

Marvel Characters, Inc. v. Kirby
726 F. 3d 119 (2nd Cir. 2013)

Before: CABRANES, SACK, and CARNEY, Circuit Judges.

This appeal requires us to revisit our case law applying the work-for-hire doctrine in the context of section 304 of the Copyright Act of 1976 (or, the "1976 Act"), 17 U.S.C. §304. Defendants-counter-claimants-appellants Lisa, Neal, Susan, and Barbara Kirby (collectively, the "Kirbys") are the children of the late Jack Kirby. Kirby is considered one of the most influential comic book artists of all time. At various times throughout his career, he produced drawings for Marvel Comics, a comic book publisher that has since grown into the multifaceted enterprise reflected in the case caption: Marvel Characters, Inc., Marvel Worldwide, Inc., MVL Rights, LLC, and Marvel Entertainment, Inc. (collectively, "Marvel"). At issue here are the rights to drawings Kirby allegedly created between 1958 and 1963.

The Kirbys appeal from the district court's grant of summary judgment to Marvel, which was based on the conclusion that all of the works at issue are "works made for hire" within the meaning of section 304(c), and that the Kirbys therefore have no rights to the works. Two of the Kirbys, Lisa and Neal, also challenge the district court's conclusion that it had personal jurisdiction over them under New York's long-arm statute. They further argue that they are indispensable parties under Rule 19(b) of the Federal Rules of Civil Procedure, such that their absence from this lawsuit (by virtue of the district court's lack of personal jurisdiction over them) requires that the suit be dismissed in its entirety.

We conclude that the district court was without personal jurisdiction over Lisa and Neal. We therefore vacate the judgment as against them. We also find, however, that Lisa and Neal are not indispensable parties to this lawsuit, and that the district court was correct in concluding that the works at issue are "works made for hire" under section 304(c). We therefore affirm the judgment as to defendants Barbara and Susan.

BACKGROUND

In this appeal from the grant of summary judgment, we view the evidence in the light most favorable to the nonmovants, the Kirbys for present purposes, and draw all reasonable inferences in their favor. See, e.g., Singer v. Ferro, 711 F.3d 334, 339 (2d Cir.2013).

Jack Kirby

Jack Kirby, born Jacob Kurtzberg in New York City's Lower East Side in 1917, began his career in the comic book business in the late 1930s. In the summer of 1940, a young woman named Rosalind moved into the apartment above his with her family. The day they met, Kirby asked Rosalind if she "[w]ould like to see [his] etchings[.]" She thought he wanted "to fool around"; he only wanted to show her his drawings for a new comic book series called Captain America. John Morrow, "Would You Like to See My Etchings?": Rosalind Kirby Interviewed (conducted Dec. 12, 1995), THE JACK KIRBY COLLECTOR, April 1996, at 6. Kirby and "Roz" were married in 1942. After Kirby's military service in World War II, the couple had four children: Susan, Neal, Barbara, and Lisa.

Kirby's career in comic book illustration spanned more than half a century. His influence was substantial. An obituary marking his death in 1994 quoted Joe Simon, Kirby's creative partner for fifteen years: "He

brought the action drawing to a new level. His style was imitated all over and still is today to a certain extent." Jack Kirby, 76; Created Comic Book Superheroes, N.Y. TIMES, Feb. 8, 1994, at D22.

Kirby was prolific, too. In 1951 alone, 308 pages of Kirby's work appeared in published comic books. This output was typical for him in the years between 1940 and 1978.

Marvel Comics and Stan Lee

Marvel was founded as Timely Comics in 1939 by one Martin Goodman. In 1940, Marvel purchased the first ten issues of Captain America from Kirby and Joe Simon. But Kirby and Simon would soon move on to a competitor, DC Comics. To replace them, Goodman hired one Stanley Lieber.

Lieber would come to be known by his pen name, Stan Lee. Lee is in his own right a towering figure in the comic book world, and a central one in this case. He in effect directed Marvel from the early 1940s until sometime in the 1970s, serving, in his words, as "Editor," "Art Director" and "a staff writer." Deposition of Stan Lee ("Lee Dep."), May 13, 2010, at 17, Joint App'x at 2437. He continued to work for Marvel in one capacity or another at least to the day of his deposition testimony in this litigation.

But in the 1940s and 50s, Marvel, hobbled by poor business decisions, was hardly a success story.¹ In 1958, Kirby began producing drawings for Marvel once again. And by 1961, its fortunes began to change. That year, Marvel released the first issues of The Fantastic Four. On its heels were releases of the first issues of some of Marvel's most enduring and profitable titles, including The Incredible Hulk, The X-Men, and Spider-Man.

Kirby's Relationship with Marvel from 1958-1963

This litigation concerns the property rights in 262 works published by Marvel between 1958 and 1963. Who owns these rights depends upon the nature of Kirby's arrangement with Marvel during that period.

It is undisputed that Kirby was a freelancer, i.e., he was not a formal employee of Marvel, and not paid a fixed wage or salary. He did not receive benefits, and was not reimbursed for expenses or overhead in creating his drawings. He set his own hours and worked from his home. Marvel, usually in the person of Stan Lee, was free to reject Kirby's drawings or ask him to redraft them. When Marvel accepted drawings, it would pay Kirby by check at a per-page rate.

Despite the absence of a formal employment agreement, however, the record suggests that Kirby and Marvel were closely affiliated during the relevant time period. Lee assigned Kirby, whom he considered his best artist, a steady stream of work during that period. See Lee Dep. at 36, Joint App'x at 2456 ("I wanted to use Jack for everything, but I couldn't because he was just one guy."); id. at 37, Joint App'x at 2457 ("So I said: All right, forget it, Jack. I will give [the Spider-Man strip] to somebody else. Jack didn't care. He had so much to do."); id. at 30, Joint App'x 2450 ("He got the highest [rate] because I considered him our best artist.").

¹ Certainly not helping matters was a mid-1950s investigation by the United States Senate into comics' alleged corrupting influence on America's youth. On April 21, 1954, a subcommittee of the Senate Judiciary Committee held a televised hearing on the topic. Louis Menand, The Horror: Congress investigates the comics, THE NEW YORKER. Mar. 31, 2008, at 124. The venue was the United States Courthouse at 40 Foley Square in New York City — named in 2001 the "Thurgood Marshall United States Courthouse" — in which this opinion was prepared. Id.

And Kirby seems to have done most of his work with Marvel projects in mind. Although the Kirby children assert that their father could and did produce and sell his work to other publishers during those years, lists of Kirby's works cited by both parties establish that the vast majority of his published work in that time frame was published by Marvel (or Atlas Comics, as part of Marvel Comics Group).

The specifics of Kirby and Marvel's creative relationship during this time period are less clear.

According to Lee, at the relevant time, artists worked using what the parties call the "Marvel Method." It was developed as a way to "keep a lot of artists busy" when Lee or another writer could not provide the artist with a completed script. Lee Dep. at 21, Joint App'x at 2441. The first step was for Lee to meet with an artist at a "plotting conference." Id. at 39-40, Joint App'x at 2459-60. Lee would provide the artist with a "brief outline" or "synopsis" of an issue; sometimes he would "just talk ... with the artist" about ideas. Id. at 35, Joint App'x at 2455. The artist would then "draw it any way they wanted to." Id. at 21, Joint App'x at 2441. Then a writer, such as Lee, would "put in all the dialogue and the captions." Id. According to Lee, he "maintain[ed] the ability to edit and make changes or reject what the other writers or artists had created." Id. at 22, Joint App'x at 2442.

Lee testified that he worked this way with Kirby "for years":

And Jack Kirby and I would, let's say when we did the Fantastic Four, I first wrote a synopsis of what I thought the Fantastic Four should be, who the characters should be, what their personalities were. And I gave it to Jack, and then I told him what I thought the first story should be, how to open it, who the villain should be, and how we would end it. And that was all. Jack went home and drew the whole thing. I put the dialogue in.

Id. at 118, Joint App'x at 2538.

Other evidence in the record, including some of Lee's own deposition testimony, indicates, however, that Kirby had a freer hand within this framework than did comparable artists. For example, Lee explained that "instead of telling [Kirby] page by page" what to draw, Lee might simply tell him to "[d]evote five pages to this, five pages to that, and three pages to that." Id. at 70, Joint App'x at 2490. Sometimes during plotting sessions, Kirby might "contribute something or he might say, 'Stan, let's also do this or do that.'" Id. at 41, Joint App'x at 2461.

It is beyond dispute, moreover, that Kirby made many of the creative contributions, often thinking up and drawing characters on his own, influencing plotting, or pitching fresh ideas.

The Termination Notices

The dispute before us began in September 2009, when the Kirbys served various Marvel entities with documents entitled "Notice of Termination of Transfer Covering Extended Renewal Term" (the "Termination Notices"). The Termination Notices purport to exercise statutory termination rights under section 304(c)(2) of the Copyright Act of 1976, 17 U.S.C. §304, with respect to 262 works in all.

Each notice states an effective date sometime in the future, presumably between 2014 and 2019. The effective dates are calculated according to section 304(c)'s timing provision, which states in relevant

part that "[t]ermination ... may be effected at any time during a period of five years beginning at the end of fifty-six years from the date copyright was originally secured...." 17 U.S.C. §304(c)(3).

Procedural History

Marvel filed this lawsuit on January 8, 2010. It sought a declaration that the Kirbys have no termination rights under section 304(c)(2), and that the Termination Notices are therefore ineffective. Marvel's claim was premised on its contention that all of the works were "made for hire" by Jack Kirby for Marvel within the definition of section 304(c).

On March 9, 2010, the Kirbys filed a motion to dismiss the complaint. Lisa and Neal Kirby, residents of California, sought dismissal on the ground that they were not subject to personal jurisdiction in New York State. (The other Kirby siblings, Susan and Barbara, are residents of New York and do not contest personal jurisdiction.) The Kirbys also argued that Lisa and Neal are indispensable to the action under Fed.R.Civ.P. 19, and that Marvel's entire suit must therefore be dismissed as against all parties.

The district court denied the motion on April 14, 2010. Marvel Worldwide, Inc. v. Kirby, No. 10 Civ. 141, 2010 WL 1655253, 2010 U.S. Dist. LEXIS 38701 (S.D.N.Y. Apr. 14, 2010). It concluded that it had personal jurisdiction over Lisa and Neal under New York's long-arm statute, and that the exercise of this jurisdiction was consistent with constitutional due process. Id. at *3-9, 2010 U.S. Dist. LEXIS 38701, at *7-25. It therefore did not reach the question of whether Lisa and Neal were indispensable parties.

The Kirbys answered Marvel's complaint and asserted several counterclaims of their own. Marvel moved to dismiss each of them. On November 22, 2010, the district court granted the motion as to all but the Kirbys' counterclaim seeking a declaration that the Termination Notices were valid. Marvel Worldwide, Inc. v. Kirby, 756 F.Supp.2d 461 (S.D.N.Y.2010).

In early 2011, after discovery was complete, the parties cross-moved for summary judgment. Marvel also moved to exclude some of the Kirbys' evidence, most notably the reports of the Kirbys' putative expert witnesses, John Morrow and Mark Evanier.

On July 28, 2011, the district court granted Marvel's motions to exclude Morrow and Evanier's testimony, and granted Marvel's motion for summary judgment. Marvel Worldwide, Inc. v. Kirby, 777 F.Supp.2d 720 (S.D.N.Y.2011). It relied upon case law in this Circuit applying the so-called "instance and expense test" to determine whether a work is "made for hire" under section 304(c). Id. at 738-43. The court concluded that undisputed facts in the record establish as a matter of law that the works at issue were made at Marvel's instance and expense, and were therefore works made for hire. Id. This being so, the Kirbys had no termination rights, and their Termination Notices were ineffective. The district court entered judgment accordingly on August 8, 2011.

The Kirbys appeal.

DISCUSSION

I. Personal Jurisdiction over Lisa and Neal Kirby

We turn first to the issue of personal jurisdiction over Lisa and Neal Kirby. * * * * Under the facts of this case, the only acts that could potentially give rise to section 302(a)(1) jurisdiction over Lisa and Neal

are the sending of the Termination Notices to Marvel in New York. * * * * * We conclude that the district court lacked personal jurisdiction over Lisa and Neal Kirby. We therefore vacate the district court's judgment as against those two Kirbys.

II. Compulsory Joinder

The Kirbys next argue that the absence of personal jurisdiction over Lisa and Neal requires vacatur of the judgment as against Barbara and Susan too. They rely on Federal Rule of Civil Procedure 19: "Required Joinder of Parties."

A. Federal Rule of Civil Procedure 19

Rule 19 recognizes exceptional circumstances in which the plaintiff's choice of parties or forum must give way because of an absent party's interest in the outcome of the action or involvement in the underlying dispute. See generally 7 CHARLES ALAN WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE §1602 (3d ed.2008). The Rule's principal provisions are divided into two subsections. Subsection (a) protects certain parties by deeming them "required"; a party who is "required" according to the factors enumerated in subsection (a) is one whose participation is so desirable or important that the party must be joined so long as she or he is "subject to service of process" and joinder "will not deprive the court of subject-matter jurisdiction." Fed.R.Civ.P. 19(a)(1).

Subsection (b) addresses situations in which a party otherwise "required" under subsection (a) cannot be joined for some reason, for example (as in this case), want of personal jurisdiction. In such circumstances, Rule 19(b) requires courts to consider whether, "in equity and good conscience," the party is one without whom the action between the remaining parties cannot proceed — or, in the traditional terminology, whether the absent party is "indispensable." Fed.R.Civ.P. 19(b); see also CP Solutions PTE, Ltd. v. General Electric Co., 553 F.3d 156, 159 n. 2 (2d Cir. 2009) (per curiam).

We assume, for present purposes, that Lisa and Neal are "required" parties under Rule 19(a). They are also parties whose joinder is not feasible, inasmuch as we conclude that they are not amenable to personal jurisdiction in the Southern District of New York, and they are unwilling to consent to suit within the jurisdiction. The remainder of this discussion, then, centers on the effects of Rule 19(b) on these proceedings.

B. Indispensability

* * * * *

It is ordinarily appropriate for us to vacate the judgment of a district court and remand the cause to it when matters committed to that court's discretion arise for the first time on appeal. See CP Solutions, 553 F.3d at 161. But where a record is fully developed and it discloses that, in our judgment, only one possible resolution of such an issue would fall "within the permissible range of choices" — in other words, where only one determination by the district court would be within its discretion — there is no reason to remand. *Id.* If we did and the court decided to the contrary, we would be duty bound to reverse in any event on the grounds of abuse of discretion.

In this case, the parties have fully briefed the Rule 19(b) issue on appeal, and the facts are straightforward and undisputed. Only one result, we think, is permissible. We therefore resolve the issue in the first instance. * * * * *

Rule 19(b) sets forth four considerations that will ordinarily be among those relevant to the analysis of whether a party is "indispensable." We have restated them as: "(1) whether a judgment rendered in a person's absence might prejudice that person or parties to the action, (2) the extent to which any prejudice could be alleviated, (3) whether a judgment in the person's absence would be adequate, and (4) whether the plaintiff would have an adequate remedy if the court dismissed the suit." CP Solutions, 553 F.3d at 159.

Applying these factors requires an understanding of the legal interests at stake, here the Kirbys' termination rights under section 304(c). Central to the current discussion is paragraph (1) of section 304(c), and in particular the following provision: "In the case of a grant executed by one or more of the authors of the work, termination of the grant may be effected,... if such author is dead, by the person or persons who ... own and are entitled to exercise a total of more than one-half of that author's termination interest." 17 U.S.C. §304(c)(1) (emphasis added); see also id. §304(c)(6)(C).

The parties interpret this to mean that at least three of the four Kirbys — "more than one-half" — must "effect" termination of their father's assignment in order for any of them to realize their termination rights. Appellants' Br. at 21; Appellees' Br. at 55. So, all seem to acknowledge, if Barbara and Susan Kirby are disabled by an adverse judgment in this suit from effecting termination, all four Kirbys lose.

Under this interpretation of section 304(c)(1), which we assume without deciding is correct, several of the possible Rule 19(b) considerations are irrelevant. Marvel cannot, and does not, complain that a judgment rendered in Lisa and Neal's absence prejudices it in any way, because it should be satisfied by a judgment against Barbara and Susan that forecloses Lisa and Neal's rights too. Nor can Barbara and Susan claim prejudice. Any judgment here stands to reflect the full and fair adjudication of their rights under section 304(c). And whatever the result, there is no risk that Barbara and Susan will somehow bear in full a legal obligation that is properly shared by their absent siblings. There is thus no prejudice to Marvel, Barbara, or Susan as "existing parties." Fed. R.Civ.P. 19(b)(1).

We also do not see how a judgment in this case could be crafted to alleviate any prejudice that may exist to absent parties Lisa and Neal. See Fed.R.Civ.P. 19(b)(2). The judgment here will declare the existence vel non of Barbara and Susan's termination rights, and whatever the practical effect of this declaration, it can do no more or less.

Finally, although we can hardly be confident that the absent parties in this case will accept a judgment as the last word in this dispute, we think that any judgment would be "adequate," Fed.R.Civ.P. 19(b)(3), in the sense of honoring the "public stake in settling disputes by wholes, whenever possible." CP Solutions, 553 F.3d at 160 (internal quotation marks omitted). If Marvel wins against Barbara and Susan, the parties' interpretation of section 304(c)(1) implies that the issue is resolved as to all Kirbys; if Barbara and Susan prevail, principles of issue preclusion would likely bar Marvel from relitigating the issue against Lisa and Neal. See RESTATEMENT (SECOND) OF JUDGMENTS §29 (1982).

This leaves us with two factors to consider. The first is potential prejudice to Lisa and Neal arising from their absence. Fed.R.Civ.P. 19(b)(1). They complain that by operation of section 304(c)(1)'s "more than one-half" requirement, they stand to have their legal rights finally determined in their absence.

Appellants' Br. at 21-22. This argument appeals to our "deep-rooted historic tradition that everyone should have his own day in court." See Richards v. Jefferson County, 517 U.S. 793, 798, 116 S.Ct. 1761, 135 L.Ed.2d 76 (1996) (quoting 18 CHARLES ALAN WRIGHT, ARTHUR R. MILLER, EDWARD H. COOPER, FEDERAL PRACTICE AND PROCEDURE §4449 (3d ed.2008)).

But the law in this context and elsewhere "recognize[s] an exception to the general rule when, in certain limited circumstances, a person, although not a party, has his interests adequately represented by someone with the same interests who is a party." *Id.* (quoting Martin v. Wilks, 490 U.S. 755, 762 n. 2, 109 S.Ct. 2180, 104 L.Ed.2d 835 (1989)). As we recognized in CP Solutions, the potential prejudice to an absent party under Rule 19(b) is mitigated where a remaining party "could champion [his or her] interest." 553 F.3d at 160. And prejudice to absent parties approaches the vanishing point when the remaining parties are represented by the same counsel, and when the absent and remaining parties' interests are aligned in all respects. *Id.*; Prescription Plan Serv. Corp. v. Franco, 552 F.2d 493, 497 (2d Cir.1977).

This lawsuit concerns a single legal issue in which Lisa's and Neal's interests are identical to Barbara's and Susan's. The Kirbys have the same lawyer — who we are sure was "no less vigorous in [his] advocacy," Prescription Plan Serv., 552 F.2d at 497, because he represented two Kirbys instead of four. And we have been given no reason whatever to think that the proofs advanced by Barbara and Susan are materially different from those Lisa and Neal would have proffered. We therefore see no practical prejudice to Lisa and Neal as a result of adjudicating this case in their absence.

The other remaining consideration is whether Marvel "would have an adequate remedy if the action were dismissed for non-joinder." Fed.R.Civ.P. 19(b)(4). As Marvel points out, because Lisa and Neal are not amenable to personal jurisdiction in New York, and because Barbara and Susan — New York residents — are, as far as the record reveals, not amenable to personal jurisdiction in California, the Kirbys might well be able to thwart a declaratory judgment suit brought by Marvel in a forum in either state. Appellees' Br. at 56-57. In light of the nearly non-existent showing of prejudice to any of the parties involved here, we see no reason to permit the Kirbys to withhold consent to any suit in which the forum or litigation posture are not to their liking. See Provident Tradesmens Bank & Trust Co. v. Patterson, 390 U.S. 102, 109, 88 S.Ct. 733, 19 L.Ed.2d 936 (1968) (recognizing a plaintiff's "interest in having a forum").

We conclude, therefore, that the only determination that falls within the range of permissible decisions in the circumstances of this case is that Lisa and Neal are not indispensable parties, and that it was appropriate for the action against Barbara and Susan to have proceeded on its merits.²

² There is an abstract question lurking in the background: Should a court apply the Rule to present circumstances, or instead to the circumstances as they were at the time the party initially made its motion for dismissal under Rule 19(b)? Compare Universal Reinsurance Co., 312 F.3d at 89 (noting, in a case in which Rule 19(b) issue did not arise until after first appeal and remand, that "[o]nce the district court has proceeded to final judgment, considerations of finality, efficiency, and economy become overwhelming, and federal courts are directed to salvage jurisdiction where possible" (internal quotation marks and citations omitted)), with Young v. Powell, 179 F.2d 147, 152 (5th Cir.1950) (reviewing district court's Rule 19(b) analysis based on the "relief asked for" rather than the "relief granted" on the merits in order to prevent prejudice to the defendant). See generally 7 CHARLES ALAN WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE § 1609 (3d ed.2008). We need not address it, though, because we conclude that under either approach, the result would be the same: Lisa and Neal are not indispensable parties.

III. Summary Judgment

The remaining Kirbys — Barbara and Susan — challenge the district court's grant of summary judgment in favor of Marvel. * * * * *

A. Exclusion of Expert Testimony

We address first the admissibility of the reports and testimony of Barbara and Susan's putative experts, John Morrow and Mark Evanier, who purported to offer historical perspective concerning the relationship between Marvel and Jack Kirby.

* * * * *

[] Morrow and Evanier do not bring their expertise to bear in any such way. As the district court recognized, their reports are by and large undergirded by hearsay statements, made by freelance artists in both formal and informal settings, concerning Marvel's general practices towards its artists during the relevant time period. * * * * *

Although the Rules permit experts some leeway with respect to hearsay evidence, Fed.R.Evid. 703, "a party cannot call an expert simply as a conduit for introducing hearsay under the guise that the testifying expert used the hearsay as the basis of his testimony." Malletier v. Dooney & Bourke, Inc., 525 F.Supp.2d 558, 666 (S.D.N.Y.2007). The appropriate way to adduce factual details of specific past events is, where possible, through persons who witnessed those events. And the jobs of judging these witnesses' credibility and drawing inferences from their testimony belong to the factfinder. See Nimely v. City of New York, 414 F.3d 381, 397-98 (2d Cir.2005). We therefore think the district court clearly did not abuse its discretion in declining to admit this evidence.

B. Termination Rights and Work Made for Hire

We thus, at last, arrive at the merits of Marvel's summary judgment motion. At issue is section 304(c) of the Copyright Act of 1976, which, insofar as bears on this litigation, provides:

Termination of Transfers and Licenses Covering Extended Renewal Term. — In the case of any copyright subsisting in either its first or renewal term on January 1, 1978, other than a copyright in a work made for hire, the exclusive or nonexclusive grant of a transfer or license of the renewal copyright or any right under it, executed before January 1, 1978 ... is subject to termination....

17 U.S.C. § 304(c).³

If the author is no longer alive, section 304(c)(2) grants his or her termination rights to specified heirs. See Id. §304(c)(2)(B). The provision "protect[s] the property rights of widows and children in copyrights"

³ The termination right in section 304(c) applies only to transfers executed by the author prior to January 1, 1978. Section 203 governs termination of transfers of the rights to works executed on or after January 1, 1978. See 17 U.S.C. §203(a). We have cautioned that "Section 203 and Section 304 are different provisions involving different rights." Larry Spier, Inc. v. Bourne Co., 953 F.2d 774, 779 (2d Cir.1992).

by granting them the power to undo earlier transfers and to enjoy the remainder of the copyright term.⁴ Larry Spier, Inc. v. Bourne Co., 953 F.2d 774, 778 (2d Cir.1992).

But section 304(c) provides that termination rights under that section do not exist with respect to "work[s] made for hire." 17 U.S.C. §304(c). Where a work is "made for hire," copyright law deems the employer to be the "author" for purposes of copyright ownership. Copyright Act of 1909 §62 (formerly codified at 17 U.S.C. § 26) ("[T]he word 'author' shall include an employer in the case of works made for hire."); see also Copyright Act of 1976 §201(b), 17 U.S.C. §201(b) ("In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title...."). The hired party, although "the 'author' in the colloquial sense," Shapiro, Bernstein & Co. v. Bryan, 123 F.2d 697, 699 (2d Cir.1941), therefore never owned the copyrights to assign. It stands to reason, then, that there are no rights the assignment of which his or her heirs may now terminate.

Marvel argues that all of the works at issue in this case fall into the category of "work made for hire."

1. The Instance and Expense Test. To determine whether a work is "work made for hire" within the meaning of section 304(c), we apply case law interpreting that term as used in the 1909 Act, the law in effect when the works were created. See Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc., 342 F.3d 149, 156-63 (2d Cir.2003). This requires us to apply what is known as the "instance and expense test."

a. Origins.

The origins of the instance and expense test were described at some length by Judge Newman's opinions in Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc., *supra*, and Martha Graham School and Dance Foundation, Inc. v. Martha Graham Center of Contemporary Dance, Inc., 380 F.3d 624, 633-36 (2d Cir.2004).

The test was developed from two lines of cases. One was our court-made work-for-hire jurisprudence. "Because the 1909 Act did not define 'employer' or 'works made for hire,' the task of shaping these terms fell to the courts." Community for Creative Non-Violence v. Reid, 490 U.S. 730, 744, 109 S.Ct. 2166, 104 L.Ed.2d 811 (1989). Using Bleistein v. Donaldson Lithographing Co., 188 U.S. 239, 248, 23 S.Ct. 298, 47 L.Ed. 460 (1903) — the Supreme Court's first encounter with the work-for-hire phenomenon — as a guidepost, our early cases focused principally on whether the work at issue was created within the scope of a traditional employment relationship. See, e.g., Tobani v. Carl Fischer, Inc., 98 F.2d 57, 59 (2d Cir. 1938); Shapiro, Bernstein & Co., Inc. v. Bryan, 123 F.2d 697, 698-700 (2d Cir. 1941). Work-for-hire doctrine thus served to identify which party within the traditional employment relationship was the statutory "author," and hence owned the copyright in the work from the time of creation.

The second doctrine developed to address what was initially considered a separate issue under the 1909 Act: rights in commissioned works created by independent contractors. The issue in this situation, at least in the early cases, was not who the statutory author was — the author was the independent

⁴ Thirty-nine years, to be precise. Termination rights may be effected "during a period of five years beginning at the end of fifty-six years from the date copyright was originally secured, or beginning on January 1, 1978, whichever is later." 17 U.S.C. §304(c)(3). Under section 304, as amended by the Sonny Bono Copyright Term Extension Act, the full copyright term of the works at issue — consisting of a 28-year initial term plus a 67-year renewal term — is 95 years. See 17 U.S.C. §304(a), (b). At stake here, then, is the 39 years that will be remaining on each of the works' copyright terms at the time they turn 56.

contractor. The issue was whether the hiring party nevertheless owned copyrights by way of the author's implied assignment of those rights; and, if so, whether the assignment applied to only the "original" copyright term, or to both the "original" term and an "expectancy" in the so-called "renewal" term.

We addressed the first half of this issue in Yardley v. Houghton Mifflin Co., 108 F.2d 28 (2d Cir.1939). There we concluded that if a party "is solicited by a patron to execute a commission for pay, the presumption should be indulged that the patron desires to control the publication of copies and that the artist consents that he may, unless by the terms of the contract, express or implicit, the artist has reserved the copyright to himself." Id. at 31. And in later cases, we seemed to answer the second half, limiting Yardley's presumption in favor of implied assignment to the original term. See Estate of Burne Hogarth, 342 F.3d at 159; Shapiro, Bernstein & Co. v. Jerry Vogel Music Co., 221 F.2d 569, 570 (1955).

The two doctrines first converged in Brattleboro Publishing Co. v. Winmill Publishing Corp., 369 F.2d 565, 567 (2d Cir. 1966). That case concerned rights in the original term in an independent contractor setting — like in Yardley — but we nevertheless began our analysis by discussing traditional work-for-hire doctrine. Id. at 567. We relied on Professor Melville Nimmer's copyright treatise, which we described as recognizing "a presumption in the absence of an express contractual reservation to the contrary, that the copyright shall be in the person at whose instance and expense the work is done." Id. (emphasis added) (citing NIMMER ON COPYRIGHT 238 (1964)). And we could "see no sound reason why these same principles are not applicable when the parties bear the relationship of employer and independent contractor." Id. at 568.

This discussion does not appear to have been necessary to the result inasmuch as the Court went on to resolve the case on the grounds of Yardley's presumption. Id. Just as curious was the Brattleboro Court's attribution of the phrase "instance and expense" to Professor Nimmer. The phrase is apparently not to be found in the cited passage on work-for-hire doctrine. See MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 5.03 n. 171b (Matthew Bender, Rev. Ed.2013). It seems instead to be drawn from a Ninth Circuit opinion in an independent contractor case published the year before. See Lin-Brook Builders Hardware v. Gertler, 352 F.2d 298, 300 (9th Cir.1965); see generally Martha Graham, 380 F.3d at 634 n. 17.

But we effectively adopted the union of these two approaches in Picture Music, Inc. v. Bourne, Inc., 457 F.2d 1213, 1216 (2d Cir.1972), relying on both work-for-hire and implied assignment cases to conclude that an independent contractor's works were "made for hire," and therefore that the hiring party owned both the original and renewal term. Id. at 1216. And when we next confronted the issue, in Playboy Enterprises, Inc. v. Dumas, 53 F.3d 549, 554 (2d Cir.1995), we explained that "an independent contractor is an 'employee' and a hiring party an 'employer' for purposes of the [1909 Act] if the work is made at the hiring party's 'instance and expense.'"⁵

b. General Principles

⁵ Our approach has been criticized. See NIMMER ON COPYRIGHT §9.03[D]. It was also called into question by language in Community for Creative Non-Violence v. Reid, 490 U.S. 730, 744, 109 S.Ct. 2166, 104 L.Ed.2d 811 (1989), which discussed some of our cases as background to interpreting the 1976 Act's somewhat different "work made for hire" provisions, 17 U.S.C. §101. We nonetheless reaffirmed our adherence to the instance and expense test in cases turning on the interpretation of the 1909 Act's work-for-hire provisions in Estate of Burne Hogarth, supra.

We have stated as a general rule that "[a] work is made at the hiring party's `instance and expense' when the employer induces the creation of the work and has the right to direct and supervise the manner in which the work is carried out." Martha Graham, 380 F.3d at 635. Our case law is, however, not so tidy. To the extent we can distill from our prior cases a set of principles applicable here, they are these:

"Instance" refers to the extent to which the hiring party provided the impetus for, participated in, or had the power to supervise the creation of the work. Actual creative contributions or direction strongly suggest that the work is made at the hiring party's instance. See, e.g., Playboy Enterprises, Inc., 53 F.3d at 556 (evidence that independent contractor "was given specific instructions for his early submissions to Playboy" suggested work for hire); Yardley, 108 F.2d at 30-31 ("[W]here a photographer takes photographs of a person who goes or is sent to him in the usual course, and is paid for the photographs and for his services in taking them, the right of copyright is in the sitter or in the person sending the sitter to be photographed, and not in the photographer....").

The "right to direct and supervise the manner in which the work is carried out," Martha Graham, 380 F.3d at 635, moreover, even if not exercised, is in some circumstances enough to satisfy the "instance" requirement. It may be sufficient, for example, where the hiring party makes a particularly strong showing that the work was made at its expense, Scherr v. Universal Match Corp., 417 F.2d 497, 501 (2d Cir.1969) (noting "the overwhelming appropriation of [the hiring party's] funds, time and facilities to the project"), or where prior dealings between the parties on similar assignments, as part of an ongoing arrangement, have rendered fine-grained supervision unnecessary, Playboy Enterprises, Inc., 53 F.3d at 556 ("right to control" and exercise of control with respect to "certain characteristics" sufficient in light of earlier "specific assignments").

But "inducement" or "control" alone can be incidental enough not to vest copyright ownership in the hiring party. For example, in Siegel v. National Periodical Publications, Inc., 508 F.2d 909, 914 (2d Cir. 1974), we concluded that it was insufficient that the independent contractor "revise[d] and expand[ed] the Superman material at the request of the [hiring party]," because "Superman had been spawned by the [independent contractor] four years before the relationship [with the hiring party] existed." Indeed, even in cases arising under traditional employment law, a work created "as a special job assignment" may not be a "work made for hire." Shapiro, Bernstein & Co., 221 F.2d at 570.

The "expense" component refers to the resources the hiring party invests in the creation of the work. We have, at least in some cases, continued the tradition of treating the incidents of a traditional employment relationship as relevant to the analysis. See, e.g., Martha Graham, 380 F.3d at 637-41. We have, moreover, suggested that the hiring party's provision of tools, resources, or overhead may be controlling. *Id.* at 638 ("It may well be that the resources of the Center — notably, its rehearsal space and the dancers enrolled at the School — significantly aided Graham in her choreography, thereby arguably satisfying the `expense' component...."). But cf. Playboy Enterprises, Inc., 53 F.3d at 555 (finding that factors relevant to work for hire analysis under the 1976 Act, like setting hours or providing tools, have "no bearing on whether the work was made at the hiring party's expense").

In other cases, however, we seem to have focused mostly on the nature of payment: payment of a "sum certain" suggests a work-for-hire arrangement; but "where the creator of a work receives royalties as payment, that method of payment generally weighs against finding a work-for-hire relationship." Playboy Enterprises, Inc., 53 F.3d at 555. We note, though, that this distinction appears to be a rather

inexact method of properly rewarding with ownership the party that bears the risk with respect to the work's success. See Twentieth Century Fox Film Corp. v. Entertainment Distributing, 429 F.3d 869, 881 (9th Cir.2005) (noting that publisher took on "all the financial risk of the book's success"); see also Donaldson Publishing Co. v. Bregman, Vocco & Conn, Inc., 375 F.2d 639, 643 (2d Cir.1967) (finding relevant employee's "freedom to engage in profitable outside activities without sharing the proceeds with [the hiring party]").

Our case law counsels against rigid application of these principles. Whether the instance and expense test is satisfied turns on the parties' creative and financial arrangement as revealed by the record in each case.

If the hiring party is able to satisfy the instance and expense test, it "is presumed to be the author of the work," and the independent contractor can overcome the presumption only "by evidence of an agreement to the contrary."⁶ Playboy Enterprises, Inc., 53 F.3d at 556.

2. Application of the Instance and Expense Test in the Present Case. Applying these principles to the facts in the record before us — a challenging endeavor in some respects⁷ — we conclude that the works were created at Marvel's instance and expense, and that Barbara and Susan have not adduced evidence of an agreement to the contrary contemporaneous with the creation of the works. We therefore conclude that the district court was correct to award summary judgment in favor of Marvel.

a. Instance.

The evidence, construed in favor of the Kirbys, establishes beyond dispute that the works in question were made at Marvel's instance.

* * * * *

b. Expense.

Whether the Works were created at Marvel's expense presents a more difficult question. We ultimately find ourselves in agreement with the district court and in favor of Marvel here too.

* * * * *

⁶ Marvel sees this as a formal "burden shifting framework." Under that framework, as Marvel conceives of it, the hiring party must "come forward with 'some credible evidence' that the Works were created at its instance and expense," from which showing "arises an 'almost irrebuttable presumption' that the Works were works made for hire." Appellees' Br. at 22 (citations omitted). Neither the "some credible evidence" statement — a cherry-picked comment from a Ninth Circuit opinion, see Twentieth Century, 429 F.3d at 877 — nor the "almost irrebuttable presumption" language — a Fifth Circuit opinion's description of our approach, noted in our opinion in Estate of Burne Hogarth, 342 F.3d at 158 (quoting Easter Seal Society for Crippled Children & Adults of Louisiana, Inc. v. Playboy Enterprises, 815 F.2d 323, 327 (5th Cir. 1987)) — is an accurate statement of our case law.

⁷ The facts underlying this dispute took place decades ago, and Jack Kirby is, of course, no longer alive to provide an account of his working relationship with Marvel during the relevant time period. This leaves us to reconstruct the arrangement through (1) the deposition testimony of Stan Lee, whose credibility the Kirbys contest; (2) the depositions and declarations of other comic book artists who worked for Marvel at various times, but likely under different arrangements from Kirby's; (3) the depositions of the Kirby children, who have little direct knowledge; and (4) some documentary evidence concerning Kirby's contributions to or creation of some of the works.

c. Agreement to the Contrary.

Because Marvel has satisfied the instance and expense test, a presumption arises that the works in question were "works made for hire" under section 304(c). This presumption can be overcome only by evidence of an agreement to the contrary contemporaneous with the creation of the works.

The Kirbys' showing in this regard consists mostly of negative or elliptical inferences concerning the parties' agreement at the time. For example, they point to a 1975 assignment executed by Jack Kirby that purported to transfer interests in certain works to Marvel (but also averred that all of his work was for hire), which they say suggests the parties' understanding that Marvel did not already own the rights. Appellants' Br. at 48. They also call to our attention evidence that indicates that Marvel paid Kirby during the relevant time periods with checks that contained a legend with assignment, instead of work-for-hire, language. Id. at 47.

This evidence is not enough to enable the Kirbys to survive the motion for summary judgment. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 252, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986) ("The mere existence of a scintilla of evidence in support of the [non-movant's] position will be insufficient; there must be evidence on which the jury could reasonably find for the [non-movant]."); Bickerstaff v. Vassar Coll., 196 F.3d 435, 448 (2d Cir.1999) ("[A]n inference is not a suspicion or a guess." (internal quotation marks omitted)). It is all too likely that, if the parties thought about it at all, Kirby's assignments at the time he was paid or later were redundancies insisted upon by Marvel to protect its rights; we decline to infer from Marvel's suspenders that it had agreed to give Kirby its belt.

* * *

In sum, the district court made no error, in our view, in determining as a matter of law that the works were made at Marvel's instance and expense, and that the parties had no agreement to the contrary. The remaining Kirbys, Barbara and Susan, are therefore without termination rights under section 304(c), and the district court properly granted Marvel's motion for summary judgment as to them.

CONCLUSION

For the foregoing reasons, we vacate the district court's judgment as against Lisa and Neal Kirby and remand with instructions to the district court to dismiss the action against them for want of personal jurisdiction. We affirm the judgment in favor of Marvel as against Barbara and Susan Kirby. Each party shall bear his, her, or its own costs.