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WITH GREAT POWER COMES GREAT RESPONSIBILITY: GARY FRIEDRICH'S BATTLE WITH MARVEL FOR ARTIST RIGHTS

*Alexander L. Simon**

Recently, in *Gary Friedrich Enterprises v. Marvel Characters, Inc.*, Gary Friedrich (“Friedrich”) sued Marvel Characters, Inc. (“Marvel”) for infringement on his copyright of the “Ghost Rider” comic book character. The United States District Court for the Southern District of New York granted summary judgment in favor of Marvel stating that Friedrich had assigned any rights he had to Ghost Rider to Marvel in a work-for-hire agreement six years after the initial publication. Friedrich appealed this action to the Second Circuit Court of Appeals. However, the Second Circuit remanded the case to the District Court for issues of fact, including the ambiguous terms of the work-for-hire agreement, Friedrich’s renewal rights in the work-for-hire agreement, the timeliness his ownership claim, and authorship of the Ghost Rider copyright. In doing so, the Second Circuit missed an opportunity to clarify the Copyright Act of 1909 and protect the rights of artists. This Comment, in attempting to determine how the district court would have ruled, argues that the District Court should have ruled that Friedrich retained the copyright for Ghost Rider.

I. INTRODUCTION

Comic book superheroes, like Captain America, the Incredible Hulk, and Iron Man, have become iconic heroes in American culture. Their elaborate back-stories, trials and tribulations, and personalities almost jump off the page and attract droves of fans. More recently, comic book superheroes have moved from the comic book page to the television,

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movie, and video game screens, generating large amounts of revenue for the companies and individuals who own the copyrights to those characters.¹ Because of the money at stake, many lawsuits regarding ownership of these valuable characters are filed in court to ensure compensation.²

Recently, in *Gary Friedrich Enterprises v. Marvel Characters, Inc.*, Gary Friedrich (“Friedrich”) sued Marvel Characters, Inc. (“Marvel”)³ for infringement on his copyright of the “Ghost Rider” comic book character.⁴ The district court granted summary judgment in favor of Marvel stating that Friedrich had assigned any rights he had to Ghost Rider to Marvel in a work-for-hire agreement six years after the initial publication.⁵ Friedrich appealed to the Second Circuit Court of Appeals.⁶ However, the Second Circuit remanded the case to the district court for issues of fact, including the ambiguous terms of the work-for-hire agreement, the renewal rights within that agreement, “the timeliness of Friedrich’s ownership claim, and the authorship of the work.”⁷ In doing so, the Second Circuit missed an opportunity to clarify the Copyright Act of 1909 and protect the rights of artists.⁸ Furthermore, the issues in this case will not be resolved in the district court because the parties have since reached a settlement.⁹ This Comment will attempt to determine how the district court would have

1. See *Gary Friedrich Enters., LLC v. Marvel Characters, Inc.*, 716 F.3d 302, 307–08 (2d Cir. 2013).

2. See *id.*

3. Because Marvel Comics has changed hands and ownership many times, the comic publisher will be called “Marvel” for sake of simplicity. If one of the ownership corporations is specifically significant, that corporation will be mentioned by its full name. Similarly, references to the Ghost Rider character, persona, artistic elements and the like will simply be referred to as “Ghost Rider.”

4. See generally *Gary Friedrich Enters., LLC v. Marvel Enterprises, Inc.*, 837 F. Supp. 2d 337 (S.D.N.Y. 2011), *aff’d in part, vacated in part*, 716 F.3d 302 (2d Cir. 2013).

5. See *Gary Friedrich Enters., LLC*, 716 F.3d at 307–08.

6. See generally *id.*

7. *Id.* at 321.

8. 17 U.S.C. § 1, *et seq.* (1909 Act) (replaced by the Copyright Act of 1976, 17 U.S.C. § 101, *et seq.*).

9. Eriq Gardner, *Marvel Settles Lawsuit with ‘Ghost Rider’ Creator*, HOLLYWOOD REP. (Sept. 9, 2013, 1:50 PM), <http://www.hollywoodreporter.com/thr-esq/marvel-settles-lawsuit-ghost-rider-624609>.

ruled.

This Comment will explain that the district court, if given a second opportunity, would have ruled in favor of Friedrich because under the Copyright Act of 1909, the facts support Friedrich's ownership of the original and renewal rights to the Ghost Rider copyright.¹⁰ This Comment will first look at a brief history of Marvel in order to gain a clearer perspective on how it ran its business before and during the time Friedrich began drawing comics. Then, it will look at the facts regarding Friedrich's creation of Ghost Rider and his business interactions with Marvel. Next, it will examine the language of the Copyright Act of 1909, which was the applicable statute when Friedrich created Ghost Rider, as well as the legislative intent and case law interpreting the Act to gain a better understanding of its purpose and interpretation. This Comment will then analyze the timeliness of Friedrich's claim, his ownership, and his renewal rights as remanded by the Second Circuit. Lastly, this Comment will conclude that the district court would have ruled that Friedrich retained his rights to the original Ghost Rider copyright and his renewal rights.

II. BACKGROUND

A. A Brief History of Marvel Comics

Marvel was not founded in a day.¹¹ Its creation, and the creation of its vast universe of characters, required many years of development and many different creative thinkers.¹² This section presents a small glimpse of Marvel's founding that will show how the comic book industry itself started, how Marvel was operated and run, and how the Marvel Universe was created.

At the time of Marvel's founding, the American comic book was just beginning to take form in comic strips in the Sunday sections of the newspaper.¹³ Comic strips like Tarzan, Popeye, and Flash Gordon began to gain popularity.¹⁴ Everything changed in 1938 when Jerry Siegal and Joe

10. *See generally* 17 U.S.C. § 1, *et seq.*

11. *See generally* SEAN HOWE, MARVEL COMICS: THE UNTOLD STORY (Harper Collins Publishers 2013).

12. *See generally id.*

13. *Id.* at 11.

14. *Id.*

Schuster sold a thirteen-page story called “Superman” to National Allied Publications for \$130.¹⁵ National Allied Publications and its sister company, Detective Comics, soon merged and became known as DC Comics and created other legendary heroes like Batman, who were “champions of the oppressed” fighting “corporate greed and crooked politicians.”¹⁶ With DC Comics paving the way, Marvel would soon create its own cast of superheroes.

In 1934, after nearly losing everything in the Great Depression, Martin Goodman (“Goodman”) rescued a dying magazine company called Newsstand Publications and revitalized it into another magazine company called Timely.¹⁷ At that time, Lloyd Jaquet (“Jaquet”) created two simple superheroes: one based on fire, the “Human Torch,” and the other based on water, “Prince Namor, the Sub-Mariner.”¹⁸ Through a business connection, Jaquet presented his ideas to Goodman at Timely, leading to Timely’s first major comic book publication.¹⁹ Marvel Comics #1 was published on August 13, 1939 and sold around 80,000 copies in a month.²⁰ The sixty-four page book would eventually sell 800,000 more copies than the average DC Comics’ title at the time.²¹

With some success behind him, Goodman continued to expand into the comic book market by hiring skilled artists Jack Kirby (“Kirby”) and Joe Simon (“Simon”).²² With World War II raging in Europe, Simon came up with the idea for a star-spangled hero with a shield.²³ Simon negotiated a twenty-five percent royalty deal with Timely and Goodman leading to the development of a comic titled “Captain America #1.”²⁴ At the same time

15. *Id.* at 12.

16. *Id.*

17. HOWE, *supra* note 11, at 10–11.

18. *Id.* at 12–13.

19. *Id.* at 4.

20. *Id.*

21. *Id.*

22. *Id.* at 16–17.

23. HOWE, *supra* note 11, at 18.

24. *Id.* at 18–19.

“Captain America” made his debut in the comic book world, the “tall teenage cousin of [Goodman’s wife] Jean Goodman” named Stanley Lieber—soon to be known as Stan Lee (“Lee”)—began working at Timely and did anything that was needed in the office.²⁵

Lee’s rise to the top of Timely was prolonged due to his service in World War II, conflicts with the Comic Magazine Association of America and others over comic book content, and many economic “ups and downs” in the business.²⁶ Twenty years later, Lee was still working for Goodman and Timely, but had no staff to support him.²⁷ From there, Lee would sculpt and shape many of America’s most iconic comic book characters with the help of countless artists.²⁸ Characters like the Incredible Hulk, the Fantastic Four, Thor, Ant Man, Spiderman, Iron Man, and the X-Men were some of the great creations formed through Lee’s own ingenuity and the help of many creative artists and writers through the “Marvel Method.”²⁹ The “Marvel Method,” as described by Lee, involves a brief conversation with the artists regarding the story and characters involved.³⁰ The artists would then draw the story without further discussion with Lee.³¹ Lee would then write in the dialogue and other captions.³² Lee stated that he was often surprised by some of the frames of the story and liked creating stories this way because it was “a true collaboration.”³³

More recently, the Marvel Universe has expanded from comic books to television, movies, and video games.³⁴ The X-Men, Iron Man, and Spiderman have served as the centerpieces of several full-length feature

25. *Id.* at 19–20.

26. *Id.* at 22–35.

27. *Id.* at 36.

28. *Id.* at 38–41, 44, 47.

29. HOWE, *supra* note 11, at 38–41, 44, 47.

30. Virgin Comics, *Stan Lee Panel at NY Comic Con: The Marvel Method*, YOUTUBE (May 27, 2008), <http://www.youtube.com/watch?v=3uqilF6Bfl0>.

31. *Id.*

32. *Id.*

33. *Id.*

34. *See generally* MARVEL, <http://www.marvel.com> (last visited Jan. 20, 2014).

films.³⁵ Marvel also has a new television show called “Agents of S.H.I.E.L.D.,” which follows the story of the Strategic Homeland Intervention, Enforcement, and Logistics Division (S.H.I.E.L.D. for short) as they protect the world.³⁶ Fans can even play as their favorite Marvel Characters in video games like “Ultimate Alliance 2,” which takes characters through the story of the mutant civil war originally featured in one of Marvel’s comic books.³⁷ These different platforms interact with each other, tying story lines together and creating the ever expansive and lucrative Marvel Universe,³⁸ and Friedrich was one of the artists who helped to build it.³⁹

B. Friedrich v. Marvel

1. The Procedural History of the Case

In 2007, Friedrich filed copyright claims “against Marvel for ownership of the renewal rights in the Character and Work . . . arising from unauthorized creation and profiting from the Ghost Rider film . . . and . . . for unauthorized use of the Work and Character in the creation of toys, video games, and other products.”⁴⁰ Marvel then moved for summary judgment on the question of ownership of “Ghost Rider.”⁴¹ The district court granted summary judgment in favor of Marvel claiming that the 1978 agreement and endorsed checks for consideration “ended any remaining

35. See generally *Marvel Studios*, IMDB, <http://www.imdb.com/company/co0051941/> (last visited Nov 11, 2013).

36. See generally *Agents of S.H.I.E.L.D.*, IMDB, <http://www.imdb.com/title/tt2364582/> (last visited Nov 11, 2013).

37. See generally *Marvel: Ultimate Alliance 2*, IGN, <http://www.ign.com/games/marvel-ultimate-alliance-2/xbox-360-14233938> (last visited Nov 11, 2013).

38. See generally *MARVEL*, *supra* note 34.

39. See generally *Gary Friedrich Enters., LLC*, 716 F.3d 302.

40. *Gary Friedrich Enters., LLC v. Marvel Enters., Inc.*, 837 F. Supp. 2d 337, 342–43 (S.D.N.Y. 2011), *aff'd in part, vacated in part sub nom.*, *Gary Friedrich Enters., LLC v. Marvel Characters, Inc.*, 716 F.3d 302 (2d Cir. 2013).

41. The facts of the case will be recited and examined from both Friedrich’s and Marvel’s point of view. This will create a full picture of the facts to better understand and analyze Friedrich’s rights to Ghost Rider. *Id.* at 343.

ownership claims [Friedrich] might have had.”⁴² The district court explained that there was “no triable issue of fact regarding whether the 1978 Agreement conveyed whatever rights [Friedrich] may have had at that time or would have acquired in the future, including renewal rights.”⁴³ The district court also denied Friedrich’s motion for summary judgment on the issue of ownership.⁴⁴

Friedrich then appealed the granting of Marvel’s motion for summary judgment to the Second Circuit.⁴⁵ The Second Circuit chose to review both Friedrich and Marvel’s motions for summary judgment viewing the facts most favorable to each party for the opposing parties’ respective motions.⁴⁶ The Second Circuit found that triable issues of fact remained.⁴⁷ It reversed the district court’s grant of summary judgment in favor of Marvel and remanded to the district court for further proceedings without shedding any substantial light on how the district court should rule.⁴⁸ However, it is unlikely that the district court will have the opportunity to review the case because both parties seemed to have settled their differences following the Second Circuit’s decision.⁴⁹ Yet, Marvel’s settlement, in light of its recent victory in *Marvel Characters, Inc. v. Kirby*, might hint that Friedrich’s claim had merit and could have created favorable precedent for artists.⁵⁰

2. Friedrich’s Claim That He Created Ghost Rider

Friedrich claimed that he was the original thinker and creator of the back-story and look of the Ghost Rider comic book hero.⁵¹ He claimed he

42. *Id.* at 346.

43. *Id.*

44. *Id.*

45. *See generally Gary Friedrich Enters., LLC*, 716 F.3d 302.

46. *Id.* at 308, 320.

47. *Id.*

48. *Id.* at 321.

49. Gardner, *supra* note 9.

50. *See generally Marvel Characters, Inc. v. Kirby*, 726 F.3d 119 (2d Cir. 2013).

51. *Gary Friedrich Enters., LLC*, 716 F.3d at 308.

was a fan of “comic books and motorcycle gang movies” and thus began to imagine a superhero who “wore black leather.”⁵² Furthermore, Friedrich claimed that he was inspired by Evel Knievel and a “bony-faced and red-headed friend on a motorcycle” to create a motorcycle riding hero with a flaming head became a demon after making a deal with the devil.⁵³

In 1971, Friedrich, who was already a part-time freelance comic book writer for companies like Marvel, decided to publish his Ghost Rider hero.⁵⁴ To do so, Friedrich solidified Ghost Rider’s origin story and character experiences and wrote a synopsis at his own expense.⁵⁵ He then presented his character to his friend Roy Thomas (“Thomas”) at Magazine Management Co., which was publishing Marvel at the time.⁵⁶ Thomas liked the idea and set a meeting up with Lee at Marvel to review the project.⁵⁷ Friedrich met with Lee who agreed to publish the Ghost Rider in the Marvel *Spotlight* series that was used to test new superheroes in the market.⁵⁸ Friedrich agreed to assign his rights in Ghost Rider to Marvel, but never discussed renewal rights and did not execute a written agreement.⁵⁹ Furthermore, at Marvel’s request, Friedrich gave his synopsis to Mike Ploog (“Ploog”) to illustrate the comic under Friedrich’s supervision.⁶⁰

Ghost Rider was first published in April 1972 in *Spotlight 5* and had a copyright notice for “Magazine Management Co., Inc. Marvel Comics Group.”⁶¹ However, the credit box on the first page of the comic read, “CONCEIVED AND WRITTEN” by Gary Friedrich.⁶² Friedrich’s name

52. *Id.*

53. *Id.*

54. *Id.*

55. *Id.*

56. *Id.*

57. *Gary Friedrich Enters., LLC*, 716 F.3d at 308.

58. *Id.*

59. *Id.*

60. *Id.* at 309.

61. *Id.*

appeared in other comics that encouraged readers to read Ghost Rider, claiming Friedrich had “dreamed the whole thing up.”⁶³

Ghost Rider appeared in the next six Marvel *Spotlight* publications, gaining much popularity and a significant fan base.⁶⁴ In 1973, Marvel made Ghost Rider its own series and Friedrich continued to contribute to those stories on a freelance basis.⁶⁵ Friedrich did not dispute that the subsequent stories were “works made for hire.”⁶⁶ Friedrich was only claiming that he had the copyrights to the main character and origin story in *Spotlight 5*.⁶⁷ Marvel did file copyright registrations for the subsequent Ghost Rider series but did not file registration for *Spotlight 5*.⁶⁸ Later, Marvel republished the original *Spotlight 5* in October of 1974, leaving Friedrich’s original “conceived and written” credit as originally published.⁶⁹ Marvel published over 300 comic book stories featuring Ghost Rider from 1973 through 2005.⁷⁰ Within that period, it published the original *Spotlight 5* five times and never removed the original “conceived and written” section from the first page.⁷¹

Friedrich continued to work for Marvel as a freelance writer until 1978.⁷² Because of the change in copyright law in 1976 that required written work-for-hire contracts, Marvel required its freelance artists to sign work-for-hire agreements.⁷³ The one page agreement stated: “MARVEL

62. *Id.*

63. *Gary Friedrich Enters., LLC*, 716 F.3d at 309.

64. *Id.*

65. *Id.*

66. *Id.*

67. *Id.* at 309 n.3.

68. *Id.* at 309.

69. *Gary Friedrich Enters., LLC*, 716 F.3d at 309.

70. *Id.*

71. *Id.*

72. *Id.*

73. *Id.*

has informed SUPPLIER that MARVEL only orders or commissions such written material or art work on an employee-for-hire basis.”⁷⁴ The agreement continued by stating that “the parties agree” that “SUPPLIER acknowledges, agrees and confirms that any and all work . . . which have been or are in the future created, prepared or performed by SUPPLIER for Marvel Comics Group . . . was and is expressly agreed to be considered a work made for hire.”⁷⁵ The agreement ends by stating, “SUPPLIER expressly grants to MARVEL forever all rights of any kind and nature in and to the Work . . . and agrees that MARVEL is the sole and exclusive proprietor thereof having all rights of ownership therein.”⁷⁶ Friedrich claims that he was told by Marvel that the agreement covered only future freelance work.⁷⁷ Friedrich signed the agreement on July 31, 1978, but Marvel did not solicit any further freelance work from him.⁷⁸

The initial copyright term for *Spotlight 5* ended in 2000, twenty-eight years after its creation in 1972.⁷⁹ According to Friedrich, this would have vested copyright of *Ghost Rider* back to him in 2001.⁸⁰ However, Marvel continued to publish *Spotlight 5* in 2001, 2004, and 2005.⁸¹ Marvel also continued to publish the newer *Ghost Rider* series, market *Ghost Rider* toys, had *Ghost Rider* appear in video games, and even filmed and released a *Ghost Rider* movie starring Nicholas Cage.⁸² While most of these publications did not credit Friedrich, as previously mentioned, Marvel continued to provide the “written & conceived” credit to Friedrich with each republishing of *Spotlight 5*.⁸³

74. *Id.* at 310 (emphasis in original).

75. *Gary Friedrich Enters., LLC*, 716 F.3d at 310 (emphasis in original).

76. *Id.*

77. *Id.*

78. *Id.*

79. *Id.*

80. *Id.*

81. *Gary Friedrich Enters., LLC*, 716 F.3d at 310.

82. *Id.*; see generally IMDB, <http://www.imdb.com/title/tt0259324/> (last visited Feb. 8, 2015).

83. *Gary Friedrich Enters., LLC*, 716 F.3d at 310.

Friedrich was alerted to Marvel's use of *Spotlight 5* during the renewal period in 2004, when he found out that Marvel was creating the Ghost Rider movie.⁸⁴ His lawyers immediately sent a letter to Sony Pictures, which was producing the movie, asserting his rights as the copyright holder of Ghost Rider.⁸⁵ Marvel responded to Friedrich's claims by asserting that Ghost Rider was a work-for-hire.⁸⁶ Yet, Marvel paid Friedrich checks labeled "roy" for "royalties" in 2005 when Marvel republished *Spotlight 5*.⁸⁷

Friedrich filed suit on April 4, 2007 in the United States District court for the Southern District of Illinois asserting both copyright infringement and state law claims.⁸⁸ The suit was transferred to the Southern District of New York where the judge dismissed the state claims because they "were either preempted by the Copyright Act or failed to state a claim for relief."⁸⁹

3. Marvel's Claim That It Created Ghost Rider

While the Second Circuit primarily concentrated on the facts most favorable to Friedrich due to the district court's granting of summary judgment, the Second Circuit also looked at the facts according to Marvel.⁹⁰

Marvel contended that it had published comic books starring a cowboy named Ghost Rider since 1966.⁹¹ It stated that while Friedrich was working on another comic for them, he approached Thomas "with an idea, not a written proposal, for a motorcycle-riding villain named Ghost Rider."⁹²

84. *Id.*

85. *Id.*

86. *Id.*

87. *Id.* at 310–11.

88. *Id.* at 311.

89. *Gary Friedrich Enters., LLC*, 716 F.3d at 311.

90. *Id.* at 320.

91. *Id.* at 321.

92. *Id.* at 321.

Thomas, who thought Ghost Rider would be a better hero, arranged a meeting with Lee, who authorized the comic and, much to Thomas and Friedrich's chagrin, created and named Ghost Rider's alter ego, "Johnny Blaze."⁹³ Marvel claimed that Friedrich began writing the origin story after their initial meeting and failed to attend the meeting with Ploog that was scheduled to design the character.⁹⁴ Ploog designed the entire character after the original Ghost Rider cowboy and incorporated "Thomas's idea for an Elvis-like leather jump suit and a skull head."⁹⁵ Marvel claimed that the flames were spontaneously drawn on later and that the books and character were created by Marvel through the "Marvel Method"⁹⁶ retaining all control and paying all costs.⁹⁷

III. LEGISLATIVE HISTORY, STATUTES, AND CASE LAW

This section will examine the legislative history, the statutory language, and relevant case law regarding the Copyright Act of 1909.⁹⁸ Specifically, this section will focus on timeliness issues, renewal rights, and work-for-hire rulings.

A. Statute of Limitations: A Timeliness Issue

While Friedrich's copyright claim fell under the older superseded Copyright Act of 1909, his statute of limitations issues were under the current United States Code Section 507(b).⁹⁹ Under this code section, suits for copyright infringement must be filed "within three years after the claim accrued."¹⁰⁰ This three-year statute has often been justified as a way of preventing "stale" claims from burdening the court as well as preventing a

93. *Id.* at 321.

94. *Id.* at 321.

95. *Gary Friedrich Enters., LLC*, 716 F.3d at 321.

96. *See generally* *Virgin Comics*, *supra* note 30.

97. *Gary Friedrich Enters., LLC*, 716 F.3d at 321.

98. This note examines the Copyright Statute of 1909 because Friedrich's claims fall under this earlier statute as opposed to the recent update codified in 1976.

99. 17 U.S.C. § 507(b) (2012).

100. *Id.*

party's inability to sue "due to 'loss of evidence [and] fading memories.'" ¹⁰¹ The most litigated issues involve the definition of "accrued." ¹⁰² The federal courts have taken two different approaches. ¹⁰³

In the 2004 case, *Auscape International v. National Geographic Society*, the United States District Court for the Southern District of New York applied a standard by which the accrual of the statute of limitations occurs at the time of infringement. ¹⁰⁴ The court decided to use the "at the time of infringement" rule based mostly on the legislative history behind the statute and the United States Supreme Court case of *TRW Inc., v. Andrews*. ¹⁰⁵ In looking at the Senate and House Reports, the court found that Congress created the three-year statutory period to remove uncertainty regarding the statute of limitations. ¹⁰⁶ Furthermore, the court found that three years provided an "adequate opportunity" for someone to receive "reasonably prompt notice" of infringement by another. ¹⁰⁷ For those instances where the alleged infringer concealed their infringement, Congress created a "fraudulent concealment" exception. ¹⁰⁸ The court found that the "fraudulent concealment" exception would have been "superfluous" if a separate discovery rule existed. ¹⁰⁹ Whether someone concealed his or her infringement would not matter because the statute would run upon the plaintiff's discovery and not upon the initial infringement by the defendant. ¹¹⁰

101. Bart A. Starr, *Fixing Copyright's Three-Year Limitations Clock: The Accrual of An Infringement Claim Under 17 U.S.C. § 507(b)*, 78 WASH. U. L.Q. 623, 628 (2000).

102. See *Auscape Int'l v. Nat'l Geographic Soc'y*, 409 F. Supp. 2d 235 (S.D.N.Y. 2004); see generally 17 U.S.C. § 507(b).

103. See, e.g., *Auscape Int'l*, 409 F. Supp. 2d 235; *William A. Graham Co. v. Haughey*, 568 F.3d 425 (3rd Cir. 2009).

104. *Auscape Int'l*, 409 F. Supp. 2d at 247.

105. *Id.* at 244–47. See generally *TRW Inc. v. Andrews*, 534 U.S. 19 (2001).

106. *Auscape Int'l*, 409 F. Supp. 2d at 245.

107. *Id.* at 245.

108. *Id.* at 246.

109. *Id.* at 246–47.

110. *Id.* at 247.

As further proof that the “at the time of infringement” rule was proper, the court looked at the decision in *TRW Inc.*, where the Supreme Court of the United States did not imply a “discovery rule” from the statute.¹¹¹ In *TRW Inc.*, the Supreme Court overruled the Ninth Circuit, stating that “[w]here Congress explicitly enumerates certain exceptions to a general prohibition, additional exceptions are not to be implied in the absence of evidence of a contrary legislative intent.”¹¹² The court in *Auscape* interpreted this statement in *TRW Inc.* to mean that the discovery rule was not necessarily good law and that the discovery rule should not be extended in further cases of copyright infringement.¹¹³ The court in *Auscape*, after examining precedent and legislative history, decided to apply the “at the time of infringement” rule.¹¹⁴

However, in 2009, in *William A. Graham Co. v. Haughey*, the United States Court of Appeals for the Third Circuit declined to follow *Auscape* and the reasoning in *TRW Inc.*, and instead applied the discovery rule to determine when the statute of limitations should begin to run.¹¹⁵ This court looked directly at the legislative history analyzed by the court in *Auscape* and found that none of the statements cited “directly [spoke] to the accrual of actions” or required that the “at the time of infringement” rule be used to determine the accrual of the statute of limitations.¹¹⁶ The *William A. Graham Co.* court held, in direct contradiction of *TRW Inc.*, that by leaving the statutory language open, Congress intended “to ensure that courts could consider any equitable circumstances sufficient to excuse a plaintiff’s failure to sue within the three-year limitation period.”¹¹⁷ The *William A. Graham Co.* court concluded that due to the underlying policies under the creation of the statute, it would apply the discovery rule for accrual of civil claims.¹¹⁸

111. *TRW Inc.*, 534 U.S. at 27.

112. *Id.* at 28 (citing *Andrus v. Glover Constr. Co.*, 446 U.S. 608, 616–617 (1980)).

113. *Auscape Int’l*, 409 F. Supp. 2d at 244.

114. *Id.* at 244, 247.

115. *William A. Graham Co.*, 568 F.3d at 437.

116. *Id.* at 435.

117. *Id.* at 436.

118. *Id.* at 437.

The United States Supreme Court has not ruled directly on when the statute of limitations begins to accrue for a copyright claim.¹¹⁹ However, the majority of courts “use the discovery rule in copyright infringement actions, under which a claim accrues only when a plaintiff knows or has sufficient reason to know of the conduct on which the claim is grounded.”¹²⁰ Courts can find knowledge of infringement through either a public, private, or implicit repudiation, any of which would serve as notice or knowledge to the plaintiff.¹²¹

As seen, some jurisdictions do use the “at the time of injury” rule.¹²² The “at the time of injury” rule looks at “each act of infringement, regardless of the copyright holder’s knowledge of infringement.”¹²³ This can cause obvious problems for a plaintiff who is unaware of infringement until the three-year statutory period has passed. Either rule can have a substantive effect on the party’s ability to seek relief.

B. The Legislative History of the Renewal Term

Congress has altered copyright holders’ rights many times in the United States’ short history.¹²⁴ The first Copyright Act was passed in 1790 and followed prior British copyright laws by allowing for fourteen years of protection with a possible renewal period of an additional fourteen years.¹²⁵ The 1790 Act was followed by the Act of 1802, which required the printing of copyright registration information in books; the Act of 1831, which changed the initial copyright protection duration to twenty-eight years, yet left the renewal period at fourteen years.¹²⁶ In 1870, the United States

119. *See Auscape Int’l*, 409 F. Supp. 2d at 247.

120. 3 ENTERTAINMENT LAW 3D: LEGAL CONCEPTS AND BUSINESS PRACTICES § 16:199 (2013).

121. *Gary Friedrich Enters., LLC*, 716 F.3d at 317–19.

122. *See, e.g., Urbont v. Sony Music Entm’t*, 863 F. Supp. 2d 279 (S.D.N.Y. 2012).

123. *Id.* at 281.

124. *See generally* J. CLEMENT HARRISON, COPYRIGHT: CURRENT VIEWPOINTS ON HISTORY, LAWS, LEGISLATION (Allen Kent & Harold Lancour eds., 1972).

125. *Id.* at 2.

126. *Id.*

Copyright Office was formally created as the place to file copies of copyrightable works and was located in the Library of Congress.¹²⁷ Then, in 1909, Congress again codified changes to the copyright laws after deciding the laws needed condensing and clarifying.¹²⁸

The Copyright Act of 1909 was the product of much deliberation both outside and inside Congress.¹²⁹ Prior to its codification, Congress and many other influential citizens of the United States weighed in on the need for a copyright revision.¹³⁰ The Honorable Samuel J. Elder, an important member of the Boston Bar at the time, commented that “[t]he law requires adaptation to these modern conditions. It is no longer possible to summarize it in a few sections covering everything copyrightable. It should be revised so that protection to the honest literary worker, artist, or designer shall be simple and certain.”¹³¹ In 1905, President Theodore Roosevelt commented that the current laws:

[A]re imperfect in definition, confused and inconsistent in expression; they omit provision[s] for many articles which . . . are entitled to protection; they impose hardships upon the copyright proprietor which are not essential to the fair protection of the public; they are difficult for the courts to interpret and impossible for the Copyright Office to administer with satisfaction to the public.¹³²

These growing concerns became realities as the number of copyright holders in the United States grew larger and many sought to renew their protective rights.¹³³ Several of the concerns that arose were that the “beneficiaries [were] too limited,” the “renewal formalities [were] difficult

127. *Id.* at 2–3.

128. *Id.* at 3.

129. *See generally* H.R. REP. NO. 59-7083, pt. 1 (1907).

130. H.R. REP. NO. 59-7083, pt. 1, at 1–2.

131. H.R. REP. NO. 59-7083, pt. 1, at 1.

132. H.R. REP. NO. 59-7083, pt. 1, at 1.

133. BARBARA A. RINGER, RENEWAL OF COPYRIGHT, S. DOC. NO. 86-31, at 111–12 (1960).

and cumbersome,” and “the rights of the assignee [were] unclear.”¹³⁴ A renewal of copyright was limited to a living author or a surviving spouse or child.¹³⁵ If neither existed, the copyright became public domain and the author’s family members would lose their rights.¹³⁶ Furthermore, after twenty-eight years of automatic renewal, the requirement that a person renew his or her copyright within six months of expiration was especially difficult.¹³⁷ Lastly, copyright law was very unclear about the renewal rights of assignees, leaving publishers in a potential predicament when a copyright assigned to them expired.¹³⁸

Due to growing concerns, in 1905 and 1906, the Library of Congress invited representatives from thirty different organizations to share their concerns about copyright law in the United States.¹³⁹ The representatives were different authors, musicians, and others whose interests were centered on protecting intellectual property.¹⁴⁰ Two of the main concerns expressed by the representatives were “the use of copyrighted [materials] on . . . piano rolls and phonographic records, and the importation by public libraries of books printed abroad.”¹⁴¹

While the conference did not spend a significant amount of time on renewal rights, several important complaints surfaced, including the need for a different term of protection, reversion to the author, and a requirement that the author’s death be recorded in the Copyright Office.¹⁴² The general consensus at the conference was that the authors no longer needed to be “treated like children” and protected through renewal rights.¹⁴³ Drafts were

134. RINGER, *supra* note 133, at 112–13.

135. *Id.* at 112.

136. *Id.*

137. *Id.*

138. *Id.* at 113.

139. *Id.*; ABE A. GOLDMAN, THE HISTORY OF U.S.A COPYRIGHT LAW REVISION FROM 1901 TO 1954, H.R. REP. NO. 86-1, at 1–2 (1955).

140. GOLDMAN, *supra* note 139, at 1–2.

141. *Id.* at 3.

142. RINGER, *supra* note 133, at 113.

143. *Id.*

prepared where the copyright term for protection would be the life of the author plus fifty years.¹⁴⁴ Surprisingly, a section regarding renewal rights was also present in the draft, even though the majority felt it was not needed.¹⁴⁵ However, renewal rights under the original draft were only given to the living, original authors.¹⁴⁶ In later drafts, renewal rights were extended to family members because the original version seemed too restrictive.¹⁴⁷

Those representing the publishing contingent rejected the idea that only authors should retain renewal rights, because it severely limited the publishers' ability to control their copyrights, and would destroy the publishers' initial investments.¹⁴⁸ Publishers supported "extending the term of subsisting copyrights only if the author had not sold his copyright outright, and then only if he or his widow or children were living."¹⁴⁹ The members of the conference were able to compromise and decided to give the renewal rights to the author, his widow, or his children and allow the assignee to join in the renewal if the author had assigned his rights to someone else.¹⁵⁰

After countless memos, correspondence, and comments by everyone involved, the committee submitted a bill to Congress in 1906.¹⁵¹ Due to prior opinions expressed at the conference, many people assumed that Congress would ban renewals and extend copyright protection to the life of the author with special terms, depending on the type of work created.¹⁵² However, copyright holders felt that a life-plus-fifty-year term was too long and renewal should be adjusted based on the value of the work so as not to

144. *Id.* at 114.

145. *Id.*

146. *Id.*

147. *Id.* at 115.

148. RINGER, *supra* note 133, at 115.

149. *Id.*

150. *Id.*

151. GOLDMAN, *supra* note 139, at 2; RINGER, *supra* note 133, at 115.

152. RINGER, *supra* note 133, at 117.

reward thousands of relatively valueless copyrights.¹⁵³ Identical bills were introduced in both the House and Senate with life-plus-thirty-year terms, with the intention of creating a renewal device that would force the vast majority of the copyrights to enter the public domain while also allowing those with value to retain protection.¹⁵⁴

No action was taken on these bills until about a year later, when a revised copyright bill was introduced in both the House and the Senate.¹⁵⁵ As before, issues arose regarding the rights of assignees to renew and retain the rights to a copyright.¹⁵⁶ At a three day joint hearing, Representative Frank D. Currier gave an example of the problem by stating “Mr. Clemens told me that he sold the copyright for *Innocents Abroad* for a very small sum, and he got very little out of the *Innocents Abroad* until the twenty-eight-year period expired . . . and in the fourteen years of the renewal period he was able to get out of it all the profits.”¹⁵⁷ Surprisingly, the publisher contingent did not advance counterarguments during the hearings leaving their side relatively unexplored.¹⁵⁸

Between 1908 and 1909, seven more copyright bills were introduced but none were enacted until February of 1909.¹⁵⁹ The Smoot-Currier bill, as it was called, would become the Copyright Act of 1909.¹⁶⁰

C. Renewal Rights Under the Copyright Act of 1909

The Copyright Act of 1909 was a smattering of previous bills forced into one document.¹⁶¹ In terms of renewal rights, the Copyright Act of

153. *Id.*

154. *Id.* at 117, 118.

155. *Id.* at 118.

156. *Id.* at 119.

157. *Id.* Representative Currier was referring to the Samuel Clemens, famously known for his pen name, Mark Twain.

158. RINGER, *supra* note 133, at 120.

159. *Id.* at 120, 121.

160. *Id.* at 121.

161. *Id.*

1909 stated that an author was entitled to twenty-eight years of protection from the publication date and another twenty-eight if the renewal registration was made within the initial twenty-eight-year period.¹⁶² The renewal had to be made by the “author, if still living, or the widow, widower, or children, if the author be not living, and if such author, widow, widower, or children be not living then the author’s heirs, or executors, or administrator.”¹⁶³ The Act did provide for an exception, which stated that “if the work be a composite work upon which the copyright was originally secured by the proprietor thereof, then the proprietor of such copyright shall be entitled to the privilege of renewal and extension.”¹⁶⁴ If the copyright holder failed to renew the copyright within the initial twenty-eight-year period, the copyright protection would terminate.¹⁶⁵

The renewal period was intended to protect the rights of copyright holders by allowing them to negotiate a new deal after the initial period expired.¹⁶⁶ The Copyright Act of 1909 was worded in this way “to benefit the author” and “to regulate the term according to the commercial value of the work.”¹⁶⁷ Although named a “renewal,” it was essentially a new right “completely independent of the property in the original copyright” because it “grant[ed] a new estate, clear of all rights, interests or licenses under the original copyright” but did not differ in the protection afforded to the original copyright in any way.¹⁶⁸ This renewal right protected the copyright holders, giving them increased bargaining power later on in the process to make up for the typically lopsided negotiating power initially held by the publisher or corporation.¹⁶⁹ Therefore, the benefit of a

162. *Id.* at 121, 122, 124; 17 U.S.C. § 23, *et seq.* (1909 Act) (replaced by the Copyright Act of 1976, 17 U.S.C. § 101, *et seq.*).

163. RINGER, *supra* note 133, at 121, 122, 124; 17 U.S.C. § 23.

164. RINGER, *supra* note 133, at 120; 17 U.S.C. § 23.

165. RINGER, *supra* note 133, at 124.

166. Seymour M. Bricker, *Renewal and Extension of Copyright*, in COPYRIGHTS AND RELATED TOPICS 80 (The L.A. Copyright Soc’y & The UCLA Sch. of Law eds., 1964); RINGER, *supra* note 133, at 121.

167. RINGER, *supra* note 133, at 121.

168. Seymour, *supra* note 166, at 80–81.

169. *Id.* at 80; RINGER, *supra* note 133, at 121 (noting that preserving the renewal period for the author serves the author’s interests by allowing authors who have sold their works below

successful work that outlasted the copyright would remain in the author's hands—the original creator—giving the author the opportunity to benefit and renegotiate based on the success of their creation.¹⁷⁰ In those instances in which the commercial value did not warrant a renewal of copyright, those rights would be passed to the public domain without harming the author.¹⁷¹

Under the Copyright Act of 1909, authors may also transfer their renewal rights to third parties as long as the transferring party intended for the assignment to happen.¹⁷² The 1909 Act itself was silent as to assignment, leading courts to conclude there was no reason to limit such transfers.¹⁷³ However, the Act's silence does not mean that authors who transferred their rights to their copyrights automatically transferred their right to renewal.¹⁷⁴ Such a conclusion would frustrate Congress's purpose of protecting the rights of authors to benefit from the popularity of their created works.¹⁷⁵ An author seeking to transfer the renewal rights of his or her copyright should explicitly state his or her intent to do so in the assignment contract to the third party.¹⁷⁶ By doing so, the assignee can show a "meeting of the minds" with the author and avoid any trouble twenty-eight years later when the copyright is up for renewal.¹⁷⁷

D. Judicial Rulings on Renewal Rights

1. Tobani v. Carl Fischer, Inc.

In *Tobani v. Carl Fischer, Inc.*, the Second Circuit held that an employee who assigned and parted with all connections to his work could

value to publishers to eventually enjoy the success of their works upon renewal).

170. RINGER, *supra* note 133, at 121.

171. *Id.* at 122.

172. Seymour, *supra* note 166, at 84.

173. *Id.*

174. *Id.* at 85.

175. *Id.*

176. *Id.*

177. *Id.* at 84.

not seek renewal rights at the end of the initial term.¹⁷⁸ In this case, Carl Fischer Inc. (“Fischer”) employed Theodore M. Tobani (“Tobani”) as an “arranger.”¹⁷⁹ Tobani’s employment required him to “deliver to his employer all arrangements prepared by him.”¹⁸⁰ To clear up any issues regarding the ownership of the arrangements, Fischer had Tobani sign a subsequent agreement eleven years after Tobani’s employment had ceased.¹⁸¹ In that agreement, Tobani acknowledged that the “works were prepared by him pursuant to and in furtherance of his employment and he conveyed to his employer all such works, the copyrights therein and the right to apply for renewals.”¹⁸² In consideration for his agreement, Tobani was to receive twenty-five dollars per week for the remainder of his life and upon his death his wife would get five thousand dollars for her rights.¹⁸³ The suit arose when Tobani renewed his rights to the copyrights, contrary to the second agreement.¹⁸⁴

The court determined that Tobani had “parted with his absolute property in the work” and thus could not seek renewal rights after the expiration of the first term.¹⁸⁵ Recognizing that Tobani was paid a salary and that his employer specified the nature of his works, the court found that Tobani was an employee for hire.¹⁸⁶ While an author who sells his work might have retained his renewal rights after the expiration of the initial copyright period, Tobani sold all his rights for twenty-five dollars a week.¹⁸⁷ Thus, by agreement, the employer was effectively the new author

178. *Tobani v. Carl Fischer, Inc.*, 98 F.2d 57, 60 (2d Cir. 1938).

179. *Id.* at 57, 58.

180. *Id.*

181. *Id.*

182. *Id.*

183. *Id.* at 57, 58–59.

184. *Tobani*, 98 F.2d at 57, 59.

185. *Id.* at 57, 60.

186. *Id.* at 57, 59.

187. *Id.* at 57, 60.

of the works.¹⁸⁸ A similar issue regarding an assignment by an author also occurred in the later case *Shapiro, Bernstein & Co. v. Bryan*.¹⁸⁹

2. *Shapiro, Bernstein & Co. v. Bryan*

In *Shapiro, Bernstein & Co. v. Bryan*, the Second Circuit held that a renewal by an employer's successor in title was valid and enforceable.¹⁹⁰ In this case, Bryan and Fisher were employees who created the lyrics and music, respectively, and sought to retain the renewal rights upon expiration of the copyright from their employer.¹⁹¹ Both employees were under contract with Shapiro to render song-making services.¹⁹² Bryan's contract stated that he "does engage his services to and hereby enters the employ of, the said Shapiro . . . to use his best skill and effort in the composition of popular songs."¹⁹³ Fisher's contract similarly stated that he agreed "to enter into the employ of said Shapiro . . . generally as a songwriter" and that any songs he created were "in whole or in part . . . the property of said Shapiro."¹⁹⁴ Bryan and Fisher tried to argue that the work-for-hire doctrine should only apply where the employer "[made] some ancillary contribution" to the created work and therefore did not apply where the employee was the true sole author.¹⁹⁵

Judge Learned Hand, who wrote the opinion, stated that because the renewal right is separate from the original copyright, "circumstances that might not be enough to imply a transfer—e. g. working for wages—might not be enough to imply a transfer of the right of renewal."¹⁹⁶ However, Judge Hand continued by stating, "[t]he simple meaning of [work-for-hire]

188. *Id.* at 57, 59–60.

189. *See generally* *Shapiro, Bernstein & Co. v. Bryan*, 123 F.2d 697 (2d Cir. 1941).

190. BORGE VARMER, WORKS MADE FOR HIRE AND ON COMMISSION, S. DOC. NO. 86-13, at 129 (1958).

191. *Shapiro, Bernstein & Co.*, 123 F.2d at 698.

192. *Id.* at 699.

193. *Id.*

194. *Id.*

195. *Id.* at 700.

196. *Id.*

is that when the employer has become the proprietor of the original copyright because it was made by an employee ‘for hire,’ the right of renewal goes with it, unlike an assignment.”¹⁹⁷ Therefore, Judge Hand held that because both Bryan and Fisher had clear contracts establishing their status as work-for-hire employees, the renewal rights should also be passed to the employer.¹⁹⁸ Had Bryan and Fisher created the copyrightable material on their own accord and assigned the rights to Shapiro, they would have retained the rights of the renewal as a “separate” copyright. As in *Tobani*, the employment contracts between author and employer clearly assigned all rights to the employer, leaving no question regarding either the renewal rights or the owner of the copyright itself.¹⁹⁹

These cases set precedent favoring the rights of employers in situations in which the employee assisted in developing creative works. However, determining whether the work was created within the scope of employment as an employee was still unclear.

E. A Work-for-Hire in the Copyright Act of 1909

The Copyright Act of 1909 was the first legislative attempt to solve the problem made by the creation of copyrightable material by an employee for an employer.²⁰⁰ Section 24 of the Copyright Act of 1909 states that “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.”²⁰¹ The legislative history pertaining to work-for-hire issues is far shorter than that of renewal rights, leaving most of the interpretation to the courts.²⁰²

F. Work-for-Hire: A Judicial History

1. Grasping the Law: The “Instance and Expense” Test

While a contract may make an assignment of rights more clear, the courts continued to struggle with situations that did not fit squarely within

197. *Shapiro, Bernstein & Co.*, 123 F.2d at 700.

198. *Id.*

199. *Id.*; *Tobani*, 98 F.2d at 60.

200. VARMER, *supra* 190, at 128.

201. *Id.*

202. *Id.*

the traditional employment situation.²⁰³ Neither “employer” nor “works-for-hire” are defined in the Copyright Statute of 1909.²⁰⁴ The standard seemed to be clear in situations in which there was an employment contract and a steady wage.²⁰⁵ However, many employees tend to work under less traditional circumstances or simultaneously for several different companies on a freelance or independent basis.²⁰⁶

In 1965, the Ninth Circuit addressed this issue in *Lin-Brook Builders Hardware v. Gertler*, in which the court applied a standard that would become the “instance and expense test.”²⁰⁷ In *Gertler*, the creative works were illustrated catalogues of merchandise primarily drawn by a commercial artist working as an independent contractor.²⁰⁸ While looking at the issue of work-for-hire, Judge Beeks concluded, “[W]e believe that when one person engages another, whether as employee or as an independent contractor . . . 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.”²⁰⁹ Applying this standard, the court held that the employers held the rights to the illustrative catalogues.²¹⁰

The Second Circuit applied the same “instance and expense” test in *Brattleboro Publishing Co. v. Winmill Publishing Corp.*²¹¹ In *Brattleboro*, the copyrightable materials were advertisements created and published in a

203. *Id.* at 130.

204. Patrick Murray, Comment, *Heroes-for-Hire: The Kryptonite to Termination Rights Under the Copyright Act of 1976*, 23 SETON HALL J. SPORTS & ENT. L. 411, 425–26 (2013).

205. *See generally Shapiro, Bernstein & Co.*, 123 F.2d at 697; *Tobani*, 98 F.2d at 57.

206. *See generally* Jacob Morgan, *Is the Future of Work All About Freelance and Independent Workers?* FORBES (Nov. 6, 2014, 3:31 PM), <http://www.forbes.com/sites/jacobmorgan/2014/11/06/is-the-future-of-work-all-about-freelance-and-independent-workers/>.

207. *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298, 300 (9th Cir. 1965).

208. *Id.* at 299.

209. *Id.* at 300.

210. *Id.*

211. *See generally* *Brattleboro Publ’g Co. v. Winmill Publ’g Corp.*, 369 F.2d 565 (2d Cir. 1966).

newspaper “at the request of the advertisers.”²¹² The alleged infringement arose when another newspaper printed the same advertisements.²¹³ The court stated, “[t]here is 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.”²¹⁴ The court expanded this definition to situations in which there is an independent contractor and reiterated the importance of looking at the parties’ intent.²¹⁵ The court continued, “[w]here that intent cannot be determined, the presumption of copyright ownership runs in favor of the employer.”²¹⁶ Because the fees paid by the advertisers were essentially fees for the newspaper to create the advertisements, the court viewed the advertisement seekers as the employers and the newspaper as the employee.²¹⁷ Thus, the newspaper could not hold the rights to the advertisements because it had worked as an independent contractor in a work-for-hire situation where the advertisers paid for the work at their expense.²¹⁸

Lin-Brook and *Brattleboro* focus on the intent of the parties and who bears the expense of creating the work. When looking at the parties’ intent, courts look at the “actual relationship between the parties” to determine “whether the hiring party had the power to control or supervise the creator’s work.”²¹⁹ When looking at which party bears the expense of the work, payments by an employer to an employee or independent contractor would suffice to establish the employer bore the expense.²²⁰ But, if the creator was paid royalties for the work created, this might suggest that the

212. *Id.* at 567.

213. *Id.*

214. *Id.* (citing MELLVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT 238 (1964)).

215. *Id.* at 568.

216. *Id.* (citing MELLVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT 244 (1964)).

217. *Brattleboro Publ’g Co.*, 369 F.2d at 568 (2d Cir. 1966).

218. *Id.*

219. Murray, *supra* note 204, at 427.

220. *Id.*

work was not for hire.²²¹

2. *Marvel Character, Inc. v. Kirby*

More recently, cases involving the comic book industry and creative rights before the reformation of copyright laws in the 1970's have brought older case law back into relevance.²²² One of Marvel's larger cases, *Marvel Characters, Inc. v. Kirby*, affected the rights of legend Jack Kirby.²²³

Jack Kirby was one of the most published and well-known comic book writers in the twentieth century.²²⁴ Throughout his time as a comic book writer, Kirby wrote for many different companies, including DC Comics and Marvel, and worked on a purely freelance basis.²²⁵ While working for Marvel between 1958 and 1963, Kirby "was not a formal employee" and did not receive benefits or reimbursement for his expenses for creating drawings.²²⁶ Furthermore, "Marvel . . . was free to reject Kirby's drawings or ask him to redraft them," and only paid him by the number of pages he completed.²²⁷

Kirby and Lee's working relationship was one of idea-sharing.²²⁸ The two often shared and exchanged ideas with one another until something was ultimately created and drawn.²²⁹ As previously mentioned, pursuant to the "Marvel Method," Lee would hold a conference with the artist to discuss the general outline of the story and then allow the artist freedom to draw.²³⁰ However, Lee gave Kirby even more freedom and deference than

221. *Id.*

222. *See generally* *Marvel Characters, Inc. v. Kirby*, 726 F.3d 119 (2d Cir. 2013).

223. *See generally id.*

224. *See id.* at 125.

225. *Id.*

226. *Id.* at 125–26.

227. *Id.* at 126.

228. *See Marvel Characters, Inc.*, 726 F.3d at 126.

229. *Id.*

most other artists.²³¹ With more freedom, Kirby clearly “made many creative contributions, often thinking up and drawing characters on his own, influencing, plotting, or pitching fresh ideas.”²³² This led to an eventual lawsuit and appeal in the Second Circuit.²³³

The Second Circuit looked at these facts and determined, using the “instance and expense” test, that Kirby’s claim for copyright protection would not survive summary judgment because “the works were created at Marvel’s instance and expense.”²³⁴

When looking at the instance prong, the court held that it was “beyond dispute” that the works in question were created at Marvel’s instance.²³⁵ Although Kirby did not work solely for Marvel during the time period in question, Marvel published the great majority of Kirby’s work during these years.²³⁶ Furthermore, the court stated that Kirby’s works “were hardly self-directed,” and while he did have some creative leeway in designing plots and characters, Marvel had the final say on those aspects of his work.²³⁷ Lee himself could “reject Kirby’s pages and require him to redo them, or to alter them.”²³⁸ The court concluded that while Kirby was a creative genius, he was doing his work at the instance of Marvel as a hired artist.²³⁹

For the expense prong, the court found that it was a closer call, but ultimately ruled in favor of Marvel.²⁴⁰ The court stated that while Kirby paid for all his supplies and was paid on a per-page basis, he nonetheless

230. *Id.*

231. *Id.*

232. *Id.*

233. *See generally id.*

234. *Marvel Characters, Inc.*, 726 F.3d at 140–41, 143–44.

235. *Id.* at 141.

236. *Id.*

237. *Id.*

238. *Id.*

239. *Id.* at 142.

240. *Marvel Characters, Inc.*, 726 F.3d at 142.

created his drawings with the expectation that Marvel would purchase them.²⁴¹ The court further claimed that Kirby's works were "not free-standing creative works," but instead were built upon pre-existing Marvel ideas.²⁴² Accordingly, Marvel's per-page payments were investments in creating and growing their production value in a manner sufficient to satisfy the expense prong.²⁴³

Because Marvel could satisfy the "instance and expense" test, it retained the rights to all of Kirby's creations for Marvel in his capacity as a work-for-hire employee.²⁴⁴ Therefore, the Second Circuit affirmed the lower court's ruling on motion for summary judgment against Kirby.²⁴⁵

IV. THE MERITS OF FRIEDRICH'S CASE

Based on the previously mentioned legal history, legislative intent, and precedent, Friedrich's claim for copyright infringement against Marvel would have succeeded had the district court decided the case. First, Friedrich's claim was timely under the "discovery rule."²⁴⁶ Second, Friedrich's creation of Ghost Rider was not a work-for-hire because it was not created under Marvel's control or instance.²⁴⁷ Third, Friedrich's assignment of the initial Ghost Rider copyright was not an assignment of the renewal rights because it is neither a contract nor a "meeting of the minds" between Friedrich and Marvel.²⁴⁸ Thus, the district court would have ruled that Friedrich assigned the initial copyrights to Marvel but retained the renewal rights, and should have been entitled to compensation

241. *Id.*

242. *Id.* at 143.

243. *Id.*

244. *Id.* at 143–44

245. *Id.*

246. *See generally* 3 ENTERTAINMENT LAW 3D: LEGAL CONCEPTS AND BUSINESS PRACTICES § 16:199 (2013).

247. Gary Friedrich Enters., LLC v. Marvel Characters, Inc., 716 F.3d 302, 316 (2d Cir. 2013).

248. *Id.*

for Marvel's infringement.²⁴⁹

A. *Timeliness of Friedrich's Claim*

Friedrich's complaint, filed April 4, 2007, was timely and thus did not violate the statute of limitations under the "discovery rule."²⁵⁰ Interestingly, although federal district courts in New York typically apply the "at the time of infringement rule," the Second Circuit Court of Appeals applied the "discovery rule" to determine the statute of limitations.²⁵¹ If the Second Circuit had instead applied the "at the time of infringement rule," Marvel's re-publishing of *Ghost Rider* in *Spotlight 5* in 2001 would have triggered the statute to begin running.²⁵² As a result, the Second Circuit would have found Friedrich's filing in 2007 to fall outside the three-year statute.²⁵³

However, on account of the court applied the discovery rule, Friedrich's claim fell within the statutory period because he did not receive notice of the infringement until 2004, when Marvel began planning the *Ghost Rider* movie.²⁵⁴ First, Marvel's use of the copyrighted material during the initial period did not give Friedrich notice that Marvel was claiming ownership because Marvel continued to place the "written and conceived" credit on its publications of *Spotlight 5*.²⁵⁵ Second, Marvel never expressly told Friedrich that his work on *Ghost Rider* was a work-for-hire and not his.²⁵⁶ While Marvel may have claimed that its contract in 1978 served this purpose, as discussed below, the contract was vague and

249. *See generally id.*

250. *See generally* William A. Graham Co. v. Haughey, 568 F.3d 425 (3d Cir. 2009).

251. *Auscipe Int'l v. Nat'l Geographic Soc'y*, 409 F. Supp. 2d 235, 247 (S.D.N.Y. 2004); William A. Graham Co., 568 F.3d at 437.

252. *See Gary Friedrich Enters., LLC*, 716 F.3d at 310 (explaining that Marvel republished *Spotlight 5* in 2001).

253. *See id.* (explaining that Marvel republished *Spotlight 5* in 2001).

254. *Id.* at 318.

255. *Id.* at 317.

256. *See id.* at 318 (stating that Marvel's contract in 1972 "[had] not . . . conclusively demonstrated that Marvel was the author or otherwise had the right to register the renewal term.").

unclear and never specifically dealt with either Ghost Rider or *Spotlight 5*.²⁵⁷ Marvel's first clear contact was a letter it sent in response to Friedrich's letter on April 16, 2004.²⁵⁸ Third, Marvel's limited use of the Ghost Rider copyright, before plans of the Ghost Rider movie came out, did not give Friedrich reasonable notice of infringement.²⁵⁹ Marvel's use of the copyright was limited to a few publications of *Spotlight 5*, some Ghost Rider toys, and a cameo in the Spiderman video game.²⁶⁰ While these uses certainly created value in Friedrich's copyright, such a relatively small publication would not put a reasonable person on notice.²⁶¹ This is especially true due to the long passage of time after the Ghost Rider's creation and the vast universe of copyrights that Marvel published during that time.²⁶² Therefore, the district court would have held that Friedrich's claim was within the statutory period under the discovery rule.

B. Work-for-Hire

While certainly contested, Friedrich's creation of Ghost Rider was not a work-for-hire because he created the character at his own "instance."²⁶³

1. Friedrich Created Ghost Rider at His Own Instance

First, Friedrich created Ghost Rider at his own instance and assigned the initial copyrights, not the renewal rights, to Marvel for Marvel's use.²⁶⁴ While both Friedrich and Marvel had different stories for Ghost Rider's creation, both accounts started with Friedrich approaching Thomas with an

257. See *id.* at 314 (stating that the language of the contract between Friedrich and Marvel is ambiguous).

258. *Gary Friedrich Enters., LLC*, 716 F.3d at 318.

259. See *id.* (stating that there is a "genuine dispute" regarding whether Friedrich had notice of Marvel's claim to ownership); see generally IMDB, <http://www.imdb.com/title/tt0259324/> (last visited Sept. 14, 2013).

260. *Gary Friedrich Enters., LLC*, 716 F.3d at 310.

261. See *id.* at 319 (arguing that "a jury could find that a reasonably diligent person" would not know about Marvel's exploits).

262. See generally MARVEL, <http://www.marvel.com> (last visited Jan. 20, 2014).

263. See generally *Marvel Characters, Inc.*, 726 F.3d 119.

264. *Gary Friedrich Enters., LLC*, 716 F.3d at 308.

idea for a motorcycle-riding villain.²⁶⁵ Friedrich claimed that he took the initiative to design the character and presented it to Lee, who then took the copyright through assignment by Friedrich.²⁶⁶ Friedrich's story is supported by the fact he was given the credit "conceived and written" on the original publishing of *Spotlight 5*.²⁶⁷ Marvel never removed the credit and continued to print the credit on the republishing of *Spotlight 5* through 2005.²⁶⁸ In an attempt to draw new readers to the Ghost Rider comic, Marvel even claimed that Friedrich "dreamed the whole thing up" in other comic book advertisements for Ghost Rider.²⁶⁹ Lastly, Marvel never registered the copyright for *Spotlight 5* with the Copyright Office.²⁷⁰ Marvel's actions regarding the publishing of Ghost Rider in *Spotlight 5* and Friedrich's position in Marvel suggested that Marvel did not believe it owned the copyright to Ghost Rider and instead had received an assignment from Friedrich.

Second, the district court would not follow the recent ruling of *Kirby v. Marvel* since Friedrich's relationship with Marvel and Lee was far different than Kirby's extensive relationship with Marvel and Lee.²⁷¹ While neither Kirby nor Friedrich worked exclusively for Marvel, Kirby's entanglement in the Marvel Universe was unparalleled by anyone else but Lee himself.²⁷² Kirby worked under the "Marvel Method," in which he drew and created characters while bouncing off ideas with Lee, all in the name of the Marvel Universe.²⁷³ Friedrich, on the other hand, was in a far different position when he created Ghost Rider.²⁷⁴ Friedrich was "handed

265. *Id.* at 308, 321.

266. *Id.* at 308.

267. *Id.* at 309.

268. *Id.* at 317.

269. *Id.* at 309.

270. *Gary Friedrich Enters., LLC*, 716 F.3d at 309.

271. *Compare Marvel Characters, Inc.*, 726 F.3d at 126, with *Gary Friedrich Enters., LLC*, 716 F.3d at 308.

272. *Marvel Characters, Inc.*, 726 F.3d at 125–26.

273. *Id.* at 126.

274. SEAN HOWE, MARVEL COMICS: THE UNTOLD STORY 114 (Harper Collins

the keys” to already-created superheroes like Captain America and was less involved in the creation of characters.²⁷⁵ Unlike Kirby, who continually worked with Lee, Friedrich created the idea for Ghost Rider and had to approach Thomas in order to meet with Lee.²⁷⁶ Compared to Kirby, Friedrich was far less entangled with Marvel in creating Ghost Rider and thus, he was unlikely to have created Ghost Rider under Marvel’s direction.²⁷⁷

2. Whether Friedrich Created Ghost Rider at His Own “Expense” is Unclear

Whether Friedrich created the Ghost Rider at his own expense is less clear. While *Marvel Characters, Inc. v. Kirby* held that per-page payments by themselves could be enough to satisfy the expense prong, payment of royalties might not signify wages but a payment to the copyright owner.²⁷⁸ Friedrich received payment not only for his freelance work but also received a royalty check from Marvel, suggesting that Marvel thought Friedrich owned the copyright to “Ghost Rider.”²⁷⁹ The court in *Kirby v. Marvel* held that per-page payments were enough to satisfy the expense prong because those payments qualified as investments in growing and creating the Marvel Universe.²⁸⁰ However, Friedrich’s creative process regarding Ghost Rider differs from Kirby’s process because Friedrich created the character with the intent to present it to Marvel and did not develop the character by collaborating with Marvel.²⁸¹ Regardless, Friedrich’s creation of Ghost Rider does not satisfy the first instance prong

Publishers 2013) (stating that Lee gave the artist job for Captain America to Friedrich when Jack Kirby left Marvel).

275. *Id.*

276. *Compare Marvel Characters, Inc.*, 726 F.3d at 126, with *Gary Friedrich Enters., LLC*, 716 F.3d at 308.

277. *Id.*

278. *Compare Marvel Characters, Inc.*, 726 F.3d at 143, with *Playboy Enters., Inc. v. Dumas*, 53 F.3d 549, 555 (2d Cir. 1995) (“[W]here the creator of a work receives royalties as payment, that method of payment generally weighs against finding a work-for-hire relationship.”).

279. *Gary Friedrich Enters., LLC*, 716 F.3d at 310–11.

280. *Marvel Characters, Inc.*, 726 F.3d at 143.

281. *Compare id.* at 126, with *Gary Friedrich Enters., LLC*, 716 F.3d at 308.

of the work-for-hire test and thus fails the test as a whole,²⁸² and the district court would have found the same.

C. Language of the Contract and Renewal Rights

Because Friedrich's work on Ghost Rider was not a work-for-hire and the contract in place between Friedrich and Marvel did not explicitly or clearly reference Marvel's taking of the renewal rights, the district court would have ruled that Friedrich retained his renewal rights to Ghost Rider in *Spotlight 5*.²⁸³ Furthermore, the legislature intended for copyright holders to be able to renegotiate contracts during the renewal period to take advantage of changes in the value of the copyright.²⁸⁴

Marvel's 1978 contract with Friedrich did not explicitly mention a transfer of renewal rights and further, did not create a "meeting of the minds" between the parties regarding the purpose of the contract.²⁸⁵ The language of the contract is both confusing and muddled by legalese.²⁸⁶ For example, the most important paragraph of the contract reads:

In consideration of MARVEL's commissioning and ordering from SUPPLIER written material or art work and paying therefore, SUPPLIER acknowledges, agrees and confirms that any and all work, writing, art work material or services (the "Work") which have been or are in the future created, prepared or performed by SUPPLIER for the Marvel Comics Group have been and will be specially ordered or commissioned for use as contribution to a collective work and that as such Work was and is expressly agreed to be considered a work made for hire.²⁸⁷

282. See *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298, 300 (9th Cir. 1965) (stating that both instance and expense are needed for a work-for-hire); *Marvel Characters, Inc.*, 726 F.3d at 137 (introducing the instance and expense test).

283. See *Gary Friedrich Enters., LLC*, 716 F.3d at 314 (stating that the language of the contract between Friedrich and Marvel is ambiguous).

284. BARBARA A. RINGER, RENEWAL OF COPYRIGHT, S. REP. NO. 86-31, at 121 (1960).

285. See *Gary Friedrich Enters., LLC*, 716 F.3d at 314–15.

286. See *id.* at 314 (stating that the language of the contract between Friedrich and Marvel was ambiguous).

Little can be deduced from this paragraph, let alone an express intent to transfer the renewal rights to Ghost Rider.²⁸⁸ Furthermore, the contract does not appear to speak about past work created, but appears to target future work under a work-for-hire scheme.²⁸⁹ Friedrich created no future works post-contract.²⁹⁰ Thus, this section of the contract would be irrelevant to the past creation of Ghost Rider.²⁹¹ Friedrich also received checks from Marvel marked “roy” for “royalties,” signifying that Marvel was not the copyright holder.²⁹²

Outside evidence surrounding the contract also does not point to a “meeting of the minds” between Friedrich and Marvel regarding the renewal rights of the Ghost Rider copyright. First, the contract was a single page that was extended to all freelance artists to ensure that future work under the new 1976 Copyright Act would be a work-for-hire.²⁹³ Friedrich used this intent in his understanding of what the contract meant.²⁹⁴ Second, with the popularity of Ghost Rider increasing, it is unlikely that Friedrich would want to transfer renewal rights of Ghost Rider without legal counsel and a specific contract if he was obtaining some of the benefits for his creation.²⁹⁵ Lastly, Friedrich claimed he did not learn about renewal rights until 2005 when he discovered that his copyright for the Ghost Rider had been infringed.²⁹⁶ If he had no knowledge of renewal rights, how could

287. *Id.* at 310.

288. *See id.* at 314 (stating that the language of the contract between Friedrich and Marvel was ambiguous).

289. *See id.* (stating that the language of the contract between Friedrich and Marvel is unclear “as to whether it covered a work published six years earlier.”).

290. *Id.* at 310.

291. *See Gary Friedrich Enters., LLC*, 716 F.3d at 314 (stating that the language of the contract between Friedrich and Marvel is unclear “as to whether it covered a work published six years earlier.”).

292. *Id.* at 311.

293. *Id.* at 315.

294. *Id.*

295. *Id.*

296. *Id.* at 316.

Friedrich and Marvel have had a “meeting of the minds” regarding the transfer of renewal rights?²⁹⁷ This suggests that Friedrich did not transfer his renewal rights to the Ghost Rider copyright.

Friedrich’s situation was the exact situation Congress imagined when it created protection for the copyright holder through the renewal period.²⁹⁸ As discussed at length above, Congress created the renewal period to protect copyright holders and allow them to renegotiate their contract once the true value of their work becomes apparent.²⁹⁹ This is particularly valuable for copyright holders who have little negotiating power initially, but would later have more power due to an increasing copyright value.³⁰⁰ Viewed as an entirely new copyright in itself, the renewal right allows the author to renegotiate for more profit than would have been imagined during the formation of the first contract.³⁰¹

Friedrich’s initial contract regarding Ghost Rider was clearly an instance contemplated by Congress because Friedrich’s character became profitable beyond what would have been imagined in the initial contract.³⁰² When Friedrich originally agreed to assign his rights in Ghost Rider to Marvel, Marvel was just a comic book company that had not yet expanded into the multifaceted company it is today.³⁰³ As the popularity of Ghost Rider grew and Marvel’s business expanded into toys, video games, and films, Friedrich’s copyright similarly grew in value.³⁰⁴ This initial value was rightfully Marvel’s because the transfer from Friedrich to Marvel

297. *Gary Friedrich Enters., LLC*, 716 F.3d at 316.

298. See RINGER, *supra* note 284, at 121 (claiming the renewal right in copyright was to make up for the initial uneven negotiating power).

299. *Id.*

300. See *Id.* (claiming the renewal right in copyright was to make up for the initial uneven negotiating power).

301. Seymour M. Bricker, *Renewal and Extension of Copyright*, in COPYRIGHTS AND RELATED TOPICS 76, 80 (The Los Angeles Copyright Soc’y & The UCLA Sch. of Law eds., Univ. of Cal. Press 1964).

302. *Gary Friedrich Enters., LLC*, 716 F.3d at 315.

303. HOWE, *supra* note 274, at 124 (stating that Marvel had forty titles published monthly).

304. *Gary Friedrich Enters., LLC*, 716 F.3d at 310.

occurred during the initial copyright period.³⁰⁵ As soon as the initial copyright period extinguished in 2000 and Marvel continued to profit from the copyright, Friedrich, now armed with more bargaining power, was entitled to renegotiate his contract with Marvel and reap the rewards of his successful copyright.³⁰⁶ Thus, the district court would have ruled that Marvel did not have the renewal rights.

V. CONCLUSION

Had the district court ruled on Friedrich's case, the court would have held in Friedrich's favor as the copyright holder. First, Friedrich's claim was timely under the discovery rule because he discovered Marvel's infringement in 2004, when they began planning and publicizing the Ghost Rider movie.³⁰⁷ Second, Friedrich's creation of Ghost Rider was not a work-for-hire job for Marvel because Friedrich created Ghost Rider at his own instance and not under the control of Marvel.³⁰⁸ Third, because Friedrich's creation of Ghost Rider was not a work-for-hire, he assigned the initial term rights to Marvel, but retained the renewal rights when the initial term expired in 2000.³⁰⁹ Because Friedrich retained the renewal rights, Marvel violated Friedrich's copyright by continuing to use Ghost Rider in its products.

The Friedrich case could have been a significant victory and important precedent for comic book artists who worked endless hours during the 60's, 70's, and 80's. Their ideas, combined with others like Marvel's Lee, were the foundation for many pivotal comic book characters that have become not only great sources of revenue, but also icons of American culture. Artists like Kirby, who were center stage to the creation of many of these characters, should be able to protect their own ideas and profit from their success. This was the legislature's purpose for establishing these copyright protections to create a renewal period.³¹⁰

305. *Id.* at 308.

306. *Id.* at 310.

307. *Gary Friedrich Enters., LLC v. Marvel Characters, Inc.*, 716 F.3d 302, 317–18 (2d Cir. 2013). *See generally* *William A. Graham Co. v. Haughey*, 568 F.3d 425 (3d Cir. 2009).

308. *Gary Friedrich Enters., LLC*, 716 F.3d at 308–09.

309. *Id.* at 309–10.

Without these protections, artists are left to play the “game of chance” by agreeing to contracts that do not represent the true value of their ideas. Like Friedrich, artists should not have to be the ones to suffer the loss.

310. BARBARA A. RINGER, RENEWAL OF COPYRIGHT, S. DOC. NO. 86-31, at 121 (1960).