Right to Create," which "prohibit[s] the completion of a work from being judicially mandated."[31] One may also rely on libel law for the same or similar protections as the "Right of Protection from Excessive Criticism."[32] In combating distortions of their work, sometimes creators and entertainers have been able to find relief under the Lanham

Moral Rights in American Copyright, 32 HASTINGS COMM. & ENT. L.J. 319, 325 (2010).

24. *Id.* (quoting Justin Hughes, *American Moral Rights and Fixing the Dastar "Gap*," 2007 UTAH L. REV. 659, 662 (2007).

25. McGilvray *supra* note 23, at 326 (citing F. Willem Grosheide, *Paradigms in Copyright Law*, *in* OF AUTHORS AND ORIGINS: ESSAYS ON COPYRIGHT LAW 205, 207 (Brad Sherman & Alan Strowel eds., 1994).

26. MARGETH BARRETT, INTELLECTUAL PROPERTY: CASES AND MATERIALS 403 (3d ed. 2007).

27. "Permitting the author to be recognized as author of created work, to publish as anonymous or pseudonymous, to prevent work from being attributed to another, and to prevent name from being used on works not created, or distorted." SHERRI L. BURR, ENTERTAINMENT LAW: CASES AND MATERIALS IN ESTABLISHED AND EMERGING MEDIA 116 (2d. ed. 2011).

28. "Permitting the author to prevent alterations, distortions or destruction of his work." Burr, *supra* note 27.

29. 17 U.S.C. § 106A; Burr, *supra* note 27, at 116 (citing Sherri L. Burr, *Introducing Art Law*, 37 COPYRIGHT WORLD 22, 24 (Feb. 1994).

30. Burr, *supra* note 27, at 116.

31. *Id.*

32. *Id.*

Act, which "prohibits false designation of origin and false description."[33]

Still, aside from these limited exceptions and roundabout ways of invoking the effective equivalent of the protections that would be afforded by moral rights, the "[American] regulatory [system] is reluctant to acknowledge these rights."[34] Courts have consistently avoided and rejected explicit attempts to appeal to moral rights.[35] Yet scholars and commentators concur that moral rights do have a place within American copyright law, albeit a discrete one, typically hidden behind the mask of other laws.[36] Given the status of moral rights within American copyright law, it should be no surprise then that there is no clear answer as to what extent, if any, these considerations actually affect judicial decision-making.

Cases of copyright transfer termination under the 1976 Act present an intriguing context in which to apply this question. In these cases, an author is seeking to reclaim a copyright in a work he has previously assigned to another entity. Thus, it is an apt situation in which moral rights may hold sway and the argument that such cases implicitly address the moral right of an author to his work has been made.[37]

33. *Id*. at 117 (citing Gilliam v. ABC, 538 F.2d 14 (2d Cir. 1976) (ABC television network enjoined from airing their editing of Monty Python television program); 15 U.S.C. § 1125 (2006).

34. Michael D. Birnhack, *Copyright Law and Free Speech After Eldred v. Ashcroft*, 76 S. CAL. L. REV. 1275, 1294-95 (2003) (noting the limited scope of 17 U.S.C. § 106A (2000)).

35. *See* Miller v. Commissioner of Internal Revenue, 299 F.2d 706, 709 n.5 (2d Cir. 1962), *cert. denied*, 370 U.S. 923 (1962) ("In any event, the moral right [to prevent the 'distortion, mutilation or other alteration' of an author's work] is not recognized in this country."); Granz v. Harris, 198 F.2d 585, 590 (2d Cir. 1952) (granting relief based on a contract theory rather than addressing the doctrine of moral rights); Vargas v. Esquire, 164 F.2d 522, 526 (7th Cir. 1947) (rejecting plaintiff's attempt to utilize moral rights law as recognized by civil law in other countries as an attempt to change the law of this country); Seroff v. Simon & Schuster, 162 N.Y.S.2d 770, 778 (Sup. Ct. 1957), *aff'd*, 210 N.Y.S.2d 479 (1960) (author could not hold publisher liable for damage to reputation from distorted translation of author's book).

36. *See* Jonathan Stuart Pink, *Moral Rights: A Conflict Between the United States and Canada*, 1 SW. J.L. & TRADE AM. 171, 178 (1994); Roberta Rosentha Kwall, *Copyright and the Moral Right: Is An American Marriage Possible?*, 38 VAND. L. REV. 1, 17-24 (1985).

37. McGilvray, *supra* note 23, at 320.

B. The 1790 Act through the 1909 Act

The termination rights now afforded to authors were not always a part of American copyright law. Like most areas of law, copyright has changed and evolved with time. Unlike other areas of law, such as contract, copyright itself is a creature of statute.[38] Congress first utilized the powers granted to it by the Copyright Clause through the enactment of the Copyright Act of 1790 ("1790 Act"), which was modeled after England's Statute of Anne.[39]

The 1790 Act provided for an initial 14 years of protection with the option to renew the copyright for an additional 14 years.[40] Originally, the purpose of the renewal right was "merely to serve as an extension of the original term."[41] Upon expiration of the original term, the author or the author's executors, administrators, or assignees could effectuate the renewal of the copyright.[42] In regards to the renewal term, there was no reference in the statute to members of the author's family, or to any party that was not in the line of succession.[43] Instead, the first section of the statute provided that a copyright could be obtained by "a citizen or citizens," or "his or their executors, administrators, or assigns," and then, in the same section, the 1790 Act granted to such persons a further term of 14 years.[44] Furthermore, there was no indication that when an author made an assignment this transfer would not also include any "extensions, improvements, and all other incidentals" to the copyright.[45] Thus, when an author transferred his copyright, there was no

38. Wheaton v. Peters, 33 U.S. 591, 663-64 (1834) ("This right [in copyright] . . . does not exist at common law—it originated, if at all, under the acts of congress."); M. Kramer Mfg. Co. v. Andrews, 783 F.2d 421, 432 (4th Cir. 1986) ("The right of copyright is a creature of federal statute, with its constitutional base in Article I, § 8, cl. 8."); Microsoft Corp. v. Grey Computer, 910 F. Supp. 1077, 1084 (D. Md. 1995) ("Unlike contracts, copyrights and the rights flowing therefrom are entirely creatures of statute. . .").

39. Copyright Act of 1790, 1 Stat. 124 (May 31, 1790) (repealed 1909), *reprinted in* 8 NIMMER ON COPYRIGHT app. 7[D][1]; Statute of Anne, 8 Anne c. 19, (1790) (repealed 1842), *reprinted in* 8 NIMMER ON COPYRIGHT app. 7[A].

40. Copyright Act of 1790 § 1.

41. Stewart v. Abend, 495 U.S. 207, 217 (1990) (citing Copyright Act of 1790 § 1).

42. *Stewart*, 495 U.S. at 217 (citing Copyright Act of 1790 § 1).

43. White-Smith Music Pub. Co. v. Goff, 187 F. 247, 250 (1st Cir. 1911).

44. *Id*.

45. *Id*.

reason to believe that the assignee would not also gain the right to renewal.[46]

Congress altered the renewal rights granted in the Copyright Act in 1831, and again in 1870; resulting in a provision which granted to "the author, inventor, or designer," if living, or "his widow or children, if he be dead" the exclusive right of renewal for the additional 14-year period.[47] This created a new policy in which the original and renewal terms of a copyright were clearly broken up and the right to renewal would revert back to the author or his family upon expiration of the first term.[48] By doing this, Congress was endeavoring to provide the author with a second chance to control and benefit from his work and sought "to secure to the author's family the opportunity to exploit the work if the author died before he could register for the renewal term."[49]

Congress once again took legislative action with the 1909 Act. This Act would follow its predecessors in providing the author with an initial copyright period, now extended to 28 years from the date of publication, and a renewal period for a second 28-year period upon the expiration of the first term.[50] In the debates leading up to the 1909 Act's enactment, Congress determined that the two-term scheme should be retained in order to address the inequality often present in the bargaining power between the author and the publisher.[51] This scheme would help protect authors who sell their copyrights, for a relatively small sum of money, to publishers who go on to reap enormous profits.[52]

---

46. *Id*.

47. Copyright Act of February 3, 1831, 4 Stat. 36, *reprinted in* 8 NIMMER ON COPYRIGHT app. 7[D][4]; Copyright Act of 1870 § 88, *reprinted in* 8 NIMMER ON COPYRIGHT app. 7[D][13][a][Sec. 88].

48. *Goff*, 187 F. at 250.

49. *Stewart*, 495 U.S. at 218 (citing Seymour M. Bricker, *Renewal and Extension of Copyright*, 29 S. CAL. L. REV. 23, 27 (1955) ("The renewal term of copyright is the law's second chance to the author and his family to profit from his mental labors")).

50. 17 U.S.C. § 24 (1909 Act) (replaced by the Copyright Act of 1976, 17 U.S.C. § 101, et seq.), *reprinted in* 8 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT app. 6 § 24 (Matthew Bender & Co. 2011) (1963).

51. H.R. REP. NO. 2222 at 14 (1909) ("It not infrequently happens that the author sells his copyright outright to a publisher for a comparatively small sum. If the work proves to be a great success and lives beyond the term of twenty-eight years, . . . it should be the exclusive right of the author to take the renewal term, and the law should be framed . . . so that [the author] could not be deprived of that right.").

52. *Id*.

The renewal term in effect created a new estate: one "clear of all rights, interests, or licenses granted under the original copyright."[53] It provided a safeguard in the form of an escape hatch for authors who have made poor bargaining decisions.[54] The author or his family would be able to "get the benefit of the last half of the monopoly if the work [has] prove[n] [to be] a protracted success."[55] It would allow the author to bargain on more equal footing with the assignee, and fairly renegotiate the terms of the grant after the value of the work has been determined through its exploitation during the initial term.[56]

Unfortunately, this proved to be a flawed system, and in *Fred Fischer Music Co. v. M. Witmark & Sons*, the Supreme Court rendered a decision that effectively eliminated the purpose of the renewal right as Congress had envisioned.[57] The Court held that the second term of copyright was assignable during the first term.[58] As a result of this decision, publishers simply began requiring authors to assign both the copyright and the renewal right.[59] Thus, the renewal right was left worthless in regard to its most important use.

C. The 1976 Act's Termination Provisions

Sweeping revisions were made with the 1976 Copyright Act in order to address the shortcomings of the previous system. First, the two-term system of the initial copyright term and the renewal term was changed to a single term

53. G. Ricordi & Co. v. Paramount Pictures, Inc., 189 F.2d 469, 471 (2d Cir. 1951).

54. Chandra, *supra* note 22, at 251.

55. Zechariah Chafee, Jr., *Reflections on the Law of Copyright: II*, 45 COLUM. L. REV. 719, 722 (1945).

56. Stewart v. Abend, 495 U.S. 207, 218-19 (1990); 2 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 9.02 (Matthew Bender & Co. 2011) (1963) ("[U]nlike real property and other forms of personal property, [a copyright] is by its very nature incapable of accurate monetary evaluation prior to its exploitation.").

57. Fred Fischer Music Co. v. M. Witmark & Sons, 318 U.S. 643 (1943). The authors of the song "When Irish Eyes are Smiling" assigned both its initial and the renewal rights to Witmark. *Id.* at 645. When one of the authors renewed the rights in his own name, and assigned his renewal interest to Fischer, Witmark brought suit to enjoin Fischer from publishing and selling copies of the song. *Id.* at 646.

58. *Id.* at 659.

59. H.R. REP. NO. 94-1476, at 124 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5740.

period lasting the life of the author plus 50 years.[60] As the Act took effect on January 1, 1978, works created on or prior to December 31, 1977 still need to be renewed in the manner of the 1909 Act.[61] However, the 1976 Act granted an additional 19-year renewal term for such works (making the renewal term for applicable works run for a maximum of 47 years).[62] The Sonny Bono Copyright Term Extension Act further extended this period by 20 years; thus making copyright last for the life of an author plus 70 years, and for works of corporate authorship to 120 years after creation or 95 years after publication, whichever is earlier.[63] For works that were in their renewal term, an extra 20 years was added onto the 47-year term.[64]

Second, Congress instituted a new non-waivable right for authors who previously assigned their copyrights to another party in sections 203 and 304(c) of the 1976 Act, which allows these authors to terminate their transfers.[65] Furthermore, Congress included the language, "notwithstanding an agreement to the contrary," to Section 304(c).[66] This ensures that an author could not contract this right away, removing the pitfall of the 1909 Act. The 1909 Act had been deemed a failure due to its inability to provide authors with remunerative rights after they had assigned the renewal term in their copyrighted work before its true value could be ascertained.[67] Congress sought to fix the problem by allowing copyright law to trump contract law.

Sections 304(c) and 203 are similar for the most part.[68] Section 203 addresses the reversionary rights of authors who created works after December 31, 1977,[69] while section 304(c) retroactively grants a termination right to authors of works

60. 17 U.S.C. § 302(a) (2006).
61. *See id.* § 304.
62. *See id.* § 304(a)(2).
63. *See id.* § 302, *amended by* the Sonny Bono Copyright Term Extension Act, Pub. L. 105-298, 112 Stat. 2827 (1998).
64. *See id.* § 304(a), *amended by* the Sonny Bono Copyright Term Extension Act, Pub. L. 105-298, 112 Stat. 2827.
65. *See id.* §§ 203, 304(c) (2006).
66. *See id.* § 304(c)(5).
67. Chandra, *supra* note 22 at 264.
68. 17 U.S.C. §§ 203(a)(1), (2), (4), (5), 304(c)(2), (4), (5).
69. *See id.* § 203.

created before January 1, 1978.[70] For section 203, "[t]ermination of the grant may be effected at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant."[71] If the grant also included the right of publication, then the five-year reclamation period begins "at the end of thirty-five years from the date of publication … or at the end of forty years from the date of execution of the grant, whichever term ends earlier."[72] Similarly, section 304(c) allows authors or their statutory heirs a right to terminate a grant in a copyright during a window period of five years, which would begin fifty-six years after the original grant was made.[73]

D. Reasons Behind the 1976 Act's Changes

Clearly, the 1976 amendments were meant to benefit authors.[74] By extending the duration of existing copyrights and providing a longer term for new copyrights, along with the new, highly author-protective termination rights, Congress "obviously intended to make the rewards for the creativity of authors more substantial."[75] Specifically, through the termination rights granted by the 1976 Act, Congress was tackling the same issue that they had similarly attempted to address with a separate renewal right.[76] The *Witmark* decision had ensured that renewal rights as they stood under the 1909 Act would not offer authors protection from poor dealings, as Congress had desired.[77] As recognized by the Supreme Court, like the renewal right before it, the termination right was enacted with the express purpose of providing respite for those authors who made "ill-advised and unremunerative grants" of their copyrights before there was a fair chance for the author to "appreciate the true value of his

70. *See id.* § 304(c).
71. *See id.* § 203(a)(3).
72. *Id.*
73. *Id.* § 304(c)(3).
74. Mills Music, Inc. v. Snyder, 469 U.S. 153, 172 (1985).
75. *Id.*
76. H.R. REP. NO. 94-1476, at 124 (1976) ("A provision of this sort is needed because of the unequal bargaining position of authors, resulting in part from the impossibility of determining a work's value until it has been exploited").
77. *See supra* notes 57-59 and accompanying text.

work product."[78]

The termination provisions would serve as a compromise, attempting to ease the existing problems and legitimate need to rectify the disparity of bargaining power between publishers and authors, while also furthering the objectives of copyright law.[79] By providing authors with such favor and added protection, Congress created a more enticing reward for authors to release their works to the public.[80] Additionally, the termination right would also serve the purpose of solving another issue created by the term extensions that came with the 1976 Act's amendments.

In creating the additional 19-year term extension for works created prior to January 1, 1978, Congress had created a new property right that would strictly benefit the author or the assignee of the work.[81] Since Congress wanted authors to be the beneficiaries of copyright law, the termination right would ensure that authors were the ones who received the profits from the newly extended copyright period.[82] Congress also did not want to give the assignee a potential windfall, because bargained-for assignments executed before the passage of the 1976 Act likely would not have contemplated compensation for the new extension of the copyright term.[83] However, Congress realized either the author or the assignee would receive this windfall.[84] Since Congress intended the new rights to benefit authors, the termination rights allowed the author to receive the windfall, "assuming the work is profitable and the author or his heirs desire to reclaim it."[85]

Considering these longstanding attempts by Congress to provide authors with increased rights and protections for

78. *Mills Music*, 469 U.S. at 172-73 ("[T]he 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. That general purpose is plainly defined in the legislative history and, indeed, is fairly inferable from the text of § 304 itself").

79. H.R. REP. NO. 94-1476, at 124 (1976).

80. *See supra* notes 19-23 and accompanying text.

81. H.R. REP. NO. 94-1476, at 140 (1976).

82. *See id*.

83. *See id*. at 141.

84. *Id*.

85. *Id*.; John Molinaro, *Who Owns Captain America? Contested Ownership, Work-for-Hire, and Termination Rights Under the Copyright Act of 1976*, 21 GA. ST. U.L. REV. 565, 573-74 (2004).

their work, and the justifications that are provided for doing so, one can see how natural moral rights may be an implicit factor in this aspect of American copyright law. Obviously, there is something morally compelling about an author fighting to reclaim his creations,[86] and courts may be sensitive to the author's plight. Some commentators argue that courts are not immune to such considerations. They assert that while decisions are not expressly based on moral rights, there is sometimes an observable willingness to factor moral rights concerns into the determination.[87] This willingness can be best evinced by decisions that focus less on the economic implications and contractual obligations created by the parties but instead opt to factor natural moral rights concerns into the equation.[88]

Regardless, the result of the 1976 Act is that authors are meant to be placed in a more favorable position than ever before.[89] Yet, while authors who have assigned their rights are blessed with these benefits, it is a different story for those who have made works on a "for-hire" basis, as Congress has expressly prevented this group of creators from exercising this termination right.[90]

II. WORK-FOR-HIRE DOCTRINE

To one that is unfamiliar, a work-for-hire may not seem that different than an assignment. In both cases one individual creates a work and another individual or entity owns the copyright in that work. While the difference between a work-for-hire and an assignment of rights in a work may seem slight in some instances, there is, in fact, a critical distinction. Termination is available to original

86. McGilvray, *supra* note 23 at 335.

87. *Id*. at 333. McGilvray specifically discusses the decision rendered in Siegel v. Warner Bros. Entm't, Inc., 542 F. Supp. 2d 1098 (C.D. Cal. 2008), as an example of how an author's moral rights can be a factor in American copyright law.

88. *Id*.

89. Mills Music, Inc. v. Snyder, 469 U.S. 153, 172 (1985) ("The principal purpose of the amendments in § 304 was to provide added benefits to authors. The extension of the duration of existing copyrights to 75 years, the provision of a longer term (the author's life plus 50 years) for new copyrights, and the concept of a termination right itself, were all obviously intended to make the rewards for the creativity of authors more substantial.").

90. 17 U.S.C. §§ 203(a), 304(c) (2006).

creators who have assigned the copyrights to their works, but Congress has explicitly excluded creators of work-for-hire material from exercising this termination right.[91]

Copyright protection initially vests with the author or creator of a work; however this is not without exception.[92] When a work is "made-for-hire" the employer or other entity commissioning the work is instead considered the author of the work, even though the original creator never assigned or bargained away the rights in the work.[93] Thus, the original creator of a work-for-hire "falls outside the scope of the policy rationales that led to the creation of the [1976 Act's] termination right."[94]

This being so, whether a work can be considered "for-hire" will often be a critical issue in copyright assignment termination cases. The analysis used to determine whether a particular work is a work-for-hire will depend on which copyright act applies.[95] Works made before January 1, 1978 are governed by the 1909 Act, while works made after that date are governed by the 1976 Act.[96] Each act has a different definition of what qualifies as a work for hire.[97]

A. Works-for-Hire under the Copyright Act of 1909

While the 1976 Act has laid out detailed definitions of work-for-hire,[98] the 1909 Act mentions the work-for-hire doctrine only once: "In the interpretation and construction of this title…the word 'author' shall include an employer in the case of works made for hire."[99] The terms "employer" and "works made for hire" are not defined in the 1909 Copyright

91. *See Id.* §§ 203, 304(c).

92. *See id.* § 201.

93. *Id.*; Penguin Group Inc. v. Steinbeck, 537 F.3d 193, 203 (2d Cir. 2008); Terry Hart, *Marvel v. Kirby: Work for Hire and Copyright Termination,* COPYHYPE (Aug. 3, 2011), http://www.copyhype.com/2011/08/marvel-v-kirby-work-for-hire-and-copyright-termination/.

94. H.R. REP. NO. 94-1476, at 121 (1976); Molinaro, *supra*, note 85 at 574.

95. Hart, *supra,* note 93.

96. *Id.*; Marvel Worldwide, Inc. v. Kirby, 777 F. Supp. 2d 720, 737 (S.D.N.Y. 2011) (citing Playboy Enterprises, Inc. v. Dumas, 53 F.3d 549, 553 (2d Cir. 1994)).

97. *Compare* 17 U.S.C. § 101 (2006), *with* 17 U.S.C. § 26 (repealed 1976), *reprinted in* 8 NIMMER ON COPYRIGHT app. 6 § 26.

98. 17 U.S.C. §§ 101, 201 (2012).

99. 17 U.S.C. § 26 (repealed 1976), *reprinted in* 8 NIMMER ON COPYRIGHT app. 6 § 26.

Act; instead, that task was left to the courts.[100] Thus, courts generally applied the work-for-hire doctrine only in cases involving a traditional employer/employee relationship until the mid-1960s.[101] However, in 1965, the Ninth Circuit became the first to apply the doctrine to a case in which an employer commissioned a work by an independent contractor.[102] This was the origin of what became known as the "instance and expense" test."[103] The court held that where one person engages another to create a "work of an artistic nature," the presumption arises that the copyright belongs to "the person at whose instance and expense the work is done."[104]

Other circuits also came to adopt the instance and expense test created by the Ninth Circuit,[105] most notably the Second Circuit, "where a majority of copyright cases are litigated,"[106] including the *Kirby* case.[107] In *Battleboro Publishing Co. v. Winmill Publishing Corp.*, the Second Circuit explicitly adopted the Ninth Circuit's *Gertler* holding in which the court found that an independent contractor is an "employee" and a hiring party an "employer" for purposes of the statute if the work is made at the hiring party's "instance and expense."[108] The "instance and expense" test is met "when the motivating factor in producing the work was the employer who induced the creation,"[109] and the employer has the right to "direct and supervise the manner in which the work is carried out."[110]

100. *Kirby*, 777 F. Supp. 2d at 737.

101. *Dumas*, 53 F.3d at 554 (citing Community for Creative Non-Violence v. Reid, 490 U.S. 730, 749 (1989)).

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

103. Hart, *supra* note 93.

104. *Gertler*, 352 F.2d at 300 ("When one person engages another, whether as employee or as an independent contractor, 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 at whose instance and expense the work is done").

105. *See, e.g.*, Murray v. Gelderman, 563 F.2d 773 (5th Cir. 1977).

106. Hart, *supra* note 93 (citing Brattleboro Publ'g Co. v. Winmill Publ'g Corp., 369 F.2d 565, 567-68 (2d Cir. 1966)).

107. *Kirby*, 777 F. Supp. 2d at 738.

108. *Brattleboro Publ'g*, 369 F.2d at 567-68.

109. Siegel v. National Periodical Publ'ns, Inc., 508 F.2d 909, 914 (2d Cir. 1974) (quoting Picture Music, Inc. v. Bourne, Inc., 457 F.2d 1213, 1216 (2d Cir. 1972), *cert. denied*, 409 U.S. 997 (1972)) (internal quotations omitted).

110. *Kirby*, 777 F. Supp. 2d at 738 (quoting Martha Graham Sch. and Dance Found., Inc. v. Martha Graham Ctr. of Contemporary Dance, Inc., 380 F.3d 624, 634-35 (2d Cir. 2004)).

To meet the "instance" prong, while the commissioning party's inducement must serve as the motivating factor, it is not a but-for test, i.e. "but for the artist's employment the work would not have been created."[111] Rather, the courts engage in a narrower inquiry based on the nature and scope of the business between the parties.[112] Furthermore, a written agreement is not necessary to prove that a work was made at the "instance" of the hiring party.[113] The focus is instead placed on the actual relationship between the parties, and the determinative question will be whether the hiring party had the power to control or supervise the creator's work.[114]

Within the Second Circuit, the "expense" prong will be satisfied in a situation where a "hiring party simply pays an independent contractor for…his or her work."[115] However, where the creator of a work is instead granted royalties as payment, such method of payment would weigh against the finding of a work being one created "for-hire."[116] The focus of this prong rests on which party bore the risk of the work's profitability.[117] The Second Circuit's jurisprudence creates "an almost irrebuttable presumption that any person who paid another to create a copyrightable work was the statutory 'author' under the 'work for hire' doctrine."[118]

B. Works-for-Hire under the Copyright Act of 1976

The work-for-hire doctrine is more specific and limited under the provisions of the 1976 Act. The 1976 Act included new work-for-hire provisions, which laid out more detailed

111. *Kirby*, 777 F. Supp. 2d at 738 (citing Siegel v. Warner Bros. Entertainment Inc., 658 F. Supp. 2d 1036, 1059 (C.D. Cal. 2009)).

112. *Kirby*, 777 F. Supp. 2d at 738.

113. *Id*. at 741.

114. *Id*. (citing Aldon Accessories Ltd. v. Spiegel, Inc., 738 F.2d 548, 552-53 (2d Cir. 1984); *Playboy*, 53 F.3d at 554).

115. *Id*. (quoting *Playboy*, 53 F.3d at 555). In *Playboy*, the fact that Playboy paid the artist a fixed sum for each of the works that were in turn published in their magazine was enough to satisfy the "expense" requirement of the instance and expense test. *Playboy*, 53 F.3d at 555.

116. *Kirby*, 777 F. Supp. 2d at 742 (quoting *Playboy*, 53 F.3d at 555).

117. *Kirby*, 777 F. Supp. 2d at 742 (quoting *Siegel,* 658 F. Supp. 2d at 1058) (emphasis omitted).

118. *Kirby*, 777 F. Supp. 2d at 738 (quoting Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc., 342 F.3d 149, 158 (2d Cir. 2003)) (internal quotations omitted).

definitions of the doctrine than had previously been statutorily available under the 1909 Act.[119] "These provisions represent a deliberate attempt by Congress to apportion copyright entitlements in such a way as to appease both 'employers/buyers' and 'employees/sellers' of copyrightable works."[120] 17 U.S.C. § 101 splits the term "work made for hire" into two categories. [121] First, "a work prepared by an employee within the scope of his or her employment" will be considered a "work made for hire."[122] Second, a work that is "specially ordered or commissioned" will also be considered a "work made for hire," however, the parties must expressly agree that the work will be considered as such in a written and signed instrument.[123]

This construction greatly limits the circumstances in which the work of an independent contractor may be considered a work-for-hire. Works created by an independent contractor must fall within the second subsection of the definition provided under §101 and therefore must fit into one of the enumerated categories.[124] Furthermore, the parties (commissioning entity and independent contractor) must expressly agree in writing that the work will be considered a work-for-hire.[125] Finally, since Congress has included a definition in the 1976 Act, "the Supreme Court held that the 'instance and expense' test does not apply for works created under the 1976 Act."[126]

While the Supreme Court held that the "instance and expense" test would no longer be utilized for newly created works, it also rejected the notion that the term "employee"

119. 17 U.S.C. §§ 101, 201 (2006).

120. Michael Carter Smith, *Work For Hire: Revision on the Horizon*, 30 IDEA 21, 21 (1989).

121. 17 U.S.C. § 101 ("A 'work made for hire' is (1) a work prepared by an employee within the scope of his or her employment; or (2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.").

122. *Id*.

123. *Id*.

124. *Id*.

125. *Id*.

126. Hart, *supra* note 93 (citing Community for Creative Non-Violence v. Reid, 490 U.S. 730 (1989)).

should be limited to "formal, salaried" employees.[127] Instead, common law rules of agency will control a court's determination as to whether a work was created within the scope of employment.[128] "These rules place the actual nature of the relationship between the two parties above whatever language issued in any written agreements between them."[129] Therefore, it is recognized that the 1976 Act is far more artist-friendly than the 1909 Act. The 1976 Act substantially narrows the scope of works-for-hire when the party commissioned to create the work is not an employee of the commissioning party.[130]

Whether a particular work is a work-made-for-hire or not has numerous implications, but the doctrine is especially significant when it relates to the question of a creator's termination rights.[131] This is the central issue at play in *Kirby*.

III. BACKGROUND AND THE CASE: *MARVEL WORLDWIDE, INC. V. KIRBY*

A. History Behind the Case

Circa 1940, artist Jack Kirby, along with longtime collaborator and fellow legend in the comic book industry, Joe Simon,[132] produced comics for a man named Martin Goodman at a company called Timely Comics ("Timely"), the predecessor to Marvel.[133] Simon was then serving as the first editor of Timely.[134] At some point during the 1940s, both Kirby and Simon left the employ of Timely, leaving the company with a vacant editor position.[135] In the meantime,

127. *Reid*, 490 U.S. at 742 n.8.
128. *Id*. at 751.
129. Hart, *supra* note 93.
130. Kirby, 777 F. Supp. 2d at 737 n.2.
131. *See Mills Musics, supra note 78.*
132. Simon and Kirby jointly created Captain America and a number of other comic book series such as "The Sandman," "The Newsboy Legion," and "The Boy Commandos." *Comiclopedia*: *Joe Simon*, LAMBIEK COMIX-STRIPS, http://lambiek.net/artists/s/simon-joe.htm (last visited Feb. 22, 2013).
133. *Kirby*, 777 F. Supp. 2d at 731.
134. *Biography of Joe Simon*, MARVEL COMICS DATABASE, http://marvel.wikia.com/Joe_Simon (last visited Feb. 22, 2013).
135. *Kirby*, 777 F. Supp. 2d at 731.

Goodman asked an assistant at Timely whose previous duties included sharpening pencils, fetching lunch, and erasing pages, to function as editor and art director until he found a suitable replacement for the position.[136] That assistant was none other than Stan Lee, who Goodman never replaced, and who remained editor at Marvel until the early 1970s.[137]

Thus, during the period in which the Kirby works that became the subject of this lawsuit were created, Lee was serving as art director and editor.[138] In this capacity, Lee developed the ideas and stories for all of Timely's comic books at the time.[139] He was responsible for the "creative editorial aspects" of the comics published.[140] Lee supervised the creation of the comic books from beginning until end and nothing was published without his approval.[141] Lee assigned artists to work, edited or even completely changed their work, set deadlines for submissions, and gave artists directions and guidelines as to what they should draw.[142] Lee could make any changes to artwork or scripts that he deemed fit, often without consulting the artist or writer.[143]

It was amid this setting that Kirby returned to Marvel and contributed to the creation of several comic book characters including the Fantastic Four, Spider-man, Thor, the X-Men, and the Hulk.[144] Most, if not all, of Kirby's contributions to

136. *Id.*
137. *Id.*
138. *Id.*
139. *Id.*
140. *Id.*
141. *Kirby*, 777 F. Supp. 2d at 731.
142. *Id.*
143. *Id.*
144. *Id.* at 732-34. Specifically, Kirby's contributions are as follows: *The Fantastic Four*: In 1961, after Lee was told by Goodman to create a team of superheroes to compete with National Comics' (a predecessor to DC Comics) "The Justice League of America," Kirby and Lee discussed ideas for the first issue at a plotting conference. Kirby subsequently produced the pencil drawings for the issue; *The Incredible Hulk*: Co-created by Lee and Kirby in 1962. Kirby drew the first issue; *The Mighty Thor*: First published in 1962, Lee created a plot synopsis and another writer, Lawrence Lieber, wrote the script for the first issue. Kirby drew the art for the first issue; *Spider-Man*: In 1962, Lee developed the initial concept and assigned Kirby to create the first issue's artwork. Lee did not like Kirby's initial pencil drawings of the character and reassigned the comic book to artist Steve Ditko. Kirby then drew the cover for Spider-man's first appearance in the comic book "Amazing Fantasy"; *Iron Man*: Also written by Lieber, based on a plot conceived by Lee, the character would first appear in "Tales of Suspense" in 1963. Kirby drew the cover of the issue, but did not contribute to the

these creations were made through a collaborative process termed the "Marvel Method."[145] Under this system, artists would meet with Lee for a "plotting conference" where Lee would describe his general ideas for the story to the artists.[146] Then, the artist would draw the story along the lines of Lee's main theme, thus allowing artists to work before actually being given a script.[147] This allowed Lee to keep multiple artists working on assignments simultaneously while providing the artists greater opportunity for involvement in the creative process.[148]

Even under the Marvel Method, artists did not work "on spec;"[149] they began to draw only after receiving an assignment and plot synopsis from Lee.[150] Artists were always constrained by Lee's plotlines and Lee retained the right to edit or alter the artists' works.[151] Lee could even reject them altogether.[152] On occasion, Lee did exercise these powers and would ask artists such as Kirby to make changes to their works.[153] Kirby always obliged these requests.[154]

Kirby did much of the work in his own home, using his own tools and supplies.[155] He worked 12-14 hours a day, was

other artwork; *The X-Men*: In 1963, due to the popularity of the Fantastic Four, Goodman asked Lee to create another superhero team. Lee conceived the idea and Kirby drew the artwork for their first appearance; *The Avengers*: Together in 1962, Lee and Kirby developed another team of superheroes that would consist of other existing Marvel characters. Lee created the initial plot and Kirby drew the first issue, published in 1963; *Ant*-Man: First published in 1962, Lee had the idea for a miniature superhero. Lieber wrote the script and Kirby drew the pencil artwork for the first issue; *Nick Fury*: Based on a discontinued series from the World War II era, "Sgt. Fury and His Howling Commandos," Lee brought the character back to life and oversaw production using the Marvel Method. Kirby was assigned to draw the artwork for the new series, which would be first published in 1963; *The Rawhide Kid*: Because Goodman enjoyed westerns and titles that used the word "kid," Lee developed this comic book, writing the first issue. Kirby drew the pencil artwork. *Id*.

145. *Id*. at 732.

146. *Id*.

147. *Kirby*, 777 F. Supp. 2d at 732.

148. *Id*.

149. On a speculation basis; with no assurance of profit. THE FREE DICTIONARY, http://www.thefreedictionary.com/on+spec (last visited Feb 22, 2013).

150. *Kirby*, 777 F. Supp. 2d at 732.

151. *Id*.

152. *Id*.

153. *Id*. at 731.

154. *Id*.

155. *Id*. at 741.

paid on a flat per-page basis, and never received royalties for his work.[156] He worked his own hours and paid his own taxes and benefits.[157] There was no written agreement between him and Marvel during this time.[158] In the spring of 1972, long after the creation of all of the works at issue in the case, Marvel and Kirby executed a written agreement which assigned to Magazine Management Company, another Marvel predecessor, "any and all right, title, and interest [Kirby] may have or control" in all of the work that he created for Marvel.[159] Kirby eventually died in 1994.[160] He was survived by his wife and their four children.[161]

B. The Decision of the Southern District of New York

The lawsuit began in September 2009.[162] The attorney to the estate, Marc Toberoff, has garnered some fame through his past involvement in lawsuits on behalf of people who created properties that have been exploited by large companies for huge amounts of money.[163] Perhaps most well-known from his representation of the families of Jerome Siegel and Joe Shuster, the original creators of Superman, Toberoff is responsible for recently obtaining a key ruling in 2008 in favor of the Siegels against DC Comics.[164] This time, Toberoff would see a different result.

Since the works in question were created before January 1, 1978, the Copyright Act of 1909 controlled the analysis as to whether the material would be considered a work-for-hire.[165]

156. *Kirby*, 777 F. Supp 2d at 732, 743; Paul Fakler, *Doctor Doom Prevails: SDNY Holds Jack Kirby's Iconic Contributions to Marvel Comics Characters Were Works for Hire*, TITLE 17: THE S(C)ITE FOR COPYRIGHT LAW (July 29, 2011), http://title17.net/2011/07/doctor-doom-prevails-sdny-holds-jack-kirbys-iconic-contributions-to-marvel-comics-characters-were-works-for-hire/.

157. *Kirby*, 777 F. Supp. 2d at 741.

158. *Id*.

159. *Id*. at 734.

160. *Id*. at 724.

161. *Id*.

162. *Id*.; Belloni, *supra* note 5.

163. Matt Rorie, *Marvel Wins Big In Jack Kirby Estate Lawsuit*, SCREENED NEWS (July 28, 2011), http://www.screened.com/news/marvel-wins-big-in-jack-kirby-estate-lawsuit/2665/.

164. *Id*.; Siegel v. Warner Bros. Entm't, Inc., 542 F. Supp. 2d 1098 (C.D. Cal. 2008).

165. *Kirby*, 777 F. Supp. 2d at 737 (citing Playboy Enters., Inc. v. Dumas, 53 F.3d 549, 553 (2d Cir. 1994)).

As mentioned in the previous section, a work must satisfy the instance and expense tests to be considered a work-for-hire under the 1909 Act.[166] Under the instance and expense tests, which are less rigid than that used for works made under the Copyright Act of 1976, a creation is considered a work-for-hire when the "motivating factor in producing the work was the employer who induced the creation"[167] and the commissioning party has the right to "direct and supervise the manner in which the work is carried out."[168]

The court found that the evidence offered to show that Kirby's works were made at Marvel's instance was "overwhelming."[169] This finding was supported by a simple, yet crucial, fact – Kirby did not work until he was told to do so by Lee.[170] The court struck down the Kirby estate's argument that there was no written agreement between Kirby and Marvel, and therefore no legal right to control Kirby's work, because a written agreement was not essential to the creation of a contractual relationship.[171] When it looked at the actual relationship of the parties, the court concluded that it was undisputed that "Marvel did control and supervise all work that it published between 1958 and 1963."[172]

The court found that the expense prong was in Marvel's favor as well, since it was Marvel, not Kirby, who bore the risk of the comic books' failure.[173] This decision was made despite the acknowledgment that Kirby had to use his own tools and supplies to create the works for Marvel.[174] Furthermore, it did not matter that there was no legal obligation on Marvel's part to purchase all the work that Kirby submitted, or that Marvel on occasion had rejected

166. Brattleboro Publ'g Co. v. Winmill Publ'g Corp., 369 F.2d 565, 567-68 (2d Cir. 1966).

167. *Nat'l Periodical Publ'ns, Inc.*, 508 F.2d at 914 (quoting Picture Music, Inc. v. Bourne, Inc., 457 F.2d 1213, 1216 (2d Cir. 1972)).

168. *Kirby*, 777 F. Supp. 2d at 738 (quoting Martha Graham Sch. & Dance Found., Inc. v. Martha Graham Ctr. of Contemporary Dance, Inc., 380 F.3d 624, 635 (2d Cir. 2004)).

169. *Kirby*, 777 F. Supp. 2d at 742.

170. *Id.* at 739.

171. *Id.* at 741.

172. *Id.* (emphasis omitted).

173. *Id.* at 743.

174. *Id.* at 741.

Kirby's work, or told him to revise it.[175] Rather it mattered which party bore the risk for the entire product, the published comic book itself.[176] Regardless of the comic book's eventual success, Marvel bore the cost of printing the book and paid the artists their fees before publication.[177]

Furthermore, the manner in which Kirby was paid for his work supported a finding for Marvel.[178] The Second Circuit views the payment of a flat sum for work sufficient to meet the expense test.[179] Therefore, the fact that Kirby was paid a flat sum for each page he submitted, and was not paid any royalties, persuaded the court to rule against the Kirby estate.[180]

The court's findings made Marvel the presumptive author of Kirby's creations unless Kirby's heirs could rebut this "almost irrebuttable presumption" with evidence to the contrary.[181] Unfortunately for the Kirby estate, the court found the evidence that was proffered unconvincing and that it did not even make a "dent in the almost irrebuttable presumption."[182] The Kirby heirs attempted to utilize the 1972 Agreement as proof that Kirby had a right in the works, which were subsequently contracted away through the agreement.[183] The court disagreed.[184] It found that the 1972 Agreement did not offer evidence that Kirby had any rights to give away in the beginning, but merely that he gave away any rights he "may" have had.[185]

The Kirby heirs emphasized that the 1972 Agreement included a provision assigning "any and all right, title and interest [Kirby] may have or control" to Marvel.[186] They argued that this provision made no sense if Marvel already owned the copyrights on Kirby's creations as works made-for-

175. *Kirby*, 777 F. Supp. 2d at 742.
176. *Id.* at 743.
177. *Id.* at 742.
178. *Id.* at 743.
179. *Id.* at 741-42.
180. *Id.* at 732, 743.
181. *Kirby*, 777 F. Supp. 2d at 743, 750.
182. *Id.* at 750.
183. *Id.* at 744.
184. *Id.* at 745-46.
185. *Id.* at 745.
186. *Id.* at 744.

hire.[187] Nonetheless, the court was not receptive to the argument. Relying on the date the 1972 Agreement was executed, the court held that the parties likely entered into this agreement because of Marvel's uneasiness over uncertainty caused by the 1976 Act and its limited definition of works-for-hire, even though the 1976 Act would not apply to works made before 1978.[188] The agreement also likely sought to eliminate any form of common law copyright claims that Kirby could have over the works.[189] This was because prior to the 1976 Act, common law copyrights existed in unpublished work.[190] Entering into the 1972 Agreement ensured that Kirby could not bring claims over any of his unpublished material, such as the works rejected by Lee.[191]

Thus, the court found that the Kirby works were created on a work-for-hire basis, which precluded the Kirby estate from terminating Marvel's copyrights under the 1976 Act.

CONCLUSION

While Congress may have created the termination of transfer provisions in the 1976 Act to allow authors a second chance to benefit from their works,[192] it did not mean to place authors in a better position than publishers. The goal was merely to level the playing field and address the gross inequality between these two parties that had previously existed.[193] This is the reason that the work-for-hire doctrine still exists and continues to serve a crucial place in copyright law. The continued observance of the doctrine is meant to benefit publishers and other entities that commission creators in their works, ensuring that they still have some power in the face of the new rights granted to creators by the 1976 Act.

The creators of works that have been made on a "for-hire" basis are not those who Congress sought to afford added protections with the 1976 Act's termination provisions.[194] The

187. *Kirby*, 777 F. Supp. 2d at 744.
188. *Id.* at 745-46.
189. *Id.* at 746.
190. *Id.*
191. *Id.*
192. H.R. REP. NO. 94-1476, at 124 (1976).
193. *Id.*
194. *See supra* Parts I(d) and II.

policy rationales and other considerations that spurred Congress to enact these changes to the copyright law simply do not exist in the work-for-hire context.[195] Thus, the creator of a work-for-hire is not entitled to the same treatment as an author of a work that has been assigned to another party. While to some this may seem harsh, this is a necessary result.

The work-for-hire doctrine is situated in a critical position in achieving the goals of copyright law – the inducement of creators to share their works with the public.[196] Through this doctrine, commissioning entities, such as publishers, have an incentive to enter into relationships with creators that result in the issuance of creative goods to the market. While we may often perceive a copyrighted work as being the fruit of the creator's labors, the commissioning entity frequently makes a substantial contribution to its creation as well. In many cases, had it not been for the commissioning party's funding of the creator or its undertaking of the risk in the success of a work, the material may never have found its way into the public's hands.

The comic book industry itself is a great example of the benefits of the work-for-hire doctrine. Without the doctrine, these characters could not have been developed to the extent that they have been through these many decades with the input of multiple artists, writers, editors, and other such creators. By allowing publishers, such as Marvel or DC Comics, to maintain ownership of these copyrights, the characters were able to grow and evolve well beyond their initial conception.

These properties also benefit from the publisher's often-vast resources, whether it is monetary or otherwise. It is through these resources and investments that mechanisms such as advertising and merchandising can be utilized, contributing to the success of the property. More likely than not, writers, artists, and other such creators simply do not have the same ability to exploit such opportunities. Thus, while these creators may have created the artistic work, its overall success may be more attributable to the toils of the publisher who holds the copyright.

195. H.R. REP. NO. 94-1476, at 121; Molinaro, *supra* note 85, at 574.

196. 1 NIMMER ON COPYRIGHT § 1.03; *see* United States v. Paramount Pictures, Inc., 334 U.S. 131, 158 (1948); Fox Film Corp. v. Doyal, 286 U.S. 123, 127 (1932).

Courts must be cautious when such disputes over ownership rights arise. These cases are particularly vulnerable to abuse resulting from emotional appeal. It is romantic to think of an author suing the large corporation to re-obtain the works that he put his heart and soul into. But judges cannot be controlled by their emotional impulses; rather, they must adhere to the law. That is what Judge McMahon knew when she decided *Kirby*.

In a commendable fashion, Judge McMahon quickly separated the emotional aspects of the case from the legal analysis at the outset of her opinion.[197] The case was not about whether Kirby and other freelance artists who worked for Marvel were treated "fairly" when Marvel grew rich off of the characters they helped create.[198] It was about whether Kirby's work qualified as a work-for-hire under the 1909 Act.[199] And the court found that it did.[200]

The Southern District of New York was correct in its decision. A contrary ruling would have resulted in an unfair windfall for the Kirby estate. There has been exceptional success with these properties, perhaps best exemplified by the huge box office success of comic book films such as *The Dark Knight, Iron Man,* and *Spider-Man*.[201] It would be difficult to determine how much of that success is owed to the original creator and how much is owed to the efforts of the publisher

197. Marvel Worldwide, Inc. v. Kirby, 777 F. Supp. 2d 720, 725 (S.D.N.Y. 2011) ("At the outset, it is important to state what this motion is not about. Contrary to recent press accounts and editorials, this case is not about whether Jack Kirby or Stan Lee is the real 'creator' of Marvel characters, or whether Kirby (and other freelance artists who created culturally iconic comic book characters for Marvel and other publishers) were treated 'fairly' by companies that grew rich off the fruit of their labor. It is about whether Kirby's work qualifies as work-for-hire under the Copyright Act of 1909, as interpreted by the courts, notably the United States Court of Appeals for the Second Circuit. If it does, then Marvel owns the copyright in the Kirby Works, whether that is 'fair' or not. If it does not, then the Kirby Heirs have a statutory right to take back those copyrights, no matter the impact on a recent corporate acquisition or on earnings from blockbuster movies made and yet to be made.") (citation omitted).

198. *Id.*

199. *Id.*

200. *Id.* at 750.

201. All three of these films have made it to the Top 50 List in domestic grosses with, as of February 9, 2013, *The Dark Knight* earning $534,858,444, *Spider-Man* earning $403,706,375, and *Iron Man* earning $318,412,101. *Domestic Grosses*, BOX OFFICE MOJO, http://www.boxofficemojo.com/alltime/domestic.htm (last visited Feb. 22, 2013).

and the many others who contributed to the development of these characters through the years. Furthermore, a victory for the Kirby estate would have likely opened the floodgates to mass-litigation commenced by others hoping to get their hands on at least a sliver of these highly lucrative pieces of intellectual property.[202]

202. *See* Molinaro, *supra* note 85, at 590.