

# Marvel Worldwide Inc Vs Kirby: Even-Handed or Not?

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**Abstract-** The topic that shall be addressed in This Research Paper is the ‘Marvel Worldwide Inc vs Kirby’ case of 2010. Through the case Analysis, the technicalities shall be divulged from the beginning of the events up to the point of settlement between the two parties. Various Acts and case laws referred by the court to reach a decision shall be meticulously broken down and interpreted. Opinions on the decision taken and laws imposed to reach the ruling shall be expressed. The case revolves around the Key figure at Marvel who through his artistic prowess helped create iconic Superhero Characters, ‘Mr Jack Kirby’. On September 16, 2009 heirs of Kirby served legal notices to Marvel. They were termination notices, with regard to 45 Kirby comics, some of which also included popular Superheroes. Marvel on the other hand on the 8<sup>th</sup> of January 2010, filed for declaratory relief under the grounds that the comics were products of ‘work made for hire’, thus rendering the termination notices invalid. But the Kirby heirs counterclaimed the relief. The Southern District Court of New York sided with Marvel in the ruling saying that the works of Kirby did fall under ‘work for hire’ of the Copyright Act 1909. The decision thus raises an important aspect under the Copyright Law which is ‘work for hire’. It raises a plethora of questions such as whether the decision was fair for the heirs. Is an amendment due for the provision of ‘work under hire’? Is it fair for creators of such works to not get ownership due to such a provision of law? The current paper shall not just rummage through the Copyright Act 1909. Emphasis shall be given to the Instance and Expense Test. Should such a test still stand? A comparative study of the relevant provisions with respect to the Copyright Act of India as well as that of the United States shall be undertaken. This shall throw light on how the specific provisions are operating across the globe and whether the need for further amendments if necessary has arisen.

**Index Terms-** Work made for hire, Marvel v. Kirby, Indian Copyright Act of 1957, US Copyright Act of 1909, US Copyright Act of 1976, Comparison of work for hire under Indian and US regime, Instance and Expense test.

<sup>1</sup>Marvel Worldwide, Inc. v. Kirby, No. 10 Civ. 141(CM)(KNF), 2010 WL 1655253, at \*1 (S.D.N.Y. Apr. 14, 2010) (“Between 1958 and 1963, Kirby collaborated with other individuals engaged by Marvel to contribute to the creation of many now-treasured comic books, featuring such familiar and enduring characters as the Fantastic Four, the Incredible Hulk and the X-Men ....”).

## I. INTRODUCTION

The Kirby heirs in actuality did not even sue but merely filed for copyright termination on September 16, 2009. The copyright termination was filed with respect to 45 Kirby comics which had been published by Marvel. It would not be news to a follower of the Marvel comics that Kirby was responsible for the creation of Iconic characters such as Spider-man, the X-Men, Iron Man, the Mighty Thor, the Avengers, the Fantastic Four, and the Incredible Hulk.<sup>1</sup> Declaratory relief was filed for by Marvel on January 8<sup>th</sup> 2010. The Grounds for such relief was that Kirby had created the following works under hire and that this would lead to the Copyright termination filed by the Kirby’s to be void. The Southern District Court of New York passed a summary judgment in favor of Marvel declaring Jack Kirby’s works, ‘works for hire’, in accordance with the laws present in the Copyright Act of 1909. Kirby heirs lost many battles in lower courts, and just days before the US Supreme Court ruling, news of an out of court settlement between Jack Kirby’s heirs and Marvel was brought to light.<sup>2</sup> A joint statement discussed how both the respective parties would honor Mr Kirby’s contribution to the Marvel Universe. It is a noticeable fact that can be interpreted by any prudent person that the Kirby’s must have received a profitable deal, as even Marvel despite its wins was well aware of the stakes and the plummeting risk it would be taking on, had the Supreme court been allowed to rule. Had the ruling been in favor of the Kirbys, Marvel would have to strike negotiations dealing in Millions. Royalties on already made hit movies would rise up to work against Marvel, such as the box office hit- Iron Man 2008. Keeping aside the skyrocketing proceeds that would be yielded by the Kirby’s, had the Supreme Court ruled in their favor, the question of every freelancer, writer, composer gaining from their works made for the organization would also rise, as the traditional ‘work for hire’ provision would be seen in a new light. It seemed as though Marvel had no option, but to make a settlement.<sup>3</sup>

<sup>2</sup>Marvel Worldwide, Inc. v. Kirby, 777 F. Supp. 2d 720 (S.D.N.Y. 2011).

<sup>3</sup>See Michael Cavanaugh, Marvel, Jack Kirby’s heirs ‘amicably’ settle legal battle over superhero-character rights, WASHINGTON POST (Sept. 26, 2014, 10:10 AM), <http://www.washingtonpost.com/news/comic-riffs/wp/2014/09/26/marvel-jack-kirbys-heirs-settle-legal-battle-over-superhero-character-rights/>; Dominic Patten, Marvel & Jack

## II. WORK FOR HIRE: A COMPARATIVE ANALYSIS

The two Copyright Acts of 1909 and 1976 shall be looked into, to analyze how the work for hire doctrine works. A common question raised shall be that why was the Copyright Act of 1909 looked into when the 1976 one was already prevalent? This is because all the copyrights attained before 1/1/1978 shall fall under the scope of the Copyright Act of 1909. Since the protection period for the first term shall be 28 years and the second term 67 years. So for the pre 1978 period copyrights, the protection period for some provisions could extend to 2072. Therefore in the Kirby case the Southern District Court looked into the 1909 Act, as the Kirby's had given Copyright Termination notices for 45 Comics which had been published by Marvel between the years 1958 and 1963. Thus falling under the pre requisites of the 1909 Act. The phrase 'work made for hire' appeared only in section 26 of the 1909 Act. It was in the form of a definition only, stating that the word 'author' shall be interpreted as an employer in the situation of a 'work made for hire'. The words Author or Employer were not defined either, leaving the section amorphous. The courts as an act of making up for what was unfilled, constructed the 'Instance and Expense test'. The 'Instance' half of the test calls upon the degree to which the party that hired acted as a catalyst or momentum, took part in, or the supervisory power or role exercised by it.<sup>4</sup> It looks into the power of the hiring party to administer, guide, control and oversee the manner in which the work is carried out.<sup>5</sup> The 'Expense' part looks into the revenue or backing provided by the hiring party in the creation of the work. The hiring party's position is also looked into with respect to, which party shall bear the risk if the work does not prove to be successful. The payment factor is also vital; the hiring party's reimbursement to an independent contractor for his services fulfills the 'Expense' requirement. Royalties on the other hand, does not fall under the category of Expense. In cases where the works fall outside the relationship of employer and employee, it must be specified in a written instrument which must also be duly signed by both the parties that it is a work for hire. Otherwise it will be considered that the non employee creator is the author. Under the 1976 Act the criteria for establishing who the employee depends on, the right of the hiring party to dominate the procedure, technique and means of the work to be completed, the skill that is necessary, the source of the instruments and apparatus, where the work is to be located, the time period of the relationship between the parties, ability to assign extra projects in the form of additional work to the hired employee, scope of the hired party's allowance as to when to work and for how long, way of payment, the role of the hired party in hiring and paying assistants, the work to be done

is a part of the hiring party's business or not, employee benefits, tax approach of the party that is hired. In the current case the court derived its decision on the outcome of the Instance and Expense case. The test has been used various times since 1965<sup>6</sup>. Critics from time to time have spoken about the biasness of such an instrument of determination as it sways more towards the employers than the employees. The creators of the works are denied their rightful place and the employers are gaining on the fruits of their labor. In the present case the same has been highlighted. Jack Kirby, even though he is the rightful creator is denied the right to prevent his work from being used, all due to the fact that his work falls under the work for hire doctrine. Is this not a violation of basic human rights? Every creator should be allowed complete rights to his creation. Jack Kirby's children were fighting for merely what he himself created, not for ownership of someone else's work. The Test reduces a legal risk for most people in the Entertainment Industry but at the same time harms the creators. The instance and expense test had already caused a huge discord between the creators and the employers. The 1976 Act was an attempt by the congress to clear this gap. Two consequential changes made by the Congress in this Act was that the definition of work made for hire was remodeled and the termination provisions were reformed. The reformed provisions such as 201(b) of the 1976 Act was appreciated by employers and employees alike.<sup>7</sup> It protected the employers while also provided the right to the employees to contract for their rights.

## III. UNFAIRNESS OF THE INSTANCE AND EXPENSE TEST

The Supreme Court criticized the test saying it was overly broad in a case named *Community for Creative Non-Violence v. Reid*.<sup>8</sup> In the Current Case the Second Circuit found the publication's expense to be convincing with respect to Marvel. The justification given by the court was that Marvel paid a flat rate and it creatively and productively covered all expenses of production. The Court however dismissed the fact that Kirby in fact paid for the tools that were used by him for the production of the work in question. All the money to be spent on producing those drawings was borne by Kirby but the Court said that the drawings were built on tiles and themes, the resources for which had been provided by Marvel; hence the expenses were covered by Marvel. Also the lack of royalties to Kirby and in its place a payment for every work submitted was definite enough for the Court to accept the expense half of the test covered. The precedent case of *Playboy Enterprises vs Dumas* was responsible for such ratiocination on

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Kirby Heirs Settle Legal Battle Ahead of Supreme Court Showdown, DEADLINE HOLLYWOOD(Sept. 26, 2014), <http://deadline.com/2014/09/jack-kirby-marvel-settlement-lawsuit-supreme-court-hearing-841711>

<sup>4</sup>Siegel v. Nat'l Periodical Publ'ns. Inc., 508 F.2d 909, 914 (2d Cir. 1974) (internal citations omitted).

<sup>5</sup>See *Playboy Enters., Inc. v. Dumas*, 53 F.3d 549, 554 (2d Cir. 1995); *Estate of Hogarth v. Burroughs, Inc.*, No. 00 CIV. 9569(DLC), 2002 WL 398696, at \*18 (S.D.N.Y. Mar. 15, 2002).

<sup>6</sup>(Scholarship.law.berkeley.edu, 2019)

<sup>7</sup>The act defines a work made for hire as(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.

<sup>8</sup> *Comm. for Creative Non-Violence v. Reid*, 490 U.S. 730, 741-42 (1989).

part of the Court.<sup>9</sup> A freelance artist in the aforementioned case was paid a flat rate the same as Kirby was, for every work of his that was published in the Playboy magazine, thus satisfying the expense part of the test. The lack of royalties received by the creator was sufficient for the court to pronounce the relationship as a work for hire.

Another case which would further italicize the unfairness that the test causes to creators is the *Archie Comic Publications, Inc. v. DeCarlo*.<sup>10</sup> This was a comic arena case which also acted as a precedent to the Marvel case. Daniel DeCarlo was a freelance artist who worked for the Archie Comics Publications in 1950's. He desired to establish his ownership rights and thus wanted declaratory judgment. Archie Comics contended that his work was work for hire under the 1909 act and hence he had no rights. Sabrina the Teenage Witch was the Comic that was in dispute. Just as in the case of Marvel, Sabrina the Teenage Witch had already been developed into hit television shows and movies, there was a gap in time between the creation of the work and suit being filed. DeCarlo similar to Kirby never received royalties. The court held that since Archie Comics had full dominion over editing and styling and DeCarlo was paid for every work that he produced, thus the test was fulfilled. Therefore just like Marvel, Archie Comics was allowed to have ownership rights. The continuing use of the Instance and Expense Test for Comic works by the Second Circuit as well as other courts had already sealed the deal for Marvel. Precedents such as the Archie Comics Publications Inc. v. DeCarlo already sway in favour of the employers rather than the creators, thus setting examples for future cases to be decided. As unfair as the test is under the 1909 Act it is still used.

#### IV. WORK FOR HIRE DOCTRINE UNDER INDIAN REGIME

Indian Copyright Act does not incorporate the term 'work for hire'. Nevertheless India recognizes work for hire as a concept and as in US, works created under the course of employment belong to the proprietor or the employer. The author<sup>11</sup> of a work is usually the first owner of the work. But in certain cases, as mentioned in the proviso of Section 17 of the Copyright Act, 1957, first owner of a work can be determined. In cases of literary, dramatic or artistic work, the proprietor shall be the first owner, if the work is created to satisfy the nature of employment of the author, in the absence of any agreement to the contrary. The proprietor shall be the owner only for the limited purpose of publishing the work or a reproduction of the work in a publication and for all other purposes, the author shall be the owner.<sup>12</sup>

In the case of *Malayala Manorama v. V T Thomas*<sup>13</sup>, a publishing house namely Malayala Manorama, claimed ownership

over the characters created by VT Thomas before joining the publishing house. An injunction was passed against the publishing house for claiming ownership over the impugned characters and it was held by the Kerala High Court that the publishing house cannot restrain the cartoonist from continuing to draw even after leaving employment. The rationale given was that the cartoonist created the impugned characters before joining the publishing house and therefore the publishing house had no role in their creation. The Hon'ble Court also passed directions restraining the publishing house from claiming ownership after terminating VT Thomas' employment. In case of any work made in course of the employment of the author, the employer shall be the first owner in the absence of any agreement to the contrary.<sup>14</sup> In the case of *Beloff v. Pressdram*<sup>15</sup>, the plaintiff, a journalist of the "London Observer", sued the publishers of "Private Eye" for publishing a politically sensitive memo that was issued by the plaintiff to the editor and senior staff of the "London Observer" about the Prime Minister. A suit for infringement of copyright was filed by the plaintiff. It was held by the court that the copyright of the memo was vested with the owners of the "London Observer" rather than him as he was employed under contract of service.

So in simpler terms, 'work for hire' is the work which is done by an employee within the due course of his employment but the ownership of which lies with the employer. For instance, If a person works part time as a fashion designer and part time as a song writer then the employer of the person has ownership only on the designs and not on the songs. In cases of independent contractor, the employer does not have any right over the work and the author is the first owner of the work. Independent contractors are hired or creating a work on a particular subject. In the case of *London Press Ltd. V. Universal Tutorial Press Ltd.*<sup>16</sup>, it was held that the examiner was free to formulate the questions at his own convenience and it was up to his skill and knowledge to formulate the question as long as they were ready by the the time appointed to him by the university as he was employed for the purpose of preparing question papers for which he was to be paid a lump sum. Thus he was employed under contract for service rather than contract of service.

#### V. A COMPARATIVE ANALYSIS OF WORK FOR HIRE UNDER THE US AND INDIAN REGIME

Under the copyright law of United States, Work for hire is defined statutorily. Which implies that unlike Indian law, it is not created because parties to an agreement state it to be so. It is an exception to the general rule which states that person who creates a work is the owner of the work. §101 of the Copyright Act, 1976 provide the circumstances which determine "works made for

<sup>9</sup>Playboy Enters., Inc. v. Dumas, 53 F.3d 549 (2d Cir. 1995)

<sup>10</sup>Archie Comic Publ'ns, Inc. v. DeCarlo, 258 F. Supp. 2d 315 (S.D.N.Y. 2003).

<sup>11</sup> According section 2(d) of the Copyright act, 1957, "author" means, — (i) in relation to a literary or dramatic work, the author of the work; (ii) in relation to a musical work, the composer; (iii) in relation to an artistic work other than a photograph, the artist; (iv) in relation to a photograph, the person taking the photograph;

2 [(v) in relation to a cinematograph film or sound recording, the producer; and (vi) in relation to any literary, dramatic, musical or artistic work which is computer-generated, the person who causes the work to be created;]

<sup>12</sup> Section 17(1)(a) of the Copyright Act, 1957.

<sup>13</sup>AIR 1989 Ker 49.

<sup>14</sup> Section 17(1)(c) of the Copyright Act, 1957.

<sup>15</sup> [1973] FSR 33.

<sup>16</sup> [1916] 2 Ch 601.

hire". Under U.S. law, a work is made for hire if it is: (1) a work created by an employee within the scope of his employment or (2) a work prepared under special order or commission for purpose of contribution to a collective work as a part of an audio-visual work, translation, supplementary work, as a compilation, instructional text, test, as an answer material for a test or atlas by any independent contractor, provided that the parties have expressly signed an agreement designating the work as a work made for hire.<sup>17</sup>

Indian laws do not statutorily define work for hire as a doctrine but recognizes it as a concept. As previously mentioned, Section 17 of the Indian Copyright Act, 1957 provides cases in which the author of a particular work cannot be considered as the first owner. The main difference between work for hire under the Indian regime and that of the US regime is that under the Indian regime, in cases of independent contractor, the employer does not have any right or ownership over the work of the author and the author is the first owner. However under the US Copyright laws, a work by an independent contractor can fall under work made for hire (a) if the statutory conditions as mentioned in the US Copyright Act, 1976 are fulfilled and (b) if there is an express agreement between the two parties designating the work to be work made for hire.<sup>18</sup>

US courts have more difficulty is establishing work made for hire that are a result of employer-employee relationship. The main reason being the blurred demarcation of employees from independent contractors. The Supreme Court, in 1989, determined that the common law agency principle should determine whether the person is an employee or independent contractor.<sup>19</sup> With the help of these common law principles, Reid cited nearly fifteen factors for a court to consider. Later, the second circuit court in the case of *Aymes v. Bonelli*<sup>20</sup>, took the help of the test and narrowed down citing five most important factors for analysis work made for hire which included criterias like level of skill required to produce the work, whether claimed employee received employee benefits or not, etc.

## VI. POSSIBLE CHANGES

Even though the Southern District Court of New York passed a judgment in favor of Marvel declaring the works of Kirby as "works for hire" and sided with the provision, precedent and theory giving an upper hand to the publishers, a cardinal issue of fairness and economic equity for the creators and the statutory successors was left unanswered. The question that is likely to

come in one's mind after the judgment is that whether there was any chance that it could have been influenced because of Marvel's massive empire? Marvel soaking up in the rampant success of Kirby's work seemed nothing but unjust. Who could have known at the time of creation of the work that some fifty years later, Marvel could profit on such a huge margin from the works of Jack Kirby even though they came under the provision of "work for hire"? Even though both the parties ended up in a settlement, and it can be so assumed that the Kirbys received an ample amount from the settlement, they still had to undergo nearly five years of litigation, costs arising therein and the trauma adding up to it. The question that arises here is that does the settlement amount compensate for all the emotional trauma and litigation costs over the years? Another important aspect, that one can preponderate upon is, if the Copyright Act 1976 had come into force then the work for hire provision governed under the 1909 should have been struck down or not be used.

It is therefore pertinent to draw a middle ground for the creators to save the hassle of going through the costly uncertain litigation costs for claiming the apparent disputed rights and monetary benefits. In cases like that of Kirby's, one course of action to achieve a fair and square outcome was to replace the instance and expense test with a statutory rule to mandate royalty payments from the publisher to the creator or the statutory successor of a work which is governed by the 1909 Act if the profits from the work exceeded a particular threshold as determined by the parties earlier.

Another discrepancy arises in the Instance and Expense test which is more employer centric and favors them hugely. It provides that when one person engages another person in the production of a work of an artistic nature, irrespective of whether as an employee or as an independent contractor, then in the absence of any contract to the contrary, it is presumed that the title of the copyright shall belong to the person at whose instance and expense the work is done<sup>21</sup>. It is pertinent to mention that in creation of the work, certain amount of labor, time, skill and intellectual creativity is invested by the author and therefore the copyright should be vested with the author or creator rather than the one employing him. Copyright is a legal means of protecting a creator's original work. However in case of the instance and expense test, the original work of the creator is protected but the right is given not to the creator but to the person employing the creator who has absolutely no creativity in the work whatsoever. This amounts to a clear violation of human rights. Therefore the doctrine is advocated for modification so that there could be an even field for creators and the publishers.

<sup>17</sup> In 1999, Congress added sound recordings to the work-made-for-hire category list. Intellectual Property and Communications Omnibus Reform Act of 1999, Pub. L. 106- 113, 113 Stat. 1501 (Nov. 17, 1999). The next year, the Work Made For Hire and Copyright Corrections Act of 2000 struck the sound recordings amendment, but failed to completely close the door. Pub. L. No. 106-379, 114 Stat. 1444 (Oct. 27, 2000). Instead, the 2000 Act added a statement that neither the insertion nor the deletion of sound recordings from the list "shall be interpreted to indicate congressional approval or disapproval of, or acquiescence in, any judicial determination by the courts or the Copyright Office." Thus, although sound recordings are no longer on the inclusive

workfor-hire list, some doubt remains as to their potential to be recognized as works made for hire.

<sup>18</sup>US Copyright Office, Circular 9: Work-Made-For-Hire Under the 1976 Copyright Act.

<sup>19</sup> Comm. For Creative Non-Violence v. Reid, 490 U.S. 730 (1989).

<sup>20</sup> 980 F.2d 857, 862 (2nd Cir. 1992).

<sup>21</sup> *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298, 300.

Like United States, Japan, Australia, India and the United Kingdom recognize works made for hire and vest the ownership in the employer for works of employees created during the course of employment. India however recognizes independent contractor's right and vests copyright with them instead of the employer. Australia also makes an exception for the works of the professional journalists. In Germany, France and China, initial copyright or ownership is vested with the employee but in China, the employer is vested with a compulsory two-years license by the employee. Germany also provides for a contractual transfer of ownership from the employee to the employer depending upon the employment agreement. France as well as Germany does not differentiate the works of employees from those of the independent contractors. They are governed by the same rules and exceptions depending upon the kind of work. Such provisions from the above mentioned countries should be looked into by the US, and the US copyright law must be modified accordingly to strike a balance between the creator and publisher without any bias. These provisions provide a more equal and progressive view, incorporating them into US law will bridge the disparity between the employees and the employers.

## VII. CONCLUSION

The fight to find a middle ground between the interests of publishers and rights of creators is still ongoing. In Kirby's writ petition, it is apparent that the instance and expense test is overboard, vague and does not lead the policies behind the Copyright Act. The instance and expense test should be re-evaluated, modified and made uniform throughout the circuits. A different approach should be used while determining the ownership of copyright which might bring about a huge difference relating to ownership rights in the industry.

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