

No. 21-711

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**In The  
Supreme Court of the United States**

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MARKHAM CONCEPTS, INC. ET AL.,  
*Petitioners,*

v.

HASBRO, INC. ET AL.,  
*Respondents.*

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*On Petition for Writ of Certiorari to the  
United States Court of Appeals for the First Circuit*

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**BRIEF OF SCREEN ACTORS GUILD-AMERICAN  
FEDERATION OF TELEVISION AND RADIO ARTISTS  
AND THE AUTHORS GUILD, INC., AS AMICI CURIAE  
IN SUPPORT OF PETITIONERS**

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## INTEREST OF THE *AMICI CURIAE*<sup>1</sup>

*Amici* represent creative artists, including writers, recording artists, actors, and other media professionals.

Screen Actors Guild-American Federation of Television and Radio Artists (“SAG-AFTRA”) is the world’s largest labor union representing working media artists. SAG-AFTRA represents more than 160,000 actors, announcers, broadcasters, journalists, dancers, DJs, news writers, news editors, program hosts, puppeteers, recording artists, singers, stunt performers, voiceover artists and other media professionals. SAG-AFTRA members are the faces and voices that entertain and inform America and the world. SAG-AFTRA exists to secure strong protections for media artists.

Although SAG-AFTRA members are typically employees and their work is therefore “made for hire,” many SAG-AFTRA members also work in areas where the copyright status of their work is less clear. For example, SAG-AFTRA represents recording artists under its National Code of Fair Practice for Sound Recordings, which has existed since the early 1950s. The Code covers vocal

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<sup>1</sup> Pursuant to Rule 37.6, *Amici* state that no counsel for a party authored this brief in whole or in part. No counsel or party made a monetary contribution to fund this brief’s preparation or submission and no person other than amici curiae made a monetary contribution to it. Pursuant to Rule 37.2, the parties were timely notified of Amici’s intent to file this brief, and all parties have consented to its filing.

performances but does not cover writing, arranging or producing the song(s).

The Authors Guild, Inc. (the “Guild”) is the nation’s oldest and largest professional organization of writers. Since its founding in 1912, the Guild has served as the collective voice of American authors, and its membership today comprises approximately 12,000 writers of every kind—novelists in every genre, nonfiction writers, journalists, historians, poets, and translators. Guild members have won Pulitzer and Nobel Prizes, National Book Awards, and many other accolades.

The First Circuit’s holding in this case reaffirms a test that created an onerous, nearly insurmountable presumption that copyright ownership vests in a commissioning party as a work-made-for-hire, rather than in the work’s creator. In doing so, it jeopardizes the statutory termination rights that many of Amici’s members may possess in works they created. Accordingly, Amici and their members have a significant interest in the outcome of this critically important case.

## SUMMARY OF ARGUMENT

Prior to the late-1960s, federal courts applied the work-for-hire doctrine only to traditional employment relationships. It was generally understood that under the 1909 Copyright Act, creators retained their authorship in commissioned works. The text of the 1909 Act and case law interpreting it supported that conclusion, and early cases imputed an assignment in commissioned works to the purchaser, while renewal rights remained with the creator. *See, Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F.2d 569 (2d. Cir. 1955), *modified on other grounds*, 223 F.2d 252 (2d. Cir. 1955); *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28 (2d Cir. 1939).

In the late-1960s, a series of cases upended these understandings, equating commissioned works to those created within an employment relationship. Although the 1909 Act declared works created for an “employer” to be a work made for hire, it was silent as to commissioned works.<sup>2</sup> However, courts later reasoned that there should be no practical difference between works created by employees and those created by independent contractors. *See, Brattleboro Publishing Co v. Winmill Publishing Corp.*, 369 F.2d 565 (2d. Cir. 1966). Drawing from cases involving advertisements, the courts of appeal created the “instance and expense” test, holding that if the purchaser was the impetus for the work with the ability to direct and control it, and has paid for it,

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<sup>2</sup> *See* Section I, *infra*.

then it is presumed a “work made for hire.” *Id.* at 567.

To rebut the test’s presumption, a creator must present contemporaneous evidence of the parties’ contrary understandings. *Marvel Characters, Inc. v. Kirby*, 726 F.3d 119 (2d Cir. 2013). The widely-held understanding prior to the late-1960s was that authorship vested in the creator. As the jurisprudence supported this understanding, even competent legal counsel was unlikely to advise otherwise. Accordingly, the test has evolved into a nearly insurmountable hurdle for creators, resulting in a windfall to purchasers at the expense of the creative community.

The instance and expense test rewrote copyright law, retroactively wresting from creators their rights, including renewal and termination rights, in countless works. This is an injustice that creators and their heirs should not be made to shoulder.

As many famous works approach their statutory renewal periods, creators and their heirs are finding that the statutory renewal or termination rights are not theirs to exercise. Even if they can afford costly litigation, the barriers erected by the lower courts are proving impossible to overcome.

*Amici* therefore urge this Court to grant the Petition for a Writ of Certiorari.

## ARGUMENT

The First Circuit’s holding in this case marks another in a series of cases applying the judicially-created “instance and expense” test to retroactively declare a party, other than a work’s creator, its author. Many of these cases, including this one, have involved works created well before the Ninth Circuit first created the test. In many cases, including here, there is reason to believe that the contemporaneous understanding of the parties differed from the court’s conclusions when applying the later-created test. In this case, for example, there is a contemporaneous assignment agreement from Markham which would seem to support an understanding that the work was *not* a work-made-for-hire. *Markham Concepts, Inc. v. Hasbro, Inc.*, 1 F.4th 74, 78 (1st Cir. June 14, 2021).

Rather than focusing on the actual intent and understanding of the parties, often evidenced by contemporaneous documentation, the test creates a nearly irrebuttable presumption that ownership vests in the commissioning party. It equates the parties’ relationship to employment, the only situation in the 1909 Copyright Act (“1909 Act”) through which authorship vests in someone other than the creator, even when their relationship bears no similarity to employment.

The history of the test makes clear why it is “overbroad, vague and does not advance the policies behind the Copyright Act.” Thomas M. Deahl II, *The Consistently Inconsistent “Instance and Expense” Test: An Injustice to Comic Books*, 14 J. Marshall Rev. Intell. Prop. L. 91 (2014). The overwhelming

weight of authority indicates the Ninth Circuit misinterpreted the intent of the 1909 Act and misapplied the law as it existed prior to the mid-1960s.

**I. For Over a Half-Century, Federal Courts Found Works Made for Hire Only within Traditional Employment Relationships**

The premise that an independent contractor's work be treated as a "work made for hire," with the purchaser deemed the author at inception, largely originated with a series of judicial decisions in the late-1960s and early-1970s. For over a half-century, it was generally understood that only works created in a traditional employment relationship fell within the statutory definition of "works made for hire." 17 U.S.C. §1 *et seq.* (1976) *reprinted* in 8 Melville B. Nimmer and David Nimmer, *Nimmer on Copyright* app. 6. ("Nimmer"). With limited exceptions, the copyright vested in the creator. But a line of cases upset that long-held understanding, wresting authorship from creators and imputing it to purchasers.

The only mentions of works "made for hire" in the 1909 Act referenced a traditional employer-employee relationship. In particular, Section 23 provided that

in the case of ... any work copyrighted by ... an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright...

17 U.S.C. §23 (1976 ed.) (reprinted in 8 *Nimmer* §24). Section 62 provides that “the word ‘author’ shall include an employer in the case of works made for hire...” 17 U.S.C §26 (1976 ed.)(repealed) (reprinted in 8 *Nimmer* §26). There are no other appearances of the term “for hire” in the 1909 Act. Section 24 makes clear that when a work is not created for hire, the renewal term vests in the author or certain enumerated heirs. 17 U.S.C. §24 (1976 ed.)(reprinted in 8 *Nimmer* §23) (“[I]n the case of any other copyrighted work... the author of such work, if still living...shall be entitled to a renewal and extension of the copyright in such work...”)

Whether the creator or purchaser is deemed the author of a commissioned work is a crucial distinction. Of particular import in this case is the impact of that distinction on statutory termination rights. The 1976 Act provides that “[i]n 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 author or their heirs or executor may terminate most transfers, subject to statutory formalities. 17 U.S.C. §304(c) (emphasis added).

Because the terms “employer” and “work made for hire” were not expressly defined in the 1909 Act, “the task of shaping these terms fell to the courts.” *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 744 (1989) (“*Reid*”). Those cases led to the conclusion that “the work for hire doctrine codified in [section] 62 referred only to works made by employees in the regular course of their employment.” *Id.* By contrast, decisions addressing

commissioned works, had occasionally imputed an assignment to the purchaser. *Id. See also, Shapiro, Bernstein & Co.*, 221 F.2d. at 570 (holding that a songwriter “had an author’s rights in his” work but the “original copyright passed” to the purchaser); *Yardley*, 108 F.2d at 31 (holding that “the right to copyright should be held to have passed with the painting”). It was not until the late-1960s that courts began equating commissioned works to those created by employees.

Nearly a decade earlier, Congress had undertaken what would prove to be a nearly two-decade effort to revise and reform copyright law. See *Mills Music, Inc. v. Snyder*, 469 U.S. 153 (1985) (“The massive work necessary for the general revision of the copyright law began in 1955...”). That effort included meetings with interest groups, hearings, and a series of thirty-four studies which became part of the legislative record. *Id.* at 159-61. “[T]he structure of the [1976 Act’s] work for hire provisions was fully developed in 1965, and the text was agreed upon in essentially final form by 1966.” *Reid*, 490 U.S. at 749. The language reflected a “historic compromise,” between the applicable interest groups, which was “incorporated into the 1965 revision bill, and ultimately enacted in the same form and nearly the same terms 11 years later, as § 101 of the 1976 Act.”<sup>3</sup> *Reid*, 490 U.S. at 746.

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<sup>3</sup> Under the 1976 Act, a “work made for hire” is “a work prepared by an employee within the scope of his or her employment” or “a work specially ordered or commissioned” in one of nine expressly enumerated categories, “if the parties

Soon after this compromise was reached, a series of court decisions fundamentally and retroactively altered the balance between creators and acquirers of creative works under the 1909 Act.

**A. The Copyright Office’s Studies Illustrated that Works-Made-for-Hire Were a Product of Traditional Employment Relationships**

Congress commissioned a series of thirty-four studies in connection with its efforts to amend the copyright law. *Mills Music*, 469 U.S. at 159. A study by Borge Varmer examined the status of works-made-for-hire. B. Varmer, *Works for Hire and On Commission*, Copyright Office Study No. 13, 86th Cong., 2d Sess. 127 (Comm. Print 1960) (“Varmer, *Works for Hire*”). The study examined who “should be considered the author or first copyright owner (1) of a work made by an employee in the course of his employment by another person, and (2) of a work made by one person under a commission at a fixed fee for another person.” Varmer, *Works for Hire* at 127.

Varmer reviewed the legislative history of the 1909 Act, relevant court decisions, legislative proposals and corresponding foreign laws. *Id.* at 128. Based upon existing precedent, Varmer concluded that works-made-for-hire had been limited to situations involving a traditional employment relationship. According to the Varmer Study:

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expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.” 17 U.S.C. §101.

[t]he statutory concept of employment for hire is based on the specific contractual relationship between employer and employee. The courts have not given a definition of that relationship which will cover all situations... but all the cases have involved *salaried employees* who received either a fixed salary or a minimum salary plus commission... Hence, it may be concluded that section 26 refers *only to works made by salaried employees* in the regular course of their employment.

Varmer, *Works for Hire* at 130, citing Shapiro, Bernstein & Co., 115 F. Supp. 754 (emphasis added).

The study next discussed commissioned works. Importantly, Varmer noted that the 1909 Act makes no reference to works made on commission. Varmer, *Works for Hire*. at 142. He observed that the cases had generally dealt with portrait or group photographs, with one case involving a work of art, and found no reported decisions involving other types of works. *Id.* at 130, 142. Varmer notes dictum stating that only the artist's "executor could legally have obtained a renewal." *Id.* at 130, fn. 7 (discussing *Yardley*, 108 F.2d 28). He posited that this implied the renewal right in commissioned works would revert to the creator. *Id.* This supports the concept that commissioned works are assigned to the purchaser and not a work-made-for-hire.

The copyright studies culminated in a 1961 report and recommendations to Congress by the Register of Copyrights. Report of the Register of Copyrights on the General Revision of the Copyright Law, 87th Cong., 1st Sess. 1 (Comm. Print 1961). The Register noted that the phrase “works made for hire” had “been criticized as being inexact, because it might be thought to include works made on special commission.” *Id.* at 86. He clarified that, “[t]he courts... have not generally regarded commissioned works as ‘made for hire.’” *Id.* He further noted that prior revision bills had suggested defining works-made-for-hire as those “works created by an employee within the regular scope of his employment” and expressed the Copyright Office’s approval of that definition. *Id.* at 87.

The Register’s report made several pertinent recommendations with respect to works-made-for-hire and renewal rights. Most notably, the Register recommended that:

The statute should provide that copyright may be secured by the author... except that-- (a) In the case of a work made for hire (defined as a work created for an employer by an employee within the regular scope of his employment), the employer should have the right to secure copyright. (b) In the case of a...composite work containing the contributions of a number of authors, the publisher should have the right to secure copyright...in the composite work as a whole...but the publisher should be deemed to hold in

trust for the author all rights in the author's contribution, except the right to publish it in a similar composite work and any other rights expressly assigned.

*Id.* at 155. The Register made no specific recommendation with respect to commissioned works.

These reports make clear that at the time the game was created, the prevailing understanding and, indeed, the prevailing jurisprudence supported the Petitioner's interpretation. Prior to the lower courts' use of the instance and expense test to retroactively label works "for hire," only works created within the traditional employment relationship were considered works-made-for-hire. Commissioned works that vested in the purchaser did so through an assignment, leaving the creator with the renewal rights and/or termination rights.

## **B. Evolution of the Instance and Expense Test**

While Congress continued its copyright reform efforts, courts began to chip away at creators' rights. They gradually expanded implied assignment cases to equate commissioned works to works created by salaried employees. In doing so, the courts conjured a test that upset the long-standing balance between a work's creator and its purchaser.

A Ninth Circuit case involving catalog artwork, *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298 (9th Cir. 1965), marked the first appearance of the phrase "instance and expense" in an opinion.

*Martha Graham Sch. & Dance Found., Inc. v. Martha Graham Ctr. of Contemporary Dance, Inc.*, 380 F.3d 624, 635 (2d Cir. N.Y. 2004). Although the trial court had found that the independent contractor artist was the “copyright proprietor,” the Ninth Circuit disagreed, holding that:

when one person engages another, whether as employee or as an independent contractor, to produce a work of an artistic nature, that in the absence of an express contractual reservation of the copyright in the artist, the presumption arises that the mutual intent of the parties is that the title to the copyright shall be in the person at whose instance and expense the work is done.

*Lin-Brook*, 352 F.2d at 300.

This instance and expense test evolved from two distinct lines of case law – one addressing “court-made work-for-hire jurisprudence” and the other addressing “rights in commissioned works created by independent contractors.” *Kirby*, 726 F.3d at 137-38. The early cases only focused on whether the purchaser owned the copyrights through an implied assignment. *Id.* at 138. For over a half-century, it was simply assumed that the creator was the author.

The instance and expense test provides that where “[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. The test is easily satisfied. “Instance” simply means “the extent to which the hiring party provided the impetus for, participated in, or had the power to supervise the creation of the work,” and may be satisfied even if the party does not exercise its right to direct or supervise the work. *Kirby*, 726 F.3d at 139. “Expense,” for purposes of the test “refers to the resources the [purchaser] invests in the creation of the work.” *Id.* This prong may be satisfied simply by payment to the creator. Once the test is satisfied, the work is considered “for hire” and the purchaser is presumed the author. *Playboy Enters. v. Dumas*, 53 F.3d 549, 554 (2d Cir. N.Y. 1995). The presumption can be overcome “by evidence of a contrary agreement, either written or oral,” which the creator must demonstrate by a preponderance of the evidence. *Id.*

Put more simply — as the instance and expense test has been interpreted, a purchaser of a work need merely suggest the work’s creation and thereafter pay for it to be deemed the author. The effort and risk lies *entirely* with the creator as there is no guarantee the party providing impetus for the work will actually make payment. A studio executive need merely have suggested a vague plot to a screenwriter to be deemed its author upon purchasing it, divesting the screenwriter of the rights attendant authorship. A publisher need only exercise editorial control over a manuscript to divest an author of authorship upon payment.

### i. Implied Assignment Cases

The test had its genesis in a dispute over a commissioned mural in *Yardley*, where the written contract provided for payment of a fixed sum but was silent as to copyright ownership. 108 F.2d at 28-29. Upon completion, the artist affixed a copyright notice and registered the copyright. *Id.* at 29-30. Nearly three decades later, the artist's sister brought suit against a publisher, alleging infringement for its reproduction of pictures of the mural in textbooks. *Id.* at 30. Noting the paucity of relevant case law, the court held that there is a presumption "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.

The Second Circuit later noted this reference to the artist's "consent," indicates that there was an implied assignment and that renewal rights would have vested in the artist's heirs or executor. *Estate of Hogarth v. Edgar Rice Burroughs, Inc.*, 342 F.3d 149, 158 (2d Cir. 2003). *See also, Easter Seal Society for Crippled Children and Adults of Louisiana, Inc. v. Playboy Enterprises*, 815 F.2d 323, 325 (5th Cir. 1987) ("These early cases presumed that the copyrights were *assigned* to the patron under the commission contract; there was nothing in them about 'work for hire.'). Indeed, "*Yardley's* use of an implied assignment rationale strongly indicates that the work was not regarded as a work for hire." *Hogarth*, 342 F.3d at 158, fn. 11.

This issue resurfaced in 1955 in connection with lyrics written by an employee “as a special job assignment, outside...his regular duties” and for additional payment. *Shapiro, Bernstein & Co.*, 221 F.2d at 570. The court held that the lyricist “had an author’s rights in his” work but that the “original copyright passed to [the employer] under his original contract.” *Id.* The conveyance was clearly an assignment as the lyricist retained renewal rights in the work. *Id.*

**ii. Commissioned Works become Works-Made-For Hire**

A decade later, the Second Circuit “merged’ the *Yardley* presumption into the work-for-hire doctrine... thereby laying the foundation for the law as it now stands...” *Hogarth*, 342 F.3d 159 (internal citations omitted). In *Brattleboro*, the Second Circuit dismissed a newspaper’s infringement claim against a competitor for its use of ads created by the plaintiff. 369 F.2d 565. Noting a line of cases in which the copyright vested in employers, the court held that the same concept should apply to independent contractors. *Id.* at 567-68. While *Brattleboro* can be read as an implied assignment, particularly in light of its facts, subsequent courts have read it differently. For example, the Fifth Circuit noted, “the whole point of *Brattleboro Publishing* was to apply the presumption of *Yardley* to make an independent contractor...into a copyright ‘employee’ so that the buyer was the ‘author.’” *Easter Seal*, 815 F.2d at 330, fn 13.

The Second Circuit expanded *Brattleboro*'s holding in a dispute between a songwriter and a music publisher. *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213 (2d Cir. 1972), cert. denied, 409 U.S. 997 (1972). The court concluded that *Brattleboro* had “expressly applied the statutory work for hire doctrine to the case of an independent contractor.” *Id.* at 1216. It applied a variation of the instance and expense test, remarking that “the ‘motivating factors’” were the employers who “controlled the original song,” engaged the songwriter, and “had the power to accept, reject, or modify her work” and that she “accepted payment for it.” *Id.* at 1217.<sup>4</sup>

### iii. Subsequent Developments

The 1976 Act passed soon after *Picture Music*, clarifying the treatment of commissioned works created thereunder. *See*, 17 U.S.C. §101. As to prior works, however, the Fifth Circuit noted that:

the simple rule of *Yardley* ... had developed into an almost irrebuttable presumption that any person who paid another to create a copyrightable work was the statutory ‘author’.... This presumption could not be avoided even by showing that the buyer had no actual right to control the manner of the production of the work, because the buyer was thought to maintain the

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<sup>4</sup> The Second Circuit subsequently noted that the appellant’s brief never cited the prior implied assignment cases, potentially impacting the outcome. *Hogarth*, 342 F.3d at 149.

“right” to control simply by paying for the work and having the power to refuse to accept it.

*Easter Seal*, 815 F.2d at 327.

In *Reid*, this Court reviewed the history of commissioned works, recognizing that the line of cases began in the late-1960s when “a federal court for the first time applied the work for hire doctrine to commissioned works.” *Reid*, 490 U.S. at 749. Citing *Yardley* and *Shapiro, Bernstein & Co*, this court noted, that “the courts generally presumed that the commissioned party had impliedly agreed to convey the copyright, along with the work itself, to the hiring party.” *Id.* at 744. It “was not until after the 1965 compromise [discussed *supra*] was forged and adopted by Congress that a federal court for the first time applied the work for hire doctrine to commissioned works.” *Id.* at 749

Pointing to prior precedent in other circuits, the First Circuit expressed skepticism that the *Reid* Court “casually and implicitly did away with a well-established test under a different Act.” *Markham Concepts*, 1 F.4th at 83. However, as discussed herein, it was hardly a “well-established” test and the cases applying it represent a misapplication of prior precedent.

## II. The Common Law Instance and Expense Test Has Real and Significant Effects Beyond the Litigants of This Case

### A. The Test Poses a Nearly Insurmountable Hurdle for Creators and Their Heirs

The test is “an almost irrebuttable presumption that any person who paid another to create a copyrightable work [under the 1909 Act] was the statutory ‘author’ under the ‘work for hire’ doctrine.” *Hogarth*, 342 F.3d at 158 (citing *Easter Seal Society*, 815 F.2d at 327). The presumption “can be overcome only by evidence of an agreement to the contrary contemporaneous with the creation of the works.” *Kirby*, 726 F.3d at 143.

Here, the First Circuit dismissed the contemporaneous “agreement to the contrary” because it was not an express reservation of copyright. The court described it as a “failsafe” in case, “contrary to expectations, Markham were entitled to the copyright.” *Markham Concepts*, 1 F.4th at 85. The contract merely “cover[ed] all conceivable bases without acknowledging that any rights actually belong to Markham.” *Id.* at 86. But this interpretation is through the lens of hindsight, applying case law that post-dates the agreement.

The court also handwaves the express language that Markham would “pursue any copyright... *applications...* to which he may be entitled” and *thereafter* will assign them. *Id.* at 85 (emphasis added). The contract makes clear that the “assignments will revert to MARKHAM upon

termination of [the] agreement.” *Id.* While not an express reservation, to read it as anything other than an acknowledgment of the parties *contemporaneous* understanding that Markham was the author requires a great deal of mental gymnastics. The parties’ agreement also included an *express reversion of the copyright* upon the agreement’s termination, again evincing the intent the game was not a work-made-for-hire. Nonetheless, the court ignored this language, relying instead on “tentative, open-ended language” such as “may” and “any such” to justify its conclusion. *Id.* at 86. This ignores the clearly prevailing contemporaneous understanding that the creator, not the commissioner was the author.

When the game was created, “work made for hire” was commonly understood to apply only to traditional employment relationships. Accordingly, freelance creators rarely would have thought to enter into the kind of agreements the court demands, nor would their legal representatives, because there was no precedent equating commissioned work with work performed within employment. Still, the lower courts here had the benefit of a contract and chose to draw inferences that were not supported by its language.

Precedent at the time of the parties’ contract merely implied an assignment to the purchaser leaving authorship with the creator. The differences between an assignment and a work-made-for-hire are considerable. The former permits a creator or their heirs to recover the copyright via termination, as Congress intended, once a work’s value is truly understood. *See, e.g. Stewart v. Abend*, 495 U.S. 207,

220 (U.S. 1990) (“[T]he renewal provisions were intended to give the author a second chance to obtain fair remuneration for his creative efforts.”) The latter vests all rights in the purchaser at the time of creation, leaving no rights to the original creator.

### **B. Application of the instance and expense Test Creates a Windfall for Purchasers**

By creating an impossible hurdle for creators, the instance and expense test hands purchasers a windfall gift, particularly in light of Congress’ extensions of the copyright term in the 1976 Act and the 1998 Copyright Term Extension Act. Contracting parties expected, based upon the plain language of the 1909 Act and case precedent prior to *Brattleboro*, that a commissioned work would originally vest in the author who thereafter expressly or impliedly licensed the work to the purchaser.

By retroactively deeming commissioned works as “made for hire,” courts have given the purchaser all of the copyright benefits of an employment relationship, without any of the associated burdens or obligations. The “expense” prong of the test assumes that the acquiring party has borne the risk in a work’s ultimate success, completely disregarding the risk borne by the creator.

Many creators bear all the initial risk in their works – they invest time, resources and effort in creating a work, with no guarantee that the work will be accepted or that they will be paid. While there may be logic in deeming a work “made for hire” where full payment is guaranteed, it makes little

sense – and is, in fact, unjust – to make that leap where the parties bear their own risks. Until it has accepted and paid for the work, the purchaser bears no risk – it pays the creator nothing and it shoulders none of the employee benefits or taxes associated with an employment relationship. To give purchasers the benefit of the employment relationship, without the concomitant burdens and expenses, results in an unjustified boon to the purchaser at the creator’s expense.

The inequity inherent in the interest-and-expense test has the potential to detrimentally impact countless individuals beyond the parties to this case. For example, a review of Rolling Stone magazine’s top-500 songs of all-time list reveals that the majority were created prior to the effective date of the 1976 Act.<sup>5</sup> Of these, nearly 200 were created and released before creation of the instance and expense test.<sup>6</sup> While not all of these songs will be subject to these same issues, many were and thus will be subject to the same uncertainty or inequity as their statutory termination windows approach.

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<sup>5</sup> Rolling Stone, *500 Greatest Songs of All Time* (Sept. 15, 2021), available at <https://www.rollingstone.com/music/music-lists/best-songs-of-all-time-1224767/> (last visited Dec. 14, 2021).

<sup>6</sup> *Id.* Additionally, most of the top-500 albums were either created during that time or were compilations of songs that included works created before and after the 1976 Act. Rolling Stone, *500 Greatest Albums of All Time*, (Sept. 22, 2020), available at <https://www.rollingstone.com/music/music-lists/best-albums-of-all-time-1062063/> (last visited Dec. 14, 2021).

### III. Review is Necessary to Clarify the State of the Law to Avoid Unnecessary Litigation

The messy and uncertain state of commissioned works under the 1909 Act is leading to frequent ownership disputes, and rights that should clearly reside with the creator or their heirs are dependent on factual inquiries decades after the works' creation. The express language of the written agreement in this case indicates that the parties understood that authorship vests in the creator of a commissioned work.

A pair of hypotheticals may help to illustrate the problems posed by the instance and expense test, generally, but particularly in its application to works commissioned before the test's creation:

*Hypothetical I:* A singer-songwriter was approached by a record label's representative who mentioned that the label was looking to release some new albums with a particular type of sound. The representative explained the sound, including genre, comparable artists, the type of lyrics, and approximate length, making no guarantee about payment. The parties did not enter into a written agreement. The artist returned to their home studio where they wrote and recorded several songs that met the criteria. The artist submitted a recording to the label. Sometime thereafter, the label suggested some changes. The artist returned to their home studio to re-record the album, all at their own expense. The artist submitted the revised songs to the label.

*Hypothetical 2:* A publisher was seeking a historical fiction manuscript in a particular genre into which it had been seeking to expand. It reached out to writers and provided general guidance as to content, including the type of characters and setting, the length, and whether it anticipated sequels. The publisher offered no up-front payment and would only pay for an accepted manuscript. A writer wrote a manuscript that met the publisher's general criteria. They researched the topic using their own resources, handwrote the initial draft with materials they purchased, transcribed it using their own typewriter, and paid for copies and delivery to the publisher. After reviewing the submitted work, having yet paid nothing for it, the publisher made certain suggestions that would make it more marketable. The writer returned home, made the requested changes at their own expense, and resubmitted it to the publisher.

Under the instance and expense test the authorship of these two works depends on one question – did the purchaser pay the creator after the work was submitted? It is beyond question that if the label or publisher did not pay for the submitted work, then the copyright remains with the works' creators. It is also beyond question that the “instance” prong is met in each situation – the label or publisher provided the initial impetus for the work's creation and provided a degree of supervision. The moment the purchaser conveys payment, the “expense” prong is met and the rights *retroactively* vest in the purchaser as if it was the author.

In all respects, the hypothetical transactions are purchases, with the rights being assigned to the purchaser in exchange for payment. In no respect do these hypothetical transactions resemble anything close to the traditional employment relationship, under which a work would be “made for hire.” Nonetheless, the instance and expense test would be met and the work would *retroactively* be deemed “made for hire.”

Under the instance and expense test, each hypothetical artist is wholly at the mercy of the purchaser and stands to lose either their investment of time and resources if the work is rejected or the original copyright if it is accepted. A judicially-created test should not be used decades later to impute assumptions that contradict the parties’ contemporaneous understandings.

Further illustrating the absurdity of the test—imagine a situation in which the impetus for the work’s creation was not a direct solicitation but a benign cocktail party conversation after which the creator creates the work. If the person who simply mused about the work later pays for it, should all rights of authorship vest in them, simply because a casual conversation was the impetus for its creation? It is hard to imagine that was ever Congress’ intent when it defined author to include an employer. Nor is there evidence supporting that intent—to the contrary, the evidence indicates works-made-for-hire were intentionally limited to traditional employment.

The practical consequence of the instance and expense test is that decades-old rights become

subject to revisionist history and creators (and their families) are unjustly deprived of their property rights. In 2014, SAG-AFTRA and the other entertainment guilds, in an *amici curiae* brief in *Marvel v. Kirby*, expressed concern that situations will arise where creators will have assumed they are authors of and have the renewal copyrights to works they created, only to lose those rights under this nearly insurmountable test. Unfortunately, the scales of justice have tipped so heavily against creators and the cost of litigation are so great, that the instance and expense test has all but eviscerated the authorial rights that Congress preserved to creators.

This case is just the latest to reach this level. With over a decade-worth of pre-1976 Act works yet to become eligible for copyright termination, including some of the greatest literary and musical works of their era, this fight is bound to continue if the Court does not settle this question.

### CONCLUSION

The instance and expense test upsets the carefully crafted balance of power and responsibility between creators and purchasers of commissioned works and has real-world consequence for innumerable creators and their heirs. The test's development effectively invalidated long-settled interpretations of the 1909 Act, wresting original copyright ownership, and the renewal and termination rights which flow from it, from creators and their families. Consequently, it causes uncertainty that undermines "Congress' paramount

goal in revising the 1976 Act of enhancing predictability and certainty of copyright ownership.” *Reid*, 490 U.S. at 749.

For the foregoing reasons, we respectfully urge the Court to grant the Petition for Certiorari.

Respectfully submitted,

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