EXHIBIT III

I am the Plaintiff in this action. This declara-

DECLARATION OF STEPHEN GERBER

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Stephen Gerber declares and states:

- 6|tion is made for the purpose of opposing Defendants' Motion to Dismiss the Complaint.
- 2. I have read the declaration of Donald S. Engel, 10 counsel for Defendants. In doing so, I discovered a number of inaccuracies. I also found that the description of events and meaning of documents are inaccurate and taken out of context. 13 hereby correct those inaccuracies which might be relevant to the pending motion.
- As alleged in my verified complaint, I created a 17 comic book character known as "Howard the Duck" ("Howard"). I |18|| created Howard while a free lance writer and independent contract- $19 \|$ or. Comic magazine stories featuring Howard were published and $20 \|$ sold by the Marvel Comics Group, a division of Defendant Cadence Industries Corporation ("Marvel Comics"). The first issue of the 22 | "Howard the Duck" comic magazine series (herein "Howard stories"), 23|| is the January, 1976, issue.

Attached hereto and made a part hereof as Exhibit "1," 26 is the cover and first page of that issue.

The introductory announcement in the left top 4. corner of the cover page, identifies the first issue:

> BECAUSE YOU DEMANDED IT -- THE FABULOUS FIRST ISSUE OF MARVEL'S MOST SENSATIONAL NEW SUPER-STAR!

5. As noted on page 1 at the bottom, (in the copyright 9|| recital), Marvel Comics correctly identifies itself as only the publisher of the Howard story. There is no mention by Marvel Comics in the copyright recital, or anywhere else in the magazine, that one of its employees was the creator of Howard or that it had rights to exploit Howard or the Howard stories other than through publication of the comic magazine.

Marvel Comics clearly admits on page 1 of the 17 first issue (at the top) that I was the creator of the character Howard and the Howard stories. There in bold type it states:

CREATED AND WRITTEN BY STEVE GERBER

Marvel Comics also publicly admitted in other comic magazines, that I was the author and creator of Howard. For example, I have attached as Exhibit "2" a true copy of the cover page of the October, 1977, issue of a comic magazine entitled "Omega, the Unknown" which contains a blurb in the right bottom corner stating:

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"ANOTHER KIND OF HERO FROM STEVE GERBER, AUTHOR OF HOWARD THE DUCK"

A. I Was Not Marvel Comics' Employee.

At the time I created Howard, I was not employed by Marvel Comics or any of its predecessors. I was a free lance I submitted comic magazine stories, as an independent contractor and free lance writer, to another publisher of comic magazines besides Marvel Comics. I was not under written contract to any publisher. The inference Mr. Engel tries to create is erroneous.

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I was not provided nor did I use in my work any |15|| facilities owned or leased by Marvel. I wrote and worked at my $16\|$ own residence. I used my own materials and had no set work schedule. I worked when and as I alone wished.

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191I had no set income. I was not paid a salary at 9. 20|| that time by any publisher, including Marvel Comics. If a publisher decided to accept and publish my comic magazine stories, 211I was paid on the basis of a certain dollar rate per published page. I believe that Marvel Comics initially paid me about \$15.00 per page for the Howard stories. Marvel Comics and the other publishers, to whom I submitted my comic stories, were free to accept or reject them. If my comic stories were rejected, I was not paid. I was also free to submit my comic stories, if rejected, to other publishers.

10. Marvel Comics and the other publishers paid me on a per published page basis for my comic stories, if accepted, in an aggregate sum and without deduction of federal income tax withholding or other taxes. That fact is corroborated by the check which Defendants have attached as Exhibit "C" to Mr. Engel's declaration.

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It was under those circumstances which I created 11. Howard and wrote the Howard stories.

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Howard's Creation.

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12. Mr. Engel's assertions, in paragraph 3 and 4 of 14 his declaration, that Howard first appeared in the December 9, 15 1973, issue of a comic magazine entitled "Adventure into Fear" $16\parallel$ (cover and nine pages attached in Exhibit "A" to Mr. Engel's 17 declaration) is inaccurate. A duck is depicted at pages 18 and 18 26, and I did write the story, but that duck is unnamed. 19 duck was a minor "walk on" character at best.

This duck did appear in another story which I 13. wrote on a free lance basis and at the standard compensation rate 23 per published page. I also created this duck and gave him the name "Howard" in that story: This duck was a minor character and a mere proto-type of what ultimately became Howard. $26 \|$ killed off in my story, at the request of Marvel Comics, and for all purposes ended as a minor character in that series.

I do not believe that the \$285.00 check, attached as Exhibit "C" to Mr. Engel's declaration, was payment for any comic story depicting a duck. According to my recollection, I would have written the story for the December, 1973, issue of "Adventure into Fear" in August or September of that year. Consequently, I could not have been paid the per published page rate until after the story was written and accepted.

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15. During 1975 I proposed to Marvel Comics and Marvel Comics expressed interest in acquiring from me and publishing a comic magazine story series featuring an expanded and more developed version of the earlier proto-type duck, the minor walk on character who was killed off two years earlier. I already was aware of the favorable public reaction to the earlier character and pointed out to Marvel Comics that I already had been consider-1511ing creating and writing stories about an expanded and much more sophisticated duck character. Marvel Comics requested that I offer to it, should I undertake such a creation, that development of the proto-type character and script material for a series featuring him as the major character.

Later in 1975, in my own home and at my own schedule, I developed and expanded the proto-type and created the much more sophisticated character Howard. I also wrote story material for a series featuring Howard as the major character. These stories had a format, setting, characters, themes and plots unique to my new character, Howard, and entirely different than that depicted in "Adventure into Fear."

C. Marvel Was Granted Only A Limited License to Publish, Nothing More.

I first offered to Marvel Comics, under the 17. circumstances previously explained, only the right to publish Howard stories in comic magazine form. Marvel Comics accepted and published my Howard stories, under such circumstances, first as 8|| separate stories and then in a comic magazine series, the first issue of which appeared in January, 1976 (cover and first page attached as Exhibit "1"). I solely and only agreed to allow Marvel Comics the limited right to publish the Howard stories in comic magazine form. I was paid by Marvel Comics for the right to publish the Howard stories, as previously explained, on a per page basis (approximately \$15.00). To the best of my knowledge, the total sum paid by Marvel Comics for such right to 16 publish over 31 Howard stories written by me over a two year period did not exceed \$14,000.

18. I was not asked to nor did I sign a written contract. Marvel Comics did not ask me, nor did I agree, to assign or transfer rights to use or depict Howard or the Howard stories in any other medium, means, or manner. All of such rights were reserved by me. To be sure, I did not receive from Marvel Comics additional compensation for further rights. I only received the standard industry per page rates paid for publication of comic stories.

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D. The Legal Copyright, Said Marvel Comics, Was Obtained for My Protection.

- number of occasions by Defendant Stan Lee, an executive employee of Marvel Comics, and James Galton, president of Marvel Comics, that my rights and interests in Howard and the Howard stories were being protected by Marvel Comics and that no further use would be made of either by anyone without my knowledge and consent and participation.
- essence, when I would ask for assurances, that Howard and the Howard stories were being protected by copyright. Mr. Lee promised that Marvel Comics would protect the legal copyright and would not sell or use Howard or the stories in any other way without my knowledge and participation and "without taking care of me." As another example, I asked Mr. Galton on one occasion, out of concern over whether my character Howard and the Howard stories were being adequately protected, to transfer the copyright to my name. Mr. Galton stated, in substance, that there was no need to do that because Howard and I would have to

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consent to and be paid additional compensation for any other usage or exploitation by anyone.

that it had rights to Howard or the Howard stories, other than

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publication of comic magazines, without my consent and additional compensation is clearly demonstrated by its own Exhibit "D" to Mr. Engel's declaration: a written agreement between Marvel Comics and myself dated March 18, 1977, over a year after Howard's creation.

The fact that Marvel Comics did not even believe

E. Marvel Comics Sought My Consent and Agreement To Depict Howard in a Newspaper Comic Strip.

and obtained my consent to utilize Howard and my Howard stories in a daily and Sunday syndicated newspaper comic strip. It was agreed by both parties that my Howard stories (including any further Howard stories which I desired to write) would be adapted, with some minor modifications, for the format of a newspaper comic strip. Marvel Comics agreed to pay, as consideration for such other use of my Howard stories, one-third of its share of income derived from the newspaper syndication. In the event that Marvel Comics desired to license or use Howard or the Howard stories in other ways, the agreement required that Marvel Comics pay me one-third of "the net receipts" derived therefrom.

24. Mr. Engel's single quotation of "selected clauses . . . particularly pertinent" from the agreement (Engel, declaration, paragraph 7) omits the most important provisions and obscures the true context thereof.

The agreement, therefore, further provides in pertinent part:

"In the event that Marvel sells or licenses the Material for uses other than the daily and Sunday comic strip, then Marvel shall pay to you one third of the net receipts (less any applicable commissions or expenses) it receives from such sale and/or license."

(Balance of paragraph 7 omitted by Mr. Engel.)

25. To confirm my independent contractor relationship with Marvel Comics (as with other publishers), the March, 1977 agreement provided:

"4. It is understood that you will supply said Material to Marvel at your own cost and expense utilizing your own tools, furnishing your own place of work and utilizing your own assistance."

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26. Marvel Comics never did license or sell Howard or

by written notice.

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27. As reflected in paragraph 10 of the March, 1977

agreement, the agreement was terminable at will by either party

my Howard stories to other markets or for other uses, during the

term of the March, 1977 agreement, nor was I paid any compensation

28. It is undisputed, as reflected in Exhibits "G",
"H" and "I" to Mr. Engel's declaration, that the March, 1977
agreement was terminated by both parties by written notice. As a
result of that termination, it is undisputed that whatever limited
license of rights to market Howard and my Howard stories in other
ways which may have been granted thereby was terminated and all
of such rights reverted to me.

29. That such occurred upon termination is clear from the language of the termination notices. For example, the March 21, 1978, telegram from my then attorney to Marvel Comics (Exh. "G") expressly states:

". . . [U]pon the effective date of any such termination, all of your rights in and to the characters contained in said comic strips shall terminate, except for any rights under the contract to continue to

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exploit the script material provided to you during the term of the agreement."

As a further example, I wrote to Mr. Galton (president of Marvel Comics) on April 5, 1978:

> "Please be advised that under the terms of our said March 18, 1977 agreement, as of April 27, 1978, Marvel Comics . . . rights to the characters contained in the comic strip "Howard the Duck" shall terminate and Marvel shall have no further rights therein or with respect thereto."

". . . Any use after April 27, 1978 by Marvel or under its authority of any of said rights without my written consent first had and obtained shall constitute an intentional infringement of my rights therein and thereto."

Mr. Galton himself, president of Marvel Comics, 30. $23 \parallel$ attempted to terminate the March 18, 1977 newspaper syndication $24\|$ agreement on March 27, 1978, and before I terminated. Defendant Stan Lee also had attempted to terminate that agreement by telephone on an earlier date.

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31. Shortly after the termination of the newspaper syndication agreement, Marvel Comics discontinued marketing Howard and the Howard stories in syndicated newspaper strips. Marvel Comics did not attempt, to my knowledge, to license or sell or utilize Howard and the Howard stories in any other way under that agreement. Marvel Comics did not respond to my letter of April 5 (Exh. "H" to Mr. Engel's declaration).

F. The Other Supposed Agreements Attached to the Moving Papers are Irrelevant and Taken Out of Context.

- 32. The other two agreements attached by Mr. Engel to his declaration, as Exhibits "E" and "F", could not have anything whatsoever to do with any supposed transfer of rights to Howard or to the Howard stories. The agreements relate to entirely different matters.
- 33. The October 7, 1977, agreement, (Exh. "E") could be interpreted as an employment agreement. That agreement, however, was executed over two years after I expanded and created Howard and wrote the initial Howard stories. That agreement, however, pertained only to whatever new creations which I would write during the term. The agreement did not relate to characters and stories which I had already created prior to the effective date (October 7, 1977).
- 34. The initial term of that agreement, as set forth in paragraph 2 thereof, was for one year "commencing November 1,

1977 and ending October 31, 1978." Marvel Comics moreover admits, as reflected in Exhibit "I" to Mr. Engel's declaration, that it unilaterally terminated the agreement before expiration on May 2, 1978.

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35. The selected quotations from that agreement, recited in paragraph 8 of Mr. Engel's declaration (pp. 23-25), refer exclusively to any new characters or series which I would write or create during my employment period and not to Howard or the Howard stories, with the exception of paragraph 4(c) which Mr. Engel only quotes in part.

- or confer any rights to Howard or the Howard stories. To the contrary, it is clear that paragraph 4(c) merely gave me the choice as to whether I would continue to write or edit stories featuring Howard and required that I be consulted in the choice of other writers or editors in the event that I did not wish to continue.
- 37. The segment of paragraph 4(c) which refers to the licensing of Howard for "film, television or motion picture adaptation," quoted in part by Mr. Engel, is merely an exception to my exclusive employment with Marvel Comics. That segment, the interlineations to which are in my own hand, simply allowed me to work directly for and accept payment from a producer of a production based on Howard in a visual medium; and requires Marvel Comics to recommend that such a producer employ me regardless

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of my then exclusive employment relationship with Marvel Comics described in paragraph 4(a) and (d).

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The intent and purport of that segment, expressed 37.A. 5|| by its own language, is that Marvel Comics desired to preserve 6|| "the integrity of the licensed character" to protect against 7 damage of its limited license to publish Howard stories in comic $8||_{magazine}$ form; and my desire to write and consult in connection 9 with any production based on Howard in a visual meduim to protect |10|| "the integrity of the" character Howard which I licensed on a 11 limited basis to Marvel Comics.

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That segment is quoted hereafter in its entirety, with 14 the handwritten portion underlined:

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"In the event of a license for a film, television or motion picture adaptation of HOWARD THE DUCK, Marvel agrees to recommend to such producer that employee and employee only be used by such producer as script and/or story consultant to preserve the integrity of the licensed character. Employee may accept payment for such services from producer."

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28/// 38. The express terms of that agreement, itself, confirm that it could in no way constitute a grant or conveyance of any rights to Howard or the Howard stories, created and written by me over two years earlier. Paragraph 17 of the employment agreement expressly states that it does not "alters [sic.] supercedes [sic.], or nullifies [sic.] any . . . previous agreement between Marvel" and mc.

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39. The purported Howard button "licensing" agreement between me and Marvel Comics of March 12 of 1976, attached as Exhibit "F" to Mr. Engel's declaration, is irrelevant and was not a grant by me to Marvel Comics of any right to Howard or the Howard stories. The transaction had nothing to do with that.

40. Admissible evidence will show that the purported licensing agreement was executed in connection with mail order sales by me of "Howard the Duck for President" buttons with the endorsement and promotion of Marvel Comics. I desired to sell buttons depicting Howard as a candidate for president and to use the name of Marvel Comics as an endorsement of the button. I also wanted to use the button design as a thematic and artistic element of other Howard stories. I felt that lending Marvel Comics' name to the button, using the button design as an element of comic book stories, and obtaining free national advertising from Marvel Comics in its comic magazines would enhance sales of

was informed that I would have to sign an agreement and pay Marvel Comics a modest royalty (5% of gross sales) for use of its name in connection with the button, for advertising and promotion of the button in its comic magazines, and for permission to make artistic use of the button design as a literary and thematic element in other Howard stories. I was told also by Marvel Comics, in connection with that transaction, that the agreement and use of Marvel Comics' name on the button would avoid legal problems with the copyright and would ensure continued protection of my character under the copyright. The agreement, for the most part, was represented by Marvel Comics also as legal protection for me and my character.

41. In connection with that transaction, I was permitted to use the button design as an artistic and literary element on the interior front and back covers and the exterior back cover of the "Marvel Treasury Edition Featuring Howard the Duck" comic magazine, dated 1976.

42. I was not asked nor did I agree to transfer any rights to Howard or the Howard stories to Marvel Comics in connection with that transaction. Nowhere is this subject mentioned in the documents attached to Mr. Engel's declaration. I also refused to pay any advance monies to Marvel Comics in

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connection with that transaction. I also refused to pay any of the standard advance monies to Marvel Comics, as advance against royalty or as a minimum royalty or otherwise, which is demonstrated by the deletion of the boilerplate form paragraph 2(b) of Exhibit "F" to Mr. Engel's declaration.

43. I merely agreed to pay a modest royalty (5% of gross sales) to Marvel Comics, and agreed to the royalty for the aforementioned substantive promotional benefits and to ensure continued copyright protection for Howard and my Howard stories. I was not financially able to obtain legal counsel at that time and was motivated to pay a small royalty partially out of concern over Marvel Comics starting a dispute over use of its corporate name in connection with the button.

44. The one agreement which Marvel Comics prepared which might constitute an attempt to try and convince me to transfer other rights to Howard and the Howard stories, I never signed. Attached hereto and made a part hereof as Exhibit "3" is a copy of that proposed agreement.

G. Defendants Have Already Infringed My Copyright.

45. Mr. Engel states in paragraph five of his declaration that Howard and certain of the Howard stories appeared in other comic magazines published by Marvel Comics and attaches

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representative copyright certificates as Exhibit "B". I am aware that Howard and the Howard stories did appear in comic magazines published by Marvel Comics but I am not aware of any use or publication of Howard and the Howard stories by Marvel Comics (except for those unlawful uses which are the basis for my claim against Marvel Comics and the other Defendants for copyright infringement), which violate the limited license granted to Marvel Comics to publish Howard and my Howard stories in comic magazine form. If Marvel Comics published Howard and the Howard stories unlawfully and in violation of its limited license, it was done without my knowledge or consent. I have never seen or heard of the copyright certificates attached as Exhibit "B". I do not know what "special publications" Mr. Engel is referring to in paragraph 5.

46. When I first learned that Marvel Comics may be attempting to license or sell Howard and the Howard stories without my consent, for productions based on Howard and the Howard stories in visual and aural media, I contacted and told Marvel Comics it had no right to do so. I attempted in good faith to open negotiations with Marvel Comics to try and license

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to it my rights to Howard and the Howard stories. Marvel Comics flatly refused to negotiate or agree to anything. As a result I then engaged my attorneys, who wrote a cease and desist letter on June 30, 1980, which is attached as Exhibit "J" to Mr. Engel's declaration.

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47. I have since learned that Marvel Comics has already infringed my equitable copyright in and to the character Howard and the Howard stories and has violated the terms of its limited license to publish Howard and the Howard stories in comic magazine form. Attached hereto, as Exhibit "4", is a tape recording which I obtained of excerpts of radio programs based on Howard and the Howard stories produced by Defendants Selluloid Productions, Inc., and its principals.

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48. I have also learned that Defendant Marvel Productions, Inc., has already had written materials and artistic drawings prepared by various artists for the purpose of unlaw-

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fully producing and selling an animated television episodic series based on Howard in outright violation of my equitable copyright. The latter is the subject of deposition testimony given in this action by writer Gary Greenfield and of various written materials, which are referred to in the Declaration of Henry W. Holmes, Jr., filed together with my Declaration in opposition to the pending motion.

49. I look to this Court for relief.

I DECLARE UNDER PENALTY OF PERJURY THAT THE

FOREGOING IS TRUE AND CORRECT AND THAT

THIS DECLARATION WAS EXECUTED AT LOS ANGELES,

CALIFORNIA, ON DECEMBER 24, 1980.

STEPHEN GERBER

James Shooter Editor-In-Chief

May 10,1978

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Dear Employees,

Recently the copyright laws were changed to provide more protection for artists and writers who are the sole creators of a work. The new law makes a very clear distinction between artists who create and produce a piece of art or writing on their own, and those who do work under supervision, as part of a collective work or series, or as one of many contributors to a work. Creative people who fall in the latter category are considered employees—for—hire. All creative people at Marvel are employed on that basis.

In order to insure our continued ownership of the material we produce and publish, and to clearly define our position under the new law, we have drawn up a work-order agreement (enclosed).

Please write in the date, your name and address at the top in the appropriate blanks, sign at the bottom under "supplier", and return as soon as possible.

This agreement does not change any of Marvel's policies toward freelance creative people. It is only intended to restate the relationship that has always existed between Marvel and its freelance creative staff. Our policies of returning artwork, paying reprint money, and providing insurance are exactly the same as before.

Please feel free to consult a lawyer, and/or call me to discuss this.

Sincerely,

Jim Shooter

EXHIT 3

AGREEMENT made this day of

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and between residing at (herein "Supplier") and the Marvel Comics Group, a division of Cadence Industries Corporation, 575 Madison Avenue, New York, New York 10022 (herein "Marvel").

MARVEL is in the business of publishing comic and other magazines known as the Marvel Comics Group, and SUPPLIER wishes to have MARVEL order or commission either written material or art work as a contribution to the collective work known as the Marvel Comics Group. MARVEL has informed SUPPLIER that MARVEL only orders or commissions such written material or art work on an employee-for-hire basis.

THEREFORE, the parties agree as follows:

In consideration of MARVEL's commissioning and ordering from SUPPLIER written material or art work and paying therefor, SUPPLIER acknowledges, agrees and confirms that any and all work, writing, art work material or services (the "Work") which have been or are in the future created, prepared or performed by SUPPLIER for the Marvel Comics Group have been and will be specially ordered or commissioned for use as a contribution to a collective work and that as such Work was and is expressly agreed to be considered a work made for hire.

SUPPLIER expressly grants to MARVEL forever all rights of any kind and nature in and to the Work, the right to use SUP-PLIER's name in connection therewith and agrees that MARVEL is the sole and exclusive copyright proprietor thereof having all rights of ownership therein. SUPPLIER agrees not to contest MARVEL's exclusive, complete and unrestricted ownership in and to the Work.

This Agreement shall be binding upon and inure to the benfit of the parties hereto and their respective heirs, successors, administrators and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

SUPPLIER		MARVEL	COMICS	GROUP,	a division	l
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