

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X  
 :  
 MARVEL WORLDWIDE, INC., :  
 MARVEL CHARACTERS, INC. and :  
 MVL RIGHTS, LLC, :  
 :  
 Plaintiffs, :  
 :  
 - against- :  
 :  
 LISA R. KIRBY, BARBARA J. KIRBY, :  
 NEAL L. KIRBY and SUSAN N. KIRBY, :  
 :  
 Defendants. :  
 -----X

Civil Action No. 10 Civ. 141 (CM) (KNF)

-----X  
 :  
 LISA R. KIRBY, BARBARA J. KIRBY, :  
 NEAL L. KIRBY and SUSAN N. KIRBY, :  
 :  
 Counterclaim-Plaintiffs, :  
 :  
 - against- :  
 :  
 MARVEL ENTERTAINMENT, INC., :  
 MARVEL WORLDWIDE, INC., :  
 MARVEL CHARACTERS, INC., MVL :  
 RIGHTS, LLC, THE WALT DISNEY :  
 COMPANY and DOES 1 through 10, :  
 :  
 Counterclaim-Defendants. :  
 -----X

**PLAINTIFFS' MEMORANDUM OF LAW IN OPPOSITION TO DEFENDANTS'**  
**MOTION FOR SUMMARY JUDGMENT**

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## PRELIMINARY STATEMENT

Defendants-movants concede, as they must, that the dispositive issue in this litigation is whether Jack Kirby's contributions to certain Marvel comic books were works made for hire under the Copyright Act of 1909 ("the 1909 Act"). They further concede that the applicable test is whether the works were created at the hiring party's "instance and expense." Insofar as the uncontroverted record evidence, in line with well settled precedent, establishes that Kirby's contributions to the characters, stories and other copyrightable elements in the Marvel comic books at issue (collectively, the "Works") were created at Marvel's direction, subject to its control, and at its expense, Defendants' Motion for Summary Judgment must fail.

In an effort to avoid this inescapable conclusion, Defendants' motion ignores 45 years of controlling authority, proposes to substitute one or more alternative legal standards that have no support in the case law and, in a classic bootstrap, attempts to meet those invented standards with irrelevant and inadmissible evidence. This effort is unavailing.

Defendants' first effort at obfuscation involves an attempted rewrite of the governing instance and expense test, assertedly focusing on the "expense" prong of that test. After setting up their legal strawman, Defendants attempt to knock it down with distortions of the record said to support it. This effort to simply sweep aside decades of established law to fit Defendants' claimed facts should be rejected.

Second Circuit law is clear that the instance and expense test is satisfied where it has been proven that the "motivating factor in producing the work was the employer who induced the creation." *Estate of Hogarth v. Edgar Rice Burroughs, Inc.*, 00 CIV. 9569 (DLC), 2002 WL 398696, at \*18 (S.D.N.Y. Mar. 15, 2002), *aff'd* 342 F.3d 149 (2d Cir. 2003); *accord Playboy Enters., Inc. v. Dumas*, 53 F.3d 549, 554 (2d Cir. 1995). It is equally settled that the expense prong is met "where a hiring party simply pays an independent contractor a sum certain for his or

her work.” *Playboy Enters.*, 53. F.3d at 555. All that is legally relevant is that Kirby *was* routinely paid a fixed per-page sum for his *completed* work regardless of whether it was used and irrespective of whether the final comic book was financially successful. Marvel has already more than established this in its own summary judgment briefing and Defendants have not offered and cannot offer any contradictory evidence.

Defendants’ invented legal test for satisfying the “expense” prong would instead require a showing that Marvel was “on the hook,” *see* Memorandum of Law in Support of Defendants’ Motion for Summary Judgment (“Defs.’ Mot.”) at 2 – *i.e.*, obligated to pay sight unseen – for the artwork that it commissioned whether or not ever completed and irrespective of the quality or responsiveness to a particular assignment of intermediate drafts. But there is no precedent to support this invented standard, and for good reason, as it makes no sense. The very premise of the work-for-hire doctrine is that the commissioning party has control over the creative process, including the ability to require such revisions as may be appropriate. It would turn the instance and expense test on its head if, as Defendants would have it, any ostensible failure on Marvel’s part to pay Kirby for incomplete or non-final drafts of the work assigned to him based on Marvel’s exercise of creative control would mean that the work was not created at Marvel’s expense and hence could not constitute a work for hire.

Defendants’ accompanying refrain – that unless Marvel was legally obligated to pay Kirby “from the outset,” Kirby would unfairly bear “the financial risk of creation” – is also legally wide of the mark. Uniform precedent establishes that the work-for-hire concept centers around which party took on the risk of loss *on the project* (here, a published comic book), not, as Defendants postulate, whether a contributor to that project may have paid on his own for pencils, paper and the like.

As we discuss, all of Defendants' supposedly supporting evidence is wholly irrelevant insofar as it is offered solely in support of these infirm arguments. At that, even this irrelevant proffer is rife with mischaracterizations of testimony taken out of context, as well as second- and third-hand hearsay and speculation.

Defendants' remaining line of attack – that Kirby was a freelancer and not a regular employee – is no more worthy of serious consideration, as it also is legally irrelevant under decades-old precedent interpreting the work-for-hire standard under the 1909 Act. This argument is not saved either by citation to the entirely separate work-for-hire test under the Copyright Act of 1976 or by Defendants' highly selective characterization of the interests served by copyright law in general and the work-for-hire doctrine in particular.

At bottom, Defendants' claim is founded on their evident disagreement with the outcome of the balancing of interests that underpins the well settled law surrounding the work-for-hire doctrine under the 1909 Act. Much as Defendants may wish that that law were different, that plainly can have no bearing on the correct application of the law to the facts presented here.

When the governing legal tests are applied to the only relevant and competent material facts, it is clear that the Works were created at Marvel's instance and expense and, under controlling Second Circuit authority, were created as works made for hire; Marvel is, and has always been, the author of the Works for copyright purposes. Defendants' summary judgment motion should be denied in its entirety.

### **FACTUAL BACKGROUND**

The only probative evidence relating to the governing work-for-hire test is Marvel's, and that undisputed evidence more than carries Marvel's burden of showing that the Works were created at its instance and expense. In contrast, Defendants' evidentiary proffer in the instant

motion purports to establish facts that simply are not relevant to the governing legal standard; at that, it is laced with other crippling infirmities.

**A. The Only Material Facts Are Undisputed And Show The Works Were Created At Marvel's Instance And Expense**

Jack Kirby was a comic book artist whose drawings appeared in numerous Marvel comic books over many years. *See* Marvel's Local Rule 56.1 Statement ("Marvel 56.1 Stmt.") ¶ 2. The works referenced in the Termination Notices were published during the years 1958 through 1963 (the "Time Period"). *See id.* ¶ 8.

Marvel editor Stan Lee testified from personal knowledge that he and Marvel's owner Martin Goodman oversaw all aspects of Marvel's comic book creations, including the Works, from conception to publication. *See id.* ¶¶ 15-16, 22-27, 30-35, 37, 40, 42-43, 54, 56, 58-59, 63; *see also id.* ¶¶ 80-83, 85, 87-88, 90-91, 93-95, 97, 99, 101, 103, 105, 107. Artists, including Kirby, did not put pencil to paper until Lee provided them with a script, synopsis or plot. *Id.* ¶¶ 39, 55, 64. Lee hired and supervised all contributors to a comic book, including artists, writers, letterers, inkers and colorists, and had the final say on artwork and dialogue. *Id.* ¶¶ 23-27, 30-35, 40, 43, 56, 58-60, 63, 66. No Marvel comic book was published without Lee's and Goodman's approval. *Id.* ¶¶ 16, 30.

Lee also testified that Marvel bore the entire financial risk associated with the creation and publication of its comic books. *Id.* ¶¶ 19-20. Marvel paid its freelance artists, including Kirby, an agreed per-page rate for all completed assignments; artists were paid their page rate even when Lee required changes to the artwork prior to publication, and even if Marvel ultimately chose not to publish the artwork. *Id.* ¶¶ 45, 47-48, 61-62. Payment was made when the completed assignment was submitted, long before the book was printed, and months before it

went on sale. *Id.* ¶ 20. Thus, artists were paid regardless of whether the comic book to which they had contributed was a financial success. *Id.*

Marvel also paid the writers, inkers, letterers, colorists and production staff, as well as the costs of printing and distribution. Press time was scheduled well in advance, so if a comic book was not ready at the time designated in the printer's schedule, Marvel bore the entire cost of the delay. *Id.* ¶ 26. Goodman decided whether to discontinue comic books that were unprofitable. *Id.* ¶ 21. Marvel did not pay artists royalties, and did not purchase artwork on spec. *Id.* ¶¶ 46, 49, 64. If a comic book did not sell well, Goodman and Marvel bore the entire loss. *Id.* ¶ 19.

**B. Defendants' Proffered Evidence Is Irrelevant And Incompetent And Cannot Support Summary Judgment In Their Favor**

Not a single factual assertion in Defendants' motion disputes the sole admissible evidence of relevance to this case. Most of Defendants' evidentiary proffers instead purport to support Defendants' contention that Marvel has failed to meet what is in actuality a fictionalized "expense" test of Defendants' own making: that Marvel did not blindly make payments to Kirby irrespective of the stage of completeness or acceptance of his work product. This claimed evidence is incompetent in other respects, comprising as it does a mélange of lay and claimed expert speculation from witnesses who lack first-hand knowledge, as well as outright distortions of the record evidence.

***1. Defendants Have Offered No Evidence Relevant To The Governing Legal Standard***

Virtually the entirety of Defendants' factual proffer consists of (i) generalized assertions going back to the Great Depression as to aspects of the comic book industry having nothing whatsoever to do with Kirby, the Works, or the Time Period and (ii) assertions otherwise having no bearing on the legally relevant attributes of the expense test. That Defendants have nothing on point is understandable, as they are Kirby's four grown children, all of whom were very

young during the Time Period. *See id.* ¶¶ 5, 109-112. Lisa Kirby has no personal knowledge regarding this action, *id.* ¶¶ 113, 118, 120, 124-125, 129-133; Barbara Kirby is not competent to testify, *id.* ¶ 111; and Neal and Susan Kirby have no personal knowledge of Kirby’s working relationship with Marvel or any of the circumstances surrounding the Works’ creation, *see id.* ¶¶ 113-116, 118, 121-125, 129-133.

Defendants thus fall back on their two self-declared experts, Evanier and Morrow, but even both of them testified that they did not know Kirby during the Time Period and have no personal knowledge of the salient facts. *See* Declaration of Sabrina A. Perelman dated February 18, 2011, Ex. 2 at 231:10-12; *id.* Ex. 3 at 17:11-13, 19:7-20:10, 39:11-17, 40:21-25, 41:6-8, 41:13-25, 45:15-21, 46:15-20; Declaration of David Fleischer dated February 18, 2011, Ex. B at 37:21-23, 40:7-16, 53:20-55:10, 64:9-17, 91:5-12, 129:10-131:2, 135:9-17, 153:22-25, 168:14-25, 173:7-15, 203:14-17, 207:21-25, 226:14-17. To the limited extent either of them had anything of relevance to offer, it was corroborative of Marvel’s own evidence. Evanier explicitly conceded that Kirby was paid for all completed artwork that he submitted to Marvel for publication, even if that artwork was never actually published, and that Martin Goodman, as Marvel’s publisher and owner, bore the entire financial risk of the success of Marvel’s comic books. Singer Decl. Ex. 9 at 40:7-41:3, 41:6-42:13, 138:19-22, 148:12-23, 149:10-24; *id.* Ex. 8 at 61:24-62:1, 62:10-24. Morrow similarly agreed that Goodman “handled all the money” related to Marvel’s comic business. *Id.* Ex. 10 at 149:4-18.

Defendants’ effort to adduce relevant facts repeatedly misfires. For example, Defendants assert: “If a page(s) [*sic*] or story was rejected by Marvel, Kirby was not compensated, and personally took the financial loss.” Defs.’ Mot. at 6. But it is clear, as Defendants elsewhere admit, that this refers only to the unremarkable proposition that Kirby did not receive separate

payment for each and every draft of his artwork. In fact, Defendants concede the sole relevant fact: “Kirby was paid on a per-page basis for those pages of artwork ultimately accepted . . . by Marvel.” *Id.*; *see also id.* at 17.

Similarly, Defendants make much of the facts that Kirby was a freelancer who was not paid a fixed salary, did not have taxes withheld by Marvel, worked out of his home and set his own hours, “paid his own overhead and insurance,” purchased his own paper and pencils and allegedly worked for publishers other than Marvel. Defs.’ Mot. at 6-7, 17; Defendants’ Statement Of Material Facts Pursuant To Local Rule 56.1 (“Defs.’ 56.1 Stmt.”) ¶¶ 11-13, 17. Even if all of these assertions are credited as true, they are irrelevant to the work-for-hire test in general and the expense prong in particular. *See Playboy Enters.*, 53 F.3d at 555 (whether an artist “provided his own tools, worked his own hours, . . . and paid his own taxes and benefits” has “no bearing on whether the work was made at the hiring party’s expense”); *Siegel v. Warner Bros. Entm’t Inc.*, 658 F. Supp. 2d 1036, 1058 (C.D. Cal. 2009) (“[T]he focus is not on who bore the costs or expense in physically creating the work itself . . . Instead, the focus is on who bore the risk of the work’s profitability.”) (emphasis in original); *Hogarth*, 2002 WL 398696, at \*20 (expense prong met even where artist worked from home studio with his own art supplies); *see also Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213, 1216 (2d Cir. 1972) (freelancer’s “freedom to do other work” is “never conclusive” in work-for-hire analysis”).

Defendants also make occasional references to Kirby’s work being “purchased” or “speculative” and to legends printed on the backs of checks by various comic book publishers at different times. In fact, the record – including testimony from Kirby’s son Neal – is unequivocal that Kirby “didn’t do work on spec”; all work by all artists, including Kirby, was done pursuant to an assignment from Lee. *See* Marvel 56.1 Stmt. ¶¶ 39, 46, 55, 64, 115; Singer Decl. Ex. 5 at

127:25-128:5. Moreover, Defendants’ reliance on “assignment” language on checks made out to people other than Kirby, sometimes by publishers other than Marvel, outside of the Time Period is legally irrelevant both because it has no bearing on whether *Kirby’s* contributions for Marvel *during the Time Period* were made for hire and because “assignment” language itself is not dispositive. *See* Declaration of Marc Toberoff (“Toberoff Decl.”) Exs. AA, T; *see also Fifty-Six Hope Road Music Ltd. v. UMG Recordings, Inc.*, No. 08 CIV. 6143 (DLC), 2010 WL 3564258, at \*11 (S.D.N.Y. Sept. 10, 2010) (language that “assigns” or “licenses” rights to hiring company not dispositive of work-for-hire issue); *see also Twentieth Century Fox Film Corp. v. Entm’t Distrib.*, 429 F.3d 869, 881 (9th Cir. 2005) (contract with assignment language insufficient to rebut work-for-hire presumption “without any evidence as to the circumstances or intendment of its execution”); *Playboy Enters.*, 53 F.3d at 557 (works made at Playboy’s expense even when paychecks contained assignment language); *cf. Archie Comic Publ’ns, Inc. v. DeCarlo*, 258 F. Supp. 2d 315, 331-32 (S.D.N.Y. 2003), *aff’d*, 88 F. App’x 468 (2d Cir. 2004) (where effect of check legend language is unclear, work-for-hire presumption prevails).

***2. Defendants’ Proffer Suffers From Other Evidentiary Infirmities That Bar The Court’s Reliance Upon It***

Beyond its patent irrelevance, even on its own terms, Defendants’ factual proffer is riddled with other evidentiary infirmities that bar the Court’s reliance upon it.

**Rank Hearsay**

Even if the legal theory underlying Defendants’ motion were sustainable – and as we demonstrate, it is not – the testimony offered to support it is incompetent. For instance, Neal and Susan Kirby testified they did not recall ever seeing Kirby return from a visit to Marvel’s offices with any artwork Marvel rejected or asked him to revise, and the sole basis for any testimony about non-payment is vague, self-serving hearsay overheard from discussions between their

parents that they cannot identify as occurring in the Time Period. Supplemental Declaration of Randi W. Singer dated March 25, 2011 (“Supp. Singer Decl.”) Ex. 62 at 38:2-9; *id.* Ex. 61 at 65:1-5, 100:2-22 (knowledge of Marvel’s purported failure to pay Kirby based on “family discussion”); Toberoff Decl. Ex. G at 62:12-18; *id.* Ex. H at 37:6-16. Thus, Defendants’ bold *ipse dixit* that Neal Kirby “believe[s] [Kirby] mentioned it and [he] believe[s] [his] mother mentioned it as well” to support the contentions that if pages were “rejected or redone,” Kirby was not paid for them, *id.* Ex. G at 57:18-58:7; Defs.’ 56.1 Stmt. ¶¶ 14-15; Defs.’ Mot. at 3-4, 6, 19-20, are rank speculation and hearsay.

Defendants also mischaracterize Susan Kirby’s testimony about paycheck legends and her purported knowledge of them. Far from “testif[ying] on cross that she had seen ‘writing on the back [of Marvel’s checks] . . . where they said they bought and owned [Kirby’s] work,” *see* Defs.’ Mot. at 23 n.11, Susan Kirby actually testified – based on inadmissible double hearsay – that her mother had told her a neighbor had interpreted the checks as saying “that they own the rights of the characters they bought from [Kirby].” Toberoff Decl. Ex. H at 45:4-18. Susan Kirby went on to explain that she does not remember ever seeing any of the writing on the backs of such paychecks. *Id.* at 45:19-23 (“Q: Did you ever see any of the writing on the back of the checks? A: No, I don’t remember.”).

Defendants’ experts offer no more probative testimony. Evanier’s theory that Marvel did not pay for the initial sketches Kirby drew of the Spider-Man character (which Marvel did not publish) or Kirby’s cover art (which Marvel did publish) is based entirely on unreliable, decades-old hearsay. *See* Defs.’ Mot. at 20; Toberoff Decl. Ex. C at 140:19-141:8. Similarly, Evanier’s testimony about other materials for which he claims Kirby was not paid is based on a conversation that supposedly occurred the first day he, as a teen-ager, met Kirby in 1969, well

after the Time Period. *See* Toberoff Decl. Ex. B at 50:1-51:25. Indeed, the *only* basis for Evanier’s testimony about Marvel’s supposed failure to pay Kirby is hearsay statements attributed to Kirby, his wife Roz, or others. *See, e.g., id.* at 61:20-62:9; *id.* Ex. C at 136:7-17. Likewise, Morrow, who never met Kirby at all, testified repeatedly that his opinion regarding uncompensated works – including a single irrelevant example from 1970, long after the Time Period – relies on double hearsay and speculation. *See* Defs.’ Mot. at 21; Toberoff Decl. Ex. D at 89:13-92:5; *see also, e.g.,* Supp. Singer Decl. Ex. 63 at 225:7-8, 225:15-227:14 (“Q: Would I be correct again in saying that you have no firsthand knowledge as to whether or not Jack Kirby was paid for these pages [unpublished drawings of Thor character]? A: No, I do not.”); *see also id.* at 180:4-183:8, 211:3-213:25, 217:13-219:9, 222:5-224:2. Thus, as in *Siegel*, “nowhere have [Defendants] pointed to any direct evidence indicating that [Kirby was] not paid for [these] rejected submission[s]. [Defendants] speculate, rather than substantiate, this point.” 658 F. Supp. 2d at 1069. Defendants’ failure of proof in this regard is not surprising, since despite exhaustive discovery, there is no competent evidence Kirby ever complained he was not paid.

#### **Mischaracterizations Of Record Facts**

Defendants also liberally mischaracterize the testimony they cite. For example, they claim that Marvel writer Larry Lieber testified about an instance in which he was asked to revise a plot and was paid for the final version, though not for each of the interim drafts. Defs.’ Mot. at 19. In fact, Lieber testified that he was always paid for all work that he submitted during the Time Period; the cited testimony referred to an incident with a different editor, fifteen years after the Time Period, involving a work unrelated to any of the Works. *See* Singer Decl. Ex. 4 at 30:10-12; Supp. Singer Decl. Ex. 60 at 110:7-18. Similarly, Defendants cite Lieber’s testimony that he watched Kirby tear certain pencil drawings in half and then took them out of the trash to use as artwork samples. *See* Defs.’ Mot. at 18; Toberoff Decl. Ex. E at 103:7-104:11; *id.* Ex. N.

This testimony does not, as Defendants contend, prove that Kirby was not paid for these drawings. Lieber only “assumed” that the pages were rejected, but he “didn’t know what it was . . . [he] didn’t hear anything, so [he] just – that was [his] first assumption, but [he] didn’t know.” Toberoff Decl. Ex. E at 105:7-17. Defendants conclude that these drawings were not published, but they proffer no evidence as to when they were drawn or whether they were ever submitted for publication, so it is impossible to know whether they fulfilled the given assignment or whether Marvel paid for revised versions, and there is no basis for concluding that Kirby was not paid for them.

Likewise, Defendants’ contention that recent agreements between Marvel and Kirby’s estate somehow indicate that “Marvel implicitly acknowledged that it did not own” certain unpublished Kirby sketches is meritless. *See* Defs.’ Mot. at 21. Defendants have not proven – and cannot prove – that any of these sketches was drawn in the Time Period (and in fact explicitly concede that at least one of them was drawn in 1970, well after the Time Period). Indeed, they offer no evidence regarding their creation or whether Kirby ever submitted them to Marvel for publication. *See id.*; *see also* Toberoff Decl. Exs. P-R.

Nor did Marvel artist John Romita, as Defendants contend, “confirm[] that Marvel did not pay for freelance work it chose not to accept.” *See* Defs.’ Mot. at 18. Instead, the cited deposition testimony relays a story where due to Marvel’s financial difficulties in 1957 (*i.e.*, before the Time Period), Romita was instructed to stop work on an assignment for a western comic book. *See* Toberoff Decl. Ex. F at 123:18-125:9.

\* \* \*

In sum, Defendants have completely failed to come forward with relevant and probative facts to support their contention that Marvel has failed to carry its burden as to the expense test – let alone to support their claim that the facts bearing on that issue are indisputably in their favor.

## ARGUMENT

### **I. LEGAL STANDARD ON A MOTION FOR SUMMARY JUDGMENT**

A party is entitled to summary judgment only when it can establish there is “no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 250 (1986). All evidence submitted in support of a summary judgment motion must be admissible, and only material facts that “might affect the outcome of the suit under the governing law,” are considered. *See Spiegel v. Schulmann*, 604 F.3d 72, 81 (2d Cir. 2010); *Kinsella v. Rumsfeld*, 320 F.3d 309, 311 (2d Cir. 2003). In determining whether the moving party is entitled to summary judgment, courts must resolve all ambiguities and draw all inferences in favor of the non-moving party. *Major League Baseball Props., Inc. v. Salvino, Inc.*, 542 F.3d 290, 309 (2d Cir. 2008). The same rule applies even when both parties have simultaneously moved for summary judgment: “In evaluating each motion, the court must look at the facts in the light most favorable to the non-moving party.” *Dutchess/Putnam Rest. & Tavern Ass’n Inc. v. Putnam Cnty. Dep’t of Health*, 178 F. Supp. 2d 396, 400 (S.D.N.Y. 2001) (McMahon, J.); *see Law Debenture Trust Co. of N.Y. v. Maverick Tube Corp.*, 595 F.3d 458, 468 (2d Cir. 2010).

### **II. DEFENDANTS’ CONSTRUCTION OF THE EXPENSE PRONG HAS NO SUPPORT IN THE LAW OR FACTS**

#### **A. Marvel Has Satisfied The Expense Prong Of The Work-For-Hire Analysis.**

##### ***1. No Termination Right Exists For Works Made For Hire Under The 1909 Act.***

It is undisputed that the 1909 Act governs the work-for-hire analysis since the Works were published before the effective date of the Copyright Act of 1976 (the “1976 Act”). *See* Defs.’ Mot. at 2; *Playboy Enters.*, 53 F.3d at 553. As Defendants concede, the Termination Notices are without legal effect to the extent it is proven that the Works are works made for hire. *See generally* 17 U.S.C. § 304(c).

While the 1909 Act did not specifically define the term “work made for hire,” *see* 17 U.S.C. § 26, the Second Circuit developed the “instance and expense” test to determine whether a 1909 Act work was created for hire. *See, e.g., Martha Graham Sch. & Dance Found., Inc. v. Martha Graham Ctr. of Contemporary Dance, Inc.*, 380 F.3d 624, 634-35 (2d Cir. 2004); *Hogarth*, 342 F.3d at 158-163; *Playboy Enters.*, 53 F.3d at 554. The test is met “when the motivating factor in producing the work was the employer who induced the creation.” *Playboy Enters.*, 53 F.3d at 554 (quoting *Siegel v. Nat’l Periodical Publ’ns, Inc.*, 508 F.2d 909, 914 (2d Cir. 1974)). Under this test, Marvel need only proffer “some credible evidence” that the Works were created at its instance and expense to be entitled to the “almost irrebuttable presumption” the works were made for hire. *See Dolman v. Agee*, 157 F.3d 708, 712 (9th Cir. 1998); *In re Marvel Entm’t Group, Inc.*, 254 B.R. 817, 828 (D. Del. 2000); *see also Hogarth*, 342 F.3d at 158; *Fifty-Six Hope Road Music Ltd.*, 2010 WL 3564258 at \*8; *Archie Comic Publ’ns*, 258 F. Supp. 2d at 328. To overcome the presumption, Defendants must prove by the preponderance of the credible evidence that the parties expressly agreed the Works would not be works made for hire. *Playboy Enters.*, 53 F.3d at 554-55; *Fifty-Six Hope Road Music Ltd.*, 2010 WL 3564258 at \*8; *see also Twentieth Century*, 429 F.3d at 881. For all of the reasons in its summary judgment motion, Marvel satisfies both the instance and expense prongs under settled Second Circuit law. Thus, the Works were made for hire and Section 304(c)’s termination provision pursuant to which the Termination Notices were issued is inapplicable.

## ***2. The Works Were Made At Marvel’s Expense***

Defendants contend the record supports the conclusion that Marvel has failed to meet the expense prong of the work-for-hire test, such that summary judgment should be awarded in their favor. They purport to establish this proposition by a complete distortion of decades of precedent which, in application to the record here, mandates precisely the opposite conclusion.

It is firmly established that when the hired party has been paid a fixed sum, rather than royalties or other payments dependent on the work's success, that alone is sufficient to fulfill the expense prong under governing 1909 Act precedent. *See Playboy Enters.*, 53 F.3d at 555 (“The simple fact that Playboy paid Nagel a fixed [per-page] sum for each of the works published in *Playboy* magazine is sufficient to meet the requirement that the works be made at Playboy's expense.”); *Twentieth Century*, 429 F.3d at 881 (expense prong satisfied when author was paid lump sum); *In re Marvel*, 254 B.R. at 830 (comic characters created at Marvel's expense where it paid writer flat fee per page of script submitted). Such a showing demonstrates and reinforces the core concept of the work-for-hire principle that the hiring party, and not the hired party, bears the financial risk of production and ultimate success of the work. *See Hogarth*, 2002 WL 398696 at \*20 (works created at hiring party's expense where it took “full assumption of the risk of loss on the project”); *see also Twentieth Century*, 429 F.3d at 881 (publisher satisfied expense prong when it “took on all the financial risk of the book's success”); *Murray v. Gelderman*, 566 F.2d 1307, 1310 (5th Cir. 1978) (book created at hiring party's expense where it “absorbed all costs of publication”).

Defendants concede that Kirby was paid an agreed per-page rate for completed assignments he submitted to Marvel. Defs.' Mot. at 6, 17; *see also* Marvel 56.1 Stmt. ¶¶ 45, 62. Under controlling law, this concession alone is sufficient to fulfill the expense prong and defeat Defendants' motion. *See Playboy Enters.*, 53 F.3d at 555. Here, it is also reinforced by other well-recognized indicia of the expense test that have been met, such as the facts that Marvel:

- engaged an entire team to complete comic books, including writers, pencillers, inkers, letterers, colorists and production staff, Marvel 56.1 Stmt. ¶¶ 26-30; *see Twentieth Century*, 429 F.3d at 881 (expense prong met when publisher “shouldered the expense for the entire staff who assisted” in book's creation);

- paid all writers, artists and other contributors long before publication and irrespective of whether the work was actually used, Marvel 56.1 Stmt. ¶¶ 20, 47-48, 61; *see Playboy Enters.*, 53 F.3d at 552, 555; *Playboy Enters. Inc. v. Dumas*, 960 F. Supp. 710, 715-16 (S.D.N.Y. 1997); and
- bore all printing and publication costs, as well as the risk of loss if the books were not successful. Marvel 56.1 Stmt. ¶¶ 19, 26; *see Twentieth Century*, 429 F.3d at 881; *Siegel*, 658 F. Supp. 2d at 1058; *Hogarth*, 2002 WL 398696 at \*20.

In sum, the undisputed record of material facts establishes that the Works were created at Marvel's expense under the applicable legal test.

**B. Defendants' Proposed New Test For Satisfaction Of The Expense Prong Is Legally Unfounded.**

Without the benefit of supporting authority, Defendants contort the expense test into one that would require a showing that Marvel was legally obliged to pay, sight unseen, for any creative contribution that it commissioned irrespective of its state of completion. Defs.' Mot. at 2, 14, 16-22. According to Defendants, evidence of Marvel's failure to make a payment at any given phase of a work's development (as opposed to upon its completion) disqualifies the work from work-for-hire status under the 1909 Act. *See id.* This theory not only finds no support in the law; it would promote nonsensical results at odds with the very rationale of the work-for-hire doctrine.

Satisfaction of the expense prong is not tied to the timing of an accrual of a payment obligation. Rather, the test is met by a showing that the hiring party in fact paid the hired party for completing the assigned work – and, generally, that it did so, as is the case here, through a non-contingent, flat-fee payment arrangement. *See, e.g., Playboy Enters.*, 53 F.3d at 552, 555 (expense prong met where hiring party paid artist for each published painting at per-page rate after artist delivered the work).

Defendants' stretch for authority supporting the notion of a blind obligation to pay irrespective of the state of the completion of the commissioned project comes up empty.

Contrary to Defendants' assertion, *Brattleboro Publishing Co. v. Winmill Publishing Corp.*, 369 F.2d 565 (2d Cir. 1966), nowhere discusses any obligation of the hiring party "to bear [the] expense of creating [an] ad regardless of whether [the] ad was accepted and used." Defs.' Mot. at 14. Rather, *Brattleboro* held a newspaper's use of advertisements was not copyright infringement where the advertisements were works made for hire and there was no explicit agreement to the contrary. *See* 369 F.2d at 567-68 (finding expense prong satisfied where advertisers paid newspaper for publishing their ads, which included, in effect, charge for paper's preparation of form, words, and illustrations of the advertisements). Similarly inapposite is Defendants' reliance on *Playboy's* discussion of a "commitment to purchase any of [the author's] work." *See* Defs.' Mot. at 14. *Playboy* involved both 1909 Act and 1976 Act works, and Defendants' selective quotations concerning "commitment" appear only in the court's discussion of 1976 Act works. *See* 53 F.3d at 563.

Defendants' related suggestion that Kirby bore the financial risk of his contributions because "payment was *contingent* on Marvel's acceptance of completed artwork," is of no legal moment. *See* Defs.' Mot. at 16-17 (emphasis in original). The concept of risk, as it bears on the issues involved in this litigation, focuses upon which party bears the ultimate risk of success of the entire project (*i.e.*, a published comic book); it does not involve whether, as Defendants conceive of it, payment to an artist was or was not "contingent" on satisfactory completion of his assignment. To the limited extent the concept of contingency has any relevance to any individual creator's contribution, it bears solely on the manner in which the creator's compensation has been structured – *i.e.*, whether it is a fixed fee or royalty. *See, e.g., Martha Graham Sch. & Dance Found., Inc.*, 380 F.3d at 641; *Playboy Enters.*, 53 F.3d at 555. As there is no dispute that Kirby was paid his agreed per-page rate irrespective of the success of the works

to which he contributed, and was not paid on the basis of royalties, his compensation satisfies the expense prong.

Defendants' artificial legal construct also invites commercially absurd results. No rational hiring party would knowingly write the sort of blank check that Defendants advocate to secure the services of a third party. The logic of Defendants' position would require full payment to be made under such an arrangement regardless of whether the work product was actually completed. In contrast, the work-for-hire doctrine contemplates that the commissioning party maintains the right to make editorial suggestions or otherwise control the project. It cannot be that exercising editorial control jeopardizes the work-for-hire status of the work unless the hiring party prematurely pays for the very work that it is legally entitled to supervise, adapt or edit. The undisputed record demonstrates that Marvel paid Kirby for all completed assignments he submitted, irrespective of whether or how they were ultimately used. *See* Marvel 56.1 Stmt. ¶¶ 47-48, 61; Singer Decl. Ex. 1 at 376:3-22; *see also id.* Ex. 8 at 61:24-62:1, 62:10-24; *id.* Ex. 9 at 138:19-22. That is all the Second Circuit's test requires.

**C. Defendants' Evidentiary Support For Their Flawed Expense Test Is Irrelevant And Inadmissible**

As earlier discussed, *see supra* pp. 5-11, Defendants have put forward no competent evidence to rebut Marvel's responsive showing as to its fulfillment of the expense test. They do not even allege that Kirby himself ever complained to Marvel about any supposed failure to pay. Instead – despite exhaustive discovery and their own presumably thorough investigation – Defendants proffer wholly irrelevant evidence directed to different time periods, artists, publishers and works from those at issue here, and to a legal test that does not exist. That evidence, in any event, suffers numerous crippling infirmities, coming as it does from witnesses with no personal knowledge of the facts to which they attest and consisting as it does of out-of-

context and otherwise mischaracterized snippets of record evidence, and rank hearsay. Additionally, many of these facts may not be considered because they were not included in Defendants' Local Rule 56.1 Statement or are not properly supported by record citations. *See Giannullo v. City of N.Y.*, 322 F.3d 139, 140 (2d Cir. 2003); *Pharmacy, Inc. v. Am. Pharm. Partners, Inc.*, 511 F. Supp. 2d 324, 332 (E.D.N.Y. 2007) (Local Rule 56.1 requires movant "to include not just some but all of the facts material to its motion that [it] contends are undisputed"). All such "evidence" accordingly should be disregarded.

Also as earlier discussed, Defendants' motion is not saved by resort to two purported experts. Their proffered testimony should be stricken for all the reasons set forth in detail in Marvel's Motions To Exclude. *See* Docket Nos. 67, 70. As another court recently informed Defendants' counsel, putative copyright heirs cannot "fill [the] vacuum" in the fact record "by pointing to declarations from comic book historians" (in that case, Mark Evanier), or by reference to conjecture and inadmissible, irrelevant evidence. *See Siegel*, 658 F. Supp. 2d at 1069. At the very least, their testimony should be disregarded on summary judgment, as they testified repeatedly and unequivocally that they have no personal knowledge of any of the facts set forth in their reports, or as to any fact relevant to this action. Indeed, they both acknowledge that all of their testimony is based on hearsay and secondary sources. *See supra* pp. 6, 9-10. That paragraph 1 of the Evanier and Morrow declarations state, contrary to their depositions, that they "have personal knowledge of the facts" cannot save them. *See* Declaration of Mark Evanier ¶ 1; Declaration of John Morrow ¶ 1. "It is well settled in this circuit that a party's affidavit which contradicts his own prior deposition testimony should be disregarded on a motion for summary judgment." *Mack v. United States*, 814 F.2d 120, 124 (2d Cir. 1987); *see also, e.g., Weiss v. La Suisse*, 161 F. Supp. 2d 305, 316 (S.D.N.Y. 2001) (McMahon, J.).

Additionally, paragraphs 17-20 of the Evanier Declaration contain allegations not in his expert report and therefore violate Rule 26(a)(2)(B), which requires an expert's report to contain "a complete statement of all opinions the witness will express and the basis and reasons for them." Fed. R. Civ. P. 26(a)(2)(B); *see also Commercial Data Servers, Inc. v. Int'l Bus. Machs. Corp.*, 262 F. Supp. 2d 50, 61 (S.D.N.Y. 2003) (McMahon, J.) ("It is essential that the expert's opinions be known to the other party, so that they may properly prepare their opposition."). Thus, to the extent his testimony is relevant or admissible at all, paragraphs 17-20 of Evanier's declaration concerning Kirby's submission to and publication of artwork by publishers other than Marvel during and after the Time Period, including allegedly "re-imagined" Thor and Captain America characters, should be excluded. *See* Fed. R. Civ. P. 37(c)(1).

### **III. THE SECOND CIRCUIT HAS SQUARELY REJECTED DEFENDANTS' ALTERNATIVE ARGUMENT THAT INDEPENDENT CONTRACTORS CANNOT CREATE WORKS MADE FOR HIRE UNDER THE 1909 ACT**

Defendants' alternative theory – that the Works cannot be works made for hire because they were created by an independent contractor, *see* Defs.' Mot. at 11-13, 15, 24 – is barred by Second Circuit precedent, which is consistent with the law in all other jurisdictions that have addressed the issue. As the Second Circuit recently explained, the 1966 *Brattleboro Publishing* case was the first time it explicitly applied the instance and expense test to independent contractors; previously, the test had been applied only to regular employees. *Hogarth*, 342 F.3d at 159-60 (discussing *Brattleboro*, 369 F.2d at 567-68 ("We see no sound reason why these same [work-for-hire] principles are not applicable when the parties bear the relationship of employer and independent contractor.")). Following *Brattleboro*, the Second Circuit and other courts have consistently reaffirmed a commissioned work of an independent contractor may be a work for hire under the 1909 Act if created at the hiring party's instance and expense. *Picture Music*, 457 F.2d at 1216-17; *Siegel*, 508 F.2d at 914; *Playboy Enters.*, 53 F.3d at 554; *Hogarth*, 342 F.3d at

158-63; *see also Twentieth Century*, 429 F.3d at 877; *Forward v. Thorogood*, 985 F.2d 604, 606 (1st Cir. 1993); *Murray*, 566 F.2d at 1310; *In re Marvel*, 254 B.R. at 828.

Defendants invite the Court to disregard this settled line of authority, arguing it is all wrongly decided and that copyrights to works created by independent contractors pass to the hiring party by way of an implied assignment and not *ab initio* as a work made for hire. *See* Defs.’ Mot. at 11-13, 15. The Court of Appeals has already declined the invitation, observing: “Whatever questions might be raised about the law’s progression in this Circuit from [its early cases] through *Picture Music*,” courts in the Second Circuit are “obliged to follow *Picture Music*, especially after its holding was reconfirmed in *Playboy*,” and indeed reconfirmed yet again in *Hogarth*. 342 F.3d at 161. As the Ninth Circuit noted, any “argument that independent contractors cannot create works-for-hire as a matter of law essentially seeks to overturn forty years of established case law.” *Twentieth Century*, 429 F.3d at 877. Courts also have explicitly rejected Defendants’ argument, *see* Defs.’ Mot. at 15, that the work-for-hire analysis under the 1909 Act should be somehow informed by the test under the 1976 Act. *E.g.*, *Hogarth*, 342 F.3d at 161-63; *see also Twentieth Century*, 429 F.3d at 878; *Easter Seal Soc’y for Crippled Children & Adults of La., Inc. v. Playboy Enters.*, 815 F.2d 323, 335 (5th Cir. 1987) (noting 1976 Act represented a “radical break from ‘work for hire’ doctrine under the 1909 Act”).

In an attempt to end-run this precedent, Defendants argue that it is “impossible that Marvel and Kirby intended his freelance material to be owned as ‘work for hire’” because the Works were created before *Brattleboro*. Defs.’ Mot. at 24. Their contention in this regard has no merit, as the law imposes no distinction between pre- and post-*Brattleboro* works. Numerous courts have applied the instance and expense test to works created by independent contractors before 1966 and found them to be works made for hire. *See, e.g., Twentieth Century*, 429 F.3d at

877 (applying instance and expense test to book written by General Eisenhower in 1948); *Picture Music*, 457 F.2d at 1216-17 (applying instance and expense test to song commissioned in 1933); *Archie Comic Publ'ns*, 258 F. Supp. 2d at 328 (applying instance and expense test to comic book work first published in 1962); *cf. Siegel*, 508 F.2d at 914 (applying instance and expense test to comic book work created by freelance artist and writer in 1930s). Consistent with the foregoing authorities, in a case in which Defendants' counsel here represented heirs to a co-creator of Superman, the court explicitly rejected the very same theory proposed here. *See Siegel*, 658 F. Supp. 2d at 1057 n.7.

None of Defendants' cited cases requires a different result. For example, in *Olympia Press v. Lancer Books, Inc.*, 267 F. Supp. 920 (S.D.N.Y. 1967), the court relied on the publishing company's lack of authority to control the creation of the works at issue to find that they were not made for hire. *See id.* at 924. In *Donaldson Publishing Co. v. Bregman, Vocco & Conn, Inc.*, 375 F.2d 639 (2d Cir. 1967), the employer did not have authority to direct or control the creation of the works and the author was paid by royalties. *Id.* at 642-43. To the extent *Donaldson* considered the author's ability to perform work for others, subsequent Second Circuit decisions have clarified that "freedom to do other work, especially in an independent contractor situation" is "never conclusive." *Picture Music*, 457 F.2d at 1216 (distinguishing *Donaldson*); *see also Fifty-Six Hope Road Music Ltd.*, 2010 WL 3564258 at \*10 (permitting artist to release rejected sound recordings through third-party was "not inconsistent with a finding of a work-for-hire relationship"). Finally, importantly, neither *Donaldson* nor *Olympia Press* relied on the timing of the work's creation to find that they were not made for hire, and Defendants cite no cases that used such a rationale to come out in the putative author's favor.

\* \* \*

The law in this Circuit is clear that 1909 Act works created by independent contractors such as Kirby are works for hire, even if created pre-1966, if they were made at the hiring party's instance and expense. That is precisely what the undisputed evidence reflects here. That Defendants are unhappy with the state of the law, and that they would have preferred a different balancing of interests, is of no moment in the Court's disposition of this, as well as Marvel's, pending motion.

### **CONCLUSION**

For all the foregoing reasons, Defendants' Motion for Summary Judgment should be denied in its entirety.

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By: /s/ James W. Quinn

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